Sustainability - ESG Report

GN Store Nord A/S – 2021

GN Making Life Sound Better

GN Store Nord A/S

Building the Technology of the Future, Sustainably

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Sustainability ESG Report 2021

Membership of UN Global Compact
Member since January 14, 2010

Number of employees: 7,228

Sector: Health care equipment and electronics

Reporting date: February 10, 2022

The report covers the period: January 1, 2021, to December 31, 2021

This report forms part of the management's report in the Annual Report 2021 for GN Store Nord A/S and constitutes GN's corporate responsibility report according to Section 99a, 99b, 99d, and 107d in the Danish Financial Statements Act.

The report is not covered by the audit.

Review our sustainability guidelines and policies at: www.gn.com/esg

THE 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.

Acting on COVID-19 and climate change

In 2021, GN committed to science-based climate targets, while keeping people safe remained a priority

The continuous success throughout GN's long and proud history has relied on the team's ability to innovate and adapt to new circumstances and expectations from the societies in which we operate.

To ensure that GN's future is as bright as our past, we keep innovating and adapting in order to build the technology of the future, sustainably.

Today, this is as relevant as ever, as the world faces the dual challenge of tackling the COVID-19 pandemic and the urgent issue of climate change. Managing these two issues was a priority in 2021, while we also continued to address all other relevant sustainability topics. This is the right thing to do for the globe and for generations to follow - and for our investors, customers, employees and other stakeholders.

Acting on climate change and committing to science-based targets
2021 was a pivotal year in our steps to help reverse climate change through our commitment to science-based targets.

This was supported by initiatives to reduce our emissions through renewable energy, increased use of ocean freight to replace air freight, and a move to more sustainable packaging.

At the same time, we improved on carbon transparency through three product life-cycle assessments (LCAs), and our disclosures in line with

the Carbon Disclosure Project (CDP) and the Taskforce for Climate-Related Financial Disclosures (TCFD) frameworks.

A significant reduction of business travel emissions came inherently as a consequence of COVID-19, but we are committed to limit business travel permanently to only allow truly purposeful travel, halving our footprint per employee compared to 2019.

Keeping safe during the COVID-19 pandemic
As COVID-19 has become endemic, our approach to keeping our employees and the communities in which we operate safe became a structural challenge.

In 2021, COVID-19 continued to have far-reaching consequences for our lives and ways of working.

During these challenging times, GN prioritized the support of employees by focusing on safety and health at the workplace, flexible working arrangements, and mental well-being.

Progress towards our 2025 goals
To ensure we do what is required, our 2025 sustainability goals, inspired by the Sustainable Development Goals (SDGs), chart our course.

In 2021 we made progress towards our goals, and we are on track to meet them. Highlights include reaching 9.4 million people with hearing loss, closing an agreement to move our headquarter to 100% renewable energy and launching all new products in sustainable, FSC certified packaging.

We continued to work on all environmental, social, and governance (ESG) topics that are material to us, whether it is moving towards recycled material in products, nurturing a diverse and inclusive workforce, supporting children with hearing loss in low-income countries, or

working with our suppliers on safeguarding human rights for everyone working in our value chain.

This report covers progress in all areas.

To succeed in sustainability, we need to live GN's values, LISTEN carefully to our stakeholders, and allow ourselves to be CHALLENGED and TRANSFORM accordingly.

We, therefore, welcome feedback on this report and our approach to sustainability in general. You can reach us at sustainability@gn.com.

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.

2021 Sustainability highlights

GN's sustainability strategy is based on three focus areas: health, climate change, and products and packaging, built on a foundation of responsible business processes. Below are key 2021 highlights across these areas

Health

Helped 9.4 million people with hearing loss to Hear More, Do More and Be More

Announced **Jabra Enhance Plus** for hearing enhancement

Improved **online access to hearing care** through acquisition of Lively

Climate change

Disclosed in accordance with CDP and TCFD, and committed to setting science -based climate targets with the **Science-Based Targets initiative**

Life-cycle assessments were performed for three popular Jabra products: the Evolve2 85, PanaCast 50 and Speak 750

First power purchase agreement secured: from 2023, our HQ and Præstø production site will be powered by **100% newly built renewable energy**

Products and packaging

17 products attained TCO certification – the world's leading sustainability certification for electronic products

FSC-certified packaging rolled out for 100% of new products in 2021, covering 15% of total shipped units.

GN financed the **recycling of 4,777 tons of e-waste** in accordance with the EU WEEE directive

Doing business the right way

Supplier conflict mineral reporting templates received (100%)

Women on the **Board of Directors** (57%)
Women in **Executive Management** (33%)
Women in **senior management** (21%)

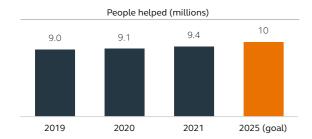All 29 whistleblower cases resolved or under investigation

40 supplier audits conducted to ensure compliance with the UNGC responsible business principles across GN's value chain

Progress towards our 2025 goals

In 2021 we made good progress towards our 2025 goals and are overall on track. The next three pages provide an overview of 2021 progress and our 2022 priorities

Focus area 1: Health

Goal 1: Help 10 million+ people with hearing loss to Hear More, Do More and Be More*

People helped (millions)

2019	2020	2021	2025 (goal)
9.0	9.1	9.4	10

2021 progress

- Continued to manufacture high -quality hearing aids
- Announced hearing solutions under the Jabra brand to offer more choice, convenience, and accessibility

2022 goals

- Continue to manufacture high -quality hearing aids
- Aim to utilize new U.S. over -the-counter regulation to make hearing aids more accessible

Goal 2: Create awareness of hearing loss and add new health functionality to our products

2021 progress

- Announced Jabra Enhance Plus product for hearing enhancement

2022 goals

- Explore additional health functionalities and partnerships

Goal 3: Support unmet hearing health needs through donations and capacity-building

2021 progress

- Partnered with Hear to Aid Foundation in Zimbabwe to help 115 children get their hearing back free of charge
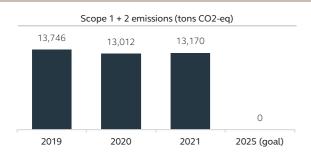- Donated 1,000+ hearing aids through Beltone Foundation and ReSound ONE Gives

2022 goals

- Strengthen existing donations and capacity -building partnerships and explore additional partnerships to reach people with unmet hearing needs

* Calculated using sales volumes and assumptions based on EHIMA figures for binaural treatment and replacement rates (5 years for high-income countries and 8 years for low-income countries)

Progress towards our 2025 goals (2/3)

Focus area 2: Climate change

Goal 1: Climate neutral in company activities (scope 1+2)	**Goal 2: Halve the carbon footprint of company air travel**	**Goal 3: Improve carbon transparency and set additional climate goals**

Scope 1 + 2 emissions (tons CO2-eq)

13,746   13,012   13,170   0

2019   2020   2021   2025 (goal)

Business air travel emissions (per FTE, tons CO2-eq)

1.62   0.20   0.26   0.81

2019   2020   2021   2025 (goal)

SCIENCE BASED TARGETS

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

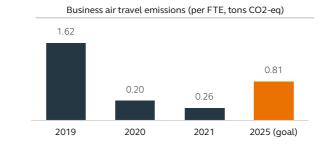**BUSINESS AMBITION FOR 1.5°C**

CDP Score B-

2021 progress

- 100% renewable energy contract (PPA) signed for all sites in Denmark (will reduce around 2,000 tons from 2023)
- ISO14001 certification acquired for Xiamen manufacturing site to improve energy efficiency
- Clean car policy implemented in Denmark

2021 progress

- Reduced company air travel per employee by 84% compared to 2019, largely due to COVID -19 pandemic
- Adopted commitment and principles of purposeful travel

2021 progress

- Committed to setting science -based targets and joined the Business Coalition for 1.5C initiative
- Disclosed to CDP (score B -)
- Disclosed climate -related information in accordance with TCFD recommendations

2022 goals

- Extend or plan for 100% renewable energy to further sites
- Implement global clean car policy

2022 goals

- Only travel with purpose through implementation of principles of purposeful travel

2022 goals

- Set additional (longer-term) climate targets and get these approved by the Science Based Targets initiative
- Improve CDP score further
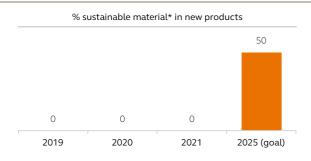- Improve TCFD disclosure by adding further detail on financial implications of climate -related risks

* Large uncertainty due to COVID-19

Progress towards our 2025 goals (3/3)

Focus area 3: Products and packaging
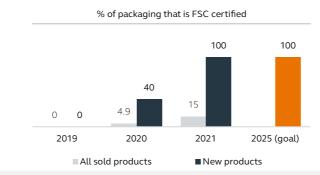
Goal 1: 50% sustainable material* in new products

% sustainable material* in new products

0	0	0	50
2019	2020	2021	2025 (goal)

2021 progress

- Tech studies completed into sustainable plastic
- Water -based paint used as standard where possible
- PVC and halogen being phased out

2022 goals

- Products containing recycled or bio-based material to be launched
- Continue using water -based paints, where possible, and phasing out PVC and halogen

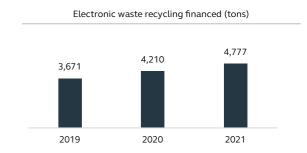### Goal 2: Sustainable packaging (minimal plastic, small size, FSC) for all new products

% of packaging that is FSC certified

0 0	4.9 40	15 100	100
2019	2020	2021	2025 (goal)

■ All sold products   ■ New products

2021 progress

- Launched Jabra Evolve2, Jabra Elite 2, 3, 4 and 7, and all new BlueParrott products with sustainable packaging
- Frustration-free packaging launched, meeting Amazon's Climate Pledge criteria

2022 goals

- Sustainable packaging for all new products
- Investigate changes to in -market products
- Investigate further bulk packaging

Goal 3: Give more products a second life through take-back schemes, repair or refurb

Electronic waste recycling financed (tons)

3,671	4,210	4,777
2019	2020	2021

2021 progress

- Refurbishment program (screen and clean) expanded in North America and EMEA regions in GN Audio
- Repair capabilities expanded

2022 goals

- Develop circular economy strategy and roadmap
- Expand takeback and refurbishment programs

* Sustainable material means % of either recycled or bio-based content as a percentage of the total weight of materials for which sustainable alternatives ex ist (i.e., plastics, metals, fabrics)

Sustainability-ESG strategy

Our approach to sustainability

Through the power of our products, we aim to maximize our positive impact on people and the environment, while minimizing our operational environmental footprint

Our sustainability approach is shaped by three principles

- Our approach is data-driven – everything we do in sustainability needs to have provable impact on contributing to the SDGs

- We listen carefully to our stakeholders to focus on the right topics - we assume that benefits to GN from pursuing sustainability will follow when we truly do the right thing

- Sustainability for GN is a collaborative rather than a competitive topic, and where possible we want to work in partnership to learn from others and share our own insights

These three principles guide us in how we anchor sustainability in product development, operations, sales and marketing, our dealings with third parties.

We consider sustainability across our full value chain
It is our ambition to proactively address sustainability issues in every relevant part of our supply chain. For more information on how different sustainability topics impact our value chain, see page 11.

Focusing on what matters most
Our aim is to focus our sustainability efforts on those topics that are most relevant to our stakeholders and thereby, best contribute to GN's success. This approach is based on a materiality assessment, see page 35.

Sustainability governance

① **The Board of Directors**

The Board approves the strategic direction, key decisions and reporting regarding sustainability, discussing it at least twice a year

② **Executive Management**

Executive Management owns sustainability as part of the company's strategy and is responsible for driving progress
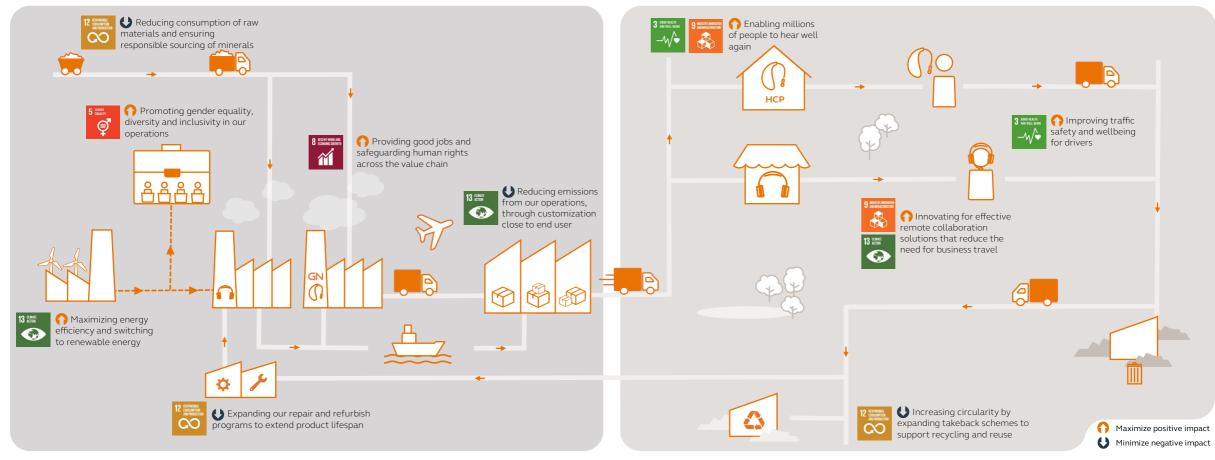
③ **Global Management teams**

Global Management teams in the different business divisions discuss sustainability at least on a quarterly basis and are responsible for driving and tracking processes on an operational level

④ **Group Sustainability**

Group Sustainability, reporting to GN Store Nord's CFO, holds overall responsibility for supporting the business in driving the sustainability agenda as well as developing external reporting

Our value chain impact

This illustrates where in GN's upstream and downstream value chains we assess to be able to maximize positive impact or minimize negative impact in achieving the Sustainable Development Goals

Reducing consumption of raw materials and ensuring responsible sourcing of minerals

Promoting gender equality, diversity and inclusivity in our operations

Providing good jobs and safeguarding human rights across the value chain

Reducing emissions from our operations, through customization close to end user

Maximizing energy efficiency and switching to renewable energy

Expanding our repair and refurbish programs to extend product lifespan

Enabling millions of people to hear well again

Improving traffic safety and wellbeing for drivers

Innovating for effective remote collaboration solutions that reduce the need for business travel

Increasing circularity by expanding takeback schemes to support recycling and reuse

Maximize positive impact

Minimize negative impact

Frameworks, certifications, and ratings

Our sustainability progress is independently verified by several third parties

Responsible business practices

UN Global Compact
2021 marks our 11th year of commitment to the principles of responsible business and as an active member of the local UNGC network in Denmark.

Responsible Business Alliance
In 2021, GN Audio joined the Responsible Business Alliance in order to strengthen our responsible business practices across our supply chain.

ISO
Based on relevance, multiple sites and divisions within GN are certified with different ISO certifications, including ISO9001, ISO14001 and ISO45001.

EcoVadis
Our commitment to supply chain responsibility in GN Audio is recognized through our EcoVadis silver medal, placing GN Audio in the top 26% among peers.

Products and packaging

Forest Stewardship Council
The Evolve2 and Elite 2, 3, 4 and 7 and BlueParrott products launched in 2021 were all packaged in sustainable packaging, certified by FSC to ensure paper and cardboard is sourced responsibly.

TCO Certified
TCO Certified is the only independent sustainability certification that covers all sustainability areas and has specific criteria to headsets. See https://tcocertified.com/product-finder/index/?brand=Jabra&tq=&pp=1 to find GN products currently TCO certified.

Climate ambition and transparency

Science Based Targets
In 2021, GN committed to setting science-based targets and joined the Business Coalition for 1.5C initiative.

Carbon Disclosure Project
In 2021, as part of our commitment to climate transparency, we disclosed to the CDP climate questionnaire, scoring a B-.

Task Force on Climate-Related Financial Disclosures
This year, we commenced the process of disclosing our climate-related governance, strategy, risks and metrics, in accordance with the TCFD recommendations. See page 40 for details.

ESG reporting and performance

Global Reporting Initiative
This report is aligned with Core GRI reporting standards, see page 41-44.

MSCI ESG Ratings
Through our AA score, GN's high performance across all ESG areas is externally recognized.

Sustainalytics ESG Rating
Our Sustainalytics score is 28.8, placing GN in the medium risk category.

Improving health and wellbeing

Making life sound better

Our focus at GN is on helping people with hearing loss live life as unimpededly as possible, and on assisting professionals and consumers with state-of-the-art audio and video collaboration tools, in a world where hybrid working is becoming a new norm.

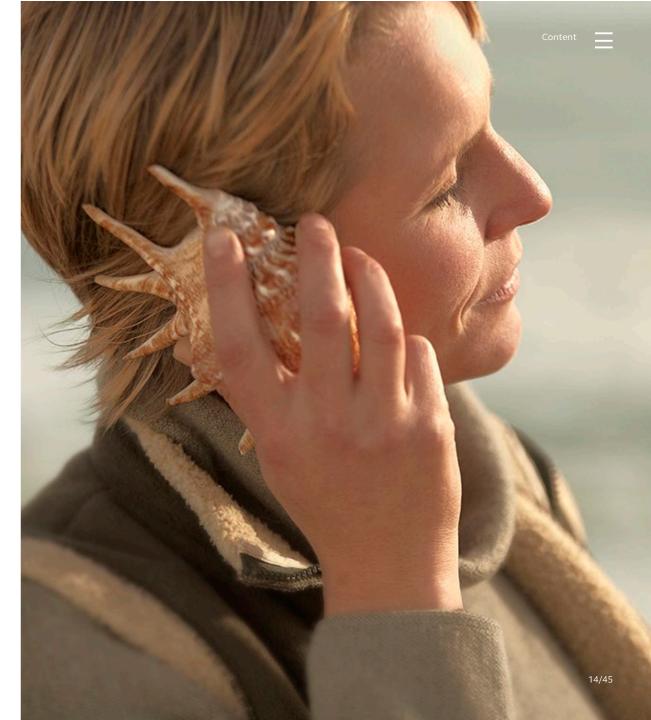## Helping 9.4 million people with hearing loss

In 2021, our hearing solutions helped around 9.4 million people with hearing loss around the world. People with hearing loss are at the heart of what we do, and it is GN Hearing's ambition to reach as many as possible with life-changing hearing solutions. We work to break down the stigma surrounding hearing loss and create awareness of the benefits of early treatment. Addressing hearing loss has a huge positive impact on well-being, quality of life, and overall health.

Supporting mental health through hybrid work

The pandemic-induced shift to remote work is likely to be the biggest permanent shift in work culture for an entire generation.

→ In our 2021 Hybrid Ways of Working Global Report, www.jabra.com/hybridwork, we unpack the key trends affecting employees and businesses, as we navigate this fundamental change. The report is based on a study of more than 5,000 knowledge workers from around the world.

A key finding is that a sense of connection among teams decreased during remote work. Still, nine in ten knowledge workers say that a hybrid environment would increase or maintain a sense of trust in their team. They also point to the level to which they feel their employer cares about their well-being (89%), and the level of recognition they feel for their contributions (89%).

For the majority of employees (68%) hybrid work can offer employees the flexibility to better balance their time. Technology coupled with clear guidelines can address the major concerns with hybrid work models and lead to higher performing teams with a healthier work-life balance.

"It felt like a death sentence"

James Page is a singer-songwriter living in Cambridge UK, who performs under the name Sivu. He first began writing music when he was 16 years old and his ability to develop alternative pop melodies on his acoustic guitar has brought him great success, cultivating in performances on radio, as well as music festivals such as Glastonbury.

Getting diagnosed with Meniere's disease
In 2013, his life was turned upside down, when he was diagnosed with Meniere's Disease, which causes dizziness, tinnitus, aural fulness and fluctuating hearing loss.

"*Having these Meniere's attacks and then having a hearing test and being told that it had spread to my left ear. That was quite a blow.*" Being a musician, the diagnosis was literally a "death sentence" that put his career in jeopardy.

Treatments and the use of ReSound ONE
Sivu started getting treatments. Today it is working and combined with the use of ReSound ONE hearing aids he is now in a position to produce the music he loves again.

"*I haven't put a song out since 2017, so to be able to release new music again, after such a long gap, is something that I am very excited about.*"

Sivu has got his life back and he feels that he has a future again, something he hasn't felt for 4-5 years. "*I love the ReSound ONE hearing aids. They've added some much depth and clarity into everything. I feel incredibly excited.*"

He has plans to release a third album which will center around a new sense of hope from his improved hearing. "*I probably can do another album. I can hear!*"

> "
> I probably can do another album. I can hear!

ReSound **GN**

Protecting our planet

Managing our carbon footprint

We continually work to rethink the way we do business to ensure that GN is part of a climate-safe future

Achieving an accurate and complete picture of the emissions we are responsible for throughout our supply chain ensures that we lay down a realistic climate strategy that results in sufficient emission reductions. In 2021, we made progress on mapping and reducing our climate footprint, moving from the Scope 3 greenhouse gas emissions screening conducted in 2020 to a full Scope 3 emissions inventory aligned with the GHG Protocol Corporate Standard (see page 38).

Gaining clarity on our carbon footprint has also helped us be more transparent about climate impact, risks, opportunities, and strategy. Meeting our 2020 ambitions, we disclosed for the first time climate-related issues via CDP (scoring a B-) and in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). See TCFD Index on page 40 for details.

Scope 1 and 2 – Renewable energy
To meet our 2025 climate goals for Scope 1 and 2 emissions, we work to source as much of our energy as possible from renewable electricity. From 2023 onwards, our headquarter and hearing aid production site in Denmark will be 100% powered by a newly built solar farm in Denmark through a power purchase agreement (PPA). We expect that this will reduce our Scope 2 emissions by around 2,000 tons CO_2e, compared to 2021.

The shift to renewable energy will be rolled out for all our owned sites by seeking out local solutions and partnerships where possible and

using renewable energy attribute certifications to offset any remaining emissions. Further emission reductions are being made through energy efficiency initiatives, such as upgrading machinery and installing LED lighting in production facilities.

Scope 1 – Clean car fleet by 2025
The largest share of our Scope 1 emissions result from our car fleet, which mostly consists of leased company cars. GN's company car policy has been adapted to reflect our ambition to reach a clean car fleet by 2025. We will phase out vehicles running on fossil fuels with all leases for these vehicles, where feasible, ending in December 2024 at the latest. In the interim, an emission limit will be imposed on all new leases in 2022.

Scope 3 – Packaging and ocean freight
In 2021, GN Audio continued to increase 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.

In addition, switching from air to ocean freight for some products has cut emissions from the operations of GN Audio products by 2,811 tons CO_2e in 2021, compared to 2020. Significant improvements to new product packaging have resulted in estimated emission reductions of up to 62% per product for GN Audio products compared to 2020 packaging. Changes included reducing the size of the packing and using materials with lower environmental impact, such as recycled plastic and FSC certified paper and cardboard.

Scope 3 – Business travel
The climate impact of our business travel has dropped dramatically in the wake of the COVID-19 pandemic (from 7,833t CO_2e in 2019 and

2,195 in 2021). Operating under these conditions has taught us a lot about when we need to travel – and when we do not.

From this learning, we drew up GN's principles for responsible travel, which push us to reflect on when travel is purposeful and how we could reduce its impact:

- We only fly if the purpose of a meeting cannot be achieved virtually or in hybrid form, using our own virtual collaboration products

- When traveling with colleagues, we always ask ourselves if a smaller delegation would achieve the same result

- We combine meetings to avoid multiple trips

- When traveling a short distance, we always seek alternatives to air travel

Results in reducing our carbon emissions
- By switching from air to ocean freight from transporting some GN Audio products we have saved 2,811 tons CO_2e in 2021

- New sustainable product packaging in GN Audio has reduced our packaging emissions by up to 62% in GN Audio products compared to 2020 packaging

- Largely due to COVID-19, we reduced our business travel emissions by an estimated 5,688 tons CO_2e in 2021, compared to 2019

Our carbon footprint

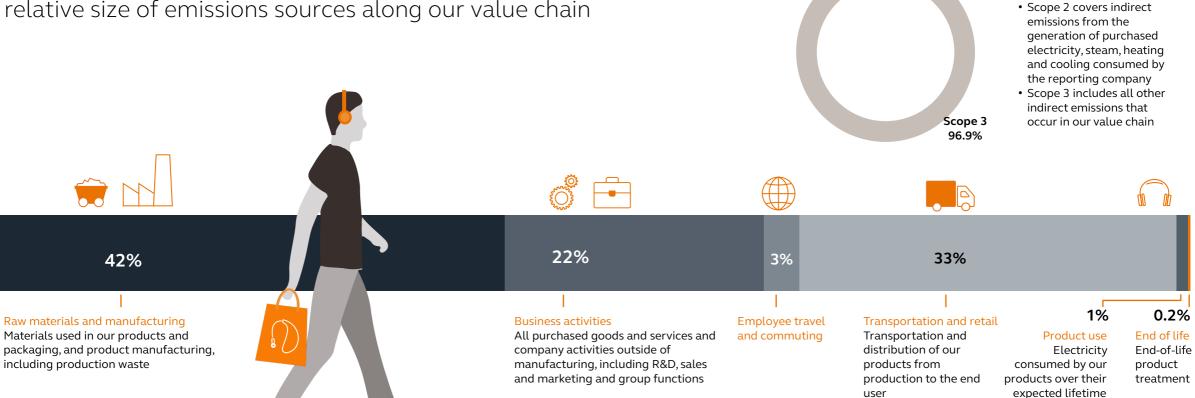In 2021, we completed a full Scope 3 emissions inventory aligned with the GHG Protocol Corporate Standard. The chart shows the relative size of emissions sources along our value chain

Scope 1
0.4%

Scope 2
2.7%

Scope 3
96.9%

Scope 1, 2, 3
- Scope 1 covers direct emissions from sources owned or controlled by GN
- Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company
- Scope 3 includes all other indirect emissions that occur in our value chain

| **42%** | **22%** | **3%** | **33%** | **1%** | **0.2%** |

Raw materials and manufacturing
Materials used in our products and packaging, and product manufacturing, including production waste

Business activities
All purchased goods and services and company activities outside of manufacturing, including R&D, sales and marketing and group functions

Employee travel and commuting

Transportation and retail
Transportation and distribution of our products from production to the end user

Product use
Electricity consumed by our products over their expected lifetime

End of life
End-of-life product treatment

Waste, water, and environmental management

GN facilities use licensed disposal contractors for waste collection and disposal, including recycling of materials, such as plastic, cardboard, and wooden pallets. High-value waste, such as electronics, is processed to allow other companies to reclaim and reuse materials, where possible.
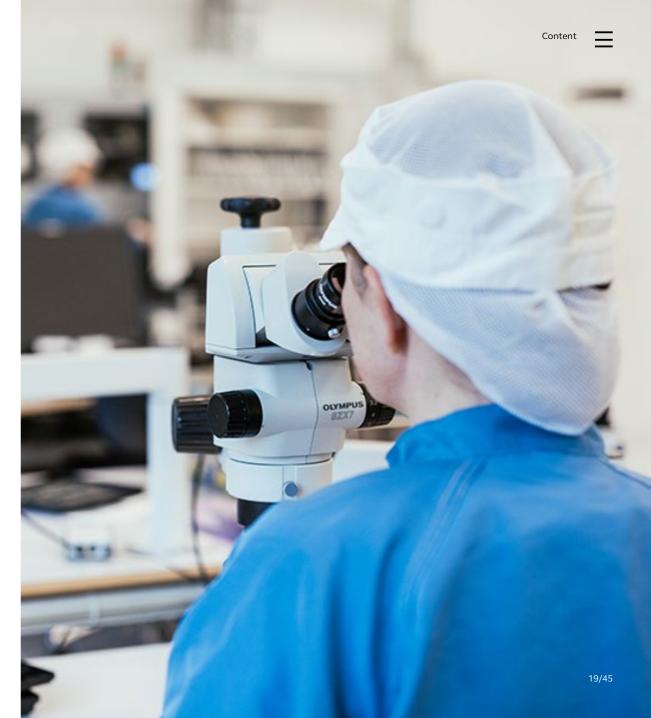
At our GN Hearing production site in China, initiatives implemented in 2021 included improved waste sorting and the replacement of two printing machines to reduce waste ink containers and discharge volatile organic compounds (VOCs).

In Europe, we finance recycling through our contributions to e-waste collection and recycling infrastructure through local recycling partners in

accordance with the EU WEEE directive. In 2021, GN Audio financed the recycling of 4,777 tons of e-waste.

Water consumption at GN's facilities is very limited and primarily used for heating and cooling and sanitary purposes. Initiatives to reduce water consumption include daily monitoring of water use, stormwater collection, and using auto stop water.

Our GN Hearing manufacturing site in China received ISO 14001:2015 certification in December 2021, joining the GN Hearing production site in Malaysia and GN Audio's repair center in China. In 2022, we aim to achieve ISO 14001:2015 certification for our headquarters in Ballerup, Denmark.

Leading by example: Practice what we preach

We have committed to halving the carbon footprint of our employee air travel by the year of 2025

During COVID-19 businesses fast-tracked remote work and it has now become the 'new normal' in many companies. Working online requires excellent equipment to support the workday of employees in various industries.

The wide range of high quality products such as headsets, speakers and conference video gear from GN Audio supports this and eases the transition to an online workday.

Action speaks louder than words
Working online supports the sustainability agenda by saving emissions as flying is no longer necessary when meeting colleagues from all over the world. We believe that actions speak louder than words and we've committed to halving the carbon footprint of our employees' air travel by 2025 compared to 2019.

Tech that gives back more than it takes
When you are building products that are designed to help reduce carbon emissions by eliminating unnecessary travel, it's important to consider the environmental impact of creating those products in the first place. That is why we measure the carbon footprint from our products against the carbon emissions potentially saved by using them.

An external consultancy found that one flight between London and New York equals 2600 hours of video conferencing using Jabra Pana-Cast [1]. Now it doesn't make sense to fly per default and we now fly with a purpose. For more details, please refer to our 2021 Hybrid Ways of Working Global Report on www.jabra.com/hybridwork.

[1] Climate footprint of a video meeting using Jabra PanaCast and comparison to face-to-face meeting" – 2.0 LCA Consultants for GN (2019)

Truly sustainable products

Sustainable products and packaging

Our hearing aids help millions of people around the world, while our audio and video products support sustainable and safe collaboration across home offices, corporate of-fices, meeting rooms or classrooms

Despite the inherent sustainable qualities of our products, there are po-tential social and environmental risks associated with the extraction of raw materials, manufacturing, distribution, use, and end-of-life of our products.

To address these risks and support the transition towards a circular economy, we strive for our products and packaging to be designed, manufactured and distributed in the most sustainable way, and have set goals to continuously improve in all areas of product sustainability.

Product safety and compliance
Before we consider the sustainability of our products, we make no compromises when it comes to the safety of our users. To ensure our products do not contain hazardous or harmful materials, in 2021, we complied with the European Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations, as well as various regional regulations.

In 2021, 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 pro-cesses 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 including to the latest regulations in Europe (EU MDR 2017/745/EU).

Our approach to sustainable product development
We consider sustainability as a factor in all product development. To understand the environmental impact of making sustainability-related changes to our products, we use product-level life cycle assessments (LCAs), that allow us to focus on the dimensions where we can maximize sustainable impact, which can differ from product to product. See page 24 for details of our 2021 LCAs.

TCO Certification as a minimum standard for relevant products
GN views TCO Certified as the most credible and thorough external certification for headsets because it covers all dimensions of sustaina-bility and relies on independently developed standards.

In 2021, our Jabra Evolve2 and Jabra Engage products were certified by TCO Certified, adding to a large range of products that were already certified. As TCO Certified develops standards for additional product categories such as speakerphones, we will strive to get more products certified.
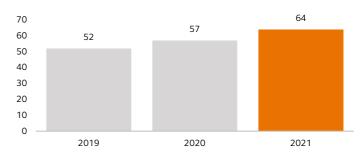
Rechargeable batteries set the new sustainability standard
By offering a rechargeable battery option, our ReSound LiNX Quattro and ReSound ONE hearing aids offer a sustainable charging solution. As the rechargeable batteries are expected to last the full lifetime of the product, we reduce the number of batteries our users require per hearing aid to one, preventing the environmental impact of the produc-tion and end-of-life of a significant number of batteries in the process.

Share of rechargeable battery products
Share of products sold for product categories that include rechargeable battery option (%)

Taking the next step in sustainable packaging
By reducing packaging and shipping size, Jabra is now part of Amazon's "Climate Pledge" program. In 2021, Jabra secured "Frustration-Free Packaging" status with Amazon for the Jabra Elite 3 packaging. This will elevate Jabra to be part of Amazon's "Climate Pledge" program by reducing packaging (no outer box) and shipping size.

This, combined with Amazon's Direct Import, which will move shipping of products from air to rail & sea, significantly reduces the environmen-tal footprint, while giving our products greater visibility on Amazon.

6 dimensions of sustainable products

Based on an assessment of how to best maximize environmental impact and meet stakeholder demands, we focus on six dimensions to make products more sustainable. In 2021 we made progress in all six dimensions

① **Sustainable materials**
- Completed two studies into the application of recycled plastics (PCRs) with a view of applying these into products to be launched in 2022
- Used water -based or low-solvent based paints and glues as standard, where feasible
- Continued phasing out PVCs and halogens

② **Packaging**
- Our new products came packaged in sustainable packaging in smaller size, zero or minimal plastic and FSC certification
- Qualified for Amazon Climate Pledge by removing the outer box for e-commerce products in GN Audio

③ **Repairability**
- Developed repairability index for product development in GN Audio
- Identified barriers to repairability of our main product categories in GN Audio, such as adhesives limiting access to components, aiming to improve in future products

④ **Recycling and refurbishing**
- Expanded takeback and refurbishment programs in GN Audio
- Financed the recycling of 4,777 tons of e -waste, comprising electronic devices (2,912 tons), packaging (1,784 tons), and batteries (80 tons)

⑤ **Energy efficiency**
- Continued to strive to make our products as energy efficient as possible
- Continued to offer rechargeable battery option for ReSound LiNX Quattro and ReSound ONE

⑥ **Sustainable production and distribution**
- See chapter on our climate strategy (see page 17 -18) for details on our approach and progress in this area

Life cycle assessment

In 2021, GN conducted life-cycle assessments (LCAs) on three products.

The purpose of these LCAs is twofold

First, LCAs improve transparency about the carbon footprint of our products for the benefit of our stakeholders. Second, they help us understand how we can most effectively minimize environmental impact of our products, by identifying 'climate hotspots' within products. For example, based on the LCA results, energy efficiency in the use phase is especially rel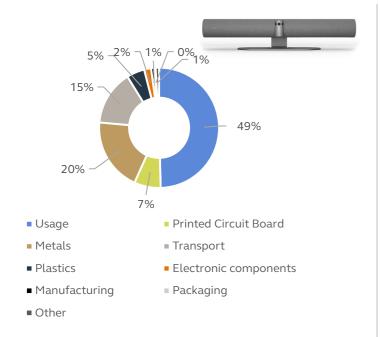evant to reduce the footprint of our video products, while using low-carbon materials is relevant for all product categories.
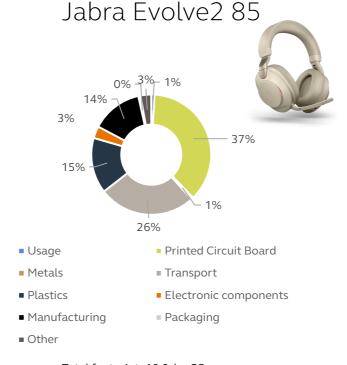
LCA methodology

Our LCAs were conducted in accordance with the standards ISO 14044:2006 and ISO 14067:2018, using the latest version of Umberto from Ipoint systems and EcoInvent emission factors. Our input data is based on bills of material, manufacturing and distribution data, use phase energy data, and end-of-life data from our partners under the WEEE Directive. The assumed user is based in London, UK. Our LCAs are currently undergoing certification.
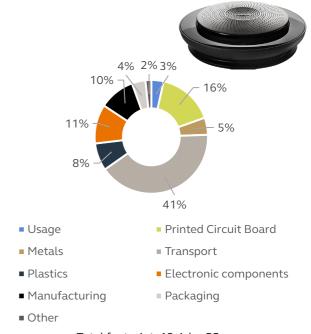
Jabra PanaCast 50

- 0%
- 1%
- 2%
- 1%
- 5%
- 15%
- 20%
- 7%
- 49%

- ■ Usage
- ■ Printed Circuit Board
- ■ Metals
- ■ Transport
- ■ Plastics
- ■ Electronic components
- ■ Manufacturing
- ■ Packaging
- ■ Other

Total footprint: 116.2 kg CO_2-eq

Jabra Evolve2 85

- 0%
- 3%
- 1%
- 14%
- 3%
- 15%
- 26%
- 1%
- 37%

- ■ Usage
- ■ Printed Circuit Board
- ■ Metals
- ■ Transport
- ■ Plastics
- ■ Electronic components
- ■ Manufacturing
- ■ Packaging
- ■ Other

Total footprint: 10.0 kg CO_2-eq

Jabra Speak 750

- 4%
- 2%
- 3%
- 10%
- 16%
- 11%
- 5%
- 8%
- 41%

- ■ Usage
- ■ Printed Circuit Board
- ■ Metals
- ■ Transport
- ■ Plastics
- ■ Electronic components
- ■ Manufacturing
- ■ Packaging
- ■ Other

Total footprint: 13.4 kg CO_2-eq

People and business

Engaged & focused employees

Nurturing a highly skilled workforce with engaged employees who execute on GN's strategy and win in the market is key to success

Strengthening leadership, employee, and talent development

GN's fundamental growth strategy leads to increasing demands on the incumbents of current jobs. The need for innovation will continue along with an ongoing need to scale GN's talent efforts globally.

In 2021, two targeted development initiatives kicked off to strengthen leadership development and support employees' growth, "Leading the GN Way" and "Leading Strategy 2.0"

GN yearly conducts a global Talent Review and Succession planning process ('TRS') to ensure that a bigger part of the organization is calibrated to build stronger talent and leadership pipelines at more levels.

Many leadership talents identified in 2020 have either been promoted or expanded their area of responsibility during 2021.

GN's strategy calls for a still broader range of leadership competencies and capabilities, why an increased focus aims to ensure that leadership talents have the right qualifications to efficiently lead a more complex business.

Consequently, more effort is put into strengthening development plans for senior leaders by introducing "Transform", an individual and data-driven Development Centre for senior leaders.

GN's Graduate Program is an incubator, not only attracting candidates to current tracks but also screening for talented candidates for other entry level positions. When recruiting young talent, we strive for a diverse talent pool.

In 2021, we had 10 new graduate positions. In 2022, 14 new graduates will join GN, as the Graduate Program expands with new IT and Supply Chain tracks to complement existing Finance, Engineering and Marketing tracks.

Equal playing field for all

Creating an equal playing field is a cornerstone of our HR strategy to instill fair and just practices and policies that ensure all employees can thrive, be themselves and exercise their full potential. To become a truly equitable employer we have started to embed inclusion and diversity in our people processes.

As a company we do not tolerate discrimination or harassment of any kind based on racial or ethnic characteristics, gender, religion, age, sexual orientation, disabilities or any other classification as stated in GN's Ethics Guide.

→ GN's Ethics Guide is available in 10 languages here:
     www.gn.com/responsibilitydocuments

Inclusion & diversity

Inclusion and diversity are a strategic priority at GN. To stay relevant as a business we are humbly aware that we need access to all our employees' competencies, creativity, engagement, and loyalty. We need the best talents, and we need diverse talents.

In 2021, we strengthened our efforts to become an even more diverse and inclusive organization. For example, we dedicated more resources for inclusion and diversity activities, supported new employee-led

Strengthening our leadership

"Leading the GN Way"

92 new leaders participated in development program to secure strong leadership quality and collaboration

"Leading Strategy 2.0"

Leaders go through a fully virtual leadership development journey

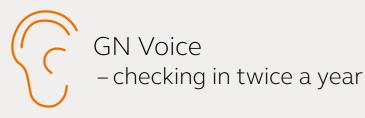## Strengthening our employees

Yearly "TRS" process

Structured Talent Review and Succession planning process secures we have
• the right people
• in the right positions
• at the right time
• with the right mindset

"Transform"

Data-driven Development Centre for senior leaders providing impact-focused development plans to unleash their potential across the GN Group. In 2021, 25 senior leaders participated

GN Voice
– checking in twice a year

Highly engaged people. GN's employee engagement survey tool, GN Voice, provides valuable feedback from employees twice a year. Leaders listen to their input and comments and take appropriate action to continuously maintain a highly engaged organization

91%
Highly engaged workforce
Response rate in the latest survey in 2021

8.0
October 2021

Overall engagement score
On a 10-scale engagement score is 0.2 above the middle range of sector industry benchmark

Initiatives inspired by GN Voice feedback

Mental well-being. Program supporting employees during a pandemic, learning to balance work -from-home, insecurity from ever changing conditions, and good mental well -being

Remote work. Global approach to flexible work enabling local flexible working policies taking into consideration the employees' needs, the needs of GN, and the nature of the work task

Collaboration space. Continued initiatives to transform traditional office space to better support new hybrid ways of working with some people working remotely and others from the office

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Employee Resource Groups, entered a partnership with Dial Global (global community for Diverse Inclusive Aspirational Leaders), and launched online inclusion learning modules.

It is essential for GN to foster an inclusive environment welcoming a variety of backgrounds and perspectives. Inclusion is embedded in GN's core values:

- We **LISTEN** to ensure that our employees feel heard and valued

- We **CHALLENGE** each other and welcome perspectives different from our own to make smarter decisions

- We want to continuously **TRANSFORM** our company to meet the needs of our customers and ensure that all employees experience a sense of purpose and belonging

Gender and diversity representation in management
GN's primary diversity focus is to advance stronger international representation and gender diversity in our senior management, the Global Management Teams (GMT) in both GN Audio and GN Hearing.

By the end of 2021, GN Hearing's GMT comprised 18% female leaders and 36% non-Danes. GN Audio's GMT comprised 14% female leaders and 64% non-Danes. At the end of 2021 women filled 21% of senior management positions across the GN Group. By 2025, we aim to have above 25% women in senior management positions.

Board of Directors
The Board of Directors at GN has seven members, four of which are women. Thus, in 2021 we exceeded our target of 50 % women in the Board.

→ Review GN's Diversity Policy: www.gn.com/diversitypolicy

7,228 employees globally

50+ nationalities in headquarter alone

40+ countries where GN has own staff on the ground

2,033 new colleagues onboarded during 2021

Age distribution of employees

19%	34%	26%	21%
< 30 years	30 - 40 years	40 - 50 years	> 50 years

45% Percentage of women in new hires

34% Percentage of women managers

48% Women in workforce

21% Women in senior management

57% AGM elected women on GN's Board

33% Women in Executive Management

Doing business the right way

GN's commitment to responsible business forms the foundation of the compliance and sustainability strategy. Principles and processes are set in GN's Code of Conduct

Safeguarding Human Rights

As signatories to the UN Global Compact and its principles of responsible business, GN safeguards human rights in operations and supply chain. Within GN operations, employee rights are contractually protected and strengthened by policies. GN's whistleblower hotline offers an anonymous and independent mechanism in case of perceived violations.

Safeguarding human rights in our supply chain is anchored in GN's Codes of Conduct. Suppliers are audited based on the UN Global Compact principles of responsible business and the SA8000 standard. We assess potential human rights-related risks to lie mostly in the area of working conditions and occupational health and safety. We require major audit findings to be addressed through a corrective action plan.

To strengthen responsible supply chain management processes, in 2021, GN Audio joined the Responsible Business Alliance. This complements our own auditing processes with industry-leading frameworks.

Conflict Minerals Due Diligence

If minerals originate from mines controlled by military groups in conflict regions, they are known as conflict minerals. As stipulated in our Conflict Minerals Policy, GN will not use conflict minerals.

GN requires suppliers to exclude conflict minerals from GN products, encourages suppliers to move to externally certified smelters and refiners, and requires suppliers to comply with our Code of Conduct.

GN uses the five-step due diligence guidance laid out by OECD for establishing a due diligence process and has put in place an audit program where proof of compliance is required with the Responsible Minerals Assurance.

In 2021, GN received the requested information from 100% of its relevant suppliers of which 91% were certified in accordance with RMAP, TI-CMC Category A, RJC, LBMA , or DMCC. A non-conformity escalation process is in place. Supported by a third-party smelter validation service, it has in 2021 been validated that the identified smelters used by our suppliers are conflict-free. No suppliers were excluded in 2021.

In 2021, GN conducted a supplier risk assessment on cobalt, which is emerging as a fifth conflict mineral, with a view to adding this mineral into our conflict minerals due diligence processes from 2022, using cobalt reporting templates (CRTs).

Business Ethics Governance

Policy management and compliance training
GN's commitment to doing things the right way and comply with international regulations and internal policies is anchored in our Code of Conduct, the GN Ethics Guide, our 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 the GN Ethics Guide and other key policies, employees have to electronically sign off on complying with GN policy within specific areas on an

Safeguarding human rights

Tier 1 and key tier 2 suppliers are actively audited

2021 audits and findings

24 audits conducted among GN Audio's suppliers

16 audits conducted among GN Hearing's suppliers

Major findings were in the areas of working conditions and health and safety

Due to COVID-19 we were limited in our ability to do on-site audits. All non-compliance cases identified were resolved satisfactorily

Conflict Minerals Due Diligence

GN products contain tantalum, tin, tungsten, and gold. **GN will not use conflict minerals**

100% In 2021, GN received the requested information from **all relevant suppliers**

→ Review GN's Codes of Conduct and policies : www.gn.com/responsibilitydocuments

annual basis. Likewise employees annually take GN's general e-learning courses within key topics, such as anti-corruption, information security and competition compliance. Every year this is supplemented with tailored compliance training for selected business units and employees.

Anti-corruption compliance reviews
As part of GN's global anti-corruption compliance program, compliance reviews of selected GN subsidiaries or business units are conducted. This is to identify and assess relevant risk areas, to review that adequate controls are in place to ensure compliance, and to potentially assist with corrective actions. The selection of subsidiaries or business units for compliance reviews is based on an annual country risk assessment consisting of defined risk indicators.

In 2021, due to COVID-19 travel restrictions, focus was on subsidiaries in the EMEA region and HQ functions. In 2022, when travel resumes, the intention is to turn focus overseas again.

Third-party due diligence
In 2021, GN completed the roll-out of a process for assessing and managing corruption risks associated with third-party business partners in high-risk countries. This involves questionnaires and screenings focusing on the potential reputational and legal risks and a thorough check of beneficial owners to ensure GN is at no risk of violating international sanctions regimes.

Whistleblower system
GN's whistleblower hotline, the GN Alertline, is independently managed by a third party. The hotline can be used by employees as well as external parties to report concerns and experienced or perceived misconduct. This is an important tool for ensuring that alleged illegal or unethical conduct is reported and immediately addressed. All complaints are treated with the required 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 GN's non-retaliation policy. In 2021, the EU Whistleblower directive came into force and GN has ensured that our policies and systems are fully compliant.

→ Access to reporting and additional details on GN's whistleblower hotline: www.gn.com/alertline

More details on GN's compliance efforts and policies at www.gn.com/documents

IT security and data ethics
Data privacy
GN is committed to protecting the personal data entrusted to us by customers, users, and employees.

In 2021, we have refined the processes surrounding our digital systems in compliance with the principles of EU's General Data Protection Regulation (GDPR). Further, we have implemented processes and solutions that meet the increasing global data privacy regulatory demands.

Our internal awareness training has been updated with mandatory data privacy e-learning and we are implementing additional solutions to ensure continual employee training and awareness.

In 2022, GN will continue to strengthen our data protection posture to provide excellent, secure, and trustworthy solutions.

Policy management and compliance training

Never stop learning. To support online training, GN conducts live training sessions in selected subsidiaries. In 2021, these were performed as video sessions due to COVID-19 restrictions

3 new general e-learning courses were launched group-wide

4 functions specific microlearning courses were launched

Third-party due diligence

GN has completed the roll-out of a process for assessing and managing **corruption risks** associated with third-party business partners in **high-risk countries.**

GN whistleblower system

27 countries where GN's whistleblower system is available

24 different languages that GN's whistleblower system accommodate

25 concerns reported – mainly related to inappropriate behavior, harassment/bullying, conflicts of interest, misappropriation of information, and COVID-19 restriction violations - all in-scope reports have been investigated - remediating and disciplinary actions have been taken where appropriate.

IT Security
GN is committed to ensuring a high level of IT Security across the entire organization. IT security management systems are in place based on ISO 27000. In addition, we have an IT Security Policy with training materials, and all training is conducted annually for all employees. The IT Security Policy was last updated in May 2021.

We ensure continuous IT Security monitoring through our Security Operations Center. This enables us to discover and disable threats early and keep our organization safe.

Data ethics
GN uses data for various purposes, which entail benefits for GN and its customers. GN is committed to act ethically responsible with data and comply with ethical principles. By actively considering data ethics GN intends to ensure human dignity, equality, fairness, responsible use of data, transparency and awareness by minimizing risk of algorithm bias and discrimination, lack of transparency, lack of control, and lack of responsibility and accountability.

GN has implemented appropriate organizational and technical security measures to ensure that any use of data happens in a safe and secure manner. GN will periodically review the contents of GN Data ethics taking into consideration input from employees and partners, development in trends, technology, legislation and ethical data values.

> → GN's data privacy policy is available at
> www.gn.com/privacy-policy
>
> For a description of GN's Data Ethics Policy, please refer to www.gn.com/dataethicspolicy

Transparency and data

GN Business model

Key resources

Engaged & focused people
Highly skilled and engaged employees and leaders move our business forward based on a culture of innovation and our core values of listening, challenging, and transforming

Innovation and ecosystem leadership
Our engineering capabilities in hardware and software for audio and video deliver unique and individualized customer experiences. To enhance our impact, we partner with leading channels, ecosystems, scientists and other industry leaders to leverage technology and market access

Global reach, local presence
GN develops and manufactures innovative and intelligent audio and video communications solutions that are sold in around 100 countries across the world

Clear growth strategy

INDIVIDUALIZED CUSTOMER EXPERIENCE

INNOVATION LEADERSHIP

COMMERCIAL & ECOSYSTEM EXCELLENCE

Engagement & focus

Lean & efficient

Sustainability

Attractive global megatrends

High entry barriers in select segments

Key business areas

Medical grade hearing technology

Advanced and innovative medical grade hearing aids for all types of hearing loss as well as modern hearing enhancement ear buds for mild to moderate hearing loss

Professional collaboration

Audio and video solutions for enterprises and organizations. Communication solutions for transportation, logistics, high -noise, and extreme environments

Consumer calls, media, and gaming

High quality consumer headsets and earbuds for calls and media consumption, and gaming audio and other gaming peripherals

Value created

Customers
Excellent individualized customer experiences – enabling people with hearing loss, organizations, and consumers to hear more, do more and be more

Community
Sustaining thousands of jobs in GN and at partners. Significant corporate tax payment in countries where we operate. Pursuing sustainable, responsible, and socially inclusive business practices across our value chain

Employees
A great, safe and rewarding place to work, providing a level playing field with equal opportunity for all and ensuring people and talent development at all levels

Investors
Delivering consistent high return on investment to shareholders via share price increase, dividend payment and share buyback programs

Stakeholder engagement

We are in continuous dialogue with our stakeholders to ensure we understand their requirements and find ways to work in partnership to strengthen our business and the societies in which we operate

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. In 2021, we engaged in around 100 direct dialogues with customers on how GN can support their sustainability, sustainable procurement, or travel reduction strategies .

Employees
All employees engage biannually in professional development discussions. All employees are encouraged to participate in the biannual engagement survey, a tool that enables leaders and employees to address strengths as well as areas of improvement. Employees can approach their HR business partner for confidential discussions, as well as report any concerns to a confidential whistleblower hotline, GN Alertline.

Investors
As a public company, 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. In 2021, we made ESG a more prominent part of our proactive communication to investors.

Regulatory authorities
GN assesses relevant regulations on an ongoing basis and ensures we comply with all relevant legislation. We expect new legislation to emerge in the area of product sustainability (especially in GN Audio), as part of among others the European Green Deal, as well as additional sustainability/ESG disclosure requirements, especially related to GN's impact on climate change and vice versa.

Suppliers
We expect our suppliers to uphold the same standards that we set for ourselves. We audit our suppliers to ensure they comply with GN's supplier codes of conduct and policies. We work in partnership with our suppliers to support their compliance, and we also expect that they act to rectify any breaches. To strengthen our supply chain responsibility, in 2021, GN Audio joined the Responsible Business Alliances (RBA).

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

Policy overview

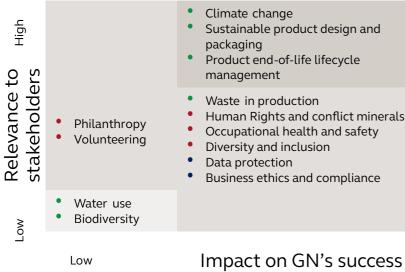| Policy	What it covers
Policies guiding internal processes	
Sustainability Policy	GN's general approach to sustainability across all ESG areas.
Diversity Policy	GN's initiatives and tools to drive greater inclusion and diversity across GN.
Quality Policies GN Audio and GN Hearing	GN Audio and GN Hearing's 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.
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.
Privacy Policy	How GN protects personal data belonging to customers, users, and employees.
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.
Gifts, travel, and entertainment Policy*	Guidelines for gifts, travel, and entertainment in GN, within the wider anti-corruption policy.
Non-retaliation Policy**	GN's commitment to ensure that any employee who reports detected or suspected misconduct to a manager will not suffer any kind of retaliation or repercussion as a result thereof.
Tax Policy	How GN pays its taxes in a responsible way.
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.
Flexible Work Policy	How GN ensures a healthy work-life balance for employees by allowing for optimization of work arrangements based on individual circumstances.
Requirements for relevant suppliers	
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.
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).
Responsible Sourcing Policy GN Audio	GN Audio's application of the ten principles of the UN Global Compact in sourcing.
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.

* All relevant employees required to sign.
** All managers required to sign.

Materiality matrix

GN aims to act and report on the sustainability topics that matter most to GN and our stakeholders

We determine the relevance to stakeholders for these topics by aggregating sustainability-related requirements and inquiries from investors, customers, and employees. We also take into account the salience of the topic in (emerging) legislation and industry materiality guidance from ESG reporting frameworks and rating agencies.

To determine "Impact on GN's success", we assessed to what extent adequately addressing the topic contributes towards GN mitigating risks or seizing opportunities, and thereby serve as an enabler of the success of GN.

Materiality matrix for GN

Relevance to stakeholders (High / Low)

- Climate change
- Sustainable product design and packaging
- Product end-of-life lifecycle management

- Hearing health
- Product safety

- Philanthropy
- Volunteering

- Waste in production
- Human Rights and conflict minerals
- Occupational health and safety
- Diversity and inclusion
- Data protection
- Business ethics and compliance

- Employee and leadership development

- Water use
- Biodiversity

Impact on GN's success (Low / High)

- ● Environment
- ● Social
- ● Governance

Three approaches to material topics

We consider topics material if they score at least 'medium' on at least one axis. How we approach a specific material topic depends on the nature of the required actions to adequately address it. We distinguish between three approaches.

1) Non-negotiable topics

Material topics that are rooted in compliance with legal standards or commitments GN has made, where meeting these standards and commitments always are non-negotiable.

- Product Safety
- Human Rights and conflict minerals
- Occupational health and safety
- Data protection
- Business ethics and compliance

2) Focus area topics

Material topics for which we see a high demand of stakeholders to show continuous improvement. These topics are covered in our 3 focus areas, for which we have developed 2025 goals.

- Hearing health
- Climate change
- Sustainable product design and packaging
- Product end-of-life management
- Philanthropy

3) People topics

Material topics that relate to our activities to create an engaged, diverse and inclusive workforce in order to deliver on our strategic priorities, including our sustainability agenda

- Employee and leadership development
- Diversity and inclusion
- Volunteering

Danish Financial Statements Act

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

Article	Sustainability | ESG Report Reference	Page
§99a		
Sustainability Definition	Our approach to sustainability	10
Business Model	Business Model	32
Governance	Our approach to sustainability	10
Due diligence processes	Several chapters	6-8, 17-30
Risks	Several chapters	6-8, 17-30
KPIs	2025 Goals Progress	6
Results	Several chapters	6-8, 17-30
§99b		
Gender diversity target for Board of Directors	Engaged and focused People	26-27
Gender diversity policy and actions in senior management	Engaged and focused People	26-27
§99d		
Data ethics	Doing business the right way	29
§107d		
Policies and actions to promote diversity for the Board of Directors and Executive Management	Engaged and focused People	26-27

EU Taxonomy Regulation Disclosure

In accordance with Article 8 of the delegated act for reporting in compliance with the EU Taxonomy regulation, as a non-financial listed company, GN has undertaken an initial assessment of the eligibility of our economic activities with the EU Taxonomy, based on activities listed in Annexes 1 and 2 to the delegated act.

As the taxonomy regulation eligibility exercise was developed while further regulation and guidance is pending, this disclosure represents GN's understanding of the requirements at this stage.

Our activities in GN Hearing are not covered by current EU Taxonomy guidance, but we have assessed whether activities in GN Audio are eligible and potentially aligned to the climate mitigation objective in the category 3.6. *Manufacture of other low carbon technologies.* This activity falls within NACE code C.26.2.0: *Manufacture of computers and peripheral equipment.*

The basis for this assessment is that GN Audio's products facilitate remote, virtual collaboration which potentially leads to substantially reduced GHG emissions compared to alternative solutions (for example, face-to-face meetings with associated travel).

This is confirmed in a life-cycle analysis ("LCA") study executed by independent third party (in accordance with ISO 14064) that demonstrates that using our video product PanaCast on average has 92% lower carbon emissions than traveling to meetings.[2]

However, it is unclear based on the current technical screening criteria for this activity whether this suffices for taxonomy eligibility, as we lack LCA data of similar products made by other companies to also satisfy the screening criterium that our products must have lower GHG emissions than 'best performing alternative products'.

We, therefore, require additional guidance on the criteria for taxonomy eligibility and/or alignment for this activity. As we await this guidance, for the purpose of the 2021 disclosure, we preliminarily assess this activity to not be eligible. We will revisit this assessment in 2022, as further guidance becomes available.

GN is aware of future criteria of the taxonomy regulation, such as contribution to environmental objectives, do no significant harm criteria, and social safeguards, which help inform our sustainability strategy going forward.

Activity Category in EU Taxonomy	NACE Code	Turnover	OpEx	Capex
Percentage of activities that are eligible according to the EU Taxonomy (based on current understanding)				
		0%	0%	0%
Percentage of activities that are not eligible according to the EU Taxonomy (based on current understanding)				
		100 %	100 %	100 %

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[2] "Climate footprint of a video meeting using Jabra PanaCast and comparison to face-to-face meeting" – 2.0 LCA Consultants for GN (2019)

ESG data

Dimension	Units	2020	2021
GHG emissions in Scope 1 - total	tons CO2e	2,354	2,002
Stationary emission sources	tons CO2e	962	908
Mobile emission sources	tons CO2e	1,289	990
Fugitive emission sources	tons CO2e	103	103
GHG emissions in Scope 2			
Location-based	tons CO2e	8,882	9,550
Market-based	tons CO2e	10,658	11,168
GHG emissions in Scope 3 – total for reported categories	tons CO2e	428,076	483,064
Scope 3.1: Purchased goods and services	tons CO2e	244,990	279,589
Scope 3.2: Capital goods	tons CO2e	11,907	20,579
Scope 3.3: Fuel and energy-related activities	tons CO2e	1,774	2,106
Scope 3.4: Upstream transportation and distribution	tons CO2e	130,419	134,146
Scope 3.5: Waste generated in operations	tons CO2e	136	153
Scope 3.6: Business travel	tons CO2e	3,372	2,780
Scope 3.7: Employee commuting	tons CO2e	10,093	13,041
Scope 3.9: Downstream transportation and distribution	tons CO2e	19,538	24,107
Scope 3.11: Use of sold products	tons CO2e	4,955	5,495
Scope 3.12: End-of-life treatment of sold products	tons CO2e	892	1,068

Note: Our greenhouse gas inventory reporting is based on the GHG Protocol. Actual data were used where available from the business or from our supply chain. Where activity data (e.g., actual purchased quantities of raw materials) of sufficient quality were unavailable, we used spend data as a proxy. In scopes 1 and 2, nationally averaged prices were used to estimate consumption for energy-related activities where only spend data were available.

If supplier-specific emission factors could not be obtained, industry average emissions factors were applied, following GHG Protocol calculation guidance. Country-specific emission factors were applied where material and possible.

The reported scope 3 categories are considered the most material to GN.

The inventory reported in the 2020 report was based on a high-level screening, as recommended by the GHG Protocol. In 2021, we recalculated emissions across all three scopes using better quality data and with a more comprehensive coverage of emission sources.

ESG data, continued

Dimension	Units	2017	2018	2019	2020	2021
Environmental						
Energy use in owned manufacturing sites[1]	kWh per completed unit produced	1.22	1.14	1.15	1.19	0.99
Waste in owned manufacturing sites[1]	Kg per completed unit produced	0.041	0.039	0.042	0.040	0.040
Water use in owned manufacturing sites[2]	m3 per employee	18.5	18.9	18.5	15.8	16.4
E-waste recycling financed (total)[3]	tons	2,548	2,788	3,671	4,210	4,777
Social						
Supplier CSR Audits	# audits of tier 1 and key tier 2 suppliers	35	39	49	39[4]	40[4]
Conflict Minerals Reporting Templates received	%CMRTs received	98%	98%	98%	97%	100%
Governance						
Women in Board of Directors	% women	33%	50%	40%	57%	57%
Women in Senior Management	% women	17%	20%	20%	21%	21%
Whistleblower cases	Number of cases	8	10	15	14	29

[1] As most energy use and waste is related to component or product manufacturing, this is measured against the number of completed units produced at our own manufacturing sites in China, Malaysia, Denmark, US, and UK. GN Audio is not included, as manufacturing is outsourced. Historical waste data slightly adjusted, reflecting higher data availability.

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

[3] 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. 2020 numbers slightly adjusted.

[4] Impacted by COVID-19.

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TCFD Index

TCFD Pillar	Recommendation	Details	Reference
Governance	Disclose company's governance around climate-related risks and opportunities.	GN's governance of climate-related issues is outlined in the Sustainability Governance section of this report.	Sustainability-ESG Report page 10
Strategy	Disclose actual and potential impacts of climate-related risks and opportunities on business, strategy, and financial planning, where material.	For an overview of GN's climate-related risks please see GN's 2021 Annual Report. We anticipate that increasing investments in low-carbon technology, including batteries, and increasing availability of circular infrastructure and services will provide opportunities to meet demand for low-impact products, comply with new regulations, and reduce raw material costs. Sustainability is a key enabler of GN's strategy. Climate change impact is a strategic decision-making factor across the business and GN's activities are evaluated using a set of success criteria that pay attention to climate-related issues as well as traditional business objectives. Financial resources allocated to supporting GN's low-carbon transition have increased over the past year, e.g. enabling sourcing of raw materials with lower climate impact. GN anticipates the integration of broader financial needs with our climate performance from 2022 onwards.	Annual Report
Risk Management	Disclose how the company identifies, assesses and manages climate-related risks.	In 2021, in view of our first TCFD disclosure, we carried out a thorough assessment of climate-related risks and opportunities. Going forward, climate-related risks and opportunities will be included in ongoing enterprise risk management. High-level climate scenario analysis was conducted using the IEA's new Net Zero Roadmap report and the Net-Zero Emissions by 2050 Scenario, as well as regional-level climate change impact projections from the IPCC's Working Group II report from the Fifth Assessment Report (2014). More comprehensive climate-related scenario analysis will be phased in to align our approach with TCFD recommendations.	Annual Report
Metrics and targets	Disclose metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	The principal metrics used to assess climate-related risks and opportunities are: • Absolute Scope 1, 2 and 3 greenhouse gas emissions • Share of total revenue from products or services that support the transition to a low-carbon economy Performance on these metrics and other material ESG KPIs are disclosed in this report. GN's existing climate targets for 2025 include: • Becoming climate-neutral in our Scope 1 and 2 emissions by 2025 through 100% renewable energy in our owned sites and a low-carbon car fleet. • Reducing emissions from business travel globally by 50%. Further, GN has committed to set science-based net-zero emissions targets through the Science Based Targets initiative (SBTi). These targets will be approved by SBTi no later than September 2023. GN will draw up a transition plan within the next two years, supporting how we will reach our approved science-based net-zero targets, including a key milestone at 2030, towards being net-zero at 2050.	Sustainability - ESG Report, pages 5-7, 38

Index – GRI

GRI Standard	General disclosures	Disclosure level	Reference	Page	Comments
102-01	Name of the organization	Full	Sustainability – ESG Report	3	
102-02	Activities, brands, products, and services	Full	Annual Report	13, 18	
102-03	Location of headquarters	Full	Sustainability – ESG Report	45	
102-04	Location of operations	Full	Annual Report	17	
102-05	Ownership and legal form	Partial	Annual Report	124	
102-06	Markets served	Partial	Annual Report	17	
102-07	Scale of the organization	Partial	Annual Report		
102-08	Information on employees and other workers	Partial	Sustainability – ESG Report	26-27	
102-09	Supply chain	Partial	Sustainability – ESG Report	28-30	
102-10	Significant changes to the organization and its supply chain				There have been no significant changes to the organization's structure and supply chain
102-12	External initiatives	Full	Sustainability – ESG Report	14, 15, 20	
102-13	Membership of associations	Full	Sustainability - ESG Report	12	
102-14	Statement from senior decision-maker	Full	Sustainability - ESG Report	4	
102-15	Key impacts, risks, and opportunities	Full	Sustainability - ESG Report	4-8	
102-16	Values, principles, standards, and norms of behavior	Full	Sustainability - ESG Report	28-30	
102-17	Mechanisms for advice and concerns about ethics	Full	GN Ethics Guide		
102-18	Governance structure	Full	Annual Report	52	
102-19	Delegating authority	Full	Sustainability - ESG Report	10	
102-20	Executive-level responsibility for economic, environmental, and social topics	Full	Sustainability - ESG Report	10	
102-21	Consulting stakeholders on economic, environmental, and social topics	Full	Sustainability - ESG Report	10	
102-22	Composition of the highest governance body and its committees	Full	Annual Report	52	
102-23	Chair of the highest governance body	Full	Annual Report	54	
102-24	Nominating and selecting the highest governance body	Full	Corporate Governance Report		

GRI Standard	General disclosures	Disclosure level	Reference	Page	Comments
102-25	Conflicts of interest	Full	Corporate Governance Report		
102-26	Role of highest governance body in setting purpose, values, and strategy	Full	Corporate Governance Report		
102-27	Collective knowledge of highest governance body	Full	Annual Report	54	
102-28	Evaluating the highest governance body's performance	Full	Annual Report	52	
102-29	Identifying and managing economic, environmental, and social impacts	Full	Sustainability - ESG Report	10	
102-30	Effectiveness of risk management process	Full	Sustainability - ESG Report	10	
102-31	Review of economic, environmental, and social topics	Full	Sustainability - ESG Report	10	
102-32	Highest governance body's role in sustainability reporting	Full	Sustainability - ESG Report	10	
102-33	Communicating critical concerns	Partial	Sustainability - ESG Report	10	
102-34	Nature and total number of critical concerns	Full	Sustainability - ESG Report	29	
102-35	Remuneration policies	Full	Remuneration Report	4, 5	
102-36	Process for determining remuneration	Full	Remuneration Report	4	
102-38	Annual total compensation ratio	Full	Remuneration Report	9-12	
102-39	Percentage increase in annual total compensation ratio	Partial	Remuneration Report	11, 12	
102-40	List of stakeholder groups	Full	Sustainability - ESG Report	33	
102-42	Identifying and selecting stakeholders	Full	Sustainability - ESG Report	33	
102-43	Approach to stakeholder engagement	Full	Sustainability - ESG Report	33	
102-44	Key topics and concerns raised	Full	Sustainability - ESG Report	33, 35	
102-46	Defining report content and topic Boundaries	Full	Sustainability - ESG Report	35	
102-47	List of material topic	Full	Sustainability - ESG Report	35	

GRI Standard	General disclosures	Disclosure level	Reference	Page	Comments
102-50	Reporting period				1 January – 31 December 2021
102-51	Date of most recent report				11 February 2021
102-52	Reporting cycle				Annual cycle
102-53	Contact point for questions regarding the report	Full	Sustainability - ESG Report	4	
102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the GRI Standards
102-55	GRI content index	Full	Sustainability - ESG Report	41-44	
102-56	External assurance	Full	Annual Report	144	
	Management Approach				
103-01	Explanation of the material topic and its Boundary	Full	Sustainability - ESG Report	35	
103-02	The management approach and its components	Partial	Sustainability - ESG Report	4, 10, 35	
	Economic Performance				
201-01	Direct economic value generated and distributed	Full	Annual Report		
201-02	Financial implications and other risks and opportunities due to climate change	Partial	Sustainability - ESG Report	40	
	Indirect Economic Impacts				
203-02	Significant indirect economic impacts	Full	Sustainability - ESG Report	11	
	Anti-Corruption				
205-01	Operations assessed for risks related to corruption	Full	Sustainability - ESG Report	28-30	
205-02	Communication and training about anti-corruption policies and procedures	Full	Sustainability - ESG Report	28-30	
205-03	Confirmed incidents of corruption and actions taken	Full	Sustainability - ESG Report	28-30	
	Anti-Competitive Behavior				
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Partial	Sustainability - ESG Report	28-30	
	Tax				
207-01	Approach to tax				Covered in Tax Policy
207-02	Tax governance, control, and risk management				Covered in Tax Policy
207-03	Stakeholder engagement and management of concerns related to tax				Covered in Tax Policy

GRI Standard	General disclosures	Disclosure level	Reference	Page	Comments
	Energy				
302-01	Energy consumption within the organization	Full	Sustainability - ESG Report	39	
	Emissions				
305-01	Direct (Scope 1) GHG emissions	Full	Sustainability - ESG Report	38	
305-02	Energy indirect (Scope 2) GHG emissions	Full	Sustainability - ESG Report	38	
305-03	Other indirect (Scope 3) GHG emissions	Full	Sustainability - ESG Report	38	
	Diversity and Equal Opportunity				
405-01	Diversity of governance bodies and employees	Full	Sustainability - ESG Report	27	
	Forced or Compulsory Labor				
409-01	Operations and suppliers at significant risk for incidents of forced or forced labor	Full	Sustainability - ESG Report	29	
	Human Rights Assessment				
412-01	Operations that have been subject to human rights reviews or impact assessments	Partial	Sustainability - ESG Report	29	
412-02	Employee training on human rights policies or procedures	Full	Sustainability - ESG Report	26-30	
	Supplier Social Assessment				
414-01	New suppliers that were screened using social criteria	Full	Sustainability - ESG Report	28	

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