

Sustainability Report 2021

**Consolidated Non
Financial Statement**

Drawn up pursuant to Legislative
Decree no. 254/2016

 **amplifon**

WE SUPPORT



To strengthen the contribution to the **United Nations 2030 Agenda for Sustainable Development**, since December 2021 Amplifon takes part to **United Nations Global Compact** by adhering to and complying with its Ten Principles

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The Amplifon logo, consisting of a stylized 'a' made of horizontal lines followed by the word "amplifon" in a lowercase, sans-serif font.

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MESSAGE TO THE READERS

Dear Readers,

The year just ended was yet another important year for Amplifon, in which our excellent business performance were supported by the consolidation of our strategic plan and the launch of new initiatives under the scope of our sustainability strategy.

“

Strengthening our leadership globally, offering a unique and unmatched customer proposition, creating an increasingly talented organization: these are the pillars of our strategy.

In 2021 we further strengthened our leadership thanks to strong organic growth and targeted acquisitions. With over 300 stores purchased in 2021, our distribution network reached more than 9,200 points of sale in 25 Countries, making hearing care even more accessible and facilitating overcoming physical barriers for an even greater number of people. In order to increase understanding and accessibility to hearing care, our awareness-raising campaigns on the importance of hearing well-being have reached over 170 million people, and the free hearing tests offered in our stores allowed our customers to save around 200 million euros.

Our customer proposition was further enhanced by the launch of the Amplifon Product Experience in four new countries which, reaching a penetration rate of almost 90%, continues to promote increasingly innovative hearing solutions. In order to revolutionize the entire audiological experience, we launched Ampli-care, an entire digital ecosystem built around the customer able to offer hyper-personalized solutions and ongoing support by our hearing care professionals, including remotely. We established the Amplifon Chair in Customer Science, together with the Bocconi University of Milan, which will allow us to gain further customer insights through artificial intelligence.

We continued to invest in our people and in our Organization to strive for long-term sustainable growth. Our increasing focus on innovation led to the creation of Amplifon X, our new business unit totally dedicated to the development of highly innovative digital solutions. Ampli-care is in fact the first example of Amplifon X's work. We dedicated ourselves even more to internal engagement, to the growth and development of our talents, with a vast range of learning and professional development opportunities, and launched the Amplifon Records Graduate Program to attract and develop young professionals with a strong international



approach. As confirmation of the effectiveness of our HR strategy, we received the 2022 Top Employer certification for EMEA as well as specifically for Italy, France, Germany, Spain, and Portugal.

Lastly, all the above objectives were achieved whilst supporting the local communities in which we operate, promoting social inclusion through our Foundations, making new generations aware of prevention and hearing well-being, as well as behaving responsibly towards everyone and the environment throughout the entire value chain.

“
Nowadays, in the light of socio-economic developments in the context in which we operate, a business strategy should contemplate responding to global challenges also in terms of sustainability.

Playing an active role in building an increasingly sustainable future means, above all for companies operating on a global scale, collaboration. To generate change that will stand over time, public and private organizations must join forces and

SUSAN CAROL HOLLAND
Chairperson


play on the same team, sharing a vision and striving for common goals. For this reason, we decided to sign up to the United Nations Global Compact, the largest global strategic pact with over 15,000 companies, committing ourselves to comply with the Ten Principles on human rights, labor rights, environmental protection, and anti-corruption. We are sure that our support for this initiative, together with the alignment of the goals of our Sustainability Plan “Listening Ahead” to the United Nations Sustainable Development Goals, will allow us to make a tangible contribution to the major social and environmental challenges of our times.

“
We are happy to present, in our Sustainability Report 2021, the goals achieved and the new initiatives introduced in our areas of commitment, aware that it is only thanks to the active involvement of our stakeholders and the passion of our people that we are able to contribute to an increasingly inclusive and sustainable future.

ENRICO VITA
Chief Executive Officer




READING GUIDE

For seventy years, we have been improving people's lives by offering them unique experiences and highly customized hearing care products and services. We value the talent of our people, support the communities in which we operate, and raise awareness among new generations of the value of hearing well-being, always in compliance with the highest ethical and moral standards towards all stakeholders and the environment.

All these commitments are fundamental drivers for us at Amplifon, which have always guided our way of doing business and which find space in this Sustainability Report.

Now in its sixth edition, this Report is a direct expression of the organic path towards sustainability we have undertaken in line with our strategic and organizational characteristics, and for the past five years it also constitutes our Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016 which implements Directive 2014/95/EU regarding the disclosure of non-financial information and diversity by large companies.

With this Report every year we take the opportunity to communicate to all our stakeholders the activities carried out and the progress achieved with respect to the four areas of commitment formalized in our Sustainability Policy **(Product & Service Stewardship, People Empowerment, Community Impact, Ethical Behavior)** as well as to measure our performance, identify potential risks, current and future, make better decisions, and enhance our stakeholder engagement.

Every year we also try to identify new opportunities for long-term value creation. In 2020, we defined our first **Sustainability Plan "Listening Ahead"** with goals consistent with our business strategy and with the United Nations 2030 Agenda for Sustainable Development. From a perspective of continuous enhancement, in 2021 we further strengthened our contribution and our



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**OUR AREAS OF
COMMITMENT
AND OUR
SUSTAINABILITY
PLAN**



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**OUR FIRST
ACTIONS IN
SUSTAINABLE
FINANCE**

commitment to sustainable development, both through Sustainable Finance operations with the signing of two sustainability-linked credit facilities related to some of the goals of the Sustainability Plan, and adhering to the **United Nations Global Compact (UN Global Compact)**. Indeed, this Report also represents the first *Communication on Progress (COP)* concerning the progress achieved in the application of the Ten Principles promoted by the UN Global Compact.

To facilitate the understanding of the progress made, this Report's structure reflects the four areas of Amplifon's sustainability commitment, which are in turn divided into specific sustainability topics identified as material, both for Amplifon's activities and for our stakeholders.

OUR STAKEHOLDERS

We operate in a dynamic international context, in which the involvement of stakeholders - based on the values of honesty, transparency, and open dialogue - is essential in pursuing our goal of generating shared economic and social value.

For this reason, we periodically promote an internal exercise aimed at identifying all our interlocutors and stakeholders, aware of the fundamental role they play in our growth path, and conscious that understanding their needs allows us to pursue our goals in a more responsible and effective way. Based on the type of relationship they entertain with Amplifon and in accordance with the criteria of dependence and influence, among the main stakeholders, there is the community of people with hearing loss, our employees, shareholders and capital providers, suppliers (especially hearing aid manufacturers), and the distribution network made up of franchisees and agents.

By constantly enhancing the active involvement of our stakeholders, from a perspective of mutual learning and sharing, over the years we have continuously promoted **numerous listening and interaction activities** to develop more sustainable growth strategies, to improve both decision-making processes and the offering of products and services. Furthermore, also in 2021, in order to offer a description of Amplifon's commitment to sustainability that is as clear and transparent as possible, we updated our materiality analysis with the direct involvement of a sample of our main stakeholders as to intercept their needs and priorities, also by using an innovative approach.

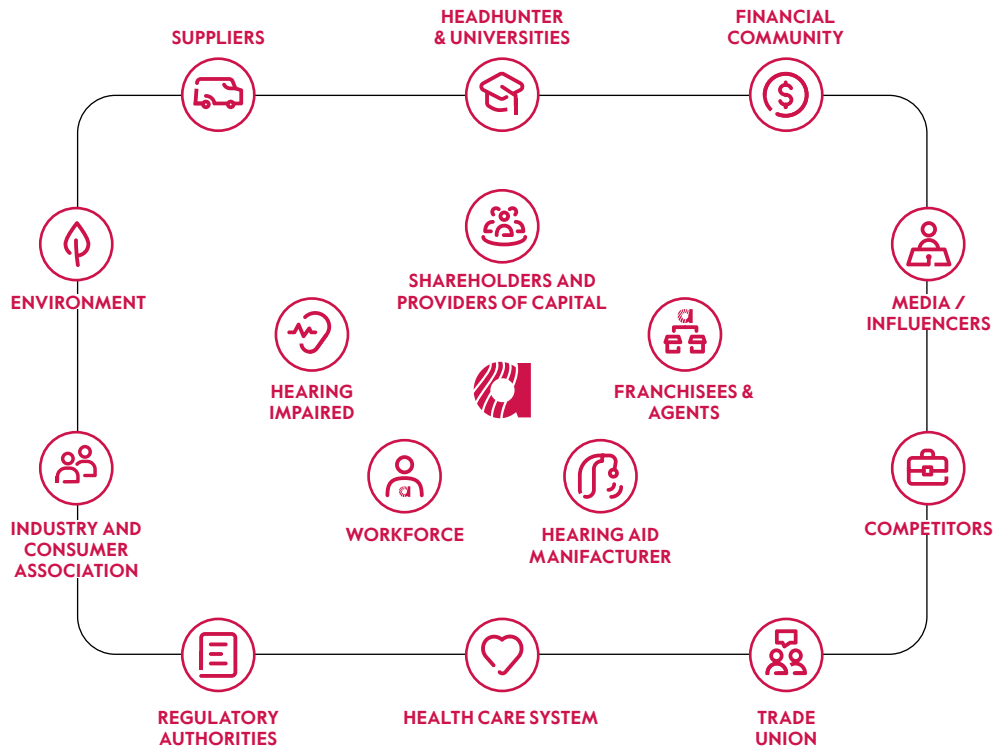


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OF THE TEN
PRINCIPLES OF THE
UNITED NATIONS
GLOBAL COMPACT



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MAIN
STAKEHOLDER
ENGAGEMENT
ACTIVITIES

MAIN STAKEHOLDERS OF AMPLIFON



MATERIALITY ANALYSIS

The materiality analysis represents the pivotal process underlying the drafting of the Sustainability Report, and aims to identify and evaluate, among the various economic, environmental, and social topics, those which have the greatest relevance for the organization and, at the same time, can influence the decisions of the main stakeholders.

We carried out this process based on the principles of materiality, stakeholder inclusion, completeness of data, and operational context also in 2021, seizing the opportunity to share sustainability-related priorities internally and give voice to our external stakeholders.

In addition, this year we decided to go one step further by introducing, for the first time, the concept of **“double materiality”**, namely, valuing at the same time both Amplifon’s contribution to individual economic, environmental, and social topics significant for the market, environment, and people (ESG materiality), as well as to what extent these global topics and macro-trends can impact the Company’s financial performance and its ability to create value (financial materiality). To support the use of this dual perspective, we used a **dynamic approach** looking at the current trends and drivers of our sector and the ESG world, aware of the fact that non-material topics could become such in the near future.

**DOUBLE
MATERIALITY
CONDUCTED
IN 2021**

For this reason, we totally revisited the universe of the sustainability topics that could potentially be relevant to Amplifon. Through an analysis of the macro-trends and drivers dealt with in the main documents and reports of non-government organizations and policy makers, on the most important sustainability topics for the healthcare sector, and from what emerged from a benchmarking analysis of the best practices for the sector, we identified **20 sustainability topics** to be evaluated. Compared with last year, several topics were confirmed, others were merged, and many were revised to align the topics as far as possible to the current context in which we operate, as well as to the goals of our Sustainability Plan “Listening Ahead”. This exercise was also conducted through specific induction sessions with the direct involvement of Top Management and main corporate functions during which we promoted an internal discussion on Amplifon’s sustainability strategy and the main opportunities and areas into which to invest more for future, including, for example, fighting climate change and the related risks and opportunities.

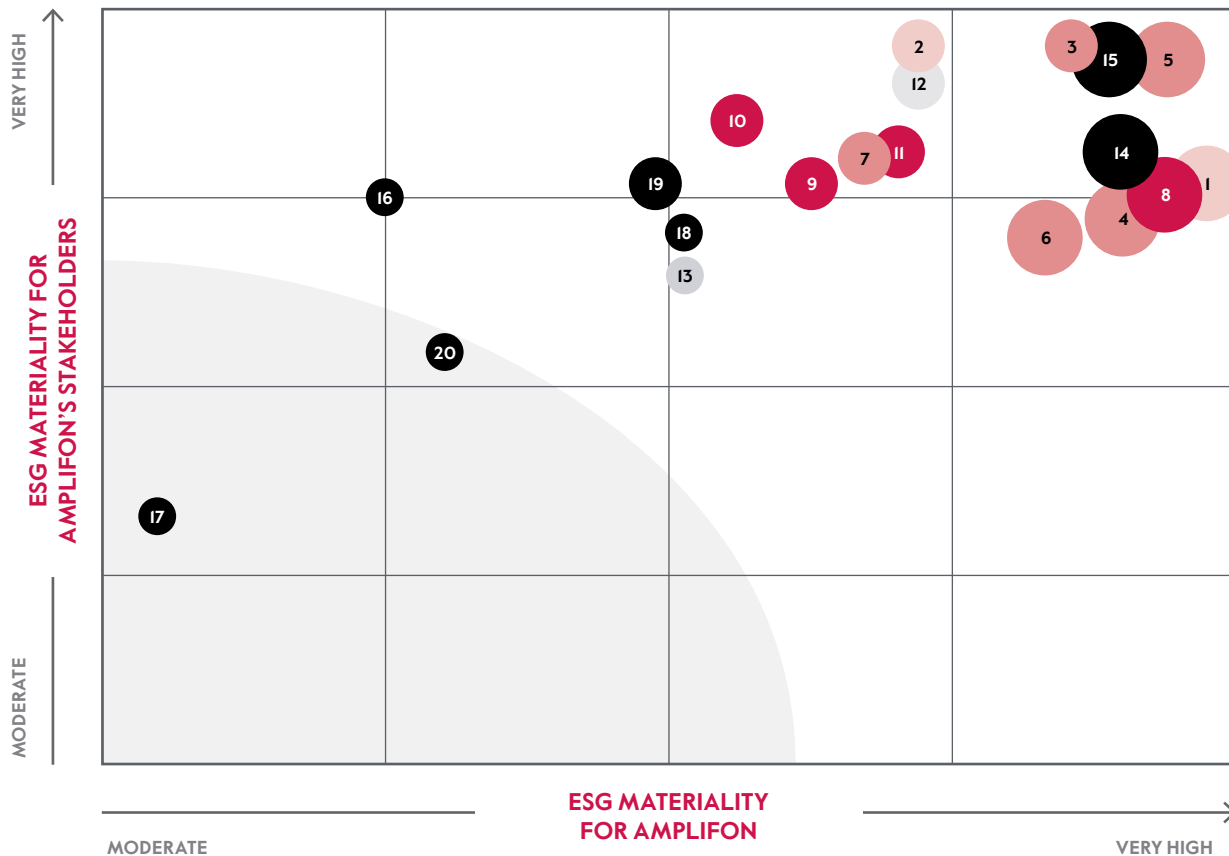
The 20 topics were therefore evaluated and prioritized by both internal and external stakeholders, in order to receive feedback, suggestions, and expectations, as well as by Amplifon’s Top Management who adopted the dual perspective of double materiality. Following the stakeholder engagement activities promoted in recent years, which saw various categories of stakeholders involved through online surveys and, in 2020, virtual focus groups, this year we decided to take a step forward and enhance the active participation of our external stakeholders by simultaneously involving them in a **multi-stakeholder workshop**, to which a sample of institutional investors and hearing device suppliers took part, together with representatives of sector associations, consumer associations, and communities. Alongside this, internally we involved a representative sample of employees from the main countries in which we operate (both back-office and field force) through an online survey. In both cases, all our stakeholders had the opportunity to share their evaluations regarding the ESG and financial materiality of sustainability topics and, above all, their perception of our sustainability strategy and reporting.

The relevance of each topic was subsequently assessed from Amplifon's point of view, through a final workshop with Top Management, during which the topics were evaluated from the dual perspective (ESG and financial materiality) and Amplifon's opportunities in the field of sustainability along the entire value chain were also discussed. Through these analyses, we were able to select the **18 sustainability topics considered material by both Amplifon and our stakeholders in accordance with the double materiality principle**, in order to represent them in our 2021 materiality matrix. The materiality matrix was subsequently validated by the Risk, Control and Sustainability Committee and the Board of Directors in December 2021.



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**AMPLIFON'S
SUSTAINABILITY
TOPICS UNIVERSE**

MATERIALITY MATRIX 2021



BUBBLE SIZE: FINANCIAL MATERIALITY



AMPLIFON BUSINESS

1 Long-term resilience and profitability

2 Sustainability strategic approach and governance

PRODUCT & SERVICE STEWARDSHIP

- 3 Availability and accessibility to hearing care
- 4 Innovation, digitalization and personalization of the customer experience
- 5 Quality, reliability and safety of products and services
- 6 Cybersecurity and data privacy
- 7 Responsible marketing and sales practices

COMMUNITY IMPACT

- 12 Awareness-raising and education on hearing well-being
- 13 Supporting the local communities

PEOPLE EMPOWERMENT

- 8 Attraction and development of key resources
- 9 Employees' health and safety
- 10 Diversity, equity and inclusion
- 11 People's welfare and engagement

ETHICAL BEHAVIOR

- 14 Regulatory framework
- 15 Ethical and responsible business conduct
- 16 Waste management and circular economy
- 17 Water management*
- 18 Energy efficiency and climate action
- 19 Responsible management of the supply chain
- 20 Logistics and distribution process optimization*

* Non-material topics.

Also in 2021, the importance of the topics mainly connected with the business, namely “Long-term resilience and profitability”¹, “Innovation, digitalization and personalization of the customer experience” and “Regulatory framework”, remained high and unchanged. In addition, among the most significant topics from the ESG materiality perspective were confirmed “Availability of and accessibility to hearing care”, “Quality, reliability and safety of products and services” and “Ethical and responsible business conduct” (which, since this year, also includes topics related to anti-corruption and fiscal transparency), all vital elements in guaranteeing the integrity of our corporate practices in everyone’s interest. In addition, the other major topics in terms of financial materiality also include the “Attraction and development of key resources”, a vital element to guarantee the sustainability of the business, and “Cybersecurity and data privacy”.

Topics such as “Awareness-raising and education on hearing well-being”, which reflects our role in increasing awareness on the importance of prevention, as well as “People’s welfare and engagement” and “Diversity, equity, and inclusion”, also in the light of the emergency situations resulting from Covid-19, gained greater importance in the 2021 analysis. Lastly, all social and environmental aspects relating to the “Responsible management of the supply chain” (from this year consolidated in a single topic), and the topic of “Energy efficiency and climate action” (in spite of the limited environmental impact of Amplifon’s activities on climate) were considered material and sparked a growing interest from our internal and external stakeholders, also in the light of our progressive commitment to an increasingly efficient and responsible business and supply chain management.



1 - The “Long-term resilience and profitability” topic, being a mostly a business and economic topic, is addressed in part in this document in section “Resilience and economic value generated”, and further information is available in the [2021 Annual Report](#).

**WE ARE LOOKING
ENTHUSIASTICALLY TOWARDS A
FUTURE IN WHICH SUSTAINABILITY
IS INCREASINGLY INTEGRATED IN
OUR BUSINESS STRATEGY**

2021 HIGHLIGHTS

€1,948.1 million in revenues

>11% market share

25 Countries and 5 continents

>9,200 points of sale

~18,600 employees and collaborators

CHAPTER 01

AMPLIFON: LISTENING AHEAD



 **amplifon**



I.1 THE MARKET IN WHICH WE OPERATE

We live in a world in which hearing care is essential for anyone who wants to be connected to the world and enjoy a full, satisfying life. To achieve this we are much more than a hearing device retailer, we are a hearing care provider in a fragmented, but fast-growing market.

Currently, more than 1.5 billion people have some degree of hearing loss which, although affecting seniors more often, actually affects all age ranges. Among these, at least 430 million people live with hearing loss that requires rehabilitation, and it is estimated that with the increasing longevity of population this number will reach nearly 700 million by 2050. Furthermore, **untreated hearing loss today represents a global annual cost of approximately 1 trillion US dollars**, linked to health sector spending, lost productivity, and related social costs².

The hearing care global retail market is estimated at approximately €16.5 billion in 2021 and, although still fragmented, it is constantly being consolidated and presents positive medium and long-term growth prospects driven by the increase in the world population and the adoption rate of hearing devices. The United Nations estimates that the world's population will reach 9.7 billion people by 2050, resulting in a considerable increase in the number of seniors who could develop hearing loss³.

The adoption rate, i.e., the ratio of those who use a hearing device to those with some level of hearing loss, in high-income countries is around 37% and is even higher in the segment of population with a profound hearing loss, while in emerging economies it is still very low (5-10%)⁴. Adoption rate depends also on the regulatory framework and the reimbursement system: empirical data

~19%

OF THE WORLD POPULATION HAS SOME DEGREE OF HEARING LOSS, AND 6% NEEDS REHABILITATING INTERVENTIONS

~22%

THE PERCENTAGE OF OVER-SIXTIES IN THE GLOBAL POPULATION ESTIMATE FOR 2050 (CURRENTLY IT IS 12.3%)

2 - Source: "World report on hearing", World Health Organization 2021.
 3 - Source: United Nations website and United Nations Population Fund website.
 4 - Source: World Health Organization, EuroTrak, MarkeTrak, 2018 Amplifon data in the markets where Amplifon operates.

shows that it is higher (even if it does not exceed 60%) in countries where national health systems offer hearing aids free of charge to everyone, even if the final use rate and customer satisfaction are low. Instead, in “competitive” models, which provide for a partial reimbursement to those entitled due to their level of hearing loss but leave people the option to top-up out of their own pockets, the adoption rate is slightly lower, but the effective use of the devices and satisfaction rates are much higher⁵. This happens thanks to the high level of customization of the hearing devices, the professionalism of the hearing care professionals, and the more effective and innovative after-sales services offered, which guarantee greater benefits and a higher quality of 360° hearing care to the final user.

~37%

THE ADOPTION OF
HEARING DEVICES
IN DEVELOPED
MARKETS

THE MAIN DRIVERS

There are many external factors that favor the increase in the adoption of hearing devices and project the hearing care sector towards a more inclusive and technologically-advanced future.

LIFE EXPECTANCY

By 2050, the increase in life expectancy will double the number of over 65s, and in the next 4 years, for the first time in history, this number will be higher than the number of children under the age of 5.

ACTIVE LIFESTYLE

People today have a much longer and better life expectancy than in previous generations. The so-called “active agers” represent a new generation who want to live life actively.

TECHNOLOGY

Miniaturization, connectivity and rechargeability contribute to the consumerization of hearing devices. Thus, more and more people decide to take care of their hearing.

DIGITALIZATION

The spread of smartphones and tablets is increasing rapidly also among seniors, giving us the opportunity to offer value-added, customized, and interconnected services through new touchpoints.

Thanks to a winning business model, we at Amplifon occupy a privileged position to anticipate these trends and guide their evolution. For this reason, we continually invest in positive communication that questions stereotypes about old age and hearing solutions, showing a new generation of seniors who are always up-to-date and look to the future with optimism. By placing hearing as a key enabler of an active lifestyle, we contribute to overcoming the barriers related to ageing, thereby supporting accessibility to hearing care.

5 - Source: “Getting our numbers right on Hearing Loss, Hearing Care and Hearing Aid Use in Europe”, joint AEA, EFHOH, and EHIMA report, Mark Laureyns, Lidia Best, Nikolai Bisgaard and Soren Hougaard, September 2016.



1.2 OUR IDENTITY AND CORPORATE CULTURE

We are world leaders in hearing solutions and services for skill, ability of customization, and attention to the customer. We rely on a network of over 9,200 points of sale and on the professionalism and passion of approximately 18,600 employees and collaborators in 25 Countries in 5 continents.

OUR PURPOSE

We empower people to rediscover all the emotions of sound.
It is the reason we exist and do our job. It is what motivates and guides us every day, making us constantly look for innovations, challenges, and opportunities to improve our Company and people's lives.

OUR MISSION

We transform the way hearing healthcare is perceived and delivered worldwide, making it a natural choice for people to seek the superior care and expertise of our hearing care professionals.

We strive to understand the unique needs of every customer, delivering the very best solutions and an outstanding experience.

We attract, develop and empower the most talented people, who share our ambition to change the lives of millions of people across the world.

Our mission summarizes what we aim to achieve, together, in the years to come. It represents our ambition to change the hearing care sector through innovation and attention to customer needs, thanks to the commitment of our people.

OUR VALUES

Our values are the principles that guide the way we act. Every day in our work, they unite us and make us unique.



CUSTOMER DEVOTION

We serve our customers' best interests with passion and seek to surprise them by always going the extra mile.

PERSONAL IMPACT

We empower our people to think freely, perform and succeed, working together to make a lasting difference.



EVERYDAY EXCELLENCE

We take accountability for setting and delivering the highest standards of quality, and never give up

FORWARD THINKING

We listen to the world around us and embrace every challenge with the ambition to learn, grow and innovate with speed and agility.



ACTING RESPONSIBLY

We do well by doing good, working with integrity, and showing respect to everyone, every time.

STRENGTHS

Leveraging our global positioning and 70 years of experience, we continually renew our value proposition to be ever closer to the evolving lifestyles of our customers.

STRONG COMPETENCIES

Our approximately 9,500 hearing care professionals carry out hundreds of thousands of hearing tests per year and are updated regularly through specific training activities. They combine innovation, scientific knowledge, and a highly customized approach within the exclusive Amplifon 360 protocol to ensure an excellent customer experience.

UNMATCHED BRANDS

Our portfolio of strong and well-known brands allows us to drive a cultural change in the industry by redefining the way customers relate to their hearing well-being. Gathered under the Amplifon brand, all our brands invite you to enjoy unique experiences.

INNOVATION

Amplifon X, our new business unit fully dedicated to the development of highly-innovative digital solutions, highlights our attitude of always looking at the future and pushing ourselves further. Thanks to data mining, Amplifon's proprietary ecosystem of omni-channel and omni-person customer-orientated solutions allows us to develop high value-added services to differentiate the customer journey further.

GLOBAL DIMENSION

Our global distribution network, interconnected thanks to our systems and databases, allows us to always be close to the customer, share excellence among our hearing care professionals in different countries, and diversify exposure to different markets.

EMPLOYER OF CHOICE

We are employers-of-choice thanks to our distinctive and winning corporate culture, the constant investment in our talents, the promotion of professional development, and the recognition of people's achievements, including through assignments within global projects.

SCIENTIFIC LEADERSHIP

The Amplifon Center of Research and Studies (CRS) is a specialized partner for the medical-scientific community and a leader in the fields of audiology and ENT (otorhinolaryngology) since 1971. Its prestige derives from the involvement of recognized national and international experts whose innovative contribution is fundamental for the continuous theoretical-practical development of the medical profession.

OUR GLOBAL PRESENCE

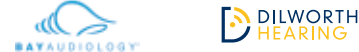
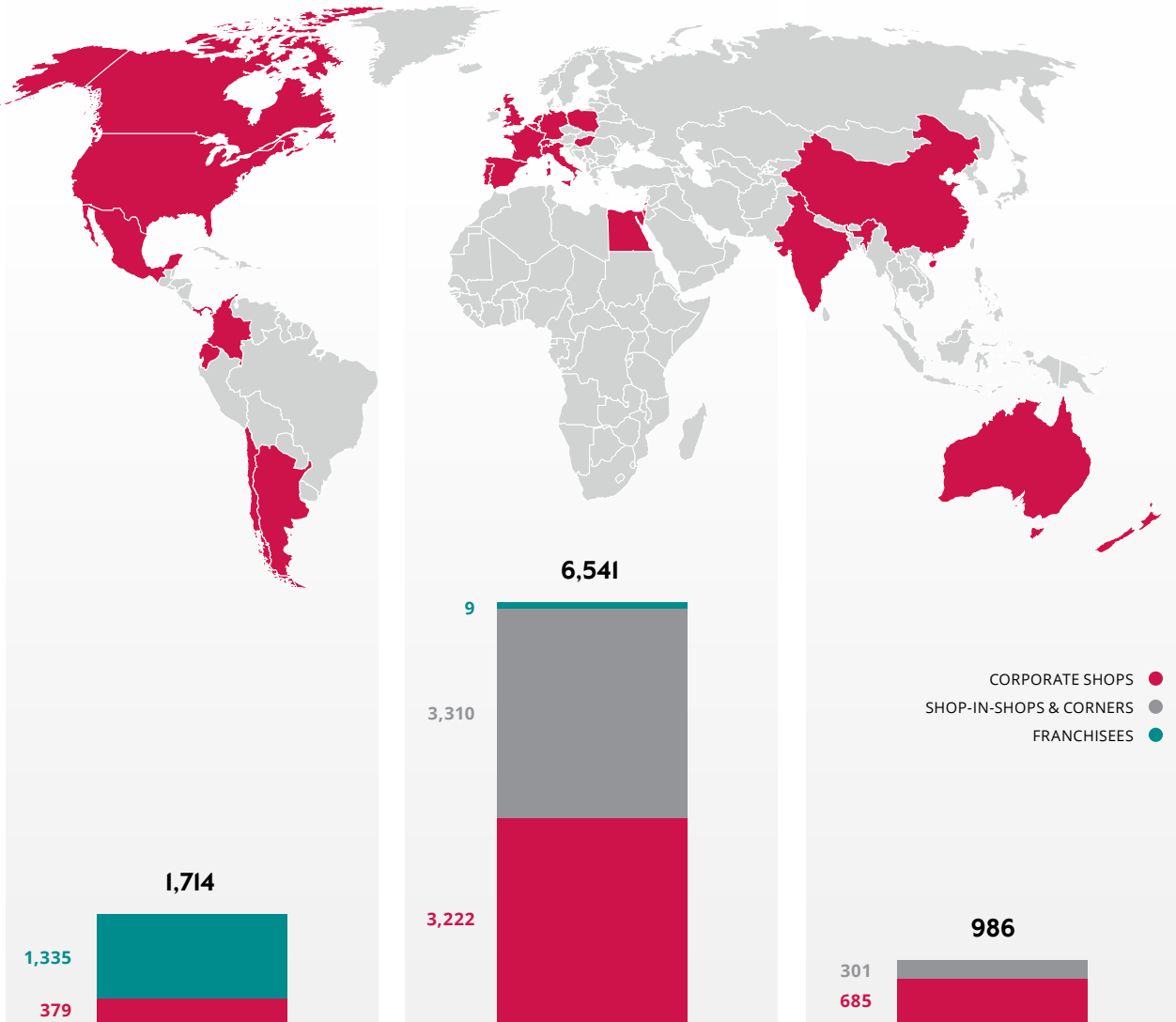
We are the world leader in terms of volumes, turnover, widespread distribution network and geographical presence. We operate in three geographic areas (EMEA, Americas, APAC) on five continents, generally ranking as the first or second player in the main markets in which we operate.

25
Countries
AND 5
CONTINENTS

AMERICAS

EMEA

APAC





1.3 STRATEGY AND BUSINESS MODEL

Every day we invest in tomorrow's trends to improve the quality of life of millions of people. Innovation has always taken center stage in our business strategy, which has clear targeted objectives and is based on three fundamental pillars.



FIND OUT MORE
OUR STRATEGY

LEADERSHIP AND GROWTH AT GLOBAL SCALE

We are consolidating our leadership thanks to strong organic growth and targeted acquisitions, further strengthening our position in the markets where we are the leader and becoming the leader in the few markets where we are not already so. We will focus on the United States, the largest market worldwide. We will consolidate our leadership in the EMEA region and in Australia, while in China we will continue to grow organically around the hubs of Beijing, Zhejiang and Shanghai as well as through acquisitions and joint ventures with local partners in unexplored areas of the country.

UNIQUE AND UNMATCHABLE CUSTOMER PROPOSITION

We have redefined the product experience with families of hearing devices and digital tools built around people to connect hearing care professionals and customers. Now, our customer proposition will be further enriched by leveraging three distinct assets of ours: the undisputed leading brands in the industry; a superior customer knowledge deriving from the unmatched quantity and quality of data we possess and use to build the finest customer insights and best serve them through a 360° model; and an innovative customer experience, in which digital technologies play a key role in enriching customer experience and improving protocols both in our stores and outside, from the first contact to after-sales service.

EFFECTIVE AND TALENTED ORGANIZATION

To support the implementation of our strategy and be even more competitive every day, we continue to invest in the growth of our people, both in-store and back-office, and in a distinctive corporate culture that we intend to develop to the fullest. The aim is to create an increasingly efficient organization and improve the expertise of our people, attracting and developing the best talents, and also leveraging a globally-integrated IT structure.

To support this strategy, in 2021 we continued with the expansion of our distribution network, both through bolt-on acquisitions mainly in Germany, France and the United States (excluding Elite network affiliates following the decision to exit the wholesale business in the United States in line with the strategy aimed at offering the best experience directly to final consumers), and also thanks to targeted acquisitions. Specifically:

- In July 2021 we announced the **second joint venture with a local partner in China**, complementing our presence in the Beijing area with 45 additional points of sale located in Zhejiang, Fujian, Henan, and Jiangxi and thereby creating a total network of 115 shops in the country.
- In July 2021 we announced the **acquisition of Bay Audio** (later completed on October 1st), the leading independent operator in the Australian market with over 100 shops located in premium shopping centers with a large footfall on the east coast of the country, thereby allowing us to strengthen our position in the key Australian market.



FORWARD THINKING VALUE IAT - ONE AMPLIFON TRANSFORMATION

Since 2018, we have been committed to a major global program - One Amplifon Transformation - to standardize the operating model of all the countries in which we operate with respect to finance, procurement, and human capital management processes. Such program is based on three pillars: Simplify, Innovate and Harmonize.

1AT aims to simplify the way people work, harmonize operational processes, and optimize decision-making processes through a single integrated global cloud platform: from many operating models to a single global transversal model, able to make work more efficient and allow everyone to focus on higher added value activities, by automating the more routine ones. In 2019 we activated the first module for the human resources management, harmonizing the Performance and Talent Management process and offering innovative, digital support

to HR and reporting processes, in line with market best practices. In 2020, we activated the Finance and Procurement modules, carrying out the roll-out of 1AT in Italy, the United Kingdom and Australia, and releasing the new centralized supply chain management for direct purchases in the Netherlands, United Kingdom and Australia, currently managed through our new cloud-based ERP system.

In 2021 we rolled-out 1AT in Spain, split-up Amplifon S.p.A. from the legal entity Amplifon Italia, and added Spain, New Zealand and the United States (Miracle Ear) to the new centralized direct purchase management model. In 2022 we will finalize the roll-out of the Finance and Procurement modules in Germany, Switzerland, the United States, and Belgium as well as continue with the centralization of direct purchasing to include Italy, France, Germany, Switzerland, and Belgium.

BUSINESS MODELS

To always guarantee the total success of our hearing solutions, we adopt different business models according to the different characteristics of the single markets in which we operate, through a consultative and collaborative approach in which technology, listening and service always make the difference.

BUSINESS-TO-CONSUMER

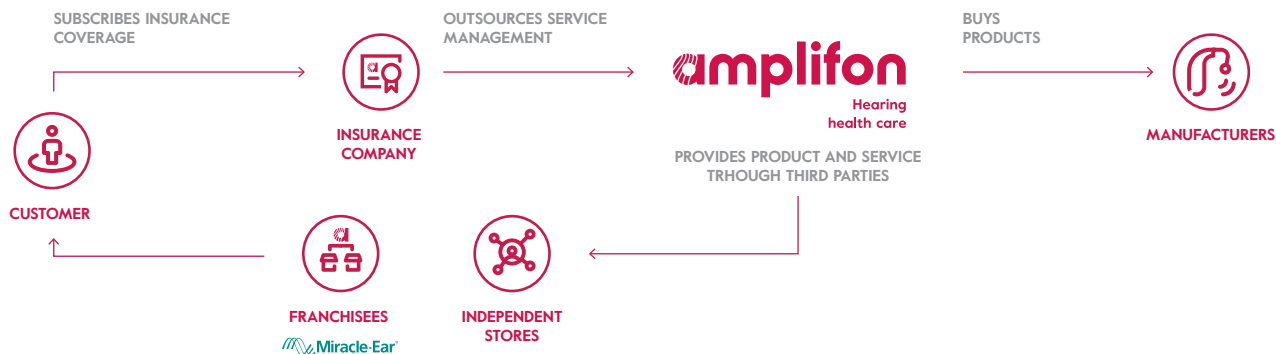
In EMEA, APAC, Canada, Latin America, and partly also in the United States (through over 200 Miracle-Ear branded points of sale) we use a B2C business model, addressing our customers directly through direct points of sale consisting of either corporate shops or shop-in-shops and corners. While corporate shops are direct points of sale managed by Amplifon personnel or by non-employee personnel working on behalf of Amplifon, shop-in-shops and corners are spaces managed directly by Amplifon, but located at third-party premises (i.e., pharmacies, opticians, and outpatients' practices) with the regular presence of an Amplifon hearing care professional, very common in rural areas with low population density.

FRANCHISING

In the United States, Miracle-Ear operates mainly through a franchised distribution network with over 1,300 points of sale that carry out their activities according to our strategic lines. As a franchisor, Miracle-Ear offers them its exclusive products, the Miracle-Ear brand, as well as marketing tools, training, and other value-added services.

MANAGED CARE

Amplifon Hearing Health Care (AHC) offers high-quality hearing services and solutions to those supported by insurance companies in the United States, leveraging a network of points of sale composed of Miracle-Ear franchised stores and independent third-party stores, through which it is possible to access hearing products and services and personalized support from a team of patient care advocates.



1.4 SOLID CORPORATE GOVERNANCE

Our way of managing our business activities goes beyond mere compliance: we are conscious that a good governance structure is a vital element for achieving our long-term strategic goals, in line with internal control activities and good corporate conduct principles.

Amplifon is listed on the Euronext Milan market of the Italian Stock Exchange since 2001 and part of STAR segment since 2008. Since December 2018 Amplifon is part of the FTSE MIB Index and, since June 24th, 2019, it is also part of the Stoxx Europe 600 index. Finally, it was included on the MSCI Global Standard index in November 2020 and, since October 2021, it has also been included in the **new MIB ESG** index launched by Euronext and Borsa Italiana (Italian Stock Exchange), dedicated to the 40 Italian blue-chip companies that implement the best sustainability practices. As a listed company, Amplifon Corporate Governance structure is aligned with national and international best practices and complies with the principles indicated in the Italian Stock Exchange Corporate Governance Code promoted by the Corporate Governance Committee to which we have adhered since the first version in 2001, falling into line promptly with subsequent updates⁶.

Within this governance model, the Shareholders' Meeting constitutes the deliberative body that expresses the will of shareholders and is convened in ordinary session at least once a year. The Board of Directors (BoD), which holds all the powers of administration as well as ordinary and extraordinary management of the Company, is currently made up of nine members, of which two thirds are independent and there is a single executive director, the Chief Executive Officer. Furthermore, the BoD is characterized by an adequate mix of specialist profiles and skills: it includes business figures, managers from



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OUR ENTRY IN THE
MIB ESG INDEX**



**FIND OUT MORE
CURRICULUM VITAE
OF THE MEMBERS
OF THE BOARD OF
DIRECTORS**

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**OF BOD MEMBERS
ARE FEMALE**

6 - The composition of Amplifon's governance bodies is shown in the Appendix in the "Performance Indicators" section. More information on Corporate Governance, as well as on the composition and activities of the Committees in 2021 and on the Remuneration Policy are available in the [Report on Corporate Governance and Ownership Structure at December 31st, 2021](#) and in the [Remuneration Report 2022](#).

other sectors, financial profiles, and independent professionals. At December 31st, 2021, it was made up of **33% women**, and since 2011 the average age of directors has dropped significantly, from 72 years of age to the current 62, with a maximum age of 73 and a minimum of 53.

The Board of Directors, directly or through its delegated bodies, regularly reports to the Board of Statutory Auditors, as a supervisory and control body, on its work and on any transactions conducted by the Company and its subsidiaries that have a significant impact on margins, assets and liabilities, or the financial situation. Within the current Board of Statutory Auditors made up of five auditors (three standing and two alternate), three members (two of which are standing) are female. In addition, the Board of Directors has set up three internal committees: the **Risk, Control, and Sustainability Committee (RCSC)**, made up of four non-executive directors, of which three are independent and half of which are female; the Remuneration and Appointments Committee, made up of four directors, of which three are independent and two are female; and the Related-Party Transactions Committee, made up of three independent directors.

Finally, the Supervisory Board, set up pursuant to Legislative Decree no. 231/2001, monitors and supervises the adequacy and application of the Model 231 of Amplifon S.p.A.⁷, in relation to the corporate structure and its effective ability to prevent the committing of offenses. The Supervisory Board verifies the completeness and updating of the Model annually and on the occasion of substantial changes to activities or to the relevant legislation, besides monitoring compliance by all recipients.

SUSTAINABILITY GOVERNANCE

The BoD approves the Sustainability Report, checking that it has been prepared and published in compliance with the provisions of Legislative Decree 254/16, the Sustainability Policy (which formalizes the four areas of commitment for the Group), as well as the ESG strategic guidelines (including the Sustainability Plan and those relating to the fight against climate change), **thereby constantly supervising the Group's sustainability in all areas**. Supporting the BoD, the Control, Risks and Sustainability Committee supervises the issues of internal control and risk management, including those relating to ESG areas related to business activities and interactions with stakeholders, at the same time monitoring the adequacy and appropriateness of the internal control system.

In 2021, in order to reinforce the awareness of the ESG-related topics and risks, the BoD and the CRSC received regular updates with regard to the various sustainability initiatives promoted by the Group as well as the main ESG trends, including those relating to the mitigation of and adaptation to climate change. From time to time these governance bodies are presented with the activities carried out for sustainability reporting (i.e., regarding the materiality analysis), new projects, and the main achievements relating to the Sustainability Plan's goals, as well as communication and engagement activities, including those with the financial community, ESG ratings agencies, and all stakeholders.

7 - Note that, in line with the parent company Amplifon S.p.A. and with reference to the corporate spin-off which took place in 2021, the subsidiary Amplifon Italia S.p.A. has its own Model 231 pursuant to Legislative Decree 231/01 as well as its own Supervisory Body.

62 y.o.

IS THE AVERAGE
AGE OF THE BO
MEMBERS



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COMPOSITION OF
THE GOVERNANCE
BODIES



GO TO PAGE
MODEL 231



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2021 MATERIALITY
ANALYSIS

As part of the materiality analysis conducted in 2021, validated by the CRSC and later by the BoD, Top Management was involved in specific induction sessions aimed at sharing the main ESG trends, as well as assessing their relevance for the Organization, including those related to energy efficiency and climate action. In addition, when the new Enterprise Risk Management (ERM) model was implemented, all material ESG topics, including those relating to environmental aspects and climate change, were evaluated by the Top Management in terms of potential risks and opportunities, as well as management systems. Such evaluation was then presented to both the CRSC and the BoD.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Aware of the constantly evolving economic and commercial context in which we operate, we pay the utmost attention to risk management, through internal processes in line with the most advanced managerial systems.

In line with the recommendations of the Italian Stock Exchange Corporate Governance Code, our Internal Control and Risk Management System establishes the set of rules, procedures and organizational structures aimed at ensuring sound management of the Company through an adequate management of the main risks, also in order to identify and fully exploit any potential opportunities as well as contribute to the sustainable success of the Company. It is aimed, not only at guaranteeing compliance with laws, regulations, and internal procedures, but also at protecting corporate assets, the effectiveness and efficiency of operations, as well as the reliability of financial and non-financial information. The risk management process adopted by Amplifon, which guarantees business management is consistent with its mission as well as strategic, operational and compliance objectives, is carried out twice a year in order to identify and evaluate the events that could impact the achievement of objectives and, through continuous monitoring, the risk response measures.



FIND OUT MORE
INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

A review of the risk management process was conducted in 2021, with the development and adoption of an **Enterprise Risk Management (ERM)** model in line with best international practices and the recommendations of the Corporate Governance Code. Through a structured, systematic risk assessment, monitoring and reporting process, ERM makes it possible to identify the potential risks from the Group's perspective, manage the main risks effectively, as well as guarantee adequate information for stakeholders. This activity is conducted periodically by the Group Internal Audit & Risk Management function which, with the involvement of Group Top Management, the heads of the three geographical areas, the country General Managers, and the respective local management teams, collect information for a full understanding of the underlying dynamics and potential impacts, and promotes response and mitigation actions. The risk map that emerges from this process is periodically presented to the CRSC and the BoD⁸.



FIND OUT MORE
RISK MANAGEMENT

8 - Further information relating to the Internal Control and Risk Management System, as well as the main risks identified, are available in the Report on Corporate Governance and Ownership Structure at December 31st, 2021. ("Internal Control and Risk Management System" Section) and in the Report on Operations as at December 31st, 2021 within the 2021 Annual Report ("Risk Management" section).

ASSESSMENT OF THE MAIN ESG RISKS

From 2019 our ERM process has formally included the identification and assessments of the main risks related to sustainability topics. Through the updating of this process and related policy, in 2021, **the Group further reinforced its oversight of these types of risks**, also thanks to the updating and annual revisions of the Risk Universe, namely the full catalog of potential Group risks established to guarantee that previously identified risks, plus any new risk factors (for example those relating to ESG topics, emerging risks, new trends, etc.) are considered in the process. Starting with the Risk Universe, the main applicable or potentially relevant risks for the Group in short and medium term are assessed in terms of impact and likelihood of happening, therefore in terms of residual risk. Through specific meetings with the main Risk Owners their significance is assessed including in the light of mitigation actions and activities aimed at reducing their possible negative impacts.

Through the adoption of the new ERM process and taking into consideration the sustainability topics identified as material in the 2021 materiality analysis, with the involvement of the Risk Owners, we identified the potential risks related to Amplifon’s business operations and throughout the value chain, as well as the main measures implemented in response to such risks. This process allowed us to provide a complete overview to stakeholders on our **potential ESG risks and management systems**, including those attributable to our main material topics as well as the aspects expressly referred to in Legislative Decree 254/2016.



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MAIN RISKS
RELATED TO
SUSTAINABILITY
TOPICS



CLIMATE CHANGE-RELATED RISKS IN ACCORDANCE WITH THE TCFD RECOMMENDATIONS

As a global organization we intend to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to guarantee full and transparent disclosure of the main climate-related risks and opportunities. For this reason, in addition to the existing processes for identifying and assessing risks, and in order to guarantee maximum transparency with regard to our strategy for the adaptation to and mitigation of climate change, in 2021 we conducted a preliminary analysis of our business model to identify the main areas potentially impacted by the effects of climate change, both in terms of risk (physical and transition) and in terms of opportunities. Based on the value chain model developed by Michael Porter, we have identified the potential climate-related risks within our primary and secondary activities, as well as possible opportunities, to be included in the

Group’s Risk Universe and then submitted to our Top Management and the Risk Owners for assessment. These evaluations were facilitated, under the scope of the 2021 ERM process, by the Group Internal Audit & Risk Management function and with the support of the IR & Sustainability function. Through this preliminary exercise we intend to gradually integrate our sustainability strategy with the increasing attention placed on the effects of climate change, as well as on the risks and opportunities related to this, also in the light of the growing interest of our stakeholders and policy makers in this issue.



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CONTENT INDEX OF THE TCFD
RECOMMENDATIONS



1.5 RESILIENCE AND ECONOMIC VALUE GENERATED

Through our work we generate shared economic value, thus contributing to improve the socio-economic context in which we operate. This is possible thanks to close relationships with our stakeholders and careful management of financial, productive, intellectual, human, social, and relational assets.

Generating shared economic value implies two closely related dimensions: the value created for the organization itself and the value distributed to shareholders and other stakeholders in various forms. This provides a basic indication of how Amplifon generates value thanks to correct entrepreneurial management, thus making it possible to understand the economic impacts of the Company during the year, both in terms of value distributed to stakeholders and retained by the Organization.

Through its business activities, **Amplifon creates value for the stakeholders** directly affected by its economic results (shareholders, employees, Public Administration, communities) and for anyone who has commercial relations with Amplifon (suppliers, providers of capital). The economic value generated by the Company, net of the value distributed to stakeholders, instead represents the retained economic value, consisting mainly of the share of the Group net profit not distributed to shareholders for the purpose of financing future investments.

In 2021, from the economic value generated by Amplifon (approx. €1,957 million), around 17.6% (approx. €343 million) was retained, while around 82.4% (approx. €1,614 million) was distributed as follows:

- **reclassified operating costs for suppliers** of around €833 million, which includes the costs of raw materials, consumables and goods, commissions on sales, rent for the shops and other service costs;

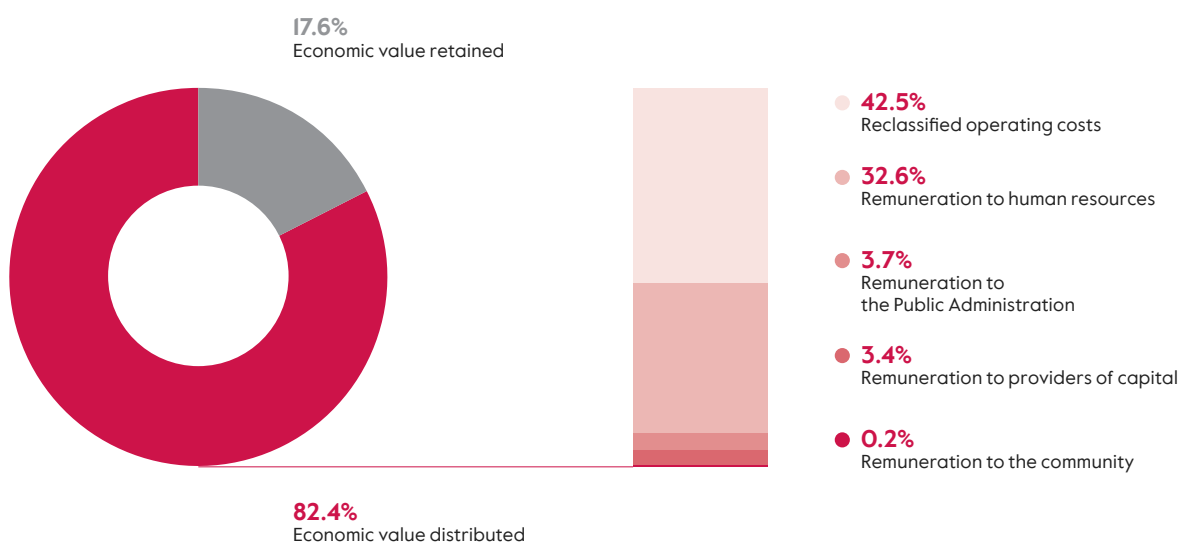
~1,957

€ MILLION

**ECONOMIC
VALUE GENERATED
IN 2021**

- **remuneration and benefits to employees** of approx. €639 million;
- **remuneration to providers of capital** of approx. €65.7 million, of which around €49.3 million corresponds to the dividends distributed to shareholders;
- **payments to the Public Administration**, consisting mainly of income taxes, of approx. €72.5 million;
- **community investments** of around €3.8 million, consisting mainly of membership of associations, charitable donations, sponsorships, and other business-related activities in favor of local communities.

DISTRIBUTION OF ECONOMIC VALUE GENERATED IN 2021



OUR RESILIENCE FOLLOWING THE COVID-19 EMERGENCY

Even throughout 2021, a year with much less and more localized restrictive measures compared to 2020, our priority continued to be safeguarding the health of our people and guaranteeing ongoing support and service to all our customers.

SAFETY AND SUPPORT TO OUR PEOPLE

The rigorous operating protocol developed in 2020 aimed at guaranteeing maximum safety for store staff and customers continued to be implemented in line with all national and international recommendations for preventing the transmission of Covid-19, including the use of personal protective equipment, visits mainly by appointment, telephone “triage” to ascertain customers’ health conditions, social distancing measures, and hygiene procedures. In the offices, specific safety and tracking measures were adopted to allow employees to return to the office by alternating smart working and on-site



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THE PROTOCOL
FOR GUARANTEEING
HEALTH AND SAFETY

presence. Numerous activities aimed at strengthening internal engagement and communication were also promoted, thereby helping anyone to work well either in the office or remotely.



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WELL-BEING
AND INTERNAL
ENGAGEMENT

ALWAYS CLOSE TO OUR CUSTOMERS

Excluding specific local and temporary restrictions, in 2021 our stores were always essentially open and operative, offering our customers the service they needed. In 2021 too, our hearing care professionals offered telephone and home service to our most vulnerable customers, also continuing to sell batteries online. In addition, the numerous Amplifon App functionalities allowed our customers to take advantage of customized services and suggestions to maximize the benefit of our hearing care also remotely. In this way we guaranteed a high-quality service to those in need, both in-store and elsewhere, while optimizing our operating efficiency and productivity.



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PRODUCT
AND SERVICE
ACCESSIBILITY

UPDATE ON THE ECONOMIC AND FINANCIAL IMPACT OF THE PANDEMIC

In 2021 the authorities in the various countries in which the Group operates implemented restrictive measures or lockdowns, however not as long-lasting and less stringent than those implemented in 2020, also thanks to the progress of vaccination campaigns. Specifically, restrictive measures were adopted in some European countries mainly in the first quarter, and in Australia and New Zealand in the second half of the year. In 2021 the Group therefore suffered significantly less from the effects of the pandemic, as shown by the excellent economic-financial results achieved by the Group, also thanks to the effectiveness of the initiatives undertaken since the start of the Covid-19 emergency in 2020. In 2021 the Group benefited to a very limited extent from the contributions and concessions from various government authorities and, in contrast, continued to incur expenses directly related to the emergency (i.e., the cost of personal protective equipment)⁹.

CONTRIBUTION TO COMMUNITIES

Conscious of the importance of social inclusion, especially in times of emergency, we continued to support the numerous projects that the Amplifon Foundation, the Miracle Ear Foundation, and the GAES Solidaria Foundation continued to promote in 2021 to support the communities, with a special focus on population groups in greatest difficulty suffering the most from the effects of the pandemic.



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THE COMMITMENT
OF OUR
FOUNDATIONS

⁹ - More updates on the impact of the Covid-19 pandemic on the economic-financial performance, as well as the grants received from government authorities and other public bodies to deal with the impacts of the pandemic can be found in the [2021 Annual Report](#) and in the 2021 Group Consolidated Financial Statements.





1.6 OUR COMMITMENT TO A SUSTAINABLE BUSINESS

Listening and responding to the expectations of our customers, our people, the communities, and the context in which we operate, while safeguarding the ability of future generations to satisfy their needs in the long term: for us at Amplifon, this means being committed to developing an increasingly sustainable business every day.

Since 2018 our Sustainability Policy formally states our commitment to sustainability and to our stakeholders, enhancing existing activities and guiding the definition of new initiatives. After its approval by the Board of Directors, in 2019 the Policy was published and communicated to all Group employees, so that anyone can follow its guiding principles to carry out their daily activities responsibly. Perfectly in line with our values, the Policy defines **our four sustainability commitment areas** through which Amplifon contributes to improving the quality of life of millions of people.



**FIND OUT MORE
SUSTAINABILITY
POLICY**

AREAS OF COMMITMENT

PRODUCT & SERVICE STEWARDSHIP

Aware of the central role we play in the hearing care sector, we offer the highest quality services and solutions to customers, ensuring effectiveness, personalization, and safety, proposing an outstanding customer experience that meets everyone's needs.

PEOPLE EMPOWERMENT

We believe our people are the most important asset to offer hearing solutions and services with high added value, and for this we are determined to attract, develop, and retain the best talents, as well as to ensure a safe, inclusive, and innovative work environment.

OUR SUSTAINABILITY PLAN “LISTENING AHEAD”

In 2020 we implemented our areas of commitment in practical terms by launching our first Sustainability Plan, which includes objectives for the three-year period 2021-2023 in line with the Group’s strategic plan and related to the variable remuneration of our Top Management.

In order to highlight the contribution of our business activities to global priorities, all our objectives were established in line with the main Sustainable Development Goals (SDGs), defined by the United Nations under the scope of the 2030 Agenda for Sustainable Development. In addition, the objectives of the Plan were defined looking at the global ESG mega trends, as well as in line with the requirements of the main reporting frameworks for sustainability topics, including those of the TCFD.



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OUR CONTRIBUTION TO THE SDGs AND TO THE UNITED NATIONS GLOBAL COMPACT

LISTENING AHEAD

The Sustainability Plan is made up of a **modular framework so that it can be potentially integrated and enriched with new initiatives consistently with the development of our strategy and the context in which we operate**. After being examined and validated by the governance bodies, the Plan was periodically subject to internal induction activities, specific update moments and the progress achieved was regularly presented. Throughout 2021, with the active involvement of the functions concerned, we launched specific action plans dedicated to monitoring the KPIs and performance of individual initiatives with respect to the pre-established targets, thereby providing a regular update to Top Management and the governance bodies.

COMMUNITY IMPACT

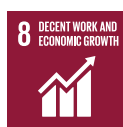
In light of the high social impact of our products and services, we are committed to promoting social inclusion and raising awareness related to hearing well-being, with the aim of reducing the serious consequences of hearing loss and maximizing the benefits of early intervention.

ETHICAL BEHAVIOR

In order to operate responsibly along the value chain towards everyone and the environment, we are strongly committed to conducting our activities in compliance with regulations and the highest ethical and moral standards, actively preventing any type of unethical practice.

PRODUCT & SERVICE STEWARDSHIP

We aim to raise awareness and accessibility of hearing care by providing innovative experiences and listening to the needs of our customers.

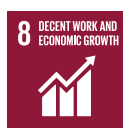


- 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
- 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors

Goal	Target	KPI	Baseline	2021	Reference
Promote awareness of the importance of hearing, breaking down barriers and stigma	Raise awareness about hearing care among more than 160 million people over the age of 55 every year until 2023 through TV campaigns and telemarketing	Number of people over the age of 55 reached by awareness-raising campaigns per year (millions of people)	151 million (2020)	177 million	We fight all kinds of stigma
Facilitate access to hearing care and improve the lives of as many people as possible	Offer free hearing tests, generating a total saving of more than €700 million for customers and prospects in the three-year period 2021-2023	Annual financial saving for customers and prospects ¹⁰ (€ millions)	€142 million (2020)	€200 million	Product and service accessibility
Promote increasingly innovative, engaging, and digital solutions	Achieve at least 85% global penetration of the Amplifon Product Experience (APE) in the addressable market of the various countries by 2023 ¹¹	APE penetration rate (in terms of units sold) in the addressable markets (%)	79% (2020)	89%	Amplifon Product Experience

PEOPLE EMPOWERMENT

We aim to attract, develop, and retain the best talents to ensure the sustainability of the business, promoting diversity among our people.



- 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors
- 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Goal	Target	KPI	Baseline	2021	Reference
Strengthen the leadership and functional skills of all employees globally	Provide at least 3 days on average of training per year per capita for both back-office staff and the global field force (excluding specific plans), with unlimited access to the e-learning training platform until 2023	Average number of training days per person per year – back-office (days/year)	1.6 (2020)	3.0	Nurturing talent
		Average number of training days per person per year – field force ¹² (days/year)	2.8 (2020)	3.6	
Ensure a solid succession pipeline for key roles	Ensure that at least 40% of the back-office population and at least 25% of the field force population are assessed as talents & high performers to access the succession pipeline by 2023	Percentage of talents & high performers per year in the back-office population (%)	36% (2020)	36%	Career development
		Percentage of talents & high performers per year in the field force population (%) ¹³	NA (2020)	NA	
Ensure a healthy and inclusive winning workplace driven by communication and engagement	Ensure a participation rate of at least 85% in the global engagement survey, with at least 90% of respondents stating that they feel engaged (rating >=3) until 2023 ¹⁴	Global engagement survey participation rate (%)	81% (2019)	80%	Well-being and internal engagement
		Percentage of respondents giving a rating >=3 on a scale from 1 to 5 (%)	92% (2019)	88%	
Promote equal opportunities at all levels of the organization	Maintain an appropriate level of gender representation in the global back-office population (always above 50%) and the global leadership population (always above 25%) until 2023	Percentage of female employees in the global back-office population (%)	57% (2020)	55%	Diversity, inclusion and equal opportunities
		Percentage of female employees in the global leadership population (%)	27% (2020)	30%	

10 - The financial saving is estimated on the basis of the average cost of the hearing tests offered free of charge to customers in the majority of countries.

11 - The addressable markets are those in which the sale of APE products is applicable.

12 - Including the non-employee field force personnel (external hearing care professionals) with the exception of franchisees.

COMMUNITY IMPACT

We aim to promote social inclusion and to spread greater awareness about hearing-loss prevention, hearing well-being, responsible listening, and the impact of noise pollution.



- 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
- 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Goal	Target	KPI	Baseline	2021	Reference
Support the activities of the Group Foundations to spread the "sound of inclusion"	Contribute to the ramp-up of the Amplifon Foundation with approximately €3 million by 2023	Amplifon's financial contribution to the Amplifon Foundation (€ millions)	€0.7 million (2020)	€1.3 million	The role of the Foundations
Promote awareness about responsible listening among the younger generation	Extend the "Listen Responsibly" program to new countries and involve a total of at least 40,000 students and 1,600 schools by 2023	Number of students involved (total no. of students)	20,000 (2020)	24,500 (2020-21)	"Listen Responsibly" Program
		Number of schools involved (total no. of schools)	800 (2020)	1,000 (2020-21)	
Increase awareness about the importance of hearing well-being and the impacts of noise pollution among communities	Map at least 20,000 noise measurements from 6,000 people through the noise tracker of the "Listen Responsibly" app by 2023	Number of mapped noise measurements (total no. of measurements)	4,000 (2020)	9,000 (2020-21)	"Listen Responsibly" App
		Number of users of the "Listen Responsibly" app (total no. of users)	2,700 (2020)	5,700 (2020-21)	

ETHICAL BEHAVIOR

We aim to encourage responsible and sustainable practices along the value chain and take action to reduce the environmental impact of our business.



- 7.2: By 2030, substantially increase the share of renewable energy in the global energy mix
- 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

Goal	Target	KPI	Baseline	2021	Reference
Integrate sustainability criteria into the responsible management of the supply chain	Define a global supplier evaluation framework based on ESG risks by 2021, and implement this framework in a pilot country by 2023 ¹⁵	Definition and pilot implementation of the supplier ESG global evaluation framework	NA (2020)	Framework defined	Procurement and supply chain management
Increase the use of renewable energy to limit the environmental impact of the business activities	Increase the use of certified renewable electricity to at least 70% of the electricity consumption of offices and direct shops by 2023, avoiding the related CO _{2e} emissions	Share of electricity purchased and certified as coming from renewable sources compared with the total electricity consumption for offices and direct shops (%) ¹⁶	28% (2020)	30%	Caring for the environment
		Quantity of CO _{2e} avoided, Scope 2 - Location-based approach (LB) and Market-based approach (MB) - (tons of CO _{2e})	2,893 (2020 - LB)	2,984 (LB)	
Promote the use of rechargeable hearing aids to reduce the use and disposal of batteries	Increase the penetration and use of rechargeable hearing aids avoiding the use of more than 200 million batteries by 2023	Total number of batteries "saved" ¹⁷ (millions of batteries)	74 million (2018-20)	131 million (2018-21)	Circularity and waste management

- The field force personnel evaluation system (with reference to hearing care professionals only and excluding Area Managers who are already included in the back-office personnel evaluation process) is in the process of being implemented.
- The performances related to the global engagement survey, which is carried out every two years, were influenced by the large quantity of acquisitions of stores and new companies that took place in 2021, with the integration process still underway. Insofar as it is slightly lower than the previous version (80% compared with 81%), the participation rate remains essentially in line with the benchmark target, while the percentage of respondents that expressed a positive opinion on the Company reached the established target (90%) on a like-for-like basis compared with 2019.
- Compared with the first release of the Sustainability Plan, which only involved the definition of the framework by 2021, this target was integrated with a pilot implementation of the framework to be concluded by 2023.
- The increase in the share of electricity purchased and certified as coming from renewable sources is affected by the contracts already in place with local suppliers. However, note that from 2020 to 2021 this share increased from 23% to 38% for the offices, involving new countries including Italy, Portugal and the United Kingdom.
- The quantity of saved batteries is estimated on the basis of the number of rechargeable devices sold and in circulation, the average quantity of batteries used annually by a non-rechargeable device, and an average device's life of 5 years.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS AND TO THE UN GLOBAL COMPACT



Since their adoption in September 2015, the Sustainable Development Goals (SDGs) have been one of the main international benchmarks for sustainable development, guiding public and private organizations in their efforts to contribute to global and shared goals to be achieved by 2030. In line with the path traced by our Sustainability Plan, we have identified the main SDGs to which we can make the greatest contribution thanks to our activities and our goals along the value chain¹⁸: **3** (Good Health and Well-Being), **5** (Gender Equality), **7** (Affordable and Clean Energy), **8** (Decent Work and Economic Growth), **10** (Reduced Inequality), **12** (Responsible Consumption and Production), **17** (Partnerships for the goals).



FIND OUT MORE
SUSTAINABLE
DEVELOPMENT
GOALS

AMPLIFON'S CONTRIBUTION TO THE MAIN SDGS ALONG THE VALUE CHAIN



18 - The linking of Amplifon's activities and the goals of the Sustainability Plan with the SDGs has been based on the main international guidelines that address the SDGs in terms of "business action" and relate them to the reporting standards most widely used for non-financial reporting, including: Linking the SDGs and the GRI Standards (GRI, 2020); Business Reporting on the SDGs, an analysis of the Goals and Targets (GRI and UN Global Compact, 2017); *Business Reporting on the SDGs, integrating the SDGs into Corporate Reporting: A Practical Guide* (GRI and UN Global Compact, 2017).

In the **Procurement & Supply Chain** phase, we intend to collaborate more and more with all suppliers, particularly the hearing aid manufacturers, to ensure a responsible supply chain management, including according to environmental and social sustainability criteria (SDG 12.6).

In the **Product & Service Development** phase, we are investing more and more in research, innovation, and highly personalized services (SDG 8.2), in a constant effort to increase hearing care accessibility (SDG 3.8). To support this, we foster the engagement, growth, and professional development of our talents (SDG 8.5) by providing them with an inclusive and safe workplace (SDG 5.5). In addition, we are committed to reducing the environmental impact of our activities by increasing the use of renewable energy (SDG 7.2) and by promoting the use of rechargeable devices to limit the use of disposable batteries (SDG 12.5).

In the **Hearing Care Provisioning** phase, we intend to maximize the positive impact of our activities in terms of fighting stigma and increasing hearing loss prevention, awareness about the importance of hearing well-being (SDG 3.8) as well as the quality of the service offered (SDG 8.2), protecting and training field-force population (SDG 5.5 and SDG 8.5), and improving store energy efficiency (SDG 7.2), all further strengthened by our primary goal of promoting social inclusion (SDG 10.2).

Lastly, we intend to reinforce the dialogue and ongoing collaboration with all stakeholders and other economic players along the **entire value chain** with a view to consolidating the multi-stakeholder partnership and contributing to the global and shared efforts for the 2030 Agenda for Sustainable Development (SDG 17). Also for this reason, in December 2021, **Amplifon signed up to the United Nations Global Compact** and takes part in the initiatives of the respective Italian network with the aim of promoting an increasingly responsible business capable of meeting global challenges through compliance with, adherence to and promotion of the fundamental Ten Principles involving human and labor rights, environmental protection and anti-corruption.



FIND OUT MORE
UN GLOBAL
COMPACT



GO TO PAGE
CONTENT INDEX OF
THE TEN PRINCIPLES
OF THE UNITED
NATIONS GLOBAL
COMPACT

WE SUPPORT



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



PERSONAL IMPACT VALUE INTERNAL ENGAGEMENT ON SUSTAINABILITY TOPICS

Conscious of the importance of internal engagement for the effectiveness of a sustainability strategy, in 2021 we intensified moments of sharing, awareness-raising and update on the main sustainability topics addressed at the entire Company population.

Our Sustainability Plan was defined and developed with the direct involvement of various corporate functions, as well as approved by Top Management and then validated by the Risk, Control, and Sustainability Committee and the Board of Directors, and special moments were dedicated to updating them on the gradual achievement of its goals. The Plan gave rise to new initiatives that required collaboration of different teams and functions in global projects, some of which also involving the active contribution of individual countries. In 2021 the Town Halls of the major countries

arranged specific moments for sharing our sustainability strategy and, thanks to the internal newsletter *"Good Morning Amplifon"* the entire Company population was informed, weekly, on the main macro trends and news concerning sustainability. In addition, during the updating of the 2021 materiality analysis, besides the Top Management, all the main corporate functions involved in our sustainability strategy were engaged in induction activities on the main important topics for Amplifon, while a representative sample of the Company population of several countries was involved in a specific survey on Amplifon's social, environmental and economic priorities. Lastly, the internal global engagement survey *"Your Voice"* made it possible to collect more feedback on various important social, personal and employment topics in Amplifon.



OUR ENTRY IN THE MIB ESG INDEX

On October 18th, 2021, **Amplifon** was included in the new **MIB ESG** index launched by Euronext and Borsa Italiana, the first index dedicated to the 40 Italian blue-chips that implement the best environmental, social and governance (ESG) practices. The index combines economic performance KPIs with ESG evaluations in line with the UN Global Compact principles, and its composition is based on the analysis of the ESG criteria by Vigeo Eiris (V.E.), a Moody's ESG Solutions company that evaluates the performance of the 60 most liquid Italian issuers.

In the light of the increasing demand for

sustainable investment instruments by institutional and private investors and the market as a whole, the inclusion of Amplifon in the index is further confirmation of our commitment to pursuing long-term sustainable growth, thereby contributing to the move towards a global sustainable and responsible financial system.



FIND OUT MORE
THE MIB ESG INDEX



MAIN RECOGNITIONS

In February 2022 **Amplifon was included by S&P in the Global Sustainability Yearbook 2022**, which includes the ranking of the 716 top performers from over 7,500 companies evaluated by the 2021 Corporate Sustainability Assessment (CSA). Within our reference industry (*Health Care Providers & Services*), out of the 126 companies evaluated only 13 were included in the Sustainability Yearbook as the best performing in terms of sustainability: further evidence of the important path we have undertaken to develop an increasingly sustainable business.



Following the positive evaluation of the workplace, the training offer and the career paths available to employees, at the end of 2021 **Amplifon received the EMEA 2022 Top Employer certification** from the Top Employer Institute, both for the entire European region and for Italy, France, Germany, Spain and Portugal. This recognition is a further step forward along the transformation route already underway in Amplifon's development into a real Winning Workplace.



Amplifon was recognized as the **best company in Europe within the "Medical Technologies & Services" sector** in the 2021 edition of this prestigious classification "All-Europe Executive Team" of Institutional Investor, an independent and trusted source for research and rankings in international finance. Amplifon also took first place in the "Best IR Program" and "Best Investor/Analyst Event" categories, confirming the appreciation by the international community for the dialogue and trusted relationship that the Group establishes with the financial market and all stakeholders.



The Italian Association of Investor Relations (AIR), at the Italian Investor Relations Awards held in July 2021, awarded Amplifon **first place in the "Best IR in Services and Communication for a Small/Mid Cap company"** category, recognizing the excellence of the Company in terms of business and market knowledge, reactivity and ability to respond, credibility and quality of events within the Italian market.



In December 2021 Amplifon was announced the **winner of the X edition of the Assochange** prize, awarded by the homonymous association of businesses and institutions that presents itself as meeting place for comparing and disseminating knowledge about Change Management. The prize is an important recognition of the important digital transformation process launched globally by Amplifon, in line with its business strategy and supported by a rich, structured Change Management plan.



Through the **conferring of the label ESG Identity - IGI COMPANY 2021**, in June 2021 Amplifon was in 32nd position out of the 80 companies evaluated under the scope of the Integrated Governance Index, the index of the Studi ETicaNews office which depicts the degree of integration of ESG factors in corporate governance.



Amplifon **“Ci Sentiamo Dopo – Listen Responsibly” project was included in Sodalitas Call for Future**, the Sodalitas Foundation campaign aimed at businesses committed to implementing projects for a sustainable future in accordance with the United Nations 2030 Agenda.



In 2021 Amplifon received **numerous awards from third-party entities** which recognize our commitment to the topics of sustainability and customer service, including:

- Inclusion in the 2022 classification of "The companies most mindful of the climate", by Corriere della Sera together with Statista, which gathers the 100 Italian companies most mindful of the climate by measuring the ratio between the reduction in CO₂ emissions and revenues for the period 2018-2020.
- Inclusion in the 200 winners of Green Star – The most sustainable companies 2021, a survey into corporate green policies in Italy promoted by the German institution ITQF and La Repubblica Affari&Finanza.
- Inclusion in the 2021 Sustainability Leader, following the research conducted by Statista and Il Sole 24 Ore which examined 1,500 companies identifying the 150 which distinguished themselves through their corporate choices aimed at sustainability.
- Coming in the top 3 finalists of the 2021 Reporting Oscars for the “Non-Financial Statement” Special Prize, an annual event that rewards the most virtuous companies in ESG reporting, promoted by FERPI with Borsa Italiana and the Bocconi University.
- Winning the 2022 Industry Top-rated Badge prize awarded by the Corporate Solutions Sustainalytics team, which evaluated more than 14,000 companies from 42 sectors based on their ESG risk rating.
- Every year Reader’s Digest Association conducts a survey among more than 14,000 people to determine the most reliable brands (Trusted Brands) in different product categories. In 2021 Amplifon was recognized as the “most trusted brand” by Swiss consumers in the “hearing systems” category. In Portugal, our Minisom brand received the same recognition for the “hearing centers” category. Alongside this, Amplifon’s “Priorité Audition” campaign was nominated as the best awareness-raising campaign for hearing care in the category “Campagne et prévention” -I Prix Pleine Vie.

CORRIERE DELLA SERA

statista



MAIN ESG RATINGS

Also in 2021 **MSCI**, whose ESG Ratings aim to measure the resilience of companies in relation to ESG risks and trends, confirmed an AA ESG rating for Amplifon, on a scale that goes from CCC to AAA, with higher-than-average scores in all key evaluation areas for our reference sector.



In 2021 **Vigeo Eiris** increased Amplifon's ESG Overall Score from 36 to 43 on a scale of 0-100, rating our ESG performance as higher than the sector average in all three ESG pillars, in 9th position out of 47 in the reference sector (Health Care Equipment & Services).



Sustainalytics ESG Risk Rating evaluates companies based on their exposure to the main ESG risks. Thanks to limited exposure to these types of risks, as well as the correct management of residual and potential risks, Amplifon was assessed with an ESG Risk Rating of 14.4/100 (Low risk).



The **FTSE4Good** Index Series are share indices launched by the FTSE Group which measure companies' ESG performance. In 2021 Amplifon achieved an ESG Rating of 2.3 (on a scale of 0-5), in line with the Health Care Industry average (2.2), performing better than the sector average in the social and governance areas.



The **ISS ESG** Corporate Rating provides investors with an overall evaluation of companies' ESG performance and opportunities. In 2021 Amplifon's rating improved from D+ to C- (on a scale that goes from D- to A+), while the transparency level went from average to high.



Standard Ethics, which evaluates companies' commitment in relation to international directives and guidelines (i.e., UN, OECD, EU), evaluated Amplifon with an E+ Standard Ethics Rating, on a scale that ranges from F to EEE.



SUSTAINABLE FINANCE: WE SIGNED THE FIRST TWO SUSTAINABILITY-LINKED CREDIT FACILITIES

In 2021 we took another step forward in the **gradual integration of our financial and sustainability strategies**, signing the first two credit facilities linked to several sustainability goals.

On September 30th, 2021, we signed a new 5-year sustainability-linked revolving credit facility with Intesa Sanpaolo (IMI Corporate & Investment Banking Division) for a total of 100 million euros. This credit line is linked to several indicators of Amplifon's Sustainability Plan and is part of the plan to refinance and expand the Company's existing revolving credit facilities, allowing both

further diversification of funding sources and extension of Amplifon's debt maturity.

Later, on December 29th, 2021, we finalized the refinancing of the facility agreement for the GAES acquisition for a total of 210 million euros with a pool of banks composed of Unicredit, Mediobanca and BNPP-BNL. The new 5-year facility includes indicators of our Sustainability Plan, the achievement of which will activate a margin adjustment mechanism, from a perspective of increasing the synergies between financial performance and ESG goals.

WE ARE REVOLUTIONIZING THE AUDIOLOGICAL EXPERIENCE WITH DIGITAL SERVICES AND TECHNOLOGIES BUILT AROUND PEOPLE

OUR GOALS

Promote awareness of the importance of hearing, breaking down barriers and stigma

Facilitate access to hearing care and improve the lives of as many people as possible

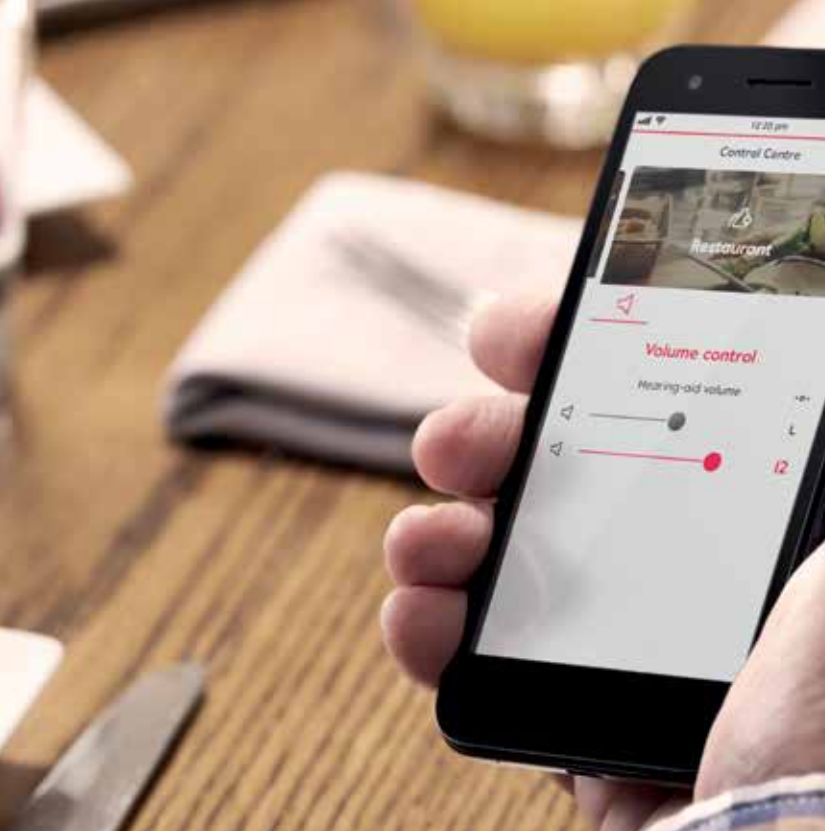
Promote increasingly innovative, engaging, and digital solutions

CHAPTER 02

PRODUCT & SERVICE STEWARDSHIP



 **amplifon**



2.1 INNOVATION AND TECHNOLOGY FOR EXTRAORDINARY EXPERIENCES

Thanks to increasingly advanced skills and technologies, we aim to revolutionize the hearing care sector by offering a complete, engaging, and customized value proposition, comprising product, service and experience that is strengthened over time thanks to the daily relationship between hearing care professionals and customers.

THE AMPLIFON PRODUCT EXPERIENCE

The Amplifon Product Experience (APE), which includes the Amplifon Product Line and the Amplifon multichannel ecosystem, is an **integrated system that places people at the center of the path that synergically combines service and product** to redefine the entire customer journey. It is a cutting-edge system that uses digital technologies and big data to collect and analyze information on the use of hearing devices, feedback, and consumer needs, to offer a unique, customized, and distinctive experience. Data, in fact, is the heart of Amplifon, which has undergone a deep transformation aimed at collecting and using the data of millions of consumers around the world to offer the best experience through real time CRM, the Amplifon App, and the multichannel ecosystem which accompanies consumers throughout their entire journey.

After the successful launches in Italy, France, Germany, the Netherlands, United States, Australia, and United Kingdom between 2018 and 2020, the APE roll-out continued in 2021 reaching four new markets (Belgium, Portugal, New Zealand, and Spain) and a penetration rate of approximately 89% of sales on the private and paid-up market, for a total of **11 countries**. Specifically, in the core Spanish market, a new **eco-friendly packaging was launched for the Amplifon Product Line** alongside the APE, which is made of 100% recyclable paper (the new Cube All-in-One), which will gradually be launched in new countries in 2022 and 2023.

~89%

APE PENETRATION RATE ACHIEVED IN 2021 FOR COUNTRIES WITHIN THE SCOPE



GO TO PAGE
NEW ECO-FRIENDLY PACKAGING FOR AMPLIFON PRODUCTS

AMPLIFON-BRANDED PRODUCTS

The Amplifon Product Line - APL continues to be the backbone of the Amplifon technological innovation program. Thanks to the constant product renewal with the introduction of the most recent and advanced innovations, we have enriched our four product families, each responding to specific needs of customers and developed together with all the major global manufacturers of hearing devices. The ability to adapt to every lifestyle, the rechargeability of the ampli-energy product family, as well as connectivity and aesthetics are the Amplifon Product Line characteristics that customers appreciate the most.



**FIND OUT MORE
THE AMPLIFON
PRODUCT LINE**

AMPLI-EASY

The devices of the ampli-easy family are powerful, practical, easy to use and affordable. For everyday life, having a giggle with friends, walking in the park, or watching a good film.



AMPLI-MINI

The ampli-mini are extremely discreet and almost invisible thanks to miniaturized technology. Perfect for those who seek a discreet solution and want to feel elegant without compromising on comfort.



AMPLI-CONNECT

The ampli-connect product family connects directly to your TV, smartphone, and sound system. They automatically recognize the environment, and the microphones point towards the direction of the sound. They also connect to the Amplifon app via Bluetooth.



AMPLI-ENERGY

The ampli-energy devices are a perfect combination of practicality and style. No more changing batteries, the devices can be recharged using a charger and have up to 30 hours of battery life. They also connect to the Amplifon app via Bluetooth.



AMPLIFON MULTICHANNEL ECOSYSTEM



The Amplifon multichannel ecosystem, the second element of the APE backbone, redefines the Amplifon experience along the entire customer journey (therefore not only in-store), offering rapid access to different high added value services, with the aim of increasing customer satisfaction. The **Amplifon App**, which constitutes its first touchpoint, makes it possible to control and manage the numerous functionalities of hearing devices in real time directly from a smartphone, exploiting the potential of the hearing solution to the fullest and improving the overall experience. Through the Amplifon App customers can control the volume, change and customize the programs, get to know the hearing device usage statistics in real time and much more.



FIND OUT MORE

**THE
FUNCTIONALITIES
OF THE AMPLIFON
APP**

In addition, the Companion, an exclusive Amplifon App functionality that analyzes usage data in real time through a proprietary algorithm based on artificial intelligence, provides the customer with constant advice on how to use the hearing device, as well as suggestions about changing the batteries and the most suitable program for the surrounding sound environment. In this way we support customers in maximizing the efficiency of their hearing solution with constant, customized advice, every day and in every situation.

This all represents an enormous potential in terms of information. Thanks to the Amplifon App, which in 2021 increased its penetration¹⁹ by around four percentage points compared with the previous year, we are able to have access to a very large amount of data on the use of hearing devices by customers and to use it to create an increasingly customized experience. An advanced data mining system, that uses data collected both from the virtual experience and in the store, allows us to build a map of behaviors and purchasing choices, able to guide our offer in the direction determined by the customers, making the experience more and more customized and engaging. The natural evolution of all this will be a real e-health platform that will connect the hearing care professionals to customers in order to carry out virtual visits and remote fine-tuning of the hearing devices.

~19%

**PENETRATION RATE
OF THE AMPLIFON
APP IN 2021 FOR
COUNTRIES WITHIN
THE SCOPE**

19- The Amplifon App penetration rate is defined as the ratio between the number of users currently using the Amplifon App and the number of compatible hearing solutions sold for countries within the scope.

THE AMPLIFON 360 PROTOCOL

As a hearing care provider, listening to our customers and understanding their needs is vital to ensure the hearing solutions we offer meet their specific requirements and needs.

The success of a hearing solution depends, above all, on the ability of our hearing care professionals to carry out hearing tests, choose the most suitable device from the most advanced technologies available and correctly fit them. In addition to being highly qualified, our hearing care professionals build relationships with customers through talking and listening, supporting people on their journey to a full hearing experience through a data-driven approach. On the basis of this we created and developed the Amplifon 360 store protocol²⁰, an innovative journey for evaluating people’s hearing which, through pioneering tools and user-friendly technologies, increases customers’ involvement in the process of evaluating their hearing profile, improving the analysis of their needs, and individual lifestyles.

This protocol is illustrated to the customer, step by step, with the support of an IT front-office system with a video interface which allows the customer to understand their hearing requirements, the results of the different tests carried out and the possible benefits of the various hearing solutions. By means of Amplifon 360, and leveraging solid technical know-how and considerable communication skills, our hearing care professionals make sure people are totally confident with the proposed solution and can proceed with the purchase.

As testimony to its benefits, in 2019 the Amplifon 360 protocol was approved by SIAF (the Italian society of audiology and phoniatrics), in addition to obtaining an Italian patent certifying its uniqueness and innovation, demonstrating its importance in the development of audiology.



FIND OUT MORE
THE AMPLIFON 360
PROTOCOL PHASES

AMPLIFON 360
PROTOCOL
APPROVED BY
SIAF (THE ITALIAN
SOCIETY OF
AUDIOLOGY AND
PHONIATRICS)



20 - Protocol 360 is present in most of the countries in which Amplifon operates.



AMPLI-CARE

After redefining the entire product experience through the Amplifon Product Experience, in 2021 we presented Ampli-care, our new platform capable of offering a revolutionary, highly-customized audiological experience, both during visits in our stores and elsewhere, at every stage of the customer journey.

Ampli-care will allow us to give our customers a unique, innovative and engaging experience every day, in order to best support them in the most professional way to meet their every need. Through the three pillars on which Ampli-care is based, we include customers and caregivers in a smooth, uninterrupted journey at all touchpoints.

IMMERSIVE EXPERIENCE

Our stores, which are the key touchpoint within the customer journey, will be equipped with Otopads, iOS-based instruments to evaluate hearing capacity using a new proprietary technology developed internally. This new technology will enable us to offer even more interactive and engaging touch-based experiences, conducting sophisticated audiological tests as well as identifying customers' needs in full. Lastly, the use of Otopads will also enable future out-of-store visits and follow-up activities.

HYPERPERSONALIZED SOLUTIONS

Ampli-care will also enhance the expertise and empathy of our hearing care professionals, supporting them in identifying the best solution for each customer through a proprietary solution called “solution builder engine”, powered by artificial intelligence. This technology, given the audiological profile and personal information collected during the visit, will allow to identify and suggest the most appropriate product, service offering and fitting to each single customer.

ALWAYS-CONNECTED SUPPORT

Our hearing care professionals will always be connected through a remote monitoring and assistance system to detect product usage trends and specific customer needs remotely. In this way we will be able to support them even when they are not physically in-store through video-calls and remote fine-tuning systems to carrying outfitting adjustments remotely. In addition, both caregivers and ENTs, crucial figures in the hearing solution adoption process, will play a more active role. Caregivers will have a dedicated profile in the Amplifon App to coach and support their dear ones, while ENTs will receive their patients’ audiological and hearing aid usage data.

The implementation of Ampli-care, launched in the fourth quarter of 2022 with reference to the new in-store audiometric systems in certain selected countries, will continue in future years with reference to the main markets in which we operate.



FORWARD THINKING VALUE AMPLIFON X

In order to support the acceleration of the customer experience innovation strategy with Ampli-care, at the beginning of 2022 we created Amplifon X, a new business unit entirely dedicated to the development of highly-innovative solutions.

Amplifon X came about from the development of further strong synergies between Otopad (a company acquired in 2019) and the digital area of the Group, creating end-to-end and accountability from software design phase until the actual development of digital products and solutions to the internal development of software. Ampli-care is the first product entirely developed by Amplifon X and includes, among many

other functionalities and innovations, the new Amplifon 360 protocol for stores, Otopad, the evolution of audiological tests on iPads, and all the innovations relating to the Amplifon App to offer new solutions and interaction methods between hearing care professionals and customers, further improving in-store and remote service in particular. Amplifon X, which already has a combined team of more than 50 people and takes advantage of valuable partnerships with world-renowned academic institutions, will enable us to define new standards of audiological experience, consolidating the Company's important competitive advantage and creating a unique experience for our customers and hearing care professionals.

CUSTOMER SATISFACTION

As described in our Sustainability Policy, we always do our best to ensure and increase customer satisfaction by listening to their needs and stimulating technological development.

A superior customer experience and constant attention to customer satisfaction are some of the founding pillars of our business model. Thanks to constant investment in the selection and training of our hearing care professionals, as well as in the implementation of increasingly advanced marketing and customer relationship management (CRM) systems, we offer our customers a wide range of cutting-edge solutions, a high level of expertise, and a unique and distinctive experience.

To better understand customers' expectations and offer them an even more satisfactory level of service, we are committed to developing a program for collecting and managing customer feedback. In this program, tools were and continue to be developed to measure and monitor customer expectations and satisfaction, with standardized methods applied by the main Countries in which we operate. The surveys are conducted using different contact channels (including call centers, emails, and SMS), and allow checking the level of satisfaction with the experience offered to customers in the main moments of their relationship with Amplifon: the hearing test and the trial, the purchase phase, the follow-up phase, the decision not to proceed with the purchase, and the entire after care phase.

In 2021 we redesigned the entire process, based on the **Net Promoter Score (NPS)**, the parameter most used to measure customer satisfaction for products and services. Customers evaluate their overall experience, awarding a score on a scale of 0 to 10 on the point of sale, services and product, by replying to the question *"to what extent would you recommend Amplifon to friends and family?"*. The final NPS value is calculated as the difference between the so-called promoters (who awarded a score of 9 or 10) and the so-called detractors (who gave a score of 6 or less). Compared with what happened in previous years, the new process was completely reviewed in terms of automation, measuring methods, and frequency. This new process is part of a roll-out plan that already involved several countries such as Italy, France, the Netherlands, Portugal, and Australia in 2021 and will be extended to new ones in 2022. The objective is to get more feedback from our customers and develop action plans aimed at filling any gaps identified as well as further improving the customer journey.

NPS

**NEW CUSTOMER
SATISFACTION
MEASUREMENT
PROCESS DESIGNED
AND LAUNCHED
IN 2021**



FORWARD THINKING VALUE

BOCCONI UNIVERSITY AND AMPLIFON TO INNOVATE THE CUSTOMER EXPERIENCE WITH ARTIFICIAL INTELLIGENCE

At the beginning of 2021, Amplifon and the Bocconi University signed an agreement to establish the Amplifon Chair in Customer Science, created through our collaboration with the university with the aim of better understanding customers as well as their buying and loyalty drivers using the most advanced computer science and artificial intelligence instruments. The chair research program intends to develop a better customer insight by exploring audio analytics, namely the instruments capable of identifying and correlating through customers' responses the non-verbal characteristics of a call center operator's behavior, such as the rate of speech, tone as well as the use of sighs and pauses. These instruments will allow us to understand how the customer will respond to different corporate actions, and therefore define the marketing activities capable of creating

greater value for the business, and also for the consumer.

The chair was inaugurated in the academic year 2021-2022 and foresees an intensive research program as well as initiatives that will involve students in educational challenges that will put them in direct contact with our business within a long-term collaboration framework, a testament of the Group's commitment and focus on the younger generations and their education.



[FIND OUT MORE](#)

**AMPLIFON CHAIR
IN CUSTOMER SCIENCE**





2.2 PRODUCT AND SERVICE ACCESSIBILITY

We endeavor to make hearing care always accessible and available, facilitating overcoming the obstacles that prevent people from seeking expert advice to improve their hearing well-being, and multiplying our global and digital presence.

We invest in the expansion of our global distribution network, which allows us to **always be close to those with hearing loss, allowing everyone, even people with reduced mobility, to easily access quality hearing care service.** In 2021 we acquired 330 stores, bringing the total distribution network to 9,241 points of sale. We expanded our presence in China, reaching a total of 115 points of sale in a market that represents a considerable opportunity, given its high growth profile. In addition, the acquisition of Bay Audio in Australia added over 100 points of sale in the key Australian market. Finally, we carried out the so-called piecemeal acquisitions mainly in countries such as France, Germany, and United States as well as selected new openings in the so-called white spots. Furthermore, we always try to reach people with hearing loss even in rural areas or with a low population density, through store-in-stores and corners, i.e., spaces managed directly by Amplifon but located in third-party premises such as pharmacies, opticians, and medical practices. In the main Countries where we operate, we also carry out home visits for customers with reduced mobility who cannot physically go to the store.

We strongly believe in the importance of the in-store experience: the windows and the interior of the stores are designed to reduce as much as possible the elements of anxiety typically associated with medical experiences, aiming to put customers at ease, thus with a positive impact on accessibility. In this regard, Amplifon has launched a project to analyze the in-store experience from the customer's point of view and draw insights from the areas with which the customer interacts the most to improve our stores. In addition, in order

330
STORES
ACQUIRED IN 2021

115
POINTS OF SALE
IN TOTAL
REACHED IN CHINA

+100
ADDITIONAL STORES
IN AUSTRALIA
COURTESY OF BAY
AUDIO

to facilitate accessibility to hearing care and improve the lives of as many people as possible, **we offer free hearing tests in our stores which means a considerable economic saving** for customers and prospects.

On the other hand, digital communication channels are becoming increasingly important for Amplifon, which constantly seeks to engage with customers, as well as the so-called influencers, i.e., friends and family members of those with hearing loss. Amplifon and its other brands are now present on various digital channels: web, social media and mobile. To support our digital marketing strategy, we adopted a new cloud platform that allows connecting online and offline experience, through this, it is possible to manage interactions among websites, apps, emails, SMS, call centers, and in-store interactions in an integrated way.

Just as Amplifon's consumer sites allow customers and potential customers to easily take advantage of services such as the store locator, the online hearing test, the Amplifon App also offers a series of high value-added services that allow to easily access and benefit of a new hearing experience. In addition to controlling hearing devices in real time, some of the services directly accessible from one's smartphone are "find the closest store", booking an in-store appointment, and the Companion. All of this allows us to support our customers including remotely, **thereby increasing the user-friendliness and accessibility of our services**, also thanks to video tutorials in the Amplifon App for solving small problems, rapid intuitive navigation routes and usage statistics for hearing devices. Moreover, with reference to compatible hearing aids, it is now possible to reduce the interference of wind and noise as well as update the firmware of the devices without having to go to the store.

~200

€ MILLION

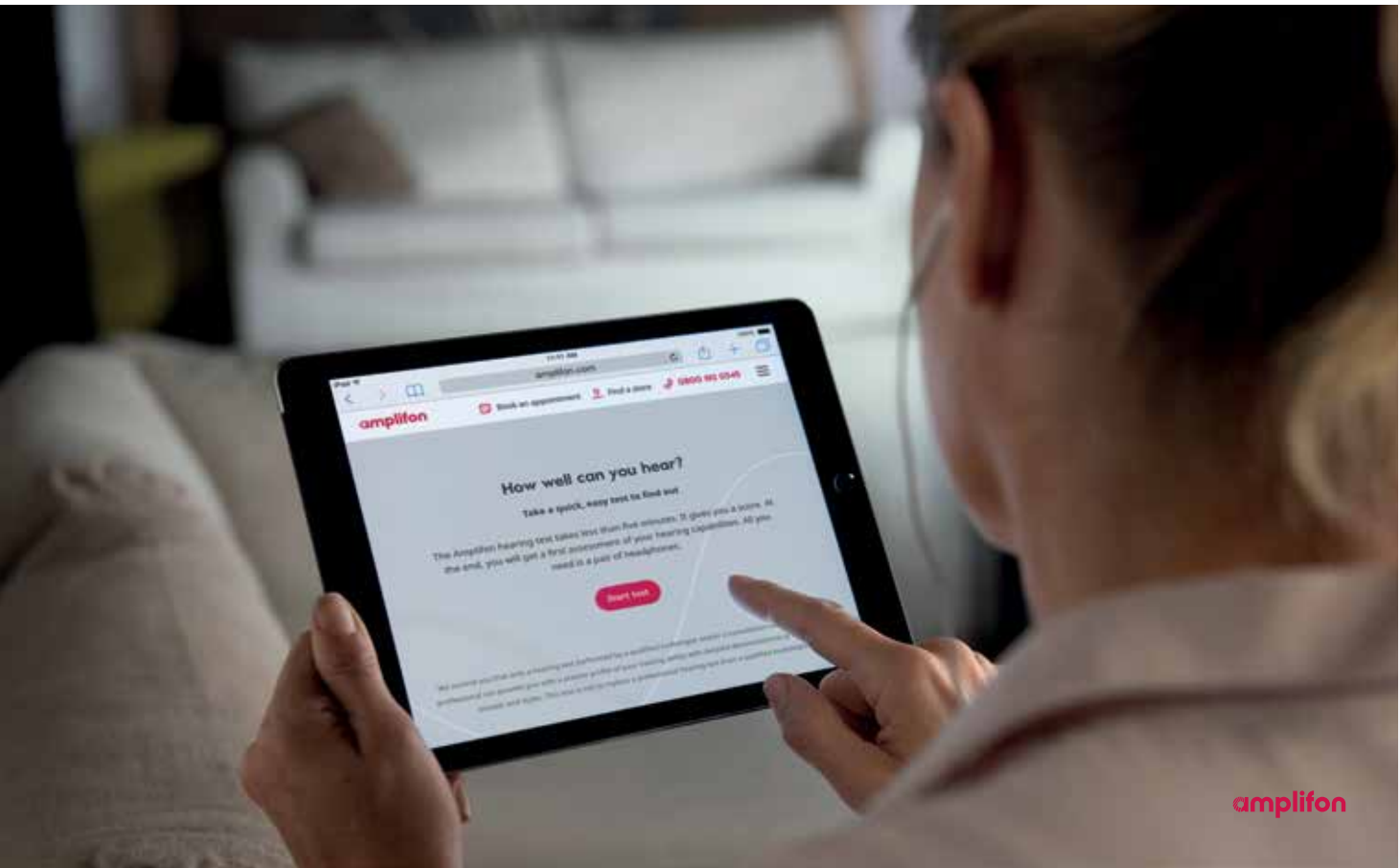
THE ECONOMIC
SAVING
GENERATED IN 2021
THANKS TO FREE
HEARING TESTS



GO TO PAGE
OUR HEARING
CARE
AWARENESS-
RAISING
CAMPAIGNS



FIND OUT MORE
A DATA-DRIVEN
APPROACH FOR
INCREASINGLY
DIGITAL AND
ENGAGING





2.3 QUALITY AND SAFETY FOR CUSTOMERS

We guarantee customer safety to prevent any harm to our consumers, from the fitting phase to the daily use of hearing aids, in full compliance with legal provisions.

Through Industry Associations, Amplifon’s Regulatory Affairs Function is in contact with lawmakers, health agencies, and professional scientific bodies for the purpose of supporting customer safety and ensuring access to high-quality audiological services. The procedures in place in the various countries guarantee the monitoring of the topics related to product quality and customer safety in accordance with applicable regulations. Since 2019, Amplifon is also part of the EHIMA (European Hearing Instrument Manufacturers Association), an association that monitors and promotes uniform European-level regulations associated with the production of hearing aids to guarantee their update in line with commercial and industrial developments.

**AMPLIFON
JOINED THE
EHIMA
IN 2019**

PRODUCT SAFETY

All manufacturers guarantee their hearing aids are produced in compliance with all applicable directives and laws of the countries where the products are distributed. They are also responsible for the numerous tests hearing aids undergo as medical devices, in order to guarantee user safety. In addition, for each product category we provide a specific manual for using the device safely, and labels with clear and accurate information related to safety are applied to the packaging.

If there are any doubts or concerns regarding the safety of the devices, or the products related to them, we request suppliers to carry out further analyses, even commissioning product safety assessments as well as other technological or production aspects to third party laboratories. If, following these analyses, it is not possible to guarantee total product safety, the supplier

is immediately asked to adopt the appropriate provisions which can give rise to a possible product recall as foreseen by the regulations.

Amplifon adopted the necessary procedures to comply with the **New Medical Device Regulation (EU) 2017/745 (MDR)** which since its entry into force on May 26th, 2021 regulates the obligations for the various players operating in the medical devices sector, after having repealed Directive 93/42/EEC (MDD). For Amplifon, classified as a distributor, the Regulations do not have a major impact other than guaranteeing product traceability and that storage and transport are compliant with the conditions established by the manufacturers. The requested procedures concern relevant activities such as complaint handling, labeling, product recall, and data management. A contact person has been appointed in each European country where we operate to guarantee compliance with these procedures and the conditions determined with manufacturers through Quality Agreements, who will be responsible for supervising the related activities. In 2021, monitoring activities related to the procedures introduced in the various European countries were launched.

SERVICE SAFETY

In order to guarantee customer safety in terms of service, we employ highly qualified hearing care professionals and invest substantially in their training. All machinery and equipment used is subject to planned maintenance protocols with timing and methods defined by the manufacturers. Furthermore, we have insurance policies in place to cover the few rare accidents which may occur.

The Amplifon App, developed internally and distributed in EU Countries as a medical device, has obtained the CE mark, and the same app branded Miracle-Ear has obtained the approval of the FDA (Food and Drug Administration) to be launched in the US in 2019. In order to obtain the CE mark, Amplifon had to adapt its Quality Management System and meet the ISO 13485:2016 requirements, by adopting a series of operational procedures, some of which are aimed at preventing and managing accidents, including:

- **“Standard Operating Procedure for Advisory Notice and Recall”**, to provide instructions on the use and recall of a medical device;
- **“Standard Operating Procedure for Customer Feedback and Complaint Handling”**, for the management of feedback and complaints related to digital services;
- **“Standard Operating Procedure for Vigilance and Incident Reporting”**, to assess whether malfunctioning of medical devices needs to be reported to the Competent Authority;
- **“Standard Operating Procedure for Corrective Action and Preventive Action Management”**, to manage the actions aimed at solving a problem and preventing it from recurring in the future.

Processes and suppliers involved in the development of the Amplifon App were subjected to an audit by a third party, which confirmed compliance with ISO 13485:2016. The certifying body also conducts annual audits. Finally, whenever a new version of the Amplifon App is released, it is subjected to a risk assessment to evaluate the potential risks for the health and safety of users associated with the use of the App.

**MEDICAL DEVICES
REGULATION (EU)
2017/745 (MDR))**
WE HAVE ALREADY
ADOPTED THE
NECESSARY
PROCEDURES FOR
COMPLIANCE

MONITORING
ACTIVE IN EUROPEAN
COUNTRIES

CE MARK
OBTAINED BY THE
AMPLIFON APP FOR
EUROPE

FDA APPROVAL
OBTAINED BY THE
AMPLIFON APP FOR
THE UNITED STATES

**QUALITY
MANAGEMENT
SYSTEM**
UPDATED IN
ACCORDANCE WITH
THE REQUIREMENTS
OF ISO

2.4 CYBERSECURITY AND DATA PRIVACY

Protecting the data that we own or possess is more than a priority for us: it is an essential condition for deserving the trust people place in us every day, as well as offering our customers more innovative services and the most advanced solutions.

It is also in the light of the growing importance people attribute to their privacy, that we continually invest in IT security to protect the huge amount of personal and the so-called “sensitive data” related to customers (particularly, sanitary data) at disposal of the Group. We implemented, both at headquarters and in our stores, a set of management tools to meet the requirements foreseen by national legislation regarding the personal data protection in all the countries where we operate. In order to ensure full and correct implementation, these instruments are subject first of all to a check by the Corporate Legal Department, through an annual reporting plan (second level checks) and then to verification by the Internal Audit plan (third level checks). For the implementation, the Corporate Legal Department provides the necessary support to the whole Group in the event of changes in the regulations, as indeed was the case in 2017 with the introduction of the new EU Regulation 2016/679 (General Data Protection Regulation - GDPR), in relation to which we reached total compliance through specific technical and organizational measures.

In 2021, the **Corporate Guidelines on privacy** applicable at EMEA level were updated, including the procedures useful for satisfying the GDPR requirements and those of local laws on data protection. Alongside this, an ongoing reporting and meeting program was implemented, through which the DPOs (Data Protection Officers) and local privacy managers at country level inform and update the Company on their activities, allowing the latter to carry out effective monitoring, as well as to share and manage global or local privacy problems, thereby creating useful synergies and lessons learned for

**GDPR
TOTAL
CONFORMITY**

**ONETRUST
PRIVACY
MANAGEMENT
TOOL
IMPLEMENTED
IN 2021**

the various Country Managers. Still in the area of privacy, in 2021 the One Trust Privacy Management solution program was implemented in EMEA and the US. This is a global top-notch tool for managing privacy compliance. This system actually allows the creation of an adaptable and integrated ecosystem for managing privacy issues, which mitigates the typical management difficulties faced by large multi-national groups operating worldwide. Beyond our activities, we also have specific procedures for managing third parties that handle personal data under the ownership of Amplifon. We only involve parties that provide enough guarantees on the technical and organizational measures implemented for respecting the GDPR requirements and safeguarding the rights of those involved, also by appointing a supplier data handler (DPA) and applying specific guidelines on third-party security requirements.

When designing the digital services offered by Amplifon, such as, for example, the multichannel ecosystem, the first requisite taken into consideration is always data privacy and security (**privacy and security by design**). With reference to the Amplifon App, consent for data processing for marketing and profiling purposes was updated in conformity with regulations and users can revoke their consent at any time. In general, in all countries Amplifon provides its customers, leads, and prospects with privacy information in line with the requirements of GDPR Articles 13 and 14 or in conformity with applicable legislation. For the launch of the Amplifon App in the United States, where the legislation on personal data protection is different, Amplifon was supported by professional consultants in the industry so that the App complied with the provisions of the *Health Insurance Portability and Accountability Act*. Always in accordance with the privacy by design criteria, in 2021 the Legal and IT functions provided an important support to the implementation of the Ampli-care program. Indeed, Ampli-care is the new audiological experience management platform built around the consumer, where the quantity and quality of the personal data we handle is proportionate to the local privacy and cybersecurity requirements and best practices.

At a governance level, we created a **dedicated cybersecurity team** which introduced specific processes to allow rapid adaptation to a constantly evolving scenario of cyber threats. The internal committee, created in 2020, was maintained and further strengthened in 2021. It supervises and manages all cybersecurity-related issues, and includes the IT and Legal Departments (including the Chief Information Officer and the Chief Legal Officer), the Group Internal Audit and Risk Management Officer, as well as representatives from the HR and Finance functions who act as the security champions for their respective functions. Managerial indicators for cyber risk assessment are periodically presented to this committee, various issues strategic are examined in depth and any serious incidents and lessons learned are presented. Every quarter the committee also organizes a special meeting with the Chief Executive Officer on the topic, as well as regular presentations to the Board of Directors, to share the main issues relating to performance, processes, and cybersecurity strategy. Privacy and cybersecurity policies are also included in the Group's Enterprise Risk Management, in order to identify and minimize any risks relating to data losses and cyber-attacks.

~2,400

TOTAL HOURS

TRAINING ON
PRIVACY AND GDPR
PROVIDED IN 2021
TO MORE THAN
2,100 EMPLOYEES

THE
CYBERSECURITY
COMMITTEE
WAS FURTHER
STRENGTHENED IN
2021



GO TO PAGE
INTERNAL
CONTROL AND RISK
MANAGEMENT
SYSTEM

Thanks for the solid internal corporate culture, our employees and collaborators understand the importance of issues related to privacy and cybersecurity as well as the associated risks and are periodically involved in various **security awareness** activities (i.e., inductions, security pills, phishing simulations) in order to make them aware of how to manage any anomalies. Specific training is provided to all employees to enhance their awareness of risks and cyber threats as well as foster secure behavior throughout the organization, in a continuous learning process. There is a documented framework with specific policies which regulate, among other things, issues such as *threat & vulnerability management, information security incident management, responsible use of IT*, etc., available to all collaborators to guarantee maximum security levels and protection of confidential data. In addition, all our hearing care professionals and staff working in the stores are trained and prepared to always manage sensitive customer data very carefully which, in conformity with Amplifon's Code of Ethics, cannot be disclosed or used for purposes other than those established.

~8,700

**TOTAL HOURS
TRAINING HOURS
ON CYBERSECURITY
PROVIDED IN 2021
TO OVER 7,800
EMPLOYEES**

In 2021 additional concrete initiatives were implemented to reduce cybersecurity risks, with a particular focus on the security of networks, services and endpoint equipment, improvement of monitoring and detection activities as well as increasing the awareness of all collaborators. With regard to the processes aimed at preventing any IT system interruptions and defending cyber-attacks, security measures were implemented aimed at both "increasing the cost" of a potential attack and reducing the remediation time in the various infrastructure layers (devices, applications, network, users) with specific security checks. Investments in the ICT architecture continued and in *security protection/detection/response* against new IT security threats, thereby contributing to Amplifon's digital transformation. The main cloud solutions and applications for data management guarantee high performance and, at the same time, the maximum-security levels available on the market. A major provider of IT security services deals in real time with security-related threats, 24 hours a day, every day of the year. If there is an alert, a team of experts intervenes to prevent attack or intrusion attempts, activating specific procedures to prevent the loss or theft of sensitive data concerning the Group or customers. The protection of the corporate network was further strengthened thanks to the introduction of advanced threat-control instruments which exploit artificial intelligence technologies. Vulnerability assessment and penetration testing activities were also carried out, as well as the encryption of disks to protect them from possible data theft in case corporate devices are stolen or mislaid. Lastly, we launched a process in 2021 that will lead to obtaining ISO27001 (Corporate) certification and HiTrust in the light of the **SOC2 certification already valid in the United States.**

**ISO27001 &
HITRUST
THE
CERTIFICATIONS
WE HAVE OBTAINED**

