



GN

# Sustainability • ESG Report

## GN Store Nord A/S -2019

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## GN Sustainability – ESG Report 2019

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### Membership of UN Global Compact

Member since January 14, 2010  
 Number of employees: 6,275  
 Sector: Health care equipment and electronics  
 Reporting date: February 5, 2020  
 The report covers the period: January 1, 2019 to December 31, 2019

This report forms part of the management’s report in the Annual Report 2019 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-responsibility](http://www.gn.com/About/Corporate-responsibility) to read our responsibility guidelines and policies.



UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

# Doing the right thing with impact

GN's sustainability strategy is first and foremost driven by a desire to make real and lasting impact. Therefore, sustainability is integrated into how we run our company, as a consideration in every decision we make

At GN, we transform people's lives through the power of sound. Our intelligent hearing, audio and collaboration solutions let people **Hear More**, whether that is at work, at home or during leisure activities. This enables people to **Do More**, for example improving productivity at work or communicating with their loved ones. Ultimately, these benefits allow people to **Be More**, whether that is improving their health and fitness, becoming more productive, regaining a desired role in society or at work, or understanding colleagues. In short, we enable people to live better and more fulfilling lives.

That is why our purpose is **Making Life Sound Better**, and as our business grows so does our positive impact on people's lives and society as a whole. At the same time, we want to continue to grow in a sustainable way.

This report describes what we have done in 2019 to rise to this challenge.

Becoming a sustainable company is a journey of continuous improvement. Building on a strong track record and a rich 150-year history, this year marks several important milestones in our journey.

We have developed a sustainability framework that allows us to address environmental, social and governance topics

(ESG) more proactively, taking inspiration from the United Nation's 17 Sustainable Development Goals.

Our approach to sustainability is driven by our desire to have real and lasting impact. Real and lasting impact can be saving thousands of trees through our new focus on sustainable packaging. But it can also be the joy experienced by Josephine in Zimbabwe, who can finally hear properly due to the donation project of the GN Foundation.

Our sustainability journey is not a sideshow. It is integrated into how we run our company, as a consideration in every decision we make. Accordingly, we have not set up a separate sustainability governance structure but use our existing business processes to drive this agenda. To do this right, we are in continuous close dialogue with our stakeholders and anyone with an interest in GN's sustainability journey, including you as the reader of this report.

This report forms part of the management's report in the Annual Report 2019 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 (from left):

René Svendsen-Tune, CEO, GN Store Nord & GN Audio – Gitte Aabo, CEO, GN Hearing – Marcus Desimoni, CFO, GN Store Nord & GN Hearing.

# ESG overview

## Environmental



9,657 Mwh

Energy use in manufacturing sites



155 tons

Waste in manufacturing sites



50,109 m<sup>3</sup>

Water use in manufacturing sites



Safe products

Reach/ RoHS etc. compliant

## Social



98 %

CMRTs received



49

Suppliers audited – human and labor rights



1,278

Products donated



6,275

Employees globally (FTE)

## Governance



20 %

Women in senior management

40 %

Women on the Board of Directors

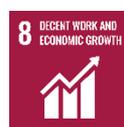
## Our commitment to the Sustainable Development Goals



ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS



PROMOTE SUSTAINABLE ECONOMIC GROWTH AND DECENT WORK FOR ALL



PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS



# Our sustainability framework

## Our point of departure

Throughout GN's long and rich history, we have strongly anchored responsible business practices. We are continuously assessed by our stakeholders on our performance, and our results show that we have a strong foundation:



Next year marks our 10<sup>th</sup> year as a committed signatory to the U.N. Global Compact. This year, we have intensified our engagement with our local network in Denmark, where we are headquartered, among other by participating in the Young SDG Innovator Programme, the results of which we will see during 2020.



In 2019, we received a new rating from EcoVadis, which focuses on performance in environment, labor and human rights, ethics and sustainable procurement. We were awarded a silver medal, scoring in the top 23% of companies overall and in the top half in all categories.



MSCI ESG RATINGS

MSCI – which primarily serves investors and focuses on access to healthcare, carbon emissions, corruption and instability, human capital development, corporate governance and product safety and quality – rated GN with an AA in 2019, placing us in the top 21% of companies in our industry.

## Our approach to sustainability

Our approach to sustainability is first and foremost driven by our desire to have real and lasting impact. We have defined three 'need to haves' when considering sustainability-related changes to our products or processes:

1. We need to 'do the right thing', meaning any sustainability initiative has to contribute to achieving U.N.'s Sustainable Development Goals (SDGs)
2. Sustainability initiatives need to meet specific stakeholder demands, for example from our shareholders, customers, users or employees
3. Sustainability initiatives must fit into operational and budgetary limits

To focus our efforts on what has most real and lasting impact, we have looked to the Sustainable Development Goals for inspiration. Mapping the SDGs against our operations shows that there are six SDGs where we can contribute the most.

We have scored potential themes that would contribute to achieving these SDGs against two criteria: the relevance to GN and our stakeholders (similar to a traditional materiality assessment), as well as our current maturity. We added the maturity dimension to bring further focus to ensure that as a baseline we do not perform worse than average on any ESG dimension.

Through this process, we identified three focus themes:

1. Making Life Sound Better – our company purpose
2. Safe, sustainable and responsible products
3. Cleaner operations

Beyond the three focus themes, we drive continuous improvement in the following areas:

- Human rights across our supply chain
- Chemical and hazardous materials
- Diversity and inclusion
- Conflict minerals
- Data privacy
- Anti-corruption
- Talent and leadership development
- Philanthropy/giving back

This report covers our 2019 actions for both our focus themes and our drive themes.

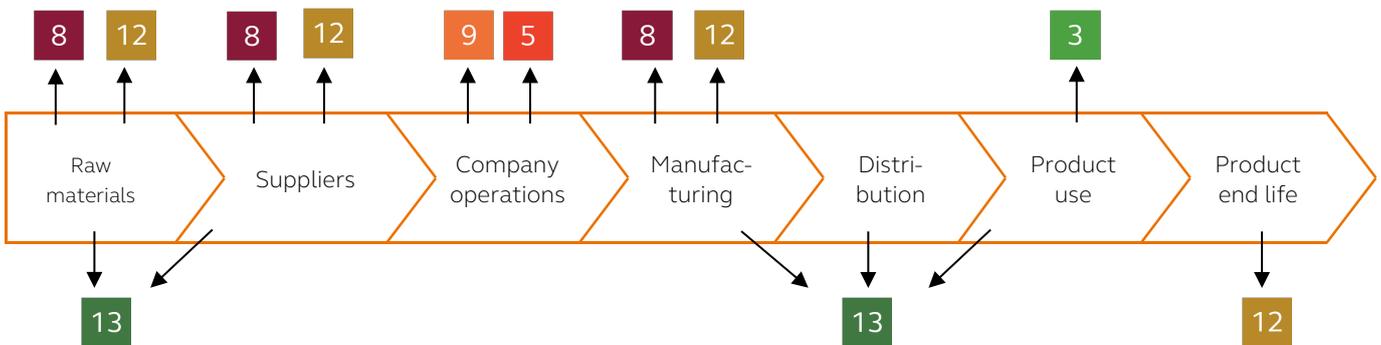
# Where GN has lasting impact

## Our commitment to the Sustainable Development Goals

|   |  |  |
|---|--|--|
|    | <p>ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL</p>         | <p>Our products make life sound better, and allow you to hear More, Do More and Be More so that you can lead a healthier and happier life. In our operations we avoid negative impact on health by complying with chemical, hazardous substance regulations.</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.</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 strictly audit suppliers to ensure human and labor rights are protected at all times.</p>   |
|   | <p>PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION</p> | <p>The dynamic industries in which we operate drive us to operate on the leading edge of innovation, to develop products and services that meet society's future needs.</p>  |
|  | <p>ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS</p>      | <p>We do business the right way. Through our policies and due diligence processes in among other conflict minerals, responsible sourcing and anti-corruption, we set high standards across our value chain.</p>  |
|  | <p>TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS</p> | <p>Using our video conferencing is up to 92% more climate friendly than flying*. In our operations, we strive to limit our carbon footprint too, through efficiency in manufacturing and distribution.<br/>*) See page 15 for details.</p>                       |

## Sustainable development goals across our value chain

Maximize our positive impact



Minimize our negative impact

# 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 6,275 employees and many more across our global supply chain.

Further, 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.

# Sustainability governance

Sustainability for GN is not a sideshow. It is integrated into how we run our company, as a consideration in every decision we make. Accordingly, we have not set up a separate sustainability governance structure but use our existing business processes to drive this agenda.

As such, sustainability is discussed regularly with the Board of Directors and Executive Management, as well as at senior management meetings, product boards and business reviews. We are convinced that this is the most efficient way to drive this agenda.

## 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 entertain 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, Privacy Policy, Quality Policies and Remuneration Policy describe internal guidelines and processes that help drive our CSR performance.

All policies are available on our website [gn.com](https://www.gn.com) (<https://www.gn.com/About/Document-download-center#!#all>).

| 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 U.S. 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 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.   |   | ● | ● |
| 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 payment of 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.   | ● | ● | ● |

# 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 audio solutions we enable people to Hear More, Do More and Be More than they ever thought possible



As a company with unique hearing and audio capabilities, GN is uniquely 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 unimpeded as possible, and on assisting professionals and consumers with state-of-the-art headset and collaboration solutions.

GN's legacy of producing world-first sound solutions and pioneering advancements in hearing technology include: 6<sup>th</sup> generation 2.4 GHz technology in hearing aids for direct connectivity; Binaural Directionality for leading natural sound; the world's first Made for Apple hearing aid with direct stereo sound streaming and now also for Android devices; the world's first cloud-based remote fine-tuning solution; and award-winning apps providing optimal user experience and satisfaction.

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. We do this by helping users block out noise and by delivering crystal-clear sound. GN's consumer headsets and earbuds are engineered to deliver supreme sound and great battery life to users for whom calls, music and media consumption are important in their daily lives.

Our unique portfolio of medical, professional and consumer audio 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 field.

## Andrew's Story

Living with Ménière's Disease puts an enormous strain on music professor and composer Andrew Hugill's life and musical career. This chronic disorder of the inner ear can cause hearing loss, vertigo, tinnitus, and aural fullness. Andrew kept his condition a secret for 10 years due to the stigma - and working and socializing became increasingly difficult. Using



"I have had other hearing aids before the ReSound hearing aids and never had a music experience. Suddenly I was fitted with these hearing aids and found that I was hearing music again," says Andrew Hugill, ReSound LiNX Quattro™ user.

ReSound hearing aids had life-changing results: Andrew could hear music again.

### A new musical odyssey

The ability to hear compositions properly by wearing hearing aids motivated Andrew to compose again and pay his inspiration forward to other musicians and music lovers. His fascination with the aural diversity of people – everyone hears differently and composes music uniquely – resulted in the birth of a collaborative, innovative music community.

### Celebrating Aural Diversity

Andrew invited a group of professional musicians with diverse hearing profiles to work together and create music that individually reflected them, their style and their unique way of hearing. They performed at the world's first Aural Diversity music concert in Bath, UK, which struck a positive chord with the public and inspired academic conferences. Hearing better is blissfully infectious and, combined with music, it changes attitudes.

## Focused and stress-free with superior active noise cancellation

The office environment can be noisy and distracting. To be focused and get your work done, you need to be able to concentrate.

In many of our products, you can switch on active noise cancellation to virtually eliminate low-frequency sounds, like the hum of air conditioning. Active noise cancellation uses advanced microphones to monitor and counter ambient noise - up to 3 times more effectively than competitors. The Jabra Evolve 80 and Evolve 75 are professional headsets developed to eliminate distractions created by noise and interruptions. High quality noise cancellation (Active Noise Cancellation and Passive Noise Cancellation) combined with an integrated busy light functionality helps create a personal concentration zone for the user.

## Collaborating for breakthroughs in 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). Within hearing rehabilitation, BEAR funds studies of current practice, considerations for new methods, experimental application and refinement. Combining these studies in one project allows for evaluation and implementation of the most promising renewals. For more information, see [bear-hearing.dk](http://bear-hearing.dk).



The red busy light on Jabra's headsets for open offices are developed to eliminate distractions created by noise and interruptions.

## Mo’s story

### Overcoming childhood challenges

A profound hearing loss since childhood caused Mo O’Brien many hurdles in life: being mistaken for not listening, hiding parts of her character, and avoiding social situations. Discovering her hearing with ReSound hearing aids inspired Mo to “do something incredible” and let her personality shine.

### Strengthening the mother-daughter bond

Mo and her daughter, Bird Watts, value their precious bond. Mo being able to hear better and communicate clearly with Bird has further strengthened their special connection. Mo stepped out of her comfort zone with confidence and Bird saw a new side to her mother. The fact that Mo initiated a nautical adventure of a lifetime – something “incredibly special to do with my daughter” – is something that Mo would not have contemplated before using ReSound hearing aids.

### Rowing across the Atlantic Ocean

Mo’s experience of hearing loss and overcoming it by “living life to the full while you can” inspired her to take on the Talisker Whisky Atlantic Challenge. In the winter 2019-20, Mo became the first deaf person to row across the Atlantic Ocean, rowing with her daughter and teammates in the Oarsome Foursome, sponsored by ReSound every stroke of the way.



“I want to prove to myself and to others that anything is achievable if you believe in yourself,” says Mo O’Brien, ReSound superpower hearing aid (second from right on in the left photo)

# Safe, sustainable and responsible products



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. In other words, our products have a positive (social) impact on society.

At the same time, there are potential social and environmental risks throughout the lifecycle 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 to be designed, manufactured and distributed in a safe, sustainable and responsible way.

Through our products we want to maximize our positive social impact on society, whilst minimizing our environmental footprint.

### 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, we comply with the EU RoHS and REACH regulations, as well as various regional regulations.

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**

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.

Our approach is data-driven. We are in the process of executing life cycle assessments (LCAs) on our existing audio product portfolio that will help us prioritize changes to our design, manufacturing or product management processes with the most positive environmental impact.

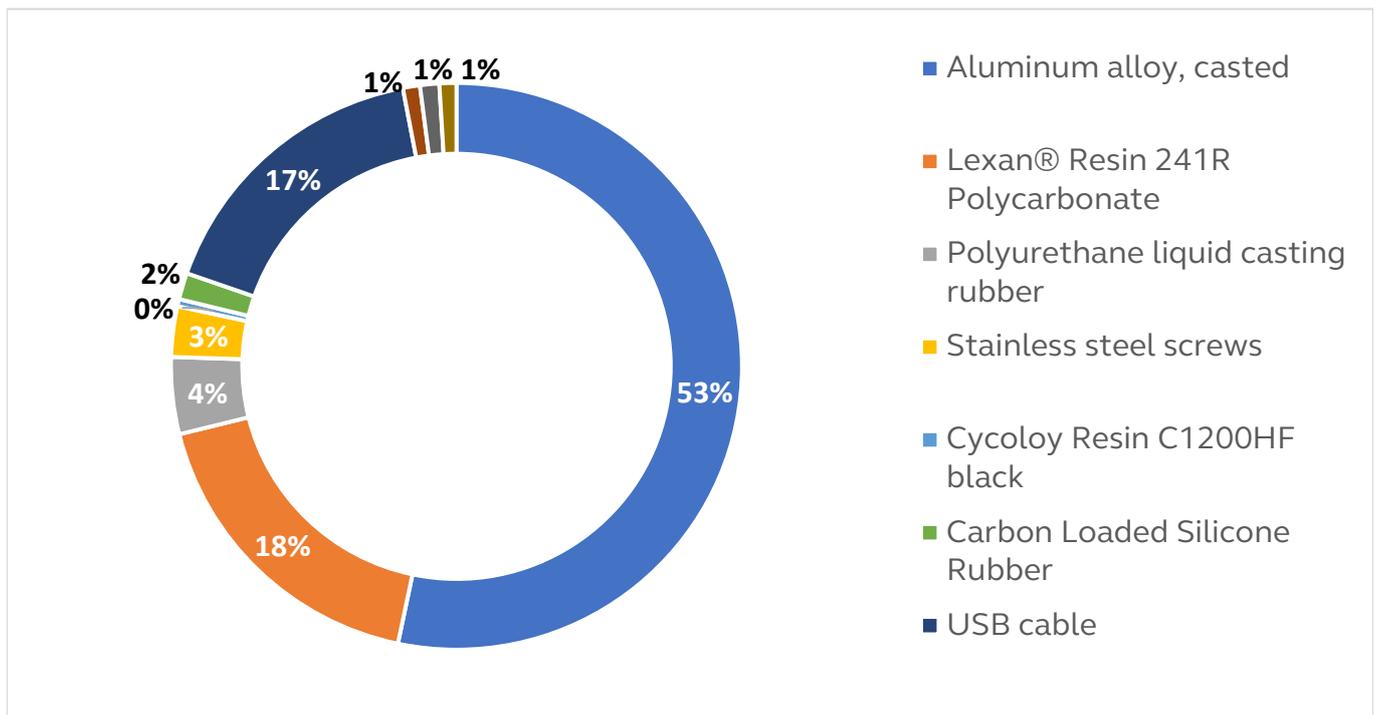
Although differences may apply between hearing and audio product lines, we strive to make our products more sustainable across six dimensions:

1. **Materials** Our products, among other materials, contain plastic and aluminum, which have a significant environmental footprint if produced from virgin materials. In the coming years we will investigate if and how we can use sustainable alternatives.
2. **Repairability and durability** Our products are of high quality and designed to last. Where possible, we design for disassembly, so that components can get a second life.

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.
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.
5. **End-of-life** In countries with electronic waste collection infrastructure, we ensure products are collected separately. In other cases, we use responsible scrapping suppliers. Going forward, we will assess how we can close the loop more tightly, for example by giving products or product parts a second life.
6. **Production and Distribution** This dimension is covered by our efforts to drive sustainability in our operations (see “Sustainable operations”).

Starting in 2020, we will actively consider these dimensions in product development and management, focusing on changes that have the largest environmental impact and that meet specific customer requirements.

Contribution of constituent materials to the climate footprint of the Jabra PanaCast manufacturing process\*



\*) “Climate footprint of a video meeting using Jabra PanaCast and comparison to face-to-face meeting” – 2.0 LCA Consultants for GN (2019)

**New sustainable packaging for audio products**

When developing new packaging for our audio enterprise products, sustainability was a key consideration. As a result, the new packaging will contain no plastic bags or foam, only use water-based inks and eco-friendly soy oil-based inks. To save on paper, we have moved the user manual online.

To ensure the new packaging is 100% sustainable from a sourcing perspective as well, we will use paper that is certified by the Forest Stewardship Council (FSC). In practice, this means that the paper used in our packaging comes from forests where trees are replanted, biodiversity is maintained or enhanced, forest workers are paid a fair wage and indigenous populations are protected.

In 2020, we will consider how we can continue to make our packaging more sustainable across GN.

**Responsible Products**

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

1. GN requires its suppliers to exclude conflict minerals from GN products
2. GN requires suppliers to comply with our Code of Conduct
3. 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 2019, GN has received the requested information from 98% of its relevant suppliers regarding smelters and refiners used in their supply chains.

Supported by a third-party provider of smelter validation services, ongoing work has been carried out during 2019 towards validating and ensuring that the identified smelters used by our suppliers are conflict-free. To strengthen our efforts in the area, GN is a member of the Responsible Minerals Initiative.

# Reducing business flights

Using Jabra PanaCast for business meetings and collaboration is up to 92% more climate friendly than flying



In 2019, an external consultancy\* conducted an environmental life cycle assessment (LCA) on Jabra PanaCast, which provides companies with the world’s first AI-enabled Panoramic-4K Plug-and-Play video solution to facilitate effective remote collaboration. The LCA showed us how materials used, manufacturing, distribution and energy use contribute to the climate footprint of the product.

From 2020, we will use these insights, as well as results from similar LCAs for other products, to drive sustainability improvements in future products with the highest positive environmental impact.

### Up to 92% more climate friendly than flying

What this study also told us is that PanaCast is a truly sustainable alternative to flying:

“Jabra PanaCast performs better than face-to-face meetings, except when the meeting parties are situated very close to each other. Even when it is a one-on-one meeting in a region where internet has the largest climate footprint (India), the ‘break-even distance’ is 30 and 16 kilometers respectively for

train and air travel. For any other use and/or region scenario, the break-even distances would be even lower.”

“We conclude that the Jabra PanaCast will always perform better than a face-to-face meeting where the participants travel by air. On average, using Jabra PanaCast leads to a lower climate footprint of up to 92%, assuming an equal share of train and air travel.”

Climate footprint comparison



\*) “Climate footprint of a video meeting using Jabra PanaCast and comparison to face-to-face meeting” – 2.0 LCA Consultants for GN (2019)



# Sustainable operations

High business ethics and standards are critical to ensuring GN’s license to operate and our continued growth and success. This includes high ethical standards from employees and business partners, and for us to strive for minimal environmental impact from the design, manufacturing and distribution of our products



Aside from designing our products to have a minimal environmental impact, we strive to manufacture and distribute our products with a minimal environmental footprint. The main risks of causing negative environmental impact stem from material sourcing and use of energy and water in production and global distribution. Consequently, optimal use of resources at the manufacturing facilities, as well as clean and efficient shipping are focal areas to make our operations more sustainable. In 2020, we will set operational sustainability KPIs to drive further progress.



## Energy

In 2019, we have continued our focus on reducing energy consumption at our manufacturing facilities. We have continued to implement energy efficient solutions, such as converting to LED lights, reusing excess heat, installing motion sensors and solar panels, and conducting training for relevant employees in energy efficient processes.

## Waste

Most of our 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 re-use materials, where possible.

## 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, using auto-stop water taps and monitoring supplier water usage.

## Carbon emissions

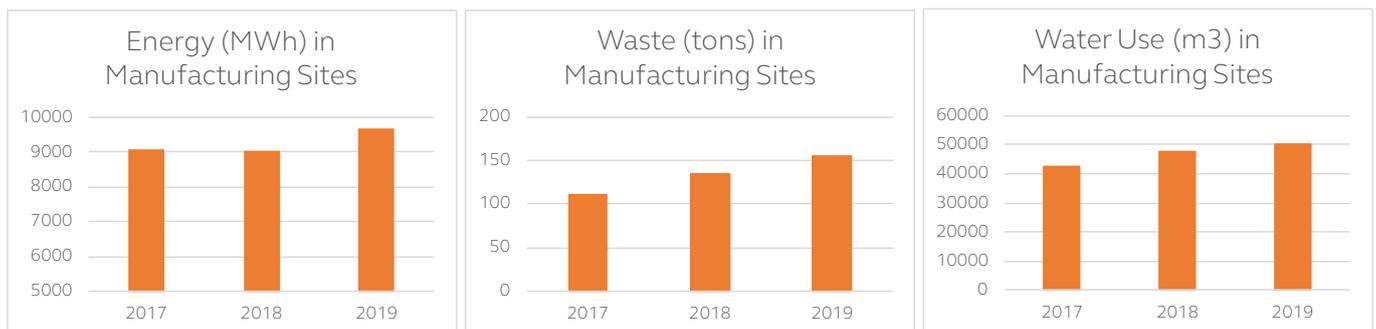
In 2019, we commenced an analysis to establish our company-wide carbon footprint. In 2020, we will complete this analysis and use these insights to set climate change related goals.

## Business ethics

GN’s commitment to business ethics and compliance with international regulations and internal policies is anchored in our updated code of conduct, the GN Ethics Guide, our anti-corruption policies, our Supplier Codes of Conduct and other policies and guidelines.

## Consumption and waste

The data in these graphs cover our own manufacturing sites and not manufacturing performed by suppliers. The increase in energy, water and waste consumption is largely related to increased production volumes. In 2020, we will set operational sustainability KPIs to drive further progress.



These outline the fundamental requirements for how GN operates and describe the responsibilities and ethical standards expected of all employees and relevant business partners. GN is committed to doing business the right way and has a zero-tolerance policy towards bribery and corruption of any kind.

The GN Group employs 6,500 people and sells products in 100 markets across the world. Its size and global presence poses an inherent risk that our internal regulations and policies are not adhered to in all business dealings, which could have both financial and reputational consequences.

### Compliance training

To ensure and document that employees are always familiar with the GN Ethics Guide and other key policies, on a regular basis relevant employees must electronically sign off on their compliance within specific areas and complete GN's e-learning courses within anti-corruption and competition compliance.

The allocation of courses is streamlined, and all employees received a minimum of five mandatory compliance campaigns including business ethics, anti-corruption, information security and personal data. Role and seniority define whether more campaigns are assigned.

In addition, 18 face-to-face training sessions were conducted in selected business units, resulting in more than 550 employees receiving live training. As part of live training, people managers are guided on how to handle their responsibilities regarding ensuring compliance with the GN Ethics Guide and other relevant policies in their areas of responsibility.

### Third party due diligence

Ethical business behavior is a core value for GN, and our aspiration is that all our business partners acknowledge our values and share our commitment to conducting business in an ethical manner.

In 2019, GN took further steps to enhance the process for assessing and managing corruption risk 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.

### Anti-corruption compliance reviews

As a regular part of our global anti-corruption compliance program, we conduct a number of compliance reviews of selected GN subsidiaries or business units around the world each year.

The main objective is to identify and assess relevant risk areas and ensure 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 several defined risk indicators.

In 2019, five anti-corruption compliance reviews were conducted resulting in 23 findings and observations with various risk severity ratings. Furthermore, appropriate corrective and preventive actions are documented for each risk finding and monitored on a regular basis.

### Whistleblower system

GN's whistleblower hotline, the GN Alertline, is independently managed by a third party and reporting can be done by phone or online. Phone reporting is available in 27 countries and 26 languages, and online reporting is available globally in multiple languages. The hotline can be used by employees as well as external parties to report a concern or perceived misconduct.

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

In 2019, 15 concerns were reported through the GN whistleblower system. The allegations were primarily related to inappropriate behavior, harassment/retaliation, misrepresentation of confidential information, and internal controls. All relevant cases were diligently investigated and appropriate remediation as well as disciplinary actions were taken where relevant.

### Human rights in our supply chain

Through our commitment to UN Global Compact, we are committed to eradicating human rights issues across our operations and supply chain. Potential risks lie mostly in labor 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 2019, we conducted 17 CSR audits in GN Audio and 32 CSR audits in GN Hearing. Through these audits, we found issues related to among other working conditions and occupational health and safety. In all cases, we have addressed these issues with our suppliers and requested proof that they were resolved in the shortest possible timeframe.

In 2020, we will continue to set the highest standard of responsibility to our suppliers.

## Occupational health and safety

The main risks in terms of occupational health and safety occur in our manufacturing 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 occupational health and safety efforts at our hearing manufacturing site in Malaysia were rewarded with the SO-HELP Excellence Award.

## Data privacy

As stipulated in our Privacy Policy, we are committed to protecting personal data belonging to customers, users and employees.

In 2019, we have continued refining 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 2020, we will continue to strengthen data protection to provide the best consumer experience in a trustworthy and secure way.

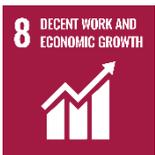


All GN locations – like this manufacturing site in Praestoe, Denmark – have an occupational health and safety management setup which strives to prevent accidents.

# People excellence



In 2019, we have continued to strengthen leadership development and strategic execution power with a focused leadership program “Leading Strategy”.



We want career development in GN to be connected to performance, irrespective of gender, age and nationality, as we firmly believe that diverse teams and leadership have a substantial positive impact on business results and organizational performance.

To ensure performance-based career development, all employees engage in dialogues with their leader for performance reviews and development planning, where performance on objectives and values is discussed as well as career ambitions and opportunities.

The individual performance review and development planning dialogue is supplemented by a talent review and succession planning process involving the upper levels of the organization where leaders assess their employees’ performance and potential. This provides input for GN’s succession planning for key positions and individual development plans.

## Graduate program

We wish to develop a young talent pool for manager, specialist and project manager positions. The GN Graduate Program is a key contributor.

In GN we run a two-year Graduate Program with three tracks: finance, marketing and engineering. In total we have 19 graduates. The graduates get hands-on experience by working in three different jobs and spend eight months outside of Denmark working abroad.

Out of the 19 graduates, 37% are women, and 67% are non-Danes, supporting our goal of diversity in this year’s intake of graduates.

In 2020, GN will continue the success of the Graduate Program and welcome new graduates to the program adding a new IT track.

## Gender diversity in senior management positions (§99b)

Diversity in gender, nationality, age and any other relevant dimension is an integral part of GN’s yearly talent review and succession planning process, talent development practices, recruitment procedures and leadership development programs. In 2019, GN adopted a new Diversity Policy that sets our direction and actions in this area.

## 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.

One of GN’s diversity goals is, by the end of 2020, that three of the six members of the Board of Directors elected by the Annual General Meeting be women. We have reached this target in 2018, when Gitte Pugholm Aabo joined the GN Board of Directors. As Gitte Pugholm Aabo stepped down from GN’s Board in September 2019 to become CEO of GN Hearing, the Board currently consists of five members of which two are female.

## Senior management

Another focus has been to ensure stronger international representation in our senior management, the Global Management Teams (GMT) in GN Audio and GN Hearing. By the end of 2019, GN Hearing’s GMT comprised 30% female leaders and 40% non-Danes. GN Audio’s GMT comprised 12.5% female leaders and 68.7% 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 2019 filled 20% of senior management positions across the GN Group. GN had aimed for 25% during the 2017 - 2019 strategy period and 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 2019, 30% 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 ongoing 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.

# Giving back

GN gives back to society in multiple ways. There is a direct positive impact on society from our fundamental business activities. But we also want to reach out and help local communities in many other ways



At GN, we focus on finding new ways to Make Life Sound Better for people in areas where hearing care and access to audiologists are scarce. We work closely with local communities to create long-lasting infrastructures, represented by hearing care professionals and built on quality and trust.

### Charity work in communities

A charitable organization, the Beltone Hearing Care Foundation donates hearing aids to people in need of hearing help who may otherwise be unable to access it due to social or economic limitations. Individuals and organizations are eligible to receive assistance from the Foundation through direct nominations by Beltone staff or network members.

## Beltone Hearing Care Foundation

### The foundation of hearing care

For 80 years, Beltone, a GN hearing aid brand and network of stores, has helped enrich the quality of life for countless people with hearing loss in the United States and around the world. In 2019, the foundation continued this history of helping those in need of hearing care and donated a record 828 hearing aids globally.

*“I have recently been blessed by your company with a pair of hearing aids that you have provided for me. I am writing this letter of thanks for your generosity.”*

– Heather Bryant, recipient of Beltone Hearing Care Foundation support



This year, the Beltone Foundation donated 100 hearing aids, fitting software and accessories to the Colombian Institute of Audiology and Linguistics, helping to transform the lives of the students in the school for deaf children.

*“I want to thank you for my hearing aids. I have a lot of appreciation for my sister and Beltone, because without them I would still be walking around not being able to hear.”*

– Grace Dickinson was born 25% deaf in both ears, but only found out in her twenties. At age 47, her deafness was about 60% and it was expected that she would be deaf within three years. That is until Beltone reached out a helping hand.

## Africa

### Hear More Academy educates more dispensers

In 2019, GN embarked on a new journey in Africa to help establish hearing awareness and care in a sustainable model that local hearing care professionals and communities can develop and nurture.

GN’s team covering the Middle East & Africa region partnered up with former GN Audiologist Dr. Jenny Nesgaard Pedersen, who is now based in Zimbabwe, to create the Hear More Academy in Zimbabwe.

The academy offers a 20-week program to nominated individuals from Zimbabwe and neighboring African countries, where they can train to become fully equipped hearing care dispensers.

There is a great shortage of audiologists in Africa, which makes it difficult to provide effective audiological services to those in need of hearing aids. Zimbabwe, for instance, has only 10 certified audiologists covering a population of approximately 17 million people, 760,000 of whom are estimated to be living with disabling hearing loss.

### How the Hear More Academy works

- An Ear, Nose and Throat (ENT) doctor nominates skilled employees for training to become fully-equipped to dispense hearing aids
- Following graduation from the academy, the newly qualified dispensers can provide hearing care in the region of the country they reside in
- Through the academy, a partnership is established between the new dispenser and GN to ensure continuous product and service support

To date, the Hear More Academy has trained four students from Zimbabwe, with plans to train future dispensers in the African countries where GN has established hearing aid distributors present: Nigeria, Kenya, Namibia, and Botswana.

### GN Foundation: Hear to aid

Chilo is a remote, landlocked village on the outskirts of the Gonarezla Game Reserve in Zimbabwe. When the GN Foundation heard that there were potentially three children there that had to drop out of school due to debilitating hearing loss, the team set to work. It had probably been a long time since hearing specialists were in the area, so they hoped there would be a need and people would show up for these services.

Early on a Saturday morning, the doors to the clinic opened and soon the atrium was filled with people of all age groups. One person was Josephine, a teenager.



Under the GN Foundation's "Hear to aid" program children in Zimbabwe are fitted with ReSound hearing aids allowing them again to communicate with family and friends.

### Josephine's story

At first sight of Josephine, it was clear to the GN Foundation audiologists that she had difficulty following conversations, from the way people spoke loudly to her or directly in her ear. Testing concluded that Josephine has a permanent sensorineural hearing loss, probably since birth, which had gone unnoticed until her school years.

Josephine's father confirmed that she was top of her class in studies, but her schoolwork began to suffer at around age six. She couldn't hear her teacher and had to drop out of school. There have been noticeable improvements since Josephine started wearing ReSound hearing aids, and she can now communicate with her family and friends and immerse herself in what she enjoys doing.

*"It was worthwhile to come just for three kids and we were hoping that word would spread from there."*

– Dr. Jenny Nesgaard Pedersen, former GN audiologist who works with the GN Foundation and is now based in Zimbabwe.

## Asia

### 150 km for 150 years of making life sound better

To mark the 150-year anniversary of GN, the Global Distributor Sales team for GN Hearing in the Asia region created an innovative and collaborative virtual running initiative to support a local cause: To run so others can hear more.

Over the course of 50 days, from July to August 2019, 137 runners came together from 9 countries in the #150kmfor150years challenge. They ran a total distance of 7,789 km, and 65 GN hearing aids were donated as a result. A medal ceremony was held in Kuala Lumpur.

*"I love running on charity races for a cause... My mother was awarded a pair of Beltone Trust hearing aids as my selected beneficiary."*

– Albert A. Leocadio, race participant at the GN "150 km for 150 years" running initiative.

### East Timor

#### Hearing aid donations continue following 150 km run

To continue the momentum of the GN “150 km for 150 years” running initiative, GN Audiologist Naresh Durisala teamed up with medical doctors and an audiologist from Singapore Hospital to Make Life Sound Better for people with hearing loss in Maliana, East Timor.

Maliana is a small city with a population of around 22,000 people, located two flights and a four-hour-long drive away from Singapore, in treacherous mountain terrain. In one week, Naresh and the team saw over 100 patients and donated 40 GN hearing aids.



*“I was privileged to be part of a group of passionate medical doctors whose mission was to make a difference in the lives of East Timorese through medical care and education. There is little doubt that I like my profession but the fact that I could help a bunch of people through GN’s mission of Making Life Sound Better brings greater joy and excitement in the work I do.”*

– Naresh Durisala, GN audiologist, helping people with hearing loss in remote Maliana, East Timor.

### Spain

#### “Save Your Ears” social concern campaign

Highlighting hearing loss through music and culture is an inspiring mix. The GN team in Spain, created and sponsored the “Save Your Ears” (#Salva tus oídos) social concern campaign, joining forces with the popular Spanish musician Antonio Orozco and other renowned celebrities.

The campaign highlighted the importance of protecting one’s hearing and spread awareness via concerts, university lectures, social media, and a talent contest to find the next big musical artists with hearing loss. The celebrities involved in the campaign also helped hearing care professionals fit ReSound hearing aids on children and adults with low incomes at local clinics.

### U.S.A.

This year, GN Audio in North America – under the banner of the Jabra brand - took part in the second Annual Day of Giving, a day in which employees were able to get out of the office and spend the day giving back to the less fortunate in their communities for the second consecutive year.

Throughout North America, Jabra had approximately 100 volunteers participate in the event, as well as over 465 volunteer hours pledged to a variety of charities ranging from animal rescue shelters, homeless shelters, and food banks. Several thousand meals were prepared, and packed, and countless gifts were wrapped and ready to be delivered to families in need.



Throughout North America, GN Audio in North America – under the banner of the Jabra brand – had approximately 100 volunteers participate in the second Annual Day of Giving.

# About this report

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

## Article 99a

|                           |  |
|---------------------------|--|
| Sustainability Definition | See “Sustainability, CSR or ESG?” on p. 23                       |
| Business Model            | See “Business model” on p. 7                                     |
| Governance                | See “Sustainability governance” on p.8                           |
| Due Diligence Processes   | This is covered across different chapters on p. 12-14, 16-19     |
| Risks                     | This is covered across different chapters on p. 12-14, 16-19, 23 |
| KPIs                      | See ESG overview on p. 4   |
| Results                   | This is covered across different chapters on p. 4, 9-22          |

## Article 99b

|  |                                  |
|--|----------------------------------|
| Gender Diversity Target for Board of Directors           | See “People excellence” on p. 19 |
| Gender Diversity Policy and Actions in Senior Management | See “People excellence” on p. 19 |

## Our Materiality Process

As described in this report, in 2019 we mapped our value chain against the SDGs, using the main risks and opportunities to either negatively or positively impact the achievement of the goals. The table below sketches the main identified risks and opportunities and to which SDGs they relate. Our engagement with the SDGs is a continuous process. Going forward, we will undertake a deeper sustainability-related risk assessment to further understand how we can best help achieve this agenda.

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



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