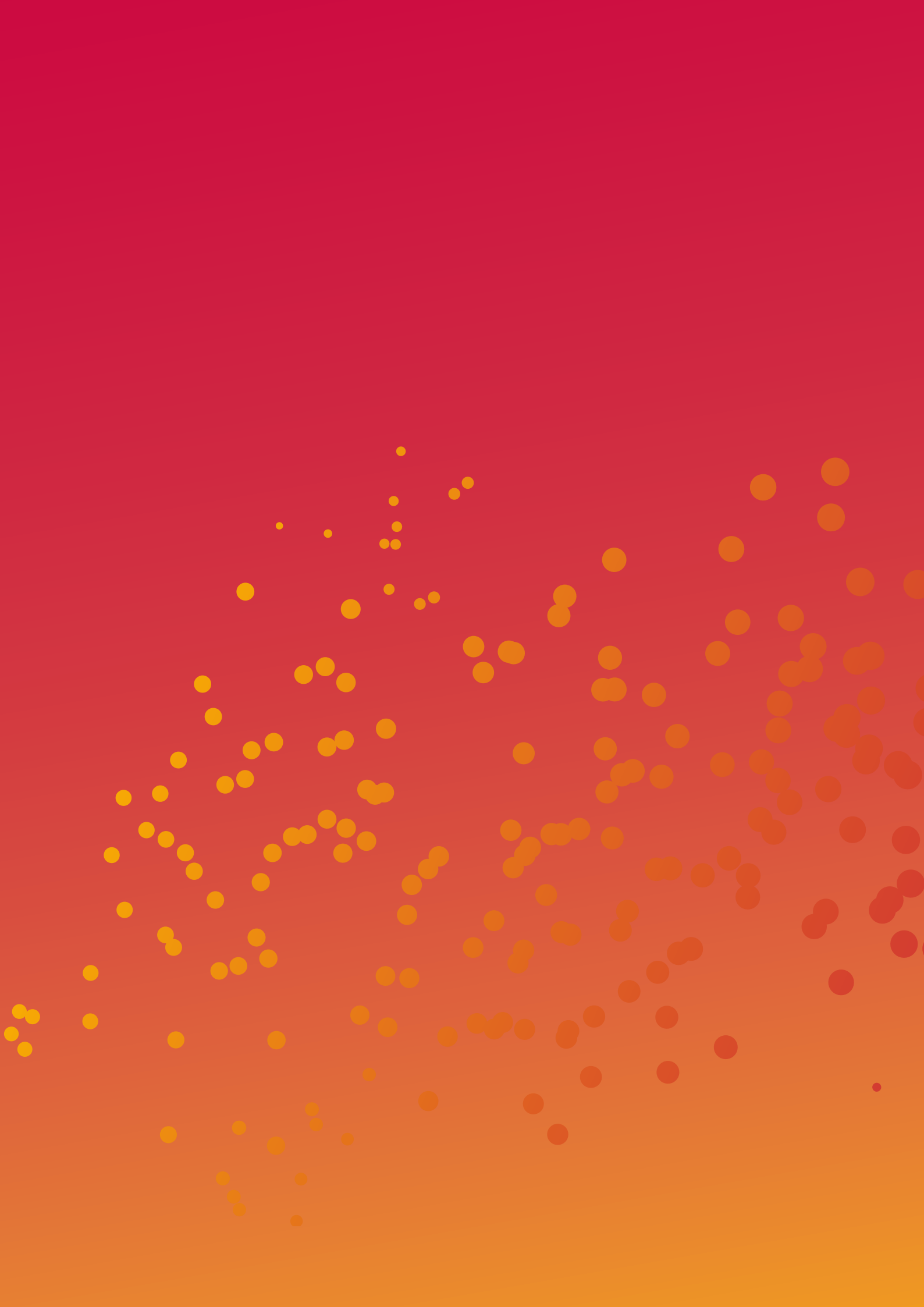


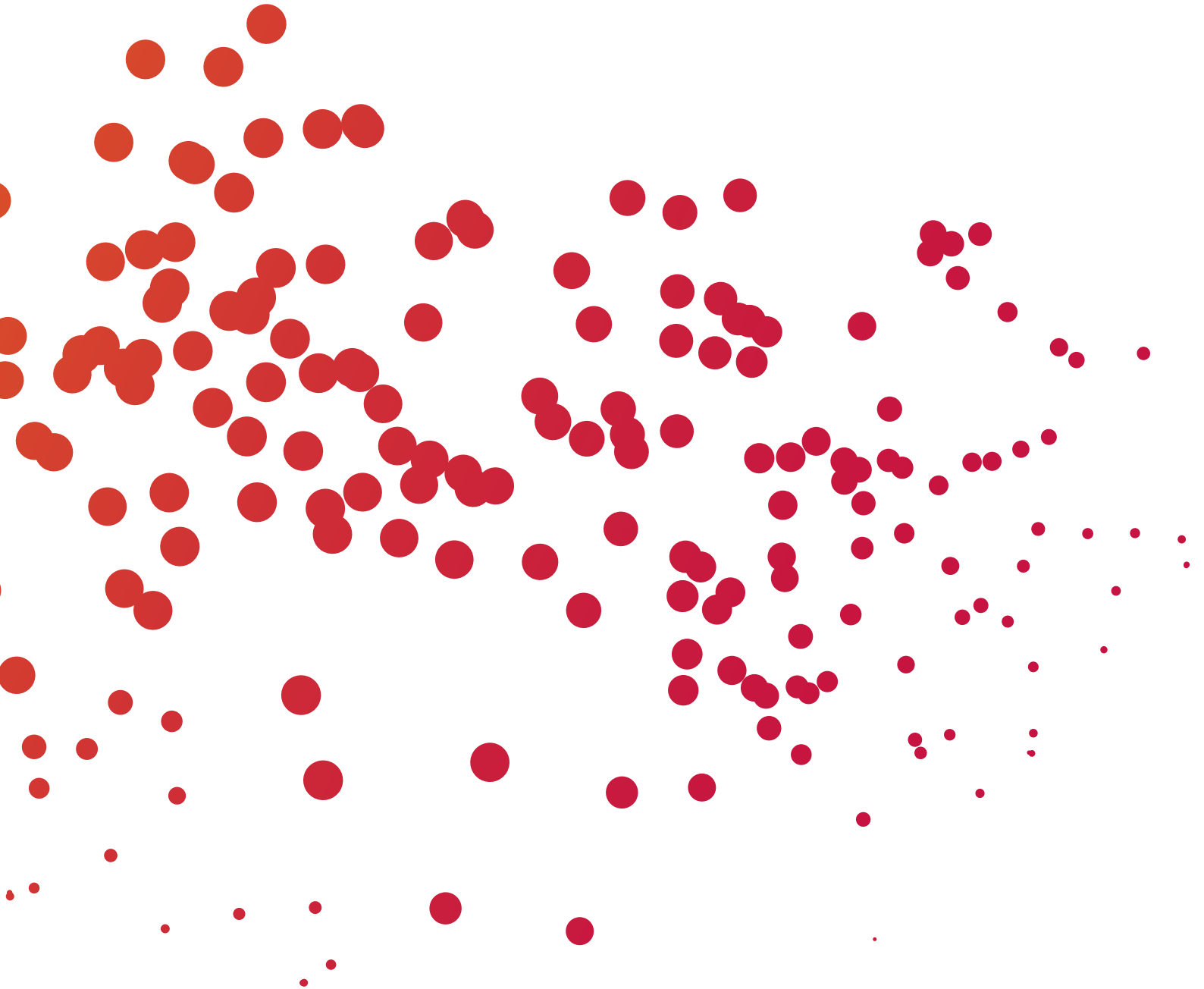


**Non-Financial Disclosure
at December 31st, 2017
(pursuant to Decree 254/2016)**





amplifon



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Message to the readers

Dear Reader,

We are delighted to share with you our Non-Financial Disclosure drafted in accordance with the Italian Legislative Decree 254/2016. This document represents not only the response to the Decree concerning the disclosure of non-financial and diversity information from large companies, but also the continuation of the path we undertook in 2016 with the publication of the first Sustainability Report, through which we committed ourselves to supporting the development of an even more sustainable business that responds our stakeholders' needs, enhancing our main intangible assets.

Our commitment in 2017 mainly focused on the improvement of the non-financial data collection, by means of procedures upgrade and the constant engagement of the people involved in the project, as well as the increase in the number of indicators included in the report and analysis of organizational models, internal policies and risks. Through this Disclosure, we aim at providing an overview of the Company's performance in the fields related to society, personnel, anti-corruption and environment.

It is vital to hear well at every age as it allows people to connect with the world around them and to enjoy a full personal and social life. As the global leader in hearing solutions and services, our key purpose is to **empower people** to rediscover all the emotions of sound. The relationship with customers is at the very foundation of what we do, thus we devoted everyday ourselves to listen to them and try to understand their needs with the aim of offering exclusive, complete and personalized services and solutions. To this end, in 2017 we undertook a deep analysis of the customer journey to ensure our customers' highest satisfaction.

All the above is possible thanks to our people. They are the asset that makes our business tick and we are therefore constantly looking to **inspire, develop and reward them**. This year we have worked on the formalization of our Corporate Culture intended to make explicit the principles which define us as One Company. We have invested over 440,000 hours in training and we have rewarded our best talents as we strongly believe in sharing the value created by our Company with the people who make it possible.



Finally, we are committed to best in class standards in the way we ***behave, operate and compete***. For this reason, the Company in 2017 approved its Anti-corruption Policy intended to ensure whether daily activities are carried out ethically, protecting value creation and those core values on which the Company's activities are founded. Furthermore, new steps in terms of responsibility towards the environment have been taken by measuring energy consumption and CO₂ emissions throughout the Group, to better understand our environmental impacts.

Thanks to the improved completeness of the data collection, this Disclosure represents a solid basis for deepening our considerations in terms of Corporate Social Responsibility. Over the next years, we are committed to further moving forward on the path of sustainability, recognizing the importance that the latter takes on in creating long-term value, both for the business and the society. We hope that you will continue to follow us on this important journey that makes us proud and that drives us to constantly improve.

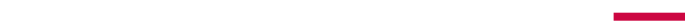
Susan Carol Holland

Chairperson

Enrico Vita

Chief Executive Officer

Amplifon at a glance

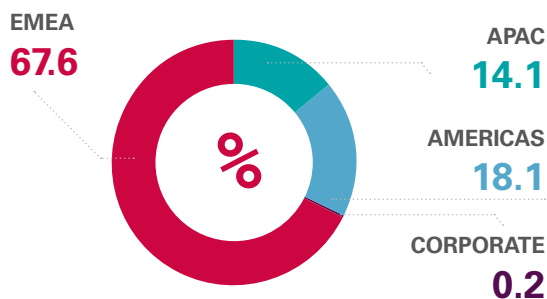


Amplifon, listed on the STAR segment of the Italian Stock Exchange since 2001, is the global leader in hearing solutions and services in terms of retail expertise, customization and consumer care. Through a network of approximately 10,000 points of sale, Amplifon is active in 22 Countries across EMEA (Italy, France, the Netherlands, Germany, the UK, Ireland, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Egypt, Turkey, Poland and Israel), Americas (U.S.A., Canada and Brazil) and APAC (Australia, New Zealand and India).

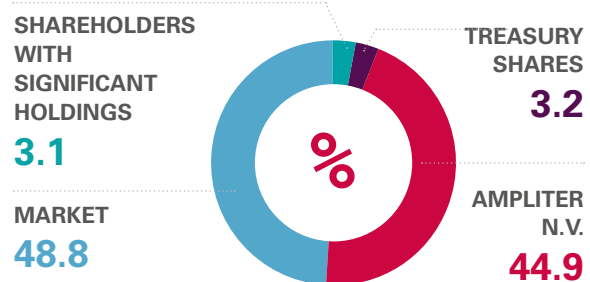
With more than 7,500 hearing care professionals, the Company is committed to delivering the highest quality of service and care, in order to achieve the best hearing experience for customers worldwide.

<p>€ 1.27 billion</p> <p>2017 revenues</p>	<p>67</p> <p>Years of experience</p>	<p>over</p> <p>7,500</p> <p>Hearing care professionals</p>
---	---	---

2017 revenues - €1,266m



Shareholder structure*



* The percentages refer to the share capital at December 31st, 2017.





~10%

Market share



22

Countries



~14,000

People



4,300

Direct points of sale



3,800

Shop-in-shops & corners



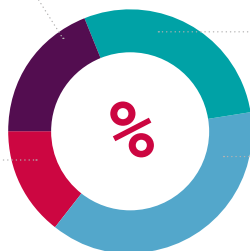
1,900

Affiliates

Distribution network - ~10,000 PoS

AFFILIATES
19.0

FRANCHISEES
14.2



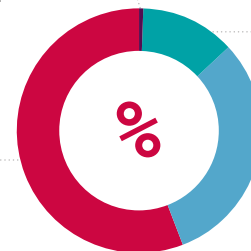
CORPORATE SHOPS
28.5

SIS & CORNERS
38.3

Workforce by area

CORPORATE
0.7

EMEA
55.7



APAC
12.6

AMERICAS
31.0

2017 sustainability highlights



Commitment towards customers

1. "Champions of Service in Italy" for the third year in a row
2. New Consumer websites launched in 6 Countries
3. Around 80,000 customer satisfaction surveys executed



Commitment towards our people

1. +9.6% workforce increase
2. More than 440,000 training hours
3. Project to define Amplifon's Corporate Culture



Commitment towards community

1. More than 1,500 children and adults supported and 3,000 hearing solutions donated through the Miracle-Ear Foundation
2. Publication of the consensus paper "The hearing brain"
3. Several prevention and awareness activities in all areas in which the Company operates



Commitment towards responsible business activity

1. Implementation of the new Group Anti-corruption Policy
2. Measurement of energy consumption extended to the whole Group
3. Measurement of CO₂e emissions extended to the whole Group



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

The cover page features a solid orange background with a large, dark orange circle in the center. Several thick, dark orange curved lines radiate from the circle, creating a stylized sunburst or molecular-like pattern. The text is centered within the dark orange circle.

**Amplifon's
Non-Financial Disclosure**

I. Amplifon's Non-Financial Disclosure

Amplifon's Non-Financial Disclosure represents the Company's response to the Italian Legislative Decree 254/2016 regarding the disclosure of non-financial and diversity information. From 2017, companies that fall within the scope of the Decree have been required to disclose information on environmental, social, anti-corruption and employee matters, as well as respect for human rights, considering also the impacts of their products, services, business relationships and, where necessary, of their supply chain. This Non-Financial Disclosure (hereinafter "Report"), that also coincides with the Sustainability Report of the Company, represents for Amplifon the continuation of the commitment already made in 2016 to inform its stakeholders on the performance and results achieved in terms of sustainability.

As well as providing stakeholders with a better understanding of Amplifon's commitment to sustainability, this Report is intended to support the Company in:

- identifying opportunities and enhancing intangible assets to create long-term value;
- managing risks impacting present and future performance;
- enhancing reputation internally and externally;
- being able to make better informed decisions;
- engaging with socially responsible investors.

In particular, Amplifon believes that by making Corporate Social Responsibility part of its strategic aims, it will be able to sustain and unlock growth potential through an all-round customer-centric strategy. The Company's goal is to find the perfect blend of innovative technologies, scientific knowledge and human touch, enabling customers to rediscover all the emotions of sound so that to regain life fulfillment. Furthermore, Amplifon aims to achieve increased community awareness and wider access to hearing healthcare, and wants to lead a cultural change in its sector in order to eliminate prejudices, promote empowerment and enable well-rounded hearing experiences for the approximately 360 million people worldwide with hearing impairment.

The Company's commitment to sustainability is also evident in its investment in talent and, particularly, in the engagement, recognition and continuous professional development of its workforce.

In addition, in 2017 Amplifon implemented a structured process for data collection, as part of the continuing development of its Group-level approach. As well as creating greater transparency, this has enabled Amplifon to better monitor its performance and will allow it to set sustainability goals for the medium and long term.

1.1 Stakeholder engagement

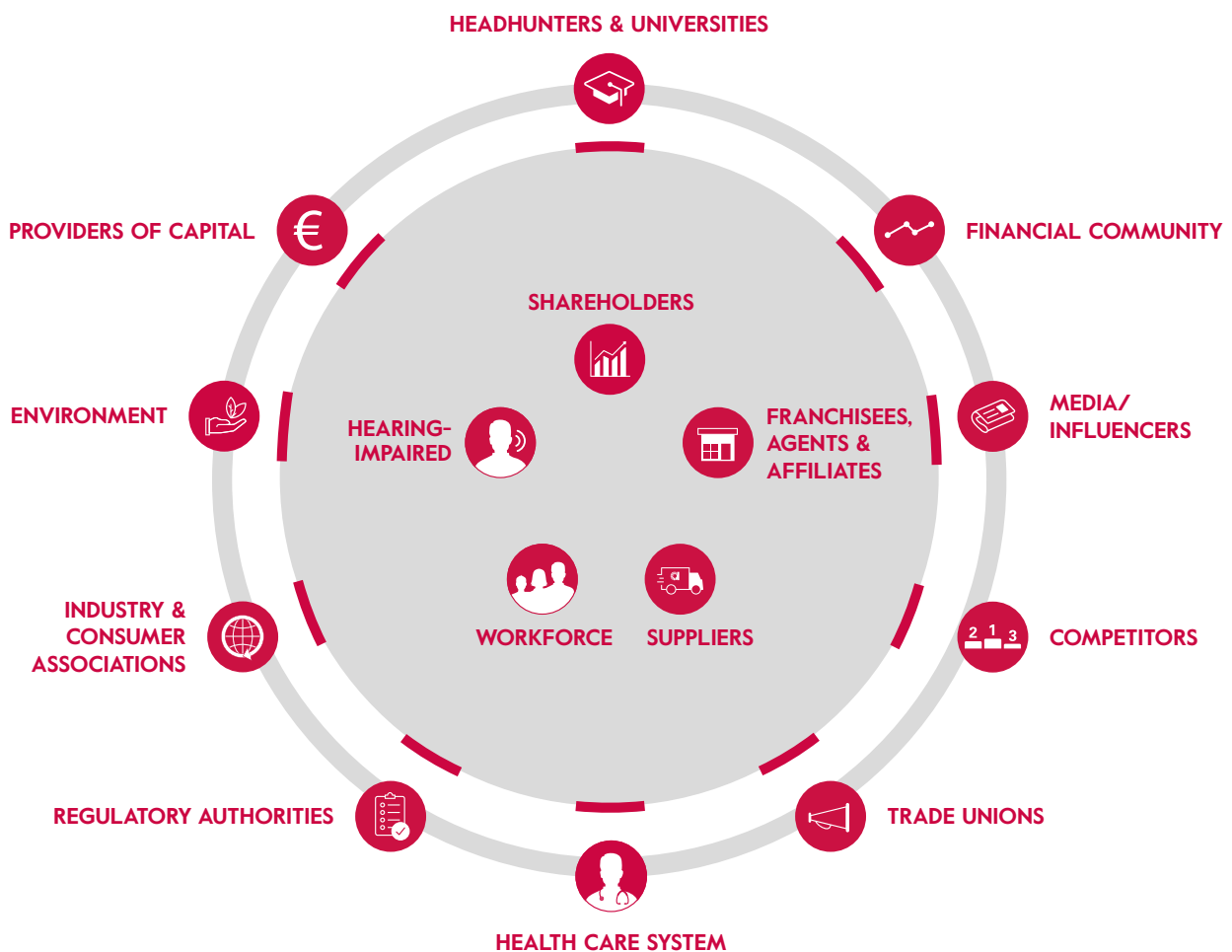
Amplifon operates in a dynamic international business environment, not only in terms of market trends but also in terms of the expectations of its complex spectrum of stakeholders. Engagement with the Company’s various stakeholders, which is based on the values of honesty, transparency and open dialogue, enables Amplifon to pursue its objective of creating economic value for the Company and social value for its stakeholders.

Amplifon monitors the external environment, considers long-term, global trends and listens to its stakeholders’ requests as they are fundamental activities for any Company with a sustainability-oriented approach.

In drafting this report, Amplifon has sought to map its current stakeholder network, classifying stakeholders according to the following criteria:

- dependence on Amplifon;
- influence on Amplifon.

Main stakeholders



Amplifon assigns paramount importance to stakeholder engagement, which is considered a powerful source of mutual learning and shared solutions. Amplifon also strives to involve its stakeholders in the best possible way, whether that means simply monitoring initiatives or finding solutions to relevant issues by engaging in open discussion.

Main engagement activities

The following table shows the main engagement activities carried out in 2017. The activities are explained according to the frequency with which stakeholders are engaged, engagement channels used, possible concerns raised and related Amplifon responses. Since stakeholder engagement occurs both at corporate and local level, the table includes the main activities undertaken by Corporate, as well as a representative example of practices adopted by the Countries for each group of stakeholders.

Stakeholder	Corporate/Country practices	Frequency of stakeholder engagement	Type of engagement activity
	Corporate	Annual	Customer satisfaction survey, focus groups and individual interviews
Hearing impaired	Country practice: Australia	Ongoing	Store appointments, phone calls, written communications
	Corporate	Monthly	Training activities, multi-functional meetings (such as the Corporate Communication Day), internal communication, performance management and reward processes, engagement survey, area meetings and store visits, Charles Holland Award
Workforce	Country practice: Switzerland	Daily	Emails, individual and group meetings, intranet, appraisals, engagement survey, reports
Franchisees, agents & affiliates⁽¹⁾	Country practice: Spain	Monthly, quarterly, annual	Focus group, engagement survey, individual and collective meetings, specific agents meetings, annual summits, written communications
Shareholders, investors and financial community	Corporate	Daily	Results conference calls, participation to roadshows and industry conferences with one-on-one and group meetings with institutional investors, analyst and investor company visits, Amplifon's corporate website management

⁽¹⁾ Engagement with franchisees, agents (like the ones in Spain and Italy) and affiliates takes place only at local level due to the business peculiarities in each Country.

Concerns/expectations raised by stakeholders

- Enhancing the customer experience in order to fully meet expectations about Amplifon's services and products
- Reducing social stigma associated with hearing loss
- Tackling the customers' uncertainty linked both to products and to the assessment and purchase process

- General customer complaints
- Commission-based sales
- Lack of mandatory registration for audiologists in the private market
- Cost of hearing aids
- Awareness of hearing health

Brief explanation of Amplifon's response

- Planning a set of improvement actions in terms of customer experience (products, services, physical and digital touchpoints etc.)
- Starting to develop an innovative approach both in terms of products and services, and of communication strategies

- Implementation of a standard complaint resolution process
- Development of engagement through areas of mutual interest, including audiologist registration
- Pricing transparency
- Improving client outcomes
- Enhancing the role of audiologist beyond the hearing aid
- Addressing the stigma of hearing loss by raising awareness

- Need to improve communication across corporate functions
- Career development
- Recognition
- Quality of work

- Communication days and regular management team meetings
- New intranet development on progress
- Ad hoc training and coaching initiatives and supporting tools development
- New working tools
- Headquarter refurbishment

- Quality and content of work
- Working time
- Objectives & rewards
- Work environment
- Communication style

- Improved appraisal process with key objectives
- New working tools
- Action plan on engagement survey
- Improved style of internal communication
- Improved remuneration process
- Part-time possibilities

- Quality of work
- Professional training and development

- New training programs
- Recognition and reward program
- Excellence Club

- Transparency of financial information
- Company performance
- Possible impacts of regulatory changes on the achievement of strategic goals

- Constant update of corporate website
- Provision to financial analysts, investors and media with the most up-to-date and transparent information
- Clear communication on strategy and future plans

Stakeholder	Corporate/Country practices	Frequency of stakeholder engagement	Type of engagement activity
Regulatory authorities	Corporate	Monthly	Dialogue with institutions and participation in working groups, periodic consultation and joint projects
	Country practice: New Zealand	Quarterly	Meeting both as Amplifon and as member of the New Zealand Hearing Industry Association
Industry & consumer associations	Corporate	Monthly	Joint actions, workshops, conferences, public presentations, meetings and joint projects
	Country practice: The Netherlands	Periodically	Meetings and written communications
Health care system	Corporate	Quarterly	Surveys, meetings with healthcare agencies (EU, UN-WHO) regarding quality information about professional hearing care
	Country practice: Belgium	Annual	Consultation and written communication
Suppliers	Corporate	Periodical	One-on-one meetings, site visits, industry conferences
	Country practice: France	On demand	Emails, phone calls and meetings
Headhunters & Universities	Corporate	Monthly	Meetings, research projects, internships, cooperation in research projects and teaching
	Country practice: UK	Monthly, weekly	Call and face-to-face quarterly to discuss student progress, future courses (such as Foundation Degree)
Media/Influencers	Corporate	Quarterly	Media releases, conference call, social media
	Country practice: Italy	Daily	Direct contact through different communication channels

Concerns/expectations raised by stakeholders	Brief explanation of Amplifon's response
<ul style="list-style-type: none"> - Need to introduce innovations - Need to improve the quality, system sustainability and affordability of hearing aids 	<ul style="list-style-type: none"> - Development of joint actions in collaboration with consumer associations and industry associations
<ul style="list-style-type: none"> - Affordability of hearing aids - Quality of service offered - Integration of hearing therapy and audiology - Customer satisfaction 	<ul style="list-style-type: none"> - Participation in industry reference groups - Regular engagement and collaboration with hearing therapy organizations - Awareness and fundraising campaigns - Training on hearing healthcare - Improvement of access through affordable range of devices - Free to Ear Samoa program
<ul style="list-style-type: none"> - Raising awareness of hearing care - Need for customer involvement - Preventing any conflict of interest during marketing and prevention campaigns 	<ul style="list-style-type: none"> - Collaboration in hearing care assessment and comparison among Countries - Identification of best practices - Organization of dedicated events - Focus on actions for which there is consensus within professional associations - Development of joint actions in collaboration with consumer and industry associations
<ul style="list-style-type: none"> - Finding an effective trade-off between product affordability and service quality - Innovative products 	<ul style="list-style-type: none"> - Cooperation to improve affordability without compromising service and product quality
<ul style="list-style-type: none"> - Improving the adoption rate of hearing aids - Improving the overall sustainability of national and regional hearing care systems 	<ul style="list-style-type: none"> - Researches proving that the adoption rate of disabling hearing loss (according to the WHO definition) is satisfactory in most of the Countries - Actions to improve reimbursement systems
<ul style="list-style-type: none"> - Business transparency - Budget for hearing care reimbursement 	<ul style="list-style-type: none"> - Sharing of information about the business - Dialogue with Ministry of Health - Sharing of Eurotrak research results
<ul style="list-style-type: none"> - Future development of the business - Adoption of new technologies 	<ul style="list-style-type: none"> - Sharing and comparison of mutual interests as well as business and customer insights - Joint projects
<ul style="list-style-type: none"> - Business trends - Contract rules 	<ul style="list-style-type: none"> - Sharing information and updates on business trends
<ul style="list-style-type: none"> - Ensuring that research and development activities are evidence based 	<ul style="list-style-type: none"> - Involvement of medical community and hearing care professionals in protocols development
<ul style="list-style-type: none"> - Need for students to improve skills and performance 	<ul style="list-style-type: none"> - Access to extra Learning & Training sessions to students - Increase of communications to weekly with student and university
<ul style="list-style-type: none"> - Up-to-date information on business development, ensuring the sharing of scientific development 	<ul style="list-style-type: none"> - Organization of events with key opinion leaders - Response rate improvement on social media - Conference call with media about marketing development and strategies
<ul style="list-style-type: none"> - Information requests (e.g. price, appointments) - General customer complaints - Updates on future marketing strategies 	<ul style="list-style-type: none"> - Immediate answers, and relative internal checks with other departments, provided to the customer within 15 days - Weekly update of websites and improvement to Amplifon presence on social media (Facebook, YouTube, Spotify, Google Plus) - Conference calls and press releases on marketing news

Economic value distributed to stakeholders

Amplifon creates value by contributing to the growth of the economic and social context in which it operates. Value creation begins with the development of stakeholder relationships and with the management and improvement of financial, productive, intellectual, human, social and relational assets. The value entails two strictly correlated dimensions: the value created for the organization itself and the value created for its stakeholders and the community in general. This aspect develops through a wide range of activities, interactions and relations that add up to those activities - for example, sales to customers - that have a direct impact on the variations in financial capital. The concept of economic value distribution allows for an interpretation of the financial highlights contained in the "Consolidated Financial Statements" from the perspective of the stakeholders as well as an understanding of the economic impacts of the Company. The calculation measures the value created by Amplifon in the year, its distribution among the Company's stakeholders and the value retained by the organization.

While conducting its business activities, Amplifon also creates wealth for those stakeholders that are influenced by the Company's economic results (workforce, Public Administration, community, shareholders), as well as for those that have commercial relationships with the organization (providers of loans, suppliers). The economic value generated by the Company less the value distributed to the stakeholders has been reported as "retained economic value": it is mainly composed of the portion of the net profit that is not distributed to shareholders in order to finance future investments.

In 2017, the economic value distributed by Amplifon was around €1,142 million; the economic value generated was €1,274 million; and the retained economic value was around €132 million. The economic value generated, as shown in the table below, is broken down as follows:

- operating costs were equal to €660 million (+9.3% vs. 2016). Main costs included are costs for raw materials, consumables and goods, commissions, store rents and other costs for services;
- employee wages and salaries accounted for €398 million (+17.5% against the previous year);
- payments to providers of capitals was around €33 million, thereof € 15 million distributed to shareholders;
- payments to government was equal to €49 million;
- community investments were around €847,000.

It should also be noted that the Company enjoyed €7 million of tax relief and tax credits, in addition to approximately €200,000 of subsidies and other €317,000 among premiums and financial incentives.

Economic value distributed

Direct economic value generated and distributed [thousands]	2016	2017
Economic value generated by the Company	€ 1,135,035	€ 1,273,813
Revenues*	€ 1,135,035	€ 1,273,813
Economic value distributed by the Company	€ 1,019,802	€ 1,141,831
Operating costs	€ 603,704	€ 660,135
Employee wages and benefits	€ 338,868	€ 398,024
Payments to providers of capital	€ 27,298	€ 33,486
- thereof dividends	€ 9,427	€ 15,292
- thereof interests paid to providers of loans	€ 17,942	€ 18,194
Payments to government	€ 48,989	€ 49,339
- thereof current income taxes	€ 44,257	€ 44,765
- thereof other corporate taxes and penalties	€ 4,732	€ 4,554
Community investments	€ 871	€ 847
Economic value retained by the Company	€ 115,233	€ 131,982

* Revenues differ from the figure reported in the 2017 Consolidated Financial Statements as it refers to the Company revenues from sales and services plus other revenues.

1.2 Materiality assessment

In 2017, Amplifon updated its materiality analysis in accordance with the GRI-G4 Sustainability Reporting Guidelines. Thanks to this analysis, the Company identified the economic, environmental and social issues mostly impacting on the organization and influencing key stakeholders' decisions as well.

Preliminary analysis and relevant topics

The first step of the analysis concerned evaluating various information sources in order to identify potentially relevant sustainability topics. The following information sources were considered:

- the results of analysis of persistent sustainability issues at regional and international level derived from documents and reports by the most relevant influencers, non-governmental organizations and policy makers (such as the Global Reporting Initiative, EU Policies and UN Reports);
- the results of a benchmarking analysis on non-financial reporting best practices by players operating in comparable sectors to Amplifon's core business;
- the results of a sector-specific media analysis that covered news flow regarding Amplifon and industry "hot topics";
- GRI-G4 Sustainability Reporting Guidelines Sustainability Aspects;
- SASB (Sustainability Accounting Standard Board) Health Care Standards;
- information collected from different business divisions (HR, Legal, Risk Management, Procurement etc.);
- internal documents (such as the Code of Ethics);
- reports from industry and customer associations.

A pool of 21 relevant sustainability topics were identified through this preliminary analysis.

Materiality of non-financial topics for Amplifon and its stakeholders

The next step was to prioritize the identified topics. This was achieved by holding management meetings in which the relevance of each topic to Amplifon and its stakeholders was carefully considered. Results of the 2016 materiality assessment have also been taken into account.

The significance of each sustainability theme for Amplifon was assessed using the following input:

- the views of the Company's top management across key Countries and business operations;
- the policies already adopted by Amplifon;
- the potential impacts on the Company's ability to generate value in the long term.

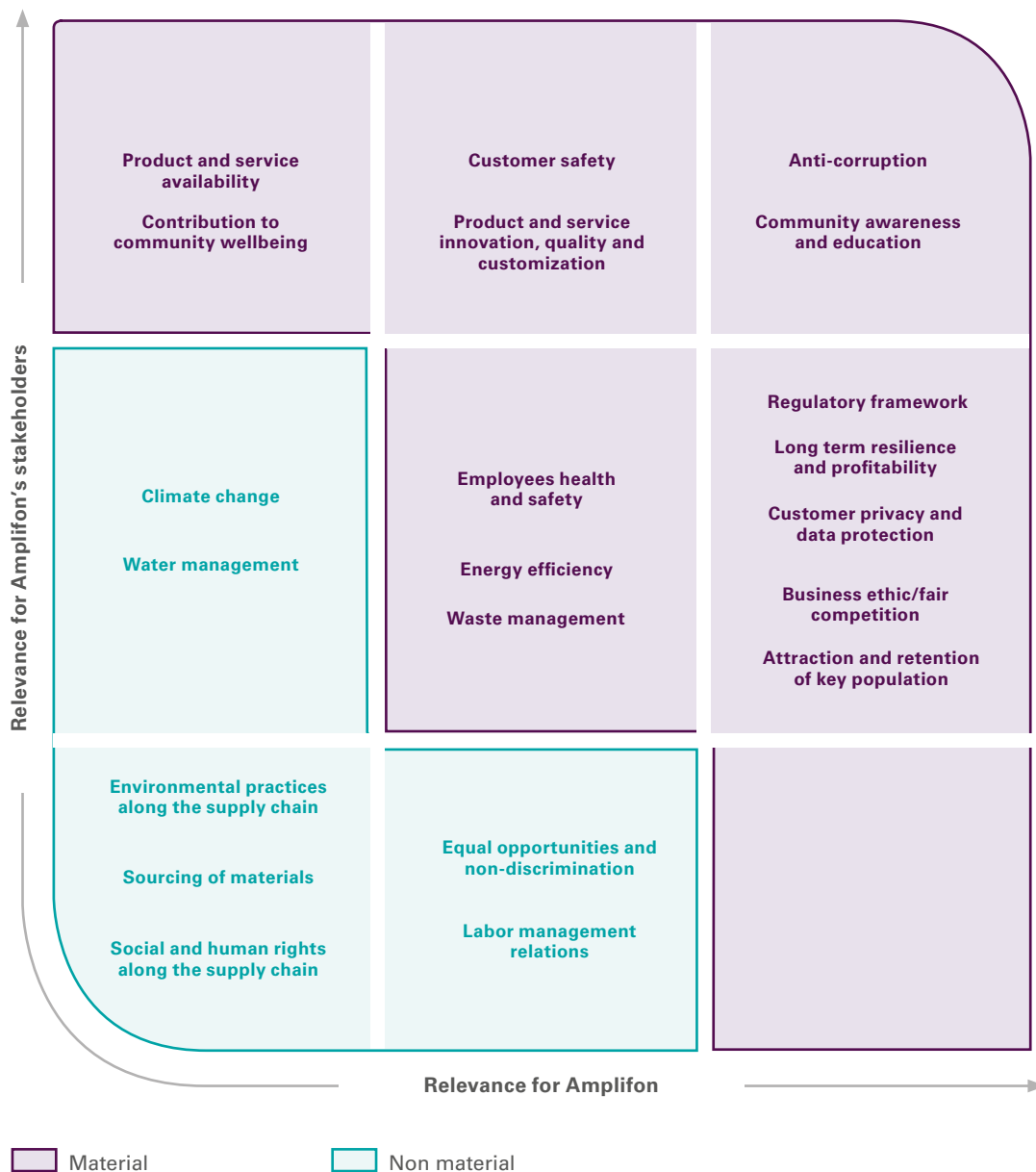
The relevance of each sustainability topic for the key stakeholders was assessed using the results of the preliminary analysis (benchmark and media analyses) and the top management's own perceptions of stakeholders' priorities. The preliminary analysis also enabled the Company to understand the importance to the public of each sustainability issue and to identify the most relevant topics at industry level.

In accordance with the GRI-G4 Sustainability Reporting Guidelines, the materiality of the sustainability issues was assessed by considering the relevance of their impacts along Amplifon's entire value creation chain, both within and outside the reporting scope.

Prioritization

Through these analyses, Amplifon was able to identify the material sustainability topics that were relevant both for the Company and for the stakeholders. This set of topics is highlighted in the following chart.

Materiality assessment



The chart only reflects the materiality of non-financial topics within the specific period. Pressures and trends change over time and, for this reason, the chart will be periodically updated.

The following results are particularly noteworthy:

- The importance that “anti-corruption” takes on indicates the need to ensure corporate ethical practices in the organization and stakeholders’ interests. “Community awareness and education” is another of the topics of highest impact to Amplifon and its stakeholders in terms of materiality, which reflects the pivotal role the Company plays in raising awareness of hearing healthcare through communication campaigns and prevention activities;

- Both Amplifon and its stakeholders consider as material “long term resilience and profitability”, that is the outcome of customer satisfaction, digital and retail excellence, as well as business ethics (pertinent to “business ethic/fair competition” and “regulatory framework”). The importance of “customer privacy and data protection” for Amplifon reflects the increasing attention of the issue at European level and the efforts the Company is making to address it. Another topic of crucial importance is related to Amplifon’s capability in “attraction and retention of key population” in order to guarantee long-term business sustainability and a service of excellence;
- “Product and service innovation, quality and customization” are key elements of the Company's business, aimed at guaranteeing the superior satisfaction of those who choose Amplifon, which cannot disregard "customer safety";
- “Product and service availability” and “contribution to community wellbeing” were identified as material topics by Amplifon’s stakeholders because of the significant impact the Company has on its current and potential customers, as well as on people suffering from hearing loss in general;
- To conclude, “employees health and safety”, “energy efficiency” and “waste management” are topics of equal relevance both for Amplifon and its stakeholders. More specifically, the two aspects related to the environment have been considered as material primarily because of the energy consumption and waste production issues relating to Amplifon’s points of sale and headquarters’ activities.

Some of the non-financial topics requested by the Italian Legislative Decree 254/2016 - e.g. equal opportunities and non-discrimination, social and human rights along the supply chain, water management and climate change - were not considered material, primarily due to the low impact of Amplifon’s activities in those areas.



1.3 Non-financial risks identification

In order to provide a comprehensive overview to stakeholders, as well as to be in compliance with the Italian Legislative Decree 254/2016, this Report comprises a section dedicated to the identification of non-financial risks.

The table below takes each non-financial material topic identified in the materiality assessment, and summarizes the risks suffered or generated by Amplifon through its activities and along the value chain as well as the main actions implemented in response to those risks.

Material topic	Risk identification	Risk description	Risk response
Attraction and retention of key population	Potential risk linked to the lack of adequate and qualified personnel in the shops and in key managerial role	Shortage of hearing care professionals and the risk that they could join competitors may affect Amplifon's organic growth. Lack of technical skills can lead to inefficiencies in sales teams in certain Countries. Inadequate succession plans for key managerial roles may affect Amplifon's future execution capability.	<ul style="list-style-type: none"> - Job fairs, links with universities, digital channels - Supporting Countries by monitoring turnover of hearing care professionals on a quarterly basis and defining action plans to reduce it - Annual survey to monitor employee engagement - Identifying what "excellence" means in Amplifon - Exclusive training programs for audiologists and ongoing design of a new training path - Recognition of and investment in top performers and talents - Improvement of successions plans - Formalization of the Group Corporate Culture
Employees' health and safety	Potential risk linked to the occurrence of non-compliance regarding health and safety regulations	Non-compliance with health and safety regulations and recommendations regarding workplace conditions, including injuries occurring to members of the workforce or to suppliers' employees, may lead to monetary sanctions and reputational damages.	<ul style="list-style-type: none"> - Compliance with local and regional law and regulation with respect to employees health and safety
Anti-corruption	Potential risk linked to crimes of corruption and bribery	The likelihood that the personnel commits illegal acts or violates the Company's rules can lead to monetary sanctions and reputation damages. Corruption or bribery events may occur in the relationships between Amplifon's personnel and the medical community, public institutions, suppliers or insurance companies.	<ul style="list-style-type: none"> - 231 model in Italy - Group Anti-corruption Policy - Implementation of the Code of Ethics and communication of the Company's values - Training to employees and the Board of Directors - Audits

Material topic	Risk identification	Risk description	Risk response
Waste management	Potential risk linked to low control over waste management along the value chain	Non-compliance with local and regional regulatory requirements concerning waste management can lead to monetary sanctions, reputational damages and increased environmental impact.	- Compliance with local regulatory systems on waste management along the product life cycle
Energy efficiency	Potential risk linked to low control over energy consumption of the Group	Missed opportunities for cost reductions through energy efficiency strategies and unpreparedness in facing stricter energy efficiency requirements may cause an increase in operational costs and higher environmental impacts.	- Initial monitoring of retail energy consumptions*
Community awareness and education	Potential risk linked to misinformation about contents of marketing campaigns and other communication channels	The publication of unclear information, through communication channels and sales personnel, may lead to reputational damages. There may also be difficulties in adapting communication contents and channels to different and evolving audiences.	- Implementation of a control system that includes the review of published contents by an expert from the medical community - Investments in a multichannel approach and a comprehensive communication strategy - Roll-out of Amplifon 360 experience to provide all customers with more insights and understanding at every stage of the journey - Training to hearing care professionals - Investments in IT security systems
Customer privacy and data protection	Potential risk linked to the inability to protect customers' data and information	Non-compliance with regulatory requirements on data privacy can lead to monetary sanctions. Data losses and breaches may lead to operational and reputational damages.	- Implementation of a remediation plan in accordance with GDPR (General Data Protection Regulation) in the EU States in which Amplifon operates - Investments in IT security systems
Product and service availability	Potential risk linked to the difficulties customers may have in reaching Amplifon's services	The scarce network coverage or inaccessibility of stores for older people may affect Amplifon's penetration.	- Free hearing tests, including "mobile" hearing tests
Contribution to community wellbeing	Potential risk linked to the inability to catch the opportunities arising from a consistent community investment plan	The lack of a global community investment plan may affect the investment efficacy and lead to a lower social return on the investment.	- Initial collection and monitoring of information about existing local projects*
Customer safety	Potential risk linked to the inability to ensure the safety of customers	Non-compliance with product and labelling regulations, the misapplication or misuse of hearing aids, and the possible defectiveness of products can lead to monetary sanctions and reputational damages.	- Strong cooperation with suppliers - Training provided to hearing care professionals - Mapping of regulatory changes in order ensure up-to-date - Insurance coverage
Business ethic/fair competition	Potential risk linked to the occurrence of unethical business practices and unfair competition	Amplifon employees' non-compliance with respect to legislative regulations, the Code of Ethics and procedures can lead to monetary sanctions and to reputational damages due to sanctions or allegations.	- Implementation of the Code of Ethics and communication of the Company's values - Crisis manual management - 231 model in Italy - Group Anti-corruption Policy

* These initiatives are not yet in place, but have been identified as a response to the risks to be implemented.





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

The background is a solid light orange color. A large, dark orange circle is centered on the page. From the top and bottom edges of this circle, several thick, dark orange lines radiate outwards, curving slightly as they extend towards the corners of the frame. The overall effect is a stylized, sun-like or flower-like pattern.

Who we are

2. Who we are

2.1 Our Corporate Culture

Purpose

We empower people
to rediscover
all the emotions of sound

This means

This statement is the reason we exist and the reason we do what we do. It is what motivates us and guides us in our day-to-day work and allows us to explore new innovations, new horizons and new opportunities for the business, our customers and each other.

We guide customers in a journey of empowerment. A journey that means they can rediscover something they have lost – making it possible for them to, once again, enjoy life through the emotions of sound.

Mission

We transform the way hearing healthcare is perceived and experienced 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.

This means

Our mission is what we aim to achieve, together, in the years to come.

We aim at leading the industry by being innovative, focusing on our service, setting high standards and tackling industry stigmas – changing the lives of millions of people around the world. The driving force behind our success? Our people.

Values



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



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



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



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



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

In 2017 Amplifon kicked off a project to formalize a Corporate Culture aimed at being an expression of the business as well as an element of identity for its employees. Moreover, Amplifon's Corporate Culture is intended to boost engagement and motivation among its employees, raise Amplifon's reputation as an employer of choice and attract new talents. The definition of the Corporate Culture followed a bottom-up process, starting from an internal online survey and subsequently integrated with interviews to senior managers, workshops and virtual focus groups. Thanks to that, it has been possible to draft Amplifon's Purpose, Mission, Values and Leadership Model, which were approved by an international committee made up by representatives of several countries where Amplifon operates and different functions, including the CEO and some hearing care professionals.

2.1 Market scenario

Being able to hear is essential at any age as it allows people to connect with the world around them and to enjoy a full personal and social life. Although it is more common in the elderly due to the natural aging of cells, hearing loss can affect all age groups. Approximately 15% of the world's adult population has some degree of hearing loss. Of these people, the World Health Organization estimates that 360 million have a disabling hearing loss. This number is expected to double between 2030 and 2050 due to the increasing life expectancy of the global population. In fact, the key market growth drivers are demographics, with baby boomers turning 65+, technological innovation, noise pollution and the wellness culture, with the desire to live full and active lives increasing also among seniors.



HEARING LOSS

Hearing loss is a decrease in hearing ability. It is a problem that entails a reduced perception of sounds and difficulty in understanding speech, especially when whispered and/or in the presence of background noise.

Reduced hearing ability is more common in older adults, with one in three people over 65 having some degree of hearing loss. However, it does affect all age groups, and younger people can also suffer hearing loss caused by acoustic trauma, genetic diseases and ear infections, as well as through the massive use of MP3s and smartphones, and loud music in discos and clubs.

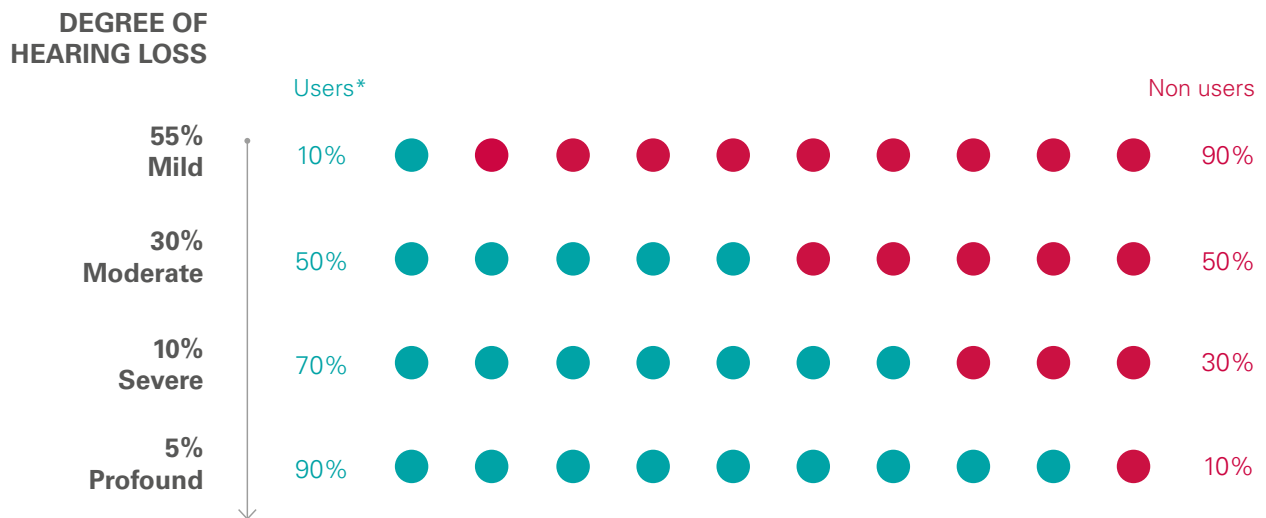
Hearing loss is more prevalent in men. This may be because women benefit from hormonal protection between the ages of 30 and 50 years, although the main reason probably lies in the levels of noise men are exposed to during work and leisure activities.

Hearing loss is characterized by clear-cut symptoms:

1. People ask for single words or whole phrases to be repeated because they misunderstand them or are disturbed by background noise (domestic appliances, traffic, etc.);
2. They have difficulty following a conversation when they are in open air or among several people talking at the same time;
3. They keep the television or radio volume extra loud;
4. They tend to speak loudly.

Considering the serious consequences faced by people with untreated hearing loss (ranging from isolation and frailty to depression and cognitive decline), the overall hearing solution penetration rate in developed Countries can definitely be improved.

Hearing solutions adoption rate by degree of hearing difficulty in developed markets



* People who adopt hearing solutions

People wait 7 years on average before taking action and approaching a hearing care professional, thus exacerbating the side effects of hearing loss. Reasons for this delay include:

- difficulty in admitting the problem;
- prejudice and stigma related to hearing aids;
- dissatisfaction with the use of non-advanced technologies;
- lack of information on the effects of overlooked hearing loss;
- lack of information on the development and progresses of hearing solution technologies and services.

The World Health Organization estimates the economic impact of unaddressed hearing loss to be around 750 billion dollars per year, which is equal to the annual combined health expenditure of Brazil and China or the GDP of the Netherlands.

In this context, hearing care professionals play a fundamental role in the successful recovery of the sense of hearing, given that it is highly dependent on the fitting and customization of the hearing device itself.

2.3 Business model

Amplifon is the global leader in hearing solutions and services in terms of retail expertise, customization and consumer care. It operates under different business models, enabling it to better adapt its offer to the peculiarities of each market where it operates.

Value chain



Business-to-consumer model

In EMEA and APAC, Amplifon mainly adopts a B2C business model, operating mostly through direct points of sale, which can be either corporate shops or shop-in-shops and corners.

- **Corporate shops** are direct points of sale managed either by Amplifon staff or by people working on behalf of the Company on a commission basis. Amplifon has 2,857 of these fully equipped shops, where customers get in direct contact with the Company.
- **Shop-in-shops and corners** are direct points of sale located in third-party premises (e.g. pharmacies, opticians and medical surgeries) that are visited by audiologists on a regular basis. They are very common in rural areas with low population rates. Customers for whom these outlets represent the first point of contact may be directed to a store when necessary. Amplifon’s points-of-sale network consists of 3,877 shop-in-shops and corners.

Business-to-business model

In the USA, Amplifon operates two different B2B business models:

Franchising (Miracle-Ear)

It is a network of retailers who run outlets under a franchising agreement and using Amplifon’s Miracle-Ear brand. Such retailers benefit from a leading brand, advanced marketing tools and other value-added services provided by Amplifon. They purchase products exclusively from Amplifon and can make use of Service Centers as their first contact point with customers. Miracle-Ear’s points of sale in the USA are more than 1,400.

Value-added buying group (Elite Hearing Network)

It is a buying group serving the independent market (audiologists, ENTs). These independent retailers, affiliates of the Elite Hearing Network, operate with their own brands, purchase products from Amplifon and benefit from favorable price conditions thanks to economies of scale and a variety of support services. The affiliates to Elite Hearing Network offers are around 1,859.

Managed care business model

In the USA, the Company also operates in the B2C market through Amplifon Hearing Health Care (AHHC), which is a network-based provider of hearing aids to the US health insurance industry. AHHC's objective is to sign contracts with insurance companies, some of which are on an exclusive basis, so that their customers with hearing difficulties are referred by Amplifon Hearing Health Care to the closest hearing care providers. Amplifon Hearing Health Care network includes Miracle-Ear members or Elite Hearing Network affiliates or third parties. The customer receives the hearing solution together with the personalized fitting service from the hearing care provider, which in turn receives the hearing device and a fee for the fitting from Amplifon Hearing Health Care.



Strengths

Leveraging its unique global position and over 65-year-long experience, Amplifon continually innovates its value proposition to be even more relevant to its fast-evolving customers.

Expertise model



Amplifon's network of highly qualified hearing care professionals meets every person's needs by blending innovative technologies and scientific know-how including Amplifon 360 proprietary protocol with a personal approach to ensure a superior customer experience.

Brands



Amplifon's strong brand portfolio allows the Company to be at the helm of a real cultural change in the industry, redefining the way customers feel about their hearing. Amplifon's communication approach looks to empower people, uses digital tools in a multi-channel approach.

Employer of choice



Investing in talents, in the continuous professional development and in rewarding its people makes Amplifon the employer of choice in the industry.

Global scale



A unique global distribution network made of different types of points of sale allows Amplifon to be always close to its customers, to share best practices among its hearing care professionals throughout the world and to diversify its exposure to several markets.

Innovation



Amplifon is pioneer in adopting innovative technologies, developing proprietary services, tools and protocols, and in the way the Company interact with its customers. The relationship between Amplifon and its customers is managed throughout the entire customer journey thanks to an advanced IT platform which, together with an intense data mining activity, creates a truly personalized experience.

Scientific leadership



Amplifon's Center for Research and Studies (CRS) is a specialized partner to the medical and academic communities and leader in the fields of audiology and otolaryngology.

2.4 Market presence and supply chain

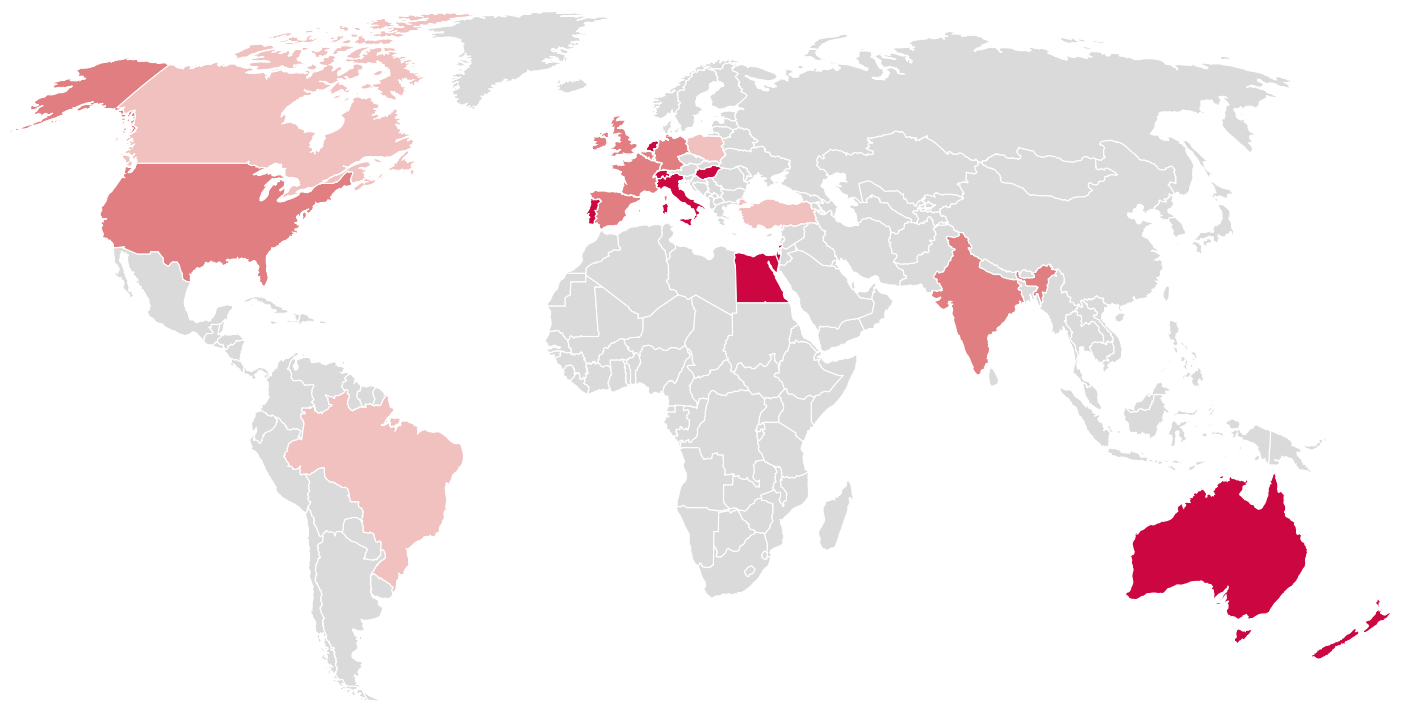
Amplifon operates under three regions (EMEA, APAC, Americas) and across five continents. It holds at least a top 3 position in all the key markets where it is active and is one of the fastest-growing businesses in the retail arena.

Amplifon presence

AMERICAS

EMEA

APAC

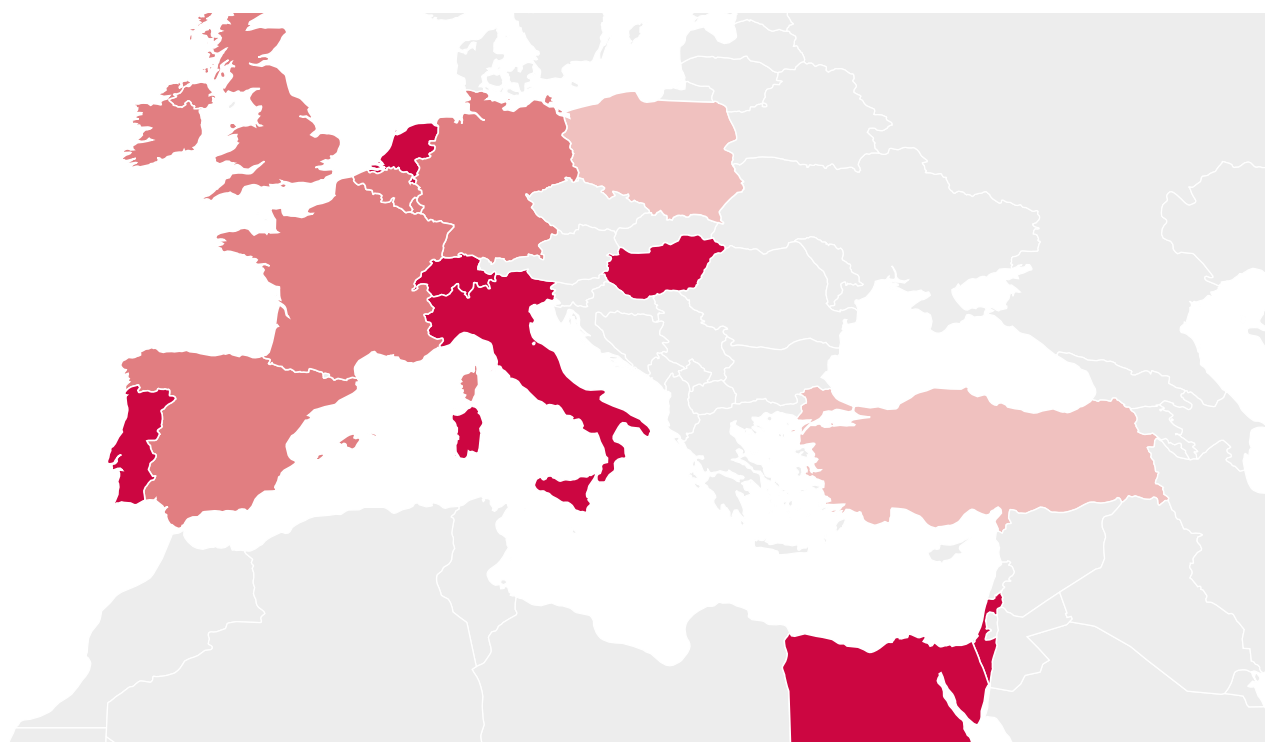


This map, like the following ones, shows in red the Countries where Amplifon operates, using a darker shade for those Countries where the Group has a high market share.



EMEA

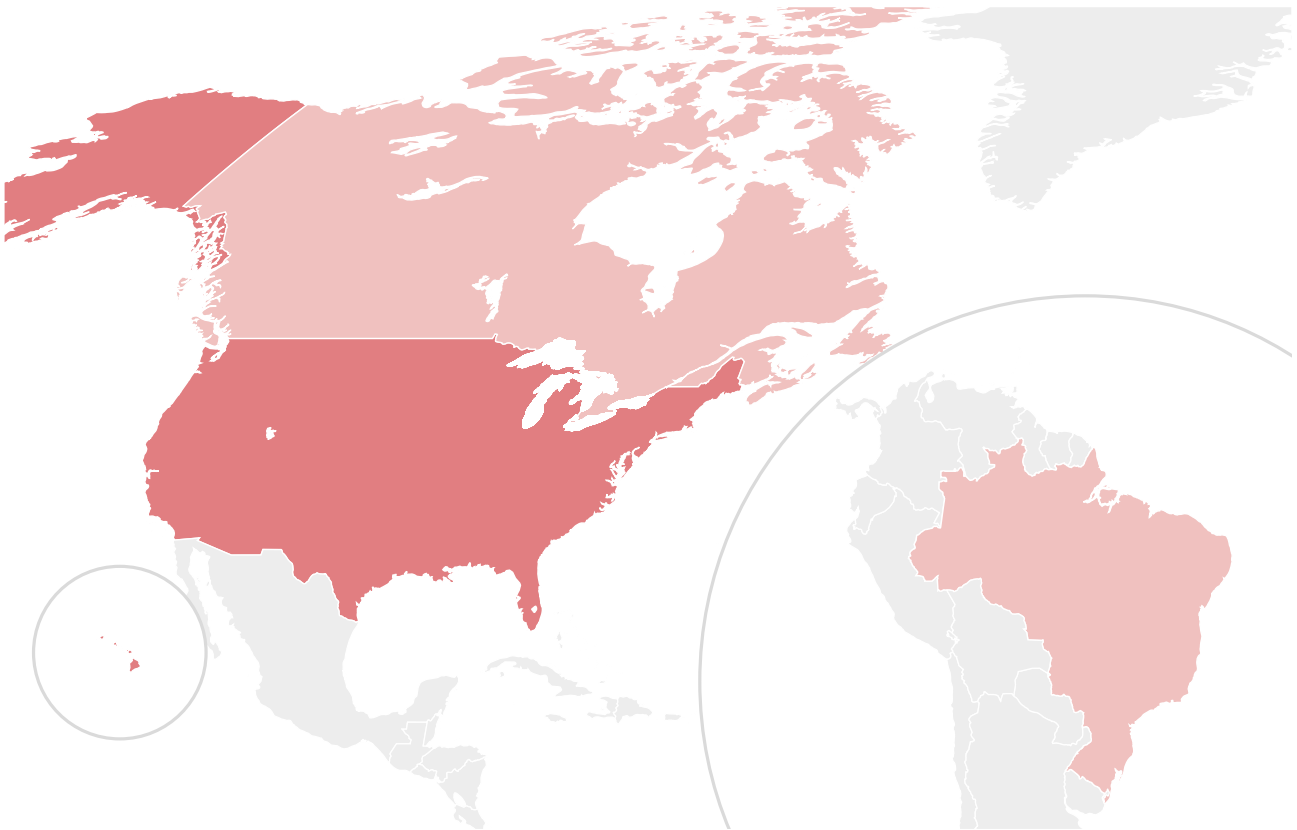
The EMEA region is a large and heterogeneous retail market consisting of 16 Countries and characterized by different market structures, penetration rates and regulations. In this region, Amplifon adopts a unique business model, allowing the Company to replicate its best practice and efficiencies in its several countries. Each of them can be considered a laboratory where innovative ideas can be tested and then spread and adapted by the other Countries. This allows Amplifon to exploit and foster a wide range of synergies.



Country	Brand	Corporate shops	Shop-in-shops & corners	Franchisees	Network affiliates
Italy	Amplifon	584	3,118	-	-
France	Amplifon	522	99	-	-
Germany	Amplifon	441	-	-	-
The Netherlands	Beter Horen	169	50	-	-
Spain	Amplifon	165	34	-	-
UK & Ireland	Amplifon	132	73	-	-
Switzerland	Amplifon	92	-	-	-
Belgium & Luxembourg	Amplifon	86	52	10	-
Hungary	Amplifon	74	-	-	-
Portugal	MiniSom	68	54	-	-
Poland	Amplifon	58	1	-	-
Egypt	Amplifon	23	-	-	-
Israel	Medtechnica Orthophone	21	-	-	52
Turkey	Maxtone	20	-	-	-
Total		2,455	3,481	10	52

Americas

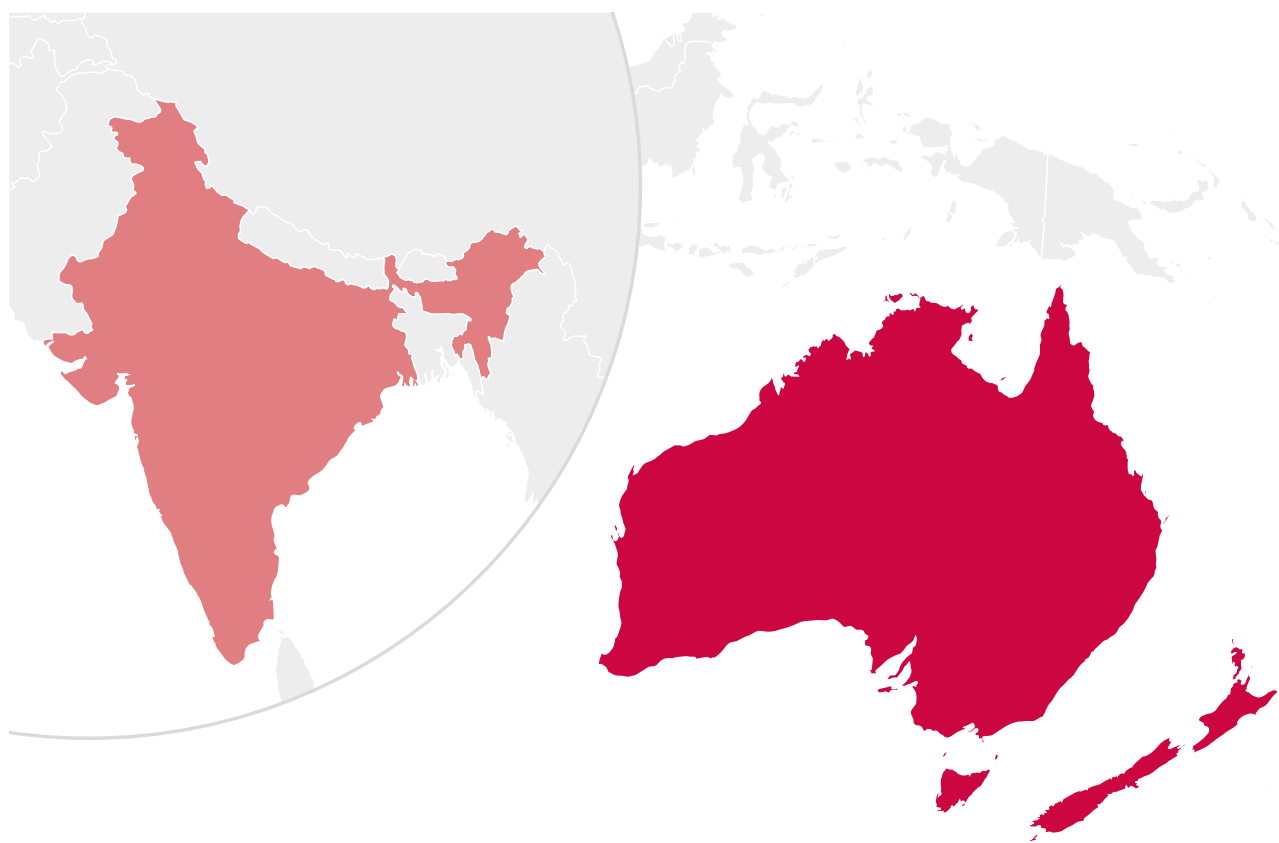
The Americas region comprises the USA (the largest retail market worldwide), Canada and Brazil. Amplifon is the market leader in the USA, with a network of over 1,400 franchisees and around 1,900 network affiliates. Miracle-Ear is the most recognized hearing care brand, thanks to a combination of the entrepreneurship of franchisees and Amplifon’s strong support system. Elite Hearing Network is the largest network of independents with access to the widest product offering. Finally, the Company is a leading player in the managed hearing care market with its brand Amplifon Hearing Health Care.



Country	Brand	Corporate shops	Shop-in-shops & corners	Franchisees	Network affiliates
USA	Miracle-Ear	12	-	1,411	-
	Elite Hearing Network	-	-	-	1,859
Canada	Miracle-Ear	53	-	-	-
Brazil	Direito de Ouvir	1	118	3	-
Total		66	118	1,414	1,859

APAC

The APAC region is a consolidated and growing market that comprises, since the National Hearing Care business was acquired in 2010, Australia, New Zealand and India. In Australia, Amplifon has a distinctive, highly productive retail model. The size of the Country and the dispersion of its inhabitants has led the Company to develop a business model in which call centers, responsible for contacting potential customers and for arranging hearing screening appointments, play a central role. In New Zealand, Amplifon has adopted a dual-brand strategy, combining Bay Audiology, a well-recognized hearing care customer brand, and Dilworth, a specialty brand with a “medical” identity. In India, a highly-fragmented market, the business is still in a start-up phase.



Country	Brand	Corporate shops	Shop-in-shops & corners	Franchisees	Network affiliates
Australia	National Hearing Care	172	104	-	-
New Zealand	Bay Audiology/Dilworth	89	33	-	-
India	Amplifon	75	141	-	-
Total		336	278	-	-

Supply chain management

Establishing good relations with suppliers is essential to obtain products and services that consistently meet expectations. As in any corporate process, supplier selection is deeply rooted in the search for quality, flexibility and maximum professionalism.

Amplifon’s supply chain is coordinated at a corporate level in relation to the needs of the management teams in each Country, which are also accountable for daily and tactical operations as well as for local aspects according to market needs and peculiarities.

Amplifon’s supply chain is organized in two different purchasing categories:

Direct purchases	Indirect purchases
<p>Procurement of hearing aid devices and related products</p> <ul style="list-style-type: none"> • Hearing aids • Hearing aid accessories • Hearing aid spare parts • Batteries • Ear molds • Other products • Services (i.e. hearing aid repairs) 	<p>Procurement of products and services not directly related to the hearing aid device</p> <ul style="list-style-type: none"> • Marketing & advertising • Consultancy • General expenses • Information technology • Rent expenses • Logistic services

Manufacturers

Being the global leader, Amplifon entertains relations only with best manufacturers, thus guaranteeing the safety and quality of products sold. By entering into dialogue with Country heads, the purchasing function is also able to select the most suitable products for the different markets.

The interaction with hearing aid manufacturers and developers is crucial for Amplifon, as technologies can impact on the way the Company interacts with customers. Amplifon constantly monitors suppliers’ roadmaps in order to be able to leverage any technological advances and continue to offer an excellent experience across all its touchpoints. The product phase-in and phase-out are also closely monitored, so as to guarantee the possibility of offering assistance to customers throughout the whole product lifecycle.

Likewise, Amplifon shares the knowledge it gains from its customers with its suppliers, providing them with insight into customers’ expectations, and collaborating with them to improve hearing experience in line with customers’ needs.

Logistics

The logistics of hearing aids distribution varies depending on the region. In the USA, it is managed directly by suppliers and Miracle-Ear, Elite Hearing Network and Amplifon Hearing Health Care members or affiliates.

This differs from the logistics in EMEA, APAC, Brazil and Canada. Here, once the hearing profile and the needs of the customer have been assessed and the best suitable product has been selected, the purchasing request is submitted from the shop to the Country's responsible function. This later emits an order to suppliers, who send the hearing devices either directly to Amplifon's store or to local warehouses (when present and dedicated to hearing aids distribution). When the best solution consists of an ITE (in-the-ear) device, or if a custom mold is requested to fit the customer's needs, an impression of the customer's ear canal is made by pouring silicon material into the ear. Once hardened, the silicon impression is sent to manufacturers and a production request is submitted to produce the hearing aid. The logistics then follows the usual process.

In this logistic framework, Amplifon is responsible for:

- the transportation of products from warehouses to stores;
- the transportation of products from stores to manufacturers' plants, when clients do not proceed with the purchase after the trial period.

Another important step in the logistics path is linked to product repair. The Company focuses on the efficiency of this phase, because it is important that customers' hearing aids are sent back to them as soon as possible, so that they are able to hear again.

The transportation of both new and faulty products is entirely outsourced.

Amplifon logistics



Amplifon and hearing aid manufacturers are committed to optimizing their logistics in order to reduce the associated energy consumption, pollution and costs. Some manufacturers are proposing regional centers for the digital scan of the customer's ear impression, reducing the need to transport it to manufacturers' plants.

Another key factor in reducing reversed logistics is Amplifon's focus on providing customers with the best solutions, so that their expectations and needs are fully satisfied first time around.



IN-THE-EAR HEARING AIDS PRODUCTION PROCESS

In order to obtain an ITE (in-the-ear) hearing aid, the hearing care specialist takes an impression of the customer's ear by pouring silicon material into it. Once hardened, the silicon impression is removed from the ear and sent to the manufacturer, who then produces the hearing aid. The impression is scanned and digitally elaborated in order to obtain a virtual version of the ITE hearing aid. After that, a 3D printer is used to produce the hearing aid shell. Finally, the electrical components - the chip, microphone, speakers and other components - are placed inside the shell and holes are drilled into the hearing aid so as to create the appropriate ventilation.

2.5 Strategy

The Company aims to further strengthen its global leadership position and deliver sustainable sales growth and margin expansion, by leveraging its unique business model. Amplifon's four main strategic pillars to offer outstanding services to customers are:

1. Strengthen market leadership

Clear and differentiated growth strategy, focused on core countries:

- increase market share in the USA;
- consolidate leadership positions in Italy and Australia;
- expand network in Germany, France and Spain.

2. Marketing excellence

One of the most important objectives of Amplifon's strategy is to increase its market share and the penetration rate by leveraging on:

- increase in the awareness and reputation of its brands;
- continuous improvement of a better physical and digital customer experience offered to clients;
- excellent management of the millions of Amplifon's customers through advanced CRM.

The increasingly in-depth knowledge of its customers represents a key element and driver in achieving such goal.

3. Innovative service model

To differentiate its services, the Company aims at promoting innovation by leveraging the experience of its network of hearing care specialists and its unique know-how. A key part of this is the proprietary in-store service protocol Amplifon 360, whose roll-out has been completed in the main EMEA Countries in 2017. This revolutionary service model goes beyond the basic audiometric hearing test to fit a hearing aid and focus on understanding customers' specific needs and defining solutions to satisfy them. Along with the objective of further enrich customers' experience, Amplifon is also investing in its own retail brand (Amplifon branded products), which will be launched in Italy with a pilot study in 2018 in a context of a renewed customer journey.

4. Effective execution capability

Amplifon has planned future investments in order to reinforce the Company's "effective execution capability". This capability is made up of three key elements:

- the ability to attract and develop the best hearing care professionals and industry executives;
- the dissemination of best practices and continuous improvement of operational internal processes;
- an integrated global IT platform.

2.6 Governance

A good governance structure is a key element in achieving long-term strategic goals. It is also essential for defining roles and responsibilities in line with decision-making processes, internal control activities, and business conduct principles.

Amplifon's Corporate Governance structure is based on the principles outlined in the Corporate Governance Code for Listed Companies, proposed by the Committee for the Corporate Governance of Italian Listed Companies. Amplifon adheres to the guidelines defined in both the 2001 and in its latest issue of July 2015.

The Company is managed by a Board of Directors comprising nine members, as resolved by shareholders. Board members are picked from a list of candidates presented by all the shareholders and/or a group of shareholders who own at least 1% of share capital. On December 31st, 2017, the composition of the Board of Directors was as follows:

Board of Directors

Role	Name	Executive	Non Executive	Independent ⁽¹⁾
Chairperson	Susan Carol Holland		•	
CEO	Enrico Vita	•		
Director	Andrea Casalini		•	•
Director	Alessandro Cortesi		•	•
Director	Maurizio Costa		•	•
Director	Laura Donnini		•	•
Director	Maria Patrizia Grieco		•	•
Director	Lorenzo Pozza		•	•
Director	Giovanni Tamburi ⁽²⁾		•	

⁽¹⁾ Directors that declare they qualify as independent as defined under current law and in the Italian Stock Exchange Corporate Governance Code.

⁽²⁾ From December 22nd, 2017 Giovanni Tamburi no longer meets the independence requirements.

On a timely basis, the Board of Directors, either directly or through its delegates, reports to the Board of Statutory Auditors on its work and on any transactions carried out by the Company and its subsidiaries having a significant impact on profitability, assets and liabilities or financial position. The following table shows the composition of the Board of Statutory Auditors, which was appointed during the Shareholders' Meeting held on April 21st, 2015 and will remain in office until the Shareholders' Meeting convened to approve the Financial Statements as of December 31st, 2017.

Currently, the Board of Directors, of which 33% are women, is characterized by a good mix of professional profiles and skills ranging from business to finance figures and professionals. Moreover, the average age of the members has significantly dropped from 72 years in 2011 to 59 of the current Board and ranges between a maximum of 70 and a minimum of 49 years.

Board of Statutory Auditors

Role	Name
Chairperson	Raffaella Pagani
Standing auditor	Maria Stella Brena
Standing auditor	Emilio Fano
Alternate auditor	Alessandro Grange
Alternate auditor	Claudia Mezzabotta

On December 31st, 2017, the Committees and Supervisory Board established by Amplifon's Board of Directors were composed as follows.

Risk, Control & Sustainability Committee

Role	Name
Chairperson	Lorenzo Pozza
Member	Susan Carol Holland
Member	Alessandro Cortesi
Member	Laura Donnini

Remuneration & Appointment Committee

Role	Name
Chairperson	Maurizio Costa
Member	Susan Carol Holland
Member	Andrea Casalini
Member	Maria Patrizia Grieco

Related Parties Transactions Committee

Role	Name
Chairperson	Andrea Casalini
Member	Laura Donnini
Member	Giovanni Tamburi

Supervisory Board

Role	Name
Member	Lorenzo Pozza
Member	Laura Donnini
Member	Paolo Tacciarìa (Head of Internal Audit)

Lead Independent Director

Lorenzo Pozza

Head of Internal Audit

Paolo Tacciarìa

Executive responsible for financial reporting

Gabriele Galli

Secretary of the Board of Directors

Luigi Colombo

External auditors

PricewaterhouseCoopers S.p.A.

The Risk, Control and Sustainability Committee assists the Board of Directors with matters related to internal control and risk management, while also monitoring the adequacy and appropriateness of the internal control system. Pursuant to the Board of Directors' resolution of 2016, the Committee provides support in the definition of sustainability-related policies, strategic guidelines and action planning, and supervises the non-financial reporting.





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



 **way to empower
people**

3. a way to empower people

3.1 A unique customer experience

Amplifon's business model is based on listening to customers and understanding their needs in order to customize the hearing solution to their lifestyle, to the sounds they hear every day and to their aesthetic preferences. The Company offers exclusive, all-round, highly customized hearing care solutions and services, guiding people throughout their journey to rediscover all the emotions of sound. All the way through, Amplifon's highly skilled hearing care professionals keep up a constant dialogue with each person, whether that's through an initial appointment or one of the follow-up appointments set up to check and adapt the hearing solution to meet specific individual needs.

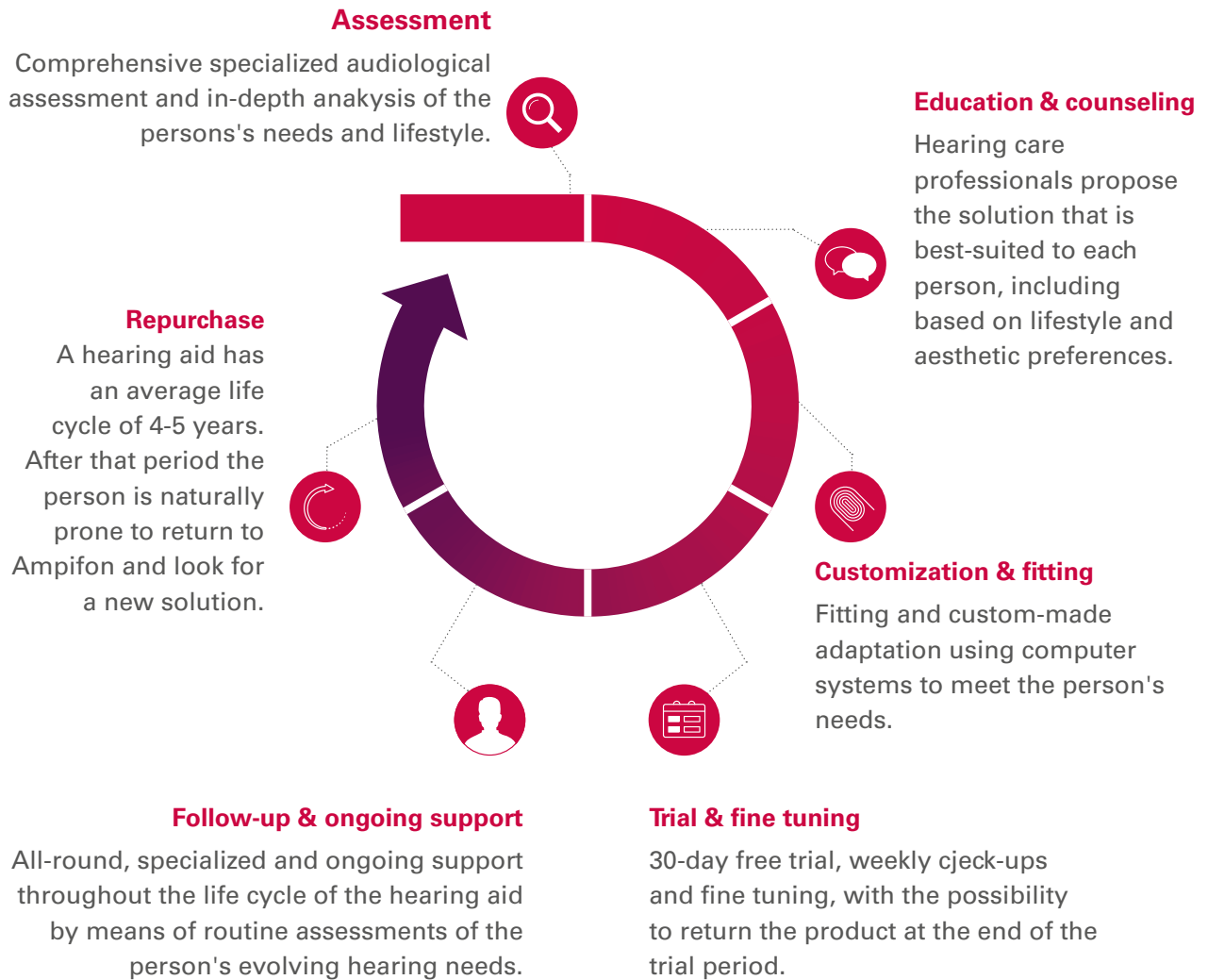
Besides being fully committed to delivering the best service, Amplifon is also deeply engaged in helping people with hearing loss and their families overcome the obstacles that prevent them seeking advice or help for their hearing. That is why Amplifon invests in its expanding distribution network of around 10,000 points of sale in 22 Countries. This widespread global network allows the Company to be always close to people with hearing loss making it easier for everyone, including people with reduced mobility, to reach out to quality hearing care. To make it even more accessible, shop windows are designed to reduce the anxiety normally associated with medical experiences and to put people at ease, ensuring that entering an Amplifon store becomes an entirely positive experience.

The assessment, counseling, fine-tuning and follow-up appointments all take place inside Amplifon's stores and are part of an integrated process which blends innovative technologies, expertise and human touch. Being able to hear is essential at any age as it allows people to be connected to the world around them and to enjoy a full personal and social life. For this reason, Amplifon's hearing care professionals take the time to understand the customer's hearing health and the impact it is having on their life. This then enables them to identify and propose the best-suited solution to each individual with the ultimate aim of ensuring people feel comfortable using the hearing solution and are able to reap all of its benefits.

The involvement of hearing care professionals is essential because everyone has unique hearing needs. Two people with the same type of hearing loss may require two different hearing solutions depending on their lifestyle, the recurrent sounds they hear, their aesthetic preferences, their health and psychological standing, and whether it is the first device application or a repurchase. Finding a solution that improves the individual's ability to hear and communicate depends not only on the hearing aid function and intrinsic quality, but above all on the hearing care professional's ability to choose a model based on scientific evidence and then tailor-fit the device, fully exploiting its technology in relation to the person's needs.

In order to ensure the best possible outcome, Amplifon is making constant improvements to the way its people interact with customers, using the most advanced technologies and developing new groundbreaking tools and protocols in order to find the best hearing solution, always.

Service life cycle



The Amplifon experience provides continues online, where social media, YouTube, and corporate and local websites are used to provide accurate information on hearing health and to promote prevention and awareness campaigns.

In 2017, Amplifon began a deep analysis of the customer journey with the aim of better understanding its customers and identifying strengths and threats related to each physical and virtual touchpoint. As part of this process, Amplifon appointed a global agency of record for digital strategy and user experience and, together, they are re-imagining how people interact with Amplifon's brands and services across all digital touchpoints. The starting point was to define a user experience framework based on atomic design principles and grounded in original field research performed in Europe, US and Australia. The partnership has also produced detailed customer journeys and personas that will provide the basis for work on forthcoming digital innovations. The ultimate goal is to use the available customer data to customize each and every point of contact with customers, therefore creating a fully personalized experience in both the physical and virtual worlds.

3.2 Amplifon 360 experience

Amplifon strongly believes in providing customers with a thorough understanding of all steps in the journey to rediscover the joy of hearing, from hearing assessment to aftercare. To this end, the Company has developed the Amplifon 360 experience, whose roll-out has been completed in the main EMEA Countries in 2017. Made possible by key investments in service innovation, user-friendly technologies and customer-oriented research, the Amplifon 360 experience strengthens customer involvement in the hearing profile assessment process and in the analysis of their individual needs and lifestyle.

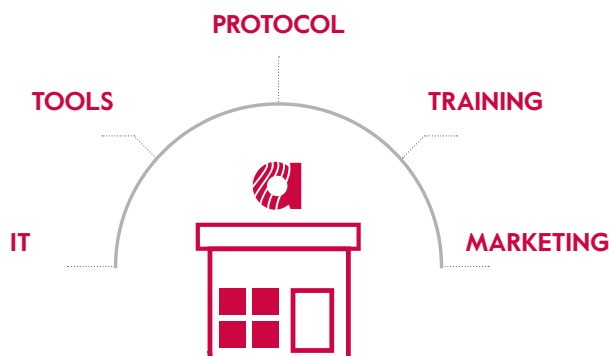


The path leading to the selection of a particular hearing solution is explained to customers on a step-by-step basis, supported by a front office IT system with a video interface shared by both the customer and the hearing care professional. The IT system and application protocol have been designed with two specific aims in mind:

1. to make it easy for hearing care professionals to gain a thorough comprehension of each customer's hearing needs;
2. for the customer to understand the results of the tests performed and, thus, their own hearing needs.

By following the structured service protocol, and by drawing on their solid technical know-how and advanced communication skills, hearing care professionals guarantee people are confident about the selection and purchase of the solution.

Proprietary service technology



Superior customer experience

Key features

Innovative approach to assess customer needs across multiple tests.

Unique, proprietary tool to counsel customer and select hyper-personalized hearing solutions.

Advanced training program and coaching to expand audiologists' skills and reach the highest level of expertise and professionalism.

Evolution in Company's communication and value proposition to customers.

A new feature of the protocol, added in 2017, is Amplifon 360 Records. This is a medical document released by the hearing care professional at the end of the path to share the selection process of the hearing solution with the customer's ENT. One of the objectives of the document is to increase understanding of hearing, by monitoring the solutions adopted on a national scale using a uniform and shared method. At the current time, Amplifon 360 Records has been launched only in Italy.

The medical community got its first official glimpse of the Amplifon 360 protocol at the SIO (Italian Society of Otorhinolaryngology Head and Neck Surgery) National Congress held in Sorrento (Naples, Italy) in May 2017. The protocol was presented by Amplifon's Centre for Research and Studies (CRS) to almost 400 ENTs among over 1,000 participants through a virtual reality viewer, which simulated the customer experience during the visit to a store. By putting themselves in their patient's shoes, the specialists were able to evaluate the steps involved in defining a specific solution and verify the quality of the procedure. At the end of the event, suggestions and opinions were collected through a brief questionnaire and a video interview. The results show that ENTs were particularly impressed by Amplifon 360 Records and the evaluation method of perceived hearing loss.



In 2017, the CRS also launched in Italy the Open House initiative, with the aim of sharing Amplifon 360 protocol with medical specialists, thus increasing the Company's brand reputation among the ENTs. Through the initiative, ENTs are able to visit Company shops, where an Area Manager and a hearing care professional show them the Amplifon 360 protocol. This initiative helps ENTs gain a clear and transparent view of the customer-centric experience provided by Amplifon and opens up new scenarios for dialogue between the medical community and hearing care professionals.

3.3 Customer satisfaction

Customer satisfaction is one of the pillars of Amplifon's business model. Thanks to the constant investment in the selection and training of its hearing care specialists and to the implementation of increasingly sophisticated protocols, communication, marketing and Customer Relationship Management systems, Amplifon is able to provide its customers with a vast range of innovative solutions, great professionalism and, therefore, a particularly positive experience.

To better understand customer expectations, and thus deliver an even more satisfying level of service, Amplifon has been working on a unique environment to collect and manage customer feedback. This includes the development of a customer satisfaction survey, which has been structured and standardized among all the Countries where the Company operates so that results are accurate and comparable.

The survey allows the assessment of satisfaction at four milestones along the customer journey:

1. the first touchpoint;
2. the purchasing phase;
3. the aftercare phase;
4. the decision not to order or buy.

The survey is managed through three main channels:

- paper questionnaire (letter);
- call center;
- e-mail.

Respondents are asked to use a 0-10 point scale to rate their overall customer experience in the following areas:

- the shop: location and appearance;
- the services: efficiency in appointment booking, quality of the hearing assessment process, quality of after-sales services, etc.;
- the shop assistant and hearing care professional: the ability to listen and to understand, the expertise and clarity in explanations, the overall professionalism;
- the product: performance, aesthetics, reliability.

The survey, which is still in a pilot phase, has been launched in almost all Countries and has also taken into account the Miracle-Ear network. 2017 results have been very positive in all touchpoints, showing an overall NPS (Net Promoter Score, a metric for the measurement of customer satisfaction) of more than 50 across around 80,000 completed questionnaires. NPS results are also followed by action plans at Country level, which are intended to bridge any gaps that have been identified and further enhance the customer journey. Australia, for instance, has set up monthly reports with detailed NPS results at national, area and store level. Field Managers are in charge of identifying key stages in the customer journey that could be improved and of providing feedback to Regional Managers.

In 2017, Amplifon undertook a global project aimed at improving relationship with customers by gaining insight into the customer interaction at each stage of the journey, and by examining and comparing local nuances. The project involved interviewing 160 participants among customers, franchisees, audiologists and stakeholders at both Amplifon and Miracle-Ear in order to understand the customer's perceived value along the journey and map potential hurdles to a fully satisfying experience in all the touchpoints.



BEST IN ITALY - CHAMPIONS OF SERVICE

In 2017, for the third year in a row, Amplifon has been awarded the "Gold Seal for Service" in the hearing centers category, coming in first in the ranking "Best in Italy – Champions of Service" with a Service Experience Score that is two percentage points higher than 2016. As in the previous years, Amplifon was the only company in its sector to receive this recognition in 2017.

The survey "Best in Italy – Champions of Service", conducted by the German Institute for Quality and Finance in partnership with Goethe University in Frankfurt, is based on the assessment of more than 133,000 consumers of 675 companies in Italy across 89 different sectors. The survey, which reached its fourth edition in 2017, represents the largest study in customer service in the Country.



3.4 Digital dialogue

Digital communication channels have been growing in importance for Amplifon, as it constantly seeks to engage customers and influencers. Amplifon and the other brands owned by the Company are now present across several digital media: web, social media and mobile. The Company is also investing significant effort and resources into social networking as a means of spreading the brand's messages and providing information on hearing health.

Amplifon's multichannel approach is aimed not only at securing business but also at strengthening relationships and providing accurate information. The Company uses technologies to monitor and manage social media sentiment, with requests passed on to client service or other relevant Company functions to address the signals collected online.

2017 saw the launch of new consumer websites in Belgium, Poland, Switzerland, Canada, Australia and New Zealand, for a total of 15 new consumer websites since 2016. These sites optimize the user experience and seek to meet the needs of all users, from the most mature to the youngest, from the most active to those who only want more information or assistance. The new web experience, part of the Company's marketing and communication strategy, enhances the digital touchpoints and leverages the habits of millions of baby boomers.

Traffic increased on Amplifon consumer websites in 2017 (up 43% compared to the previous year), with an increase in organic traffic of 47%. The number of online forms sent for an appointment also increased (up 170%), as did the number of appointments confirmed in store coming from different digital channels (up 47%).

3.5 Community awareness and education

Amplifon goes beyond the education of its own customers and strives to spread accurate information on hearing health and hearing loss prevention to the general public as well. Hearing, one of the most natural human experiences, is in fact a highly complex process, in which ears detect sound waves and convert them into electrical nerve impulses which are then sent to the brain for processing. It is important that people are aware of the delicacy of the hearing system, and undertake all the necessary measures to prevent behaviors that could result in partial or even total hearing loss. As hearing loss is often progressive and preventable, the key priority for Amplifon is to facilitate access to quality information, raise awareness on hearing health, and promote preventive education from an early age. Moreover, the Company takes into account the importance of correct and complete communication. Even if a policy concerning communication has not been developed yet at Group level, the Company has shared with its subsidiaries a set of guidelines to be followed in order to ensure transparency and accuracy of messages. In addition, medical contents are validated by local medical experts to avoid any kind of misinterpretation.

Prevention

Amplifon engages in extensive prevention and education activities, reaching out to individuals of all ages through targeted communication channels and campaigns. With the aim of raising awareness around hearing health from a young age, Amplifon has developed a successful communication strategy, connecting with young people through their preferred communication channels, namely social networks and media such as Facebook, Youtube, Twitter and Spotify. Examples of this are the “prevention tips” published on Twitter or the information pills on Facebook.

On its websites and through dedicated blogs, Amplifon provides information in multiple languages on everything from children’s hearing care needs to ear protection at loud concerts and events.

Amplifon also attends and organizes events especially targeted at youngsters. The One Day Without Sound™ campaign, for example, has become one of the keystones of Amplifon’s prevention program in the US. The campaign is dedicated to helping people appreciate the difficulty of living with hearing loss, which can be especially challenging at school and in the workplace.



Five consequences of untreated hearing loss that you might not expect

Posted by Amplifon Hearing Health Care on Nov 3, 2016 1:30:00 PM

Facebook Like 0 Share 0

When you get sick, you see a doctor, especially if your condition is highly treatable. (Who wants to be sick?) But if you have a hearing loss, you might be tempted to avoid or delay seeking treatment. This is unfortunate. Besides



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Amplifon has made it a priority to collaborate with schools in order to advance its educational messages. In Italy, for example, during the International Students’ Day in 2016, Amplifon launched the “There is no class for noise” campaign, with the goal of raising awareness about the connection between too much noise and a reduced capacity to learn, a connection that is too often overlooked. The commitment continued in 2017 with the “Oggi ti sento bene” project (literally “Today I hear you well”), which aims to promote the hearing care in primary schools.



“TODAY I HEAR YOU WELL”

“Today I hear you well” is an educational project promoted by Amplifon in 2017. The project saw 15,000 pupils of 517 classes in 167 schools of 46 Italian cities receive an educational kit on hearing healthcare.

Pupils attending primary schools are exposed to high-level acoustic stimuli that may endanger their hearing system and, in particular, their ability to perceive sounds of the external environment. Through an informative and playful approach, Amplifon wants to help young students, parents and teachers in developing correct practices for hearing healthcare. According to a survey, 96% of teachers involved stated that, thanks to the project, both parents and pupils are now more aware of risks and prevention activities related to hearing health.

At a local level, the Company has been promoting prevention activities by going beyond traditional touchpoints to reach out not only to potential customers but to the wider community as well. In 2017, for instance, Amplifon Switzerland sponsored four classical music concerts with a combined audience of 6,800. An Amplifon booth was set up for each of the events, at which concert goers were able to get quick, free hearing tests and learn more about the importance of hearing well.

Similar prevention activities have been happening in Israel, where, in 2017, Amplifon arranged a portable acoustic hearing test cabin and provided free hearing test vouchers during elderly special events.

Presentingpartner
der Summer Night Classics

Damit Sie keinen Ton verpassen

Gratis Schnell-Hörtest
Besuchen Sie uns in der Pause an unserem Stand.

Gerade bei klassischen Konzerten beeinflussen schon leise Töne das Hörerlebnis und den Hörgenuss. Schon ein geringer Hörverlust kann dazu führen, dass nicht mehr alle Klänge wahrgenommen werden. Daher beraten unsere ausgebildete Hörgeräteakustiker Sie rund um das Thema Hören und bieten Ihnen individuelle Hörlösungen.

Awareness

People experiencing hearing loss wait an average of 7 years before seeking professional hearing care, even though it could have potentially severe consequences for their quality of life. If people were more aware of hearing health issues, and of the positive impact early intervention could have on their health, they would be more likely to take appropriate action and seek help from a hearing care professional when they need it. It is therefore essential that people are given the necessary tools and information to promptly identify and manage potential hearing impairment.

Amplifon is deeply committed to providing individuals with opportunities to learn about their hearing health situation. As well as conducting free hearing tests in its stores, Amplifon carries out awareness and education campaigns online and at stands during events. In Italy and Switzerland, Amplifon buses bring hearing care professionals all over the country to perform free hearing tests and educate communities on the correct actions to be undertaken.



“HEARING WORLD” IN SWITZERLAND & AMPLIFON BUSES IN ITALY

Amplifon is committed to promoting the awareness of hearing health, by means of a lot of local activities, raising public awareness on the importance of prevention and screening for hearing loss and making sure people find out about their hearing loss before it is too late. In Switzerland, the “Hearing World” initiative involves two buses, a trailer, four big fair stands and two smaller stands, while in Italy a “tour” on all the national territory with 10 campers is the protagonist. These initiatives enable teams of hearing care professionals to attend public events and visit populated areas, such as trade fairs, commercial centers and city squares, where they perform free hearing tests without appointment and suggest, if needed, each person how to undertake a path of hearing care. Each bus is equipped with an isolated audiometry cabin which allows for more precise tests in case further tests are required.



“Hearing World”: key facts

- 2 buses, 1 trailer, 4 big fair stands
- 2,950 yearly booked appointments
- 500 field activities (exhibitions, events, promotion on public spaces)
- 2,000 new leads
- 800 follow-up leads by call center

Amplifon buses in Italy: key facts

- 10 buses
- 200 stores and hearing care professionals involved
- 13,000 new leads
- 300 field activities, with distribution of ad hoc material

Amplifon is committed to helping overcome the psychological obstacles and prejudices that prevent people with hearing loss from rediscovering the pleasures of hearing. To this end, Amplifon carries out targeted campaigns in all its social media channels with the aim of communicating the joy of a life full of sounds and emphasizing the pleasure of hearing.

Amplifon awareness campaigns also target the so-called influencers (families and friends of people with hearing loss). Understanding what happens when loved ones show the first signs of hearing loss can help influencers to communicate better with them and look for assistance to improve their interaction with the world around them. Amplifon has an entire section of its websites dedicated to influencers, which it uses to provide information on how to identify family members or friends who may be experiencing hearing difficulties. The site also offers support and counseling on how to help loved ones find the right path towards regaining the pleasure of hearing, as Amplifon recognizes that it can be difficult to start a conversation about hearing loss and that such efforts might meet with reluctance or denial.



“IL TEMPO DELLE DONNE”: DIVERSITY AND HEARING LOSS

In September 2017, Amplifon sponsored “Il Tempo delle Donne” (literally “Women’s Time”) in Milan, Italy. The event, launched by the Italian newspaper “Corriere della Sera” in 2014, aims at raising public awareness on gender diversity through cultural and educational events.

Amplifon supported a debate on the importance of gender differences with reference to hearing loss. Starting from scientifically based data, the debate addressed the extent to which differences between women and men have to be taken into account in the field of hearing care.

By involving influencers and celebrities in the debate, as well as an ENT, Amplifon was able to find a new and successful way of getting closer to the general public and raising the awareness of hearing.



3.6 Enhancing research

In its effort to improve hearing care and increase hearing health awareness, Amplifon works hard to improve and disseminate evidence-based information on hearing-related topics. It does this by targeting both the medical community and the general public. Thanks to the activities of Amplifon's independent Centre for Research and Studies, the Company is able to promote clinical research, disseminate information on advances and innovations in the fields of audiology and otology, and improve public understanding of the potential issues related to hearing loss.

Algernon Charles Holland founded the Centre for Research and Studies (CRS) in 1971 in order to better address Amplifon's investments and resources in professional development, research and education in the fields of audiology and otology. The aim of the CRS, first founded in Italy and since 1998 also active in other European and non-European Countries, has always been to contribute to the development and dissemination of scientific knowledge in co-operation with universities, scientific societies and other national and international organizations. It does this primarily by sponsoring ENTs to go to the best universities and by promoting conferences where knowledge and best practice can be shared. In its over 45 years, the CRS has organized more than 700 courses and conferences, 315 of which have occurred in the last 12 years. On average, 100 to 150 people have attended each meeting.

Conferences

Amplifon recognizes the importance to actively participate in scientific conventions, as they provide a reference point for hearing health, services and prevention-related topics. Over recent years, there has been an increased focus on the potential correlation between hearing loss and other health issues, such as dementia and diabetes, and on the impact of quality of hearing care. Each year, the CRS independent scientific board defines the topics to be addressed, and the agendas of the conferences Amplifon promotes, which usually target a specific hearing-related issue and include roundtables and discussions on the hot topics for ENTs.

In 2017, the CRS International Congress in Seville, held by Lorenzini Medical Science Foundation and sponsored by Amplifon, was dedicated to the relationship between hearing and cognition. The event, which was attended by 280 medical specialists from all over Europe, addressed topics such as the socio-economic aspects of dementia and the key role of hearing aids as well as the results of epidemiologic studies on the correlation between hearing and cognition.



BIG DATA & ENT

During ENT World Congress IFOS (International Federation of ORL Societies) held in Paris in 2017, Amplifon sponsored a symposium hosted by the Giovanni Lorenzini Medical Science Foundation on Big Data. Over 200 participants from all around the world took part in the conference. The objective of the symposium was to highlight how big data could impact on the understanding of hearing loss and facilitate its diagnostic and therapeutic development. This could allow people responsible of the management of the health government to better identify opportunities and address challenges in the use of big data for the decision-making in medicine.

The CRS contributed to the debate by underlining the potential of big data in improving awareness and prevention as well as the overall quality of hearing care, also addressing the crucial issue of data protection.

Course sponsorship

The CRS supports the professional development of doctors and audiologists by collaborating with universities, through the sponsorship of courses and ENT learning programs at the local level. In Italy, the CRS offered ten training events in 2017, which were delivered by experienced national and international experts. Courses included both theoretical and practical topics such as auditory neuropathy, pediatric otology and the impact of noise pollution on human life. Some courses also enabled participants to have direct contact with patients supported by specialized ENTs. In addition, reports covering the main contents of each course are publicly available in both paper and digital format. Similar courses are also provided in other Countries: in 2017, for instance, Amplifon France offered 15 free training courses while Amplifon in Spain provided over 20 courses, including online ones.

Scholarships

Every year, the CRS offers ENT doctors and PhD students three scholarships worth €7,000 each to finance specific projects related to hearing health. In order to guarantee impartiality, the scholarships are assigned by an independent Scientific Committee composed of highly regarded academics. In 2017, the CRS financed the following projects:

- “How to deal with mismatch in cochlear implants”;
- “Hearing loss treatment effects on mild cognitive impairment prevention”;
- “Decision making in preoperative cochlear implant electrode selection”.

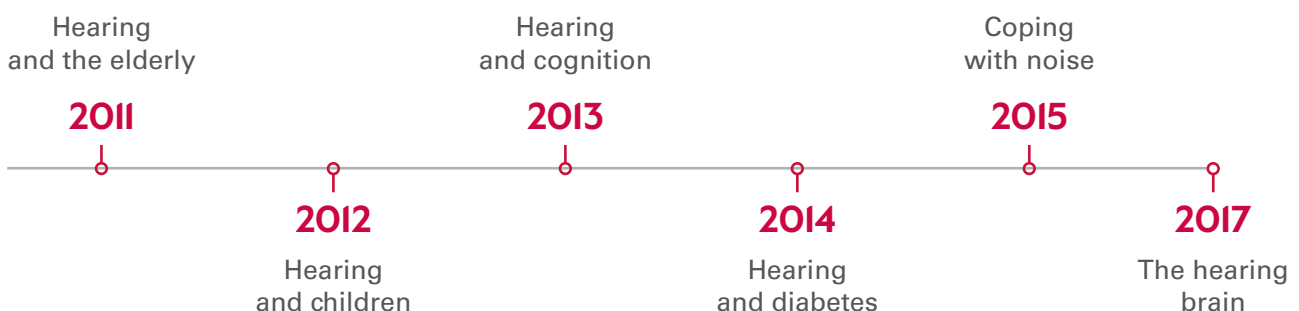
Library resources

In addition to the courses and conferences offered, the CRS supports the professional development of doctors and audiologists by providing access to one of the largest private libraries in the field of audiology and otorhinolaryngology, including the most important international journals in these sectors. A free bibliographical research service is available to ENTs, with abstracts sent directly to applicants. The CRS also analyzes scientific papers on a regular basis in order to draft summary reports to be shared with hearing care professionals. This ensures not only that hearing care professionals are always up-to-date but also that Amplifon’s protocol is aligned with the latest scientific developments. Some of the informative content developed by the CRS is now available on its dedicated website, launched on 5th September 2017. The CRS online platform is also a useful communication channel, providing information about all the activities supported by the CRS.

Consensus papers

Amplifon participates directly in the development and dissemination of scientific publications, through the publication of consensus papers. These are short scientific papers that are written for the general public and address specific hearing-related topics. Issued annually from 2011 to 2015 and bi-annually thereafter, they represent a key initiative in the quest for increased public awareness.

In the last few years, the following consensus papers have been published by the CRS:





THE 2017 CONSENSUS PAPER: “THE HEARING BRAIN”

In May 2017, Amplifon and the CRS published the consensus paper “The hearing brain – The close correlation between hearing and cognition”, which puts in evidence the ‘dual-track’ association between hearing loss and cognitive decline: two topical emergencies that affect, respectively, 360 million and 47 million people worldwide. Experts underline the importance of taking early action: slowing down the clinical progress of hearing loss by only one year might lead to a 10% reduction in the prevalence rate of dementia in the general population.

Starting by reviewing the latest scientific literature, the consensus paper provides information on the close relationship between hearing loss and cognitive impairment, exploring the causal mechanisms that are known to date. By underscoring the changes that take place in the brain following low sensory stimulation in people with hearing loss, the paper also explores the importance of preserving physiological hearing function and of promptly initiating the necessary ongoing hearing habilitation or rehabilitation for early prevention of cognitive decline and also of many forms of dementia.

3.7 Contribution to community healthcare

In line with its core expertise and strengths, Amplifon is deeply committed to improving the access of the most vulnerable communities to hearing care, and to sharing knowledge, resources and best practices on hearing services and solutions around the world, even if these initiatives are not coordinated by a policy at Group level.

Amplifon established the “Miracle-Ear Children’s Foundation” in 1990, to empower and enhance the life experience of underserved children suffering from hearing loss in North America, by giving them the possibility of hearing again. Re-established as the “Miracle-Ear Foundation” in 2012, with the aim of serving a larger part of the community, the Foundation now provides hearing aids, follow-up care, and educational resources to those who do not have enough financial resources to meet their hearing health needs. The Miracle-Ear Foundation’s ongoing programs include the Gift of Sound™ Hearing Aid program, the Hear Again™ hearing aid recycling program, and the One Day Without Sound™ awareness campaign.

The Gift of Sound™ Hearing Aid Program donates hearing aids to individuals and families in need. In 2017, more than 1,500 children and adults benefited from the support of the Foundation thanks to the commitment of over 500 different stores, which donated more than 3,000 hearing aids. In October 2017, The Miracle-Ear Foundation and Miracle-Ear focused on helping those areas hardest hit by Hurricanes Harvey and Irma in Texas and Florida. To help victims who may have lost or damaged their hearing aids during the storms, Miracle-Ear waived its warranty fee for its customers who purchased hearing aids and were within their warranty period, so they could get necessary replacements without any additional expense. Since 1990, the Miracle-Ear Foundation has donated more than 13,000 hearing aids to over 7,500 individuals in the US. Another program that owes much to the contribution of Amplifon’s customers is the Hear Again™ hearing aid recycling program, through which Miracle-Ear customers donate their no-longer-used hearing aids for recycling or reconditioning. In 2017, the number of recycled hearing aids grew by 39% compared to 2016.


The One Day Without Sound™ awareness campaign has become a keystone of the Foundation’s prevention program. This event, which takes place on May 31st, is dedicated to helping individuals understand the difficulty of living with hearing loss, which is a particularly daunting challenge at school and in the workplace. During the One Day Without Sound™ campaign, participants are asked to wear earplugs to simulate a hearing deficit and directly experience what it is like to live without hearing. For One Day Without Sound™ and outreach activities throughout 2017, nearly 100,000 sets of earplugs were distributed throughout the USA, together with best practice recommendations for preventing hearing loss. Through earned media or pro bono advertisement, the Foundation was able to further promote its programs including educational and prevention messages, reaching over one million people.




+1,500
Children and
adults supported



+3,000
Hearing solutions
donated



+39%
Recycled hearing
aids compared
to 2016



100,000
Hearing protection
kits distributed

Other Amplifon initiatives range from ad hoc programs in times of emergency to long-term engagement programs. In 2017, Amplifon Iberica cooperated with the Spanish Council for Refugees and donated hearing aids to hearing-impaired refugees. Amplifon in Australia, meanwhile, has been creating a “Hearing Aid Bank”; through which it donates hearing aids to charity for hearing-impaired people with low economic means. Amplifon Belgium sponsored the “Congo Social Responsible Project”, which enabled one audiologist to spend two weeks in Congo fitting 45 hearing aids. Bay Audiology’s hearing care professionals helped Samoan community members affected by hearing loss by fitting hearing aids donated by customers. There were two humanitarian initiatives in 2017 that provided life-changing support to children in Asia and Africa, thanks to Amplifon hearing care professionals training local staff, disseminating preventive information, and bringing hearing aid equipment donated by Amplifon and its customers. These are Amplifon France’s “Amplicoeur” program, which is delivered in partnership with the non-profit organization Les Enfants sourds du Cambodge, and Amplifon Netherland’s partnership with the EarDrop Foundation. In the UK, meanwhile, Amplifon UK supported the National Governing Body for Deaf Sport through a “recommend a friend” scheme to raise awareness of Deaflympics and help deaf athletes.



BAY AUDIOLOGY: FREETO EAR SAMOA PROJECT

The Bay Audiology “Free to Ear Samoa” programme returned to Samoa for a second year in August 2017. The team of three audiologists, two ear-nurses and two front-line assistants conducted 300 free hearing tests and 450 free ear suction and fitted 150 people with donated hearing aids. Samoa has no qualified audiologists and only limited access to ENTs, meaning many of those with hearing issues are left untreated.

Bay Audiology clients generously donate their unneeded hearing aids to the Free to Ear programme and Bay Audiology partners with Samoan health charity SENESE who have also been trained in the maintenance of hearing aids and ongoing screening to provide continued support after the visits.

“We have formed great relationships with local Samoan organisations - SENESE and the Hospital. We are committed to helping people in need with our Free to Ear Samoa programme and have another visit scheduled for August 2018.”

Dean Lawrie, General Manager, Bay Audiology



AMPLICEUR

Since 2002, Amplifon France has collaborated with Les Enfants Sourds du Cambodge, a non-profit organization that takes care of children suffering from hearing disabilities in Asia.

Each year Amplifon donates €15,000 in order to finance audiologic material and hearing aids, provide treatment to marginalized children suffering from hearing loss, and provide the necessary training to local personnel. Amplifon’s customers also contribute to the initiative by donating their no-longer-used hearing aids, which, upon reconditioning, have enabled many children to discover the joy of hearing.





AMPLIFON NETHERLANDS' HUMANITARIAN ENGAGEMENT

Amplifon Netherlands proudly contributes to the work of the Eardrop Foundation, a non-profit organization founded in 1983 to provide deaf and hearing-impaired African children with the medical care they need to live a fulfilling life.

More than 6,000 children have been treated thanks to the work of the Eardrop Foundation, and more than 500 local doctors, nurses, and clinical officers have been trained to provide the most necessary relief services and to recognize, prevent, and treat a large number of chronic ear infections in children in order to prevent deafness. Amplifon Netherlands contributes to the work of the Eardrop Foundation by fundraising, collecting hearing aids donated by customers, and sending teams of hearing care professionals to train local staff on diagnostics and prevention activities.



AMPLIFON UK & EIRE: SUPPORT TO UK DEAF SPORT

In April 2017, Amplifon pledged to help deaf athletes through a "recommend a friend" scheme. For every customer-recommended friend who went on to purchase a hearing aid, Amplifon donated £30 to UK Deaf Sport to help send deaf athletes to the Deaflympics, which were held in Turkey in July. No government funding is available for the trip, which costs an average of £2,500 per athlete, so the money raised by Amplifon was crucial in enabling deaf athletes to take part.

"By donating £30 to UK Deaf Sport every time a person you recommend purchases a hearing aid with us, we're helping DeaflympicGB get the medals they deserve, and inspiring others with hearing loss along the way."

Giuseppe Manzo, General Manager for Amplifon UK and Eire



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



**a way to inspire,
develop, reward**

4. A way to inspire, develop, reward

4.1 Our people

Amplifon is a company made of people who provide highly value-added hearing solutions and services to improve the lives of millions of people worldwide. Amplifon believes that only through strong investment in engagement and recognition in its personnel, to whom it offers continuous professional development and leadership support, that they can achieve their full potential and build a successful career. The Company also acknowledges that it can offer its customers a truly premium experience only if it equips its people with the necessary time, the best tools, the latest technology and the finest training from the moment they join. In this respect, Amplifon has developed a differentiated strategy for its two key populations: on the one hand, paramount importance is given to the professional development of hearing care professionals, since it is thanks to them that Amplifon has grown to become a global organization, and through them that it plans to keep growing. On the other hand, the Company keeps investing in attracting, developing, caring for, engaging and recognizing the most talented people in the support functions (Marketing, IT, Finance, HR, etc.), which allow the organization to carry out long-term growth strategies.

People are Amplifon's greatest asset. As of December 31st, 2017, the Company has 13,755 people, an increase of 9.6% compared to 2016. Employees represent the vast majority of Amplifon's workforce in all regions apart from the Americas, where franchisees' field force and staff are not directly employed by Amplifon. In EMEA, APAC and Corporate, employees account for 80.7% of the total workforce compared to 8.5% of the total workforce in the Americas. Hearing care professionals make up the majority of Amplifon's global workforce (55.2%). The second largest single group is other field personnel, mainly customer advisors, who represent 32.2% of the workforce. The remaining 12.6% is made up of support functions.

Total workforce by category and by area

	EMEA		AMERICAS		APAC		Corporate		TOTAL	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
<i>Employees on payroll</i>										
HA specialist (qualified by law/certified)	2,137	2,397	63	60	530	640	0	0	2,730	3,097
HA specialist (apprentices or equivalents)	338	407	6	4	8	0	0	0	352	411
Technicians	78	43	1	0	25	31	0	0	104	74
Shop supporting personnel	1,534	1,800	69	74	461	548	0	0	2,064	2,422
OPERATIVE STAFF	4,087	4,647	139	138	1,024	1,219	0	0	5,250	6,004
Regional & Area/District Manager	158	162	2	17	49	57	0	0	209	236
Other frontline personnel	146	127	27	0	0	12	0	0	173	139
NON OPERATIVE STAFF	304	289	29	17	49	69	0	0	382	375
TOTAL FIELD FORCE	4,391	4,936	168	155	1,073	1,288	0	0	5,632	6,379
TOTAL SUPPORT FUNCTIONS	791	896	217	209	372	440	78	95	1,458	1,640
<i>of which Directors</i>		49		8		16		0		73
TOTAL EMPLOYEES	5,182	5,832	385	364	1,445	1,728	78	95	7,090	8,019

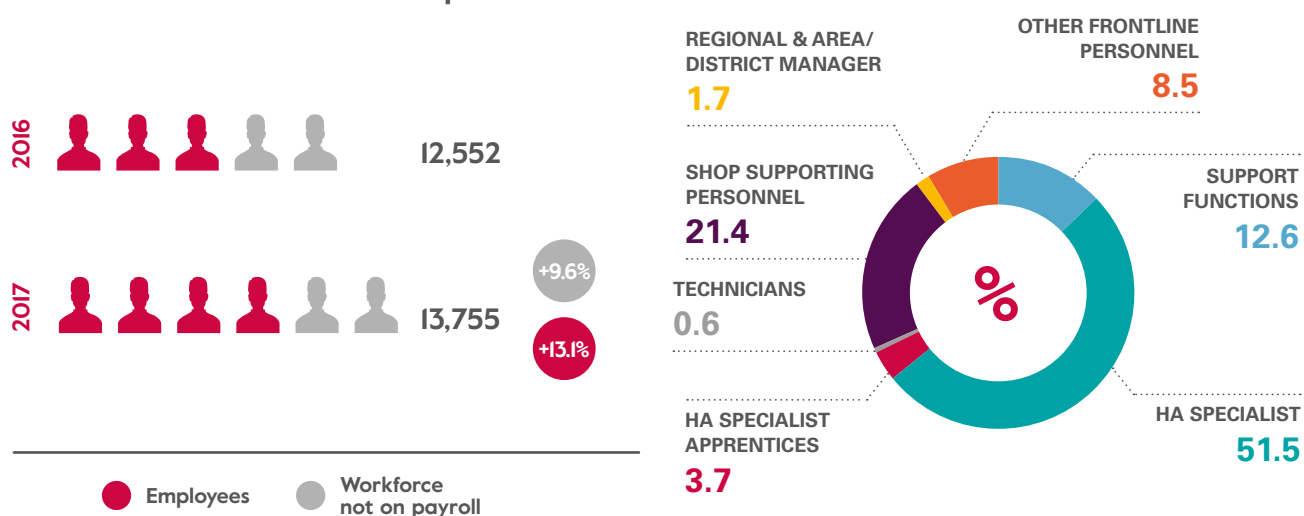
	EMEA		AMERICAS		APAC		Corporate		Total	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
<i>Workforce not on payroll</i>										
HA specialist (qualified by law/certified)	958	1,093	2,900*	2,900*	0	0	0	0	3,858	3,993
HA specialist (apprentices or equivalents)	53	93	0	0	0	0	0	0	53	93
Technicians	18	13	0	0	0	0	0	0	18	13
Shop supporting personnel	424	519	0	0	0	0	0	0	424	519
OPERATIVE STAFF	1,453	1,718	2,900	2,900	0	0	0	0	4,353	4,618
Regional & Area/District Manager	0	3	0	0	0	0	0	0	0	3
Other frontline personnel	32	30	1,000*	1,000*	0	0	0	0	1,032	1,030
NON OPERATIVE STAFF	32	33	1,000	1,000	0	0	0	0	1,032	1,033
TOTAL FIELD FORCE	1,485	1,751	3,900	3,900	0	0	0	0	5,385	5,651
TOTAL SUPPORT FUNCTIONS¹	58	77	0	0	0	1	19	7	77	85
<i>of which Directors</i>		6		0		0		0		6
TOTAL WORKFORCE NOT ON PAYROLL	1,543	1,828	3,900	3,900	0	1	19	7	5,462	5,736
TOTAL WORKFORCE²	6,725	7,660	4,285	4,264	1,445	1,729	97	102	12,552	13,755

* Number estimated

¹ Interns in support functions, temporary contracts, etc

² Data may differ from those indicated in the consolidated financial statements due to the different treatment of interns, which are included in this table. Furthermore, it should be noted that data from Turkey, Brazil and Malta are excluded (for more details, please refer to the Note on methodology).

Workforce increase and composition



Amplifon is keen to ensure and strengthen job stability and to make long-term investments in human capital. To this end, 90.9% of employees have permanent contracts. The Company also aims to meet its employees' personal needs by offering part-time work plans. In 2017, 28.6% of employees adopted this option.

Employees by type of contract of employment and by gender

	Men	Women	Total
Permanent contract	2,122	5,165	7,287
Fixed term contract	210	522	732
Total	2,332	5,687	8,019

Employees by type of employment and by gender

	Men	Women	Total
Full-time	2,059	3,668	5,727
Part-time	273	2,019	2,292
Total	2,332	5,687	8,019

Amplifon's ongoing expansion is driven by both organic and external growth. For this reason, people joining the organization may arrive through one of two different routes: either as a result of an acquisition or as part of new talent recruited to support the Company's success. In total, 2,322 employees joined Amplifon in 2017 with 1,469 leaving, resulting in a turnover rate of 29.0%. During the year, 71.4% of new hires were women and 44.4% were aged under 30.

Employee turnover* by gender, age and area

	Men		Women		Total
Employees hired	664	28.5%	1,658	29.2%	2,322
Employees who left the Company	403	17.3%	1,066	18.7%	1,469

	Under 30		30-50		Over 50		Total
Employees hired	1,031	47.0%	1,007	24.2%	284	17.0%	2,322
Employees who left the Company	560	25.5%	611	14.7%	298	17.8%	1,469

	EMEA		AMERICAS		APAC		Corporate		Total
Employees hired	1,524	26.1%	111	30.5%	658	38.1%	29	30.5%	2,322
Employees who left the Company	896	15.4%	124	34.1%	441	25.5%	8	8.4%	1,469

* Percentages are calculated as the ratio between the number of employees hired / who left the Company and the total number of employees.

National industrial and organizational relations differ significantly from one Country to another. In Australia, France, Spain, Italy, Belgium, the Netherlands and Portugal all employees are covered by collective agreements or equivalents. For the Countries where there is no collective bargaining agreement in place, Amplifon directly establishes contract clauses with its employees according to local best practices.

In addition, 68 employees belong to a legally protected category due to national laws and regulations in force in Italy, Poland, Portugal, Egypt and Germany.

As of the end of 2017, 70.9% of Amplifon's 8,019 employees are women and in particular, the Leadership Team is made up of nine men and one woman. The percentage of women rises to 18% and 38% respectively among senior managers and IKMs.⁽¹⁾

Employees by category divided by gender

	Men	Women	Total
HA specialist (qualified by law/certified)	1,173	1,924	3,097
HA specialist (apprentices or equivalents)	153	258	411
Technicians	48	26	74
Shop supporting personnel	118	2,304	2,422
OPERATIVE STAFF	1,492	4,512	6,004
Regional & Area/District Manager	156	80	236
Other frontline personnel	56	83	139
NON OPERATIVE STAFF	212	163	375
TOTAL FIELD FORCE	1,704	4,675	6,379
TOTAL SUPPORT FUNCTIONS	628	1,012	1,640
<i>of which Directors</i>	<i>50</i>	<i>23</i>	<i>73</i>
TOTAL EMPLOYEES	2,332	5,687	8,019

In terms of age, the 30-50 age group makes up the majority of employees (51.8%). The age groups under 30 and over 50 represent 27.4% and 20.8%, respectively.

Employees by category divided by age

	Under 30	30-50	Over 50	Total
HA specialist (qualified by law/certified)	1,061	1,588	448	3,097
HA specialist (apprentices or equivalents)	278	117	16	411
Technicians	15	32	27	74
Shop supporting personnel	442	1,301	679	2,422
OPERATIVE STAFF	1,796	3,038	1,170	6,004
Regional & Area/District Manager	18	179	39	236
Other frontline personnel	42	61	36	139
NON OPERATIVE STAFF	60	240	75	375
TOTAL FIELD FORCE	1,856	3,278	1,245	6,379
TOTAL SUPPORT FUNCTIONS	338	876	426	1,640
<i>of which Directors</i>	<i>0</i>	<i>54</i>	<i>19</i>	<i>73</i>
TOTAL EMPLOYEES	2,194	4,154	1,671	8,019

⁽¹⁾ Senior managers include people responsible for Countries and Business Units of relevant size and other Corporate Managers with significant functional responsibilities. The IKMs (International Key Managers) are a worldwide group of approximately 100 alike positions in terms of both business impact and international scope supporting the development and delivery of the Group's strategic plan.

To date, Amplifon has not adopted a Group policy on diversity and equal opportunities. However, the Code of Ethics contributes to creating a culture based on equal opportunities, and the Company has started to monitor related data in order to identify future areas of improvement.

4.2 Attracting valuable people

Amplifon is committed to attracting people who believe in innovation and excellence, and who are excited by the idea of working in a dynamic international environment. To date, Amplifon has not a formalized Group policy regarding the attraction of valuable people due to the effectiveness of strategies, tools and non-formalized practices already in place both at corporate and local level.

As part of its global attraction strategy Amplifon has developed a Global Career Website available in 6 different languages and 16 Local Career Websites. All of these sites are dedicated to communicating the attractiveness of the industry and the Company, and the professional growth opportunities and vacancies within the organization. Amplifon also makes intensive use of key social media channels to engage in a direct dialogue with talents. Currently around 36% of people onboarded come from digital channels.

The Global Career Website received over 300,000 visits in 2017. 39% of the people who visited it also explored Local Career Websites. 33% of the people who visit Local Career Websites showed interest in open positions.

	Dec. 2016	Dec. 2017
 LinkedIn followers of Amplifon’s pages and Group brands	17,000	~30,000
 Career Facebook fans of Careers pages and Group brands	8,000	~20,000

In 2017, Amplifon piloted a new advocacy program aimed at strengthening the Company’s reputation as an employer of choice. The program leverages the engagement of Amplifon employees, inspiring them to spread the word about Amplifon on their personal social media. The pilot took place from June to September 2017 and involved around 60 employees – called Amplifiers – from Italy, US, Spain, France and the headquarters. Thanks to them, it has been possible to reach potential candidates not easily accessible via organic communication and drive traffic to the Global and Local Career Websites.

The Company continued pursuing its global employer branding project throughout 2017. The project aims to strengthen Amplifon’s reputation and reach the right target audience in a 360° approach, thus enabling it to attract the candidates who are most closely aligned with the Company’s objectives and values and further enhance Amplifon culture. The results will be available in 2018 concurrently with the launch of the new Employer Value Proposition.

Amplifon engages with talents at a local level by collaborating with universities, organizing job fairs and granting scholarships. In some Countries, it also offers internships through personalized and highly professional projects, organized with students, professors and education institutions.



AMPLIFON FOUNDATION DEGREE

The foundation degree proposed by Amplifon UK consists of virtual learning, practical workshops, lectures, and work-based practical applications designed to build best-in-class hearing care professionals. Shaped by the industry, the education sector and the HCPC (Health and Care Professions Council, an independent UK-wide health professionals regulatory body), the qualification sits between a Higher Education Certificate and a Bachelor's degree and is equivalent to the first 2 years of a Bachelor in Science (BSc). Students undertake a program of study lasting approximately 14 months, delivered in partnership with De Montfort University in Leicester. The program is both innovative and intense, demanding the highest level of commitment and dedication.

In 2017, Amplifon won awards for HR strategies and initiatives it implemented at both corporate and Country level. Examples at corporate level include the European Excellence Award in the "Social Media and Active Sourcing" category and the Employer Branding award assigned by the Politecnico di Milano, which recognized Amplifon's global talent acquisition strategy based on the integration of Local Careers Websites with the Global Careers Website. In Italy, Amplifon gained the 16th position in the rating of Potentialpark, in the "Social Media" category, and was selected by Italian students as "Most Attractive Italian Employer" in the "Healthcare Equipment" category (Universum research). Another example at local level is given by Amplifon Germany which, in 2017, won the Top Employer award for the third time in a row and the Leading Employer of Germany for the first time. Amplifon obtained two important recognitions also in America. The Top Work Places Award, received for the fourth year in a row, is the result of an annual employee survey that asks if employees are receiving the support, technology, leadership, and communication they need to be successful in their career. Moreover, Amplifon obtained the Seal of Distinction from WorldatWork. The Seal is a unique mark of excellence designed to identify organizations with a strong total rewards portfolio that delivers a positive workforce experience.



AMPLIFON WINS THE EUROPEAN EXCELLENCE AWARD 2017 IN HR

Amplifon has been awarded the European Excellence Award 2017 in HR in the "Social Media and Active Sourcing" category. The European Excellence Award honors outstanding HR performances in a wide range of categories that represent the best examples of HR achievements in Europe. An international commission, composed of 7 experts from different companies and industries, examined the presentations of all the shortlisted companies. Amplifon's presentation stood out thanks to the successful integration of global and local perspectives in social media and its careers websites and to the remarkable results driven by this strategy in 2016.

4.3 Fostering excellence

Amplifon dedicates considerable time and resources to employee-focused programs, and provides a wide range of learning and development opportunities to help employees realize their full potential. Given the effectiveness of existing international and local training plans, Amplifon does not consider necessary the implementation of Group policies on the topic for the time being.

In 2017, Amplifon provided its employees with over 242,000 training hours. The table below shows the details of the total training hours and the average hours provided to each employee by professional category during the year.

Total and average training hours by category

Categories	Total training hours	Average training hours
HA specialist (qualified by law/certified)	128,859	41.6
HA specialist (apprentices or equivalents)	25,631	62.4
Technicians	1,856	25.1
Shop supporting personnel	54,215	22.4
OPERATIVE STAFF	210,560	35.1
Regional & Area/District Manager	8,482	35.9
Other frontline personnel	3,275	23.6
NON OPERATIVE STAFF	11,757	31.3
TOTAL FIELD FORCE	222,318	34.9
TOTAL SUPPORT FUNCTIONS	19,838	12.1
<i>of which Directors</i>	<i>374</i>	<i>5.1</i>
TOTAL EMPLOYEES	242,156	30.2

It also should be noted that the total training hours provided in 2017 to the whole workforce, thus including workforce not on payroll, were more than 440,000, equivalent to 34.1 training hours per man and 31.1 per woman.⁽²⁾ The Company offers ad hoc and regional or country-based training and development programs alongside the global ones. In doing so, Amplifon is able to meet local needs and requirements while at the same time enabling employees to benefit from best practices shared across its global network. The online and in-person courses the Company offers to its front- and back-office workforce with the support of one-to-one coaching and mentoring focus on the soft and hard skills required to succeed in the retail hearing care arena. This includes being able to provide the best customer experience as well as develop key leadership skills.

⁽²⁾ Data on training hours in the USA and Canada are excluded from reporting by gender.

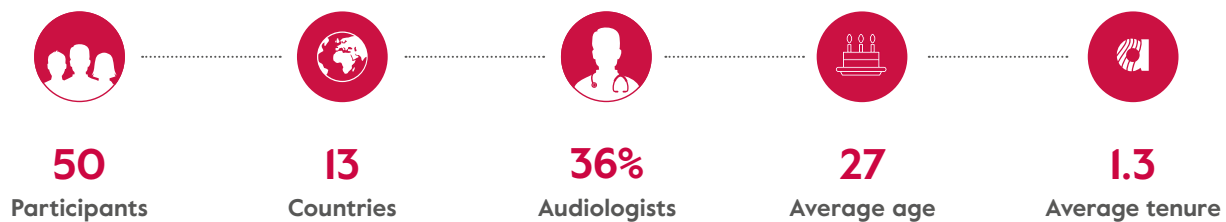
In 2016, Amplifon launched the first edition of its Amplifon Global Onboarding program (aGO), designed to support the most promising new hires build a solid career foundation based on global strategic awareness and cross-functional collaboration. During the second edition in 2017, 50 international employees were given the opportunity to travel to the global headquarters in Milan where senior managers shared the Company’s strategy and its main business processes. The event also represented an occasion for networking and sharing ideas and experiences. In 2017 as well, the feedback on the program was extremely positive, with all sessions receiving a high rating from participants (more than 4.5 on a scale from 1 to 5) and 76% of participants giving the program an overall rating of 5.



aGo’s objectives

- Enrich knowledge of Amplifon's strategy and its business model;
- Share with employees the meaning of cross-function collaboration;
- Enable employees to reflect on their potential individual contribution to Amplifon.

2017 edition results



In 2017, Amplifon organized the third edition of OneAmplifon, a global meeting of over 100 key managers designed to provide them with top-level business insights and ensure a cascade alignment on strategy. In the 2017 edition, held in Paris, key managers and other guests shared their experiences and ideas about corporate Purpose, Mission, Values, leadership development and key initiatives with a particular focus on global trends. Furthermore, global functional meetings are organized on an annual basis to guarantee functional alignment, best practice sharing and the development of new functional programs.

4.3.1 For hearing care professionals

Amplifon ensures its network of hearing care professionals is best in class by employing passionate and talented people and always training them in cutting-edge tools and protocols. In 2017, all hearing care professionals received around 317,000 training hours in total (or 42 hours per hearing care professional).

A very important part of the training provided to hearing care professionals is the Amplifon 360 protocol. In 2015, the Company launched a structured training program extended to all hearing care professionals and field people in the EMEA region. The program is aimed at supporting them in the implementation of the new customer experience model and proprietary protocol. The ambition is to funnel and upgrade the expertise of Amplifon personnel, in order to reach a homogenous, outstanding know-how across the network of stores by 2018. This will enable Amplifon to provide customers with services that are even more personalized and of higher quality. 1,201 hearing care professionals completed their 360 training path in 2017.

In 2016, Amplifon also launched a project aimed at creating a global and comprehensive step-by-step training program that, together with local training, will guide all hearing care professionals to reach their full potential and achieve excellence in the services they offer. This entails an “Audiologist Excellence Profile”, which outlines the characteristics of an ideal hearing care professional and which Amplifon has created by collecting inputs from the countries where it operates on the attributes associated with the best performing professionals.

In 2017, the scope of the project was extended to include inputs from other channels too, such as customer experience and retail excellence. Therefore, the project is now in a transitioning phase intended to redefine the entire journey of the hearing care professional. Thus, in 2018 Amplifon will focus its efforts on the key priority areas identified with other corporate teams to ensure audiologists’ future development and business benefits as well.

One example of a local project designed to enhance the training of hearing care professionals is the brand new Training Center built by Amplifon Germany in 2017. At this center, which is fully dedicated to apprentices, more than 220 young German trainees will amplify their skills and deepen their knowledge, while being trained by some of the best Amplifon hearing care professionals in the country. The grand opening took place on October 11th, where 94 new apprentices had the opportunity to see and experience in advance the facilities that will be an integral part of their development.



Amplifon has kick-started an ambitious new project to create a global community of trainers whose internal knowledge and experience can be leveraged to provide consistent training for hearing care professionals around the world. The Amplifon University trainers are part of a cloud-based collaboration community, which enables them to share their experiences and gives them access to a full resource center and learning management system featuring over 70 courses.

4.3.2 For talents

Amplifon is always keen to recognize those employees who show abilities and growth potential in key Countries or international positions, and is willing to invest in their professional development. To this population, Amplifon offers an extensive array of targeted training programs to suit each person’s characteristics and aspirations. It also offers individuals the opportunity to increase their visibility through assignments to global projects and exposure to senior managers. In this way, those who are capable of adapting to ever-changing business environments are offered an accelerated development and growth path towards critical or larger roles. Of the 110 people identified as high-potential talents in the past two years, 40 were promoted and 12 obtained two-year-long international assignments. Furthermore, given the key role played by manager and professionals, Amplifon has planned to launch in 2018 a project to map the entire population of the Group to identify and develop the necessary skills consistent with the development and growth in an international context.

International training programs



The T-Lab is a periodic, structured and formal process to identify people with the capabilities and potential to cover key positions at national and international level. Amplifon provides the participants with greater visibility, international and accelerated career opportunities, assignment to global projects, Group development programs at top-ranked business schools, mentoring from Group's senior managers, and specific incentive and retention plans.



The Green and Blue Compass Programs are international programs aimed at boosting Amplifon's talents' skills and encouraging international networking and knowledge exchange. Entirely designed by and for Amplifon, the Compass programs are delivered in partnership with Ashridge Executive Education Hult and offered across all areas and levels within the Company. They are focused on developing the most advanced leadership, managerial and self-development skills by means of a mix of cutting-edge active learning methodologies - including business cases, one-to-one coaching sessions, experiential activities, work on real projects and 360° feedback exercises - always closely related to business life and needs.

In 2017, 20 colleagues from 10 countries took part to the Blue Compass Program. In doing so, they were able to understand themselves better as leaders, learn how to handle the ambiguity and complexity of leadership, and set new development goals for the future. The Green Compass Program, which has been updated in 2017 in order to be in line with Amplifon priorities, was undertaken by 23 talented people from 12 Countries, all of whom were early in their careers and willing to learn how to manage assignments with new approaches and responsibilities. Through their attendance, they enhanced their ability to perform in current or future roles. The participants were divided into three inter-functional teams that, through the support of a senior internal sponsor, discussed, analyzed and developed a key project for Amplifon which will then be effectively implemented within the Company.



4.4 Health, safety and wellbeing

Amplifon recognizes the importance of providing a workplace in which its workforce feel safe, fulfilled and motivated.

Amplifon is committed to providing all employees with a safe workplace and views occupational health and safety as an essential component in fostering people's overall wellbeing. Amplifon does not currently consider it necessary to implement a global health and safety policy, given the low risk of the business, the presence of a Code of Ethics promoting a culture of safety in the workplace and country-level procedures and tools in place ensuring compliance with local and regional regulations. Employee health and safety is managed by HR functions, in operational terms, and by the legal department in terms of compliance with local and regional regulations.

In 2017, there were 118 injuries recorded resulting in 2,516 lost days. No fatal accidents were recorded. The total days of absenteeism, on the other hand, totaled 75.961.

Injury rates

	Injury frequency rate		Injury severity rate	
	Men	Women	Men	Women
EMEA	3.02	8.66	0.10	0.28
AMERICAS	4.49	6.10	0	0.01
APAC	0	26.17	0	0.23
Corporate	0	0	0	0

Absentee rate⁽³⁾

	Men	Women
EMEA	3.65	8.13
APAC	6.53	7.58
Corporate	0.62	1.23

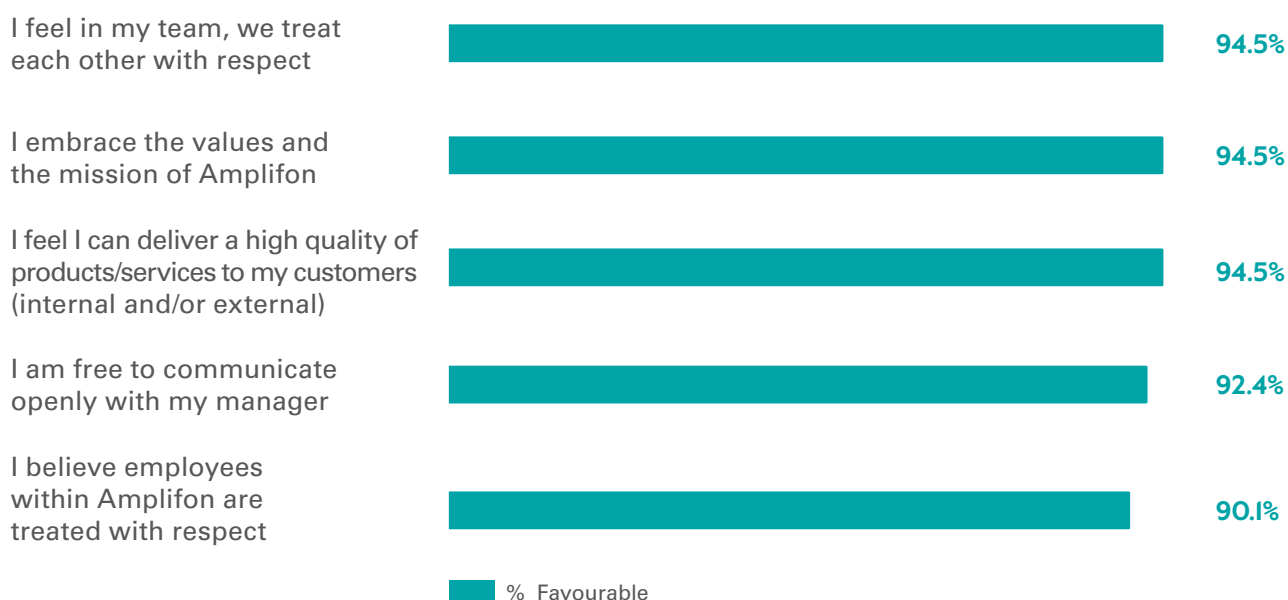
In 2017, few isolated cases of occupational diseases were also recorded with a frequency rate of 0.82 for men and 1.10 for women in the EMEA region⁽⁴⁾, and of 2.52 for women in APAC. In the other areas in which Amplifon operates, no cases of occupational diseases occurred. With regard to injuries occurred commuting to work, or occurring at the workplace, there were only 3 cases for men and 27 for women in the EMEA region compared to the whole Group.

⁽³⁾ Data from Canada, India and USA are excluded as local legislation does not allow the collection of such information.

⁽⁴⁾ Data from the Netherlands are excluded as local legislation does not allow the collection of such information.

Employee engagement

Amplifon views employee engagement as a key leverage for the positive management of human resources in the long term. In 2016, the Company launched its first global engagement survey consisting of an online questionnaire submitted to all Amplifon employees worldwide and agents in Italy. The survey is composed of 51 questions covering the following themes: 'achievement & development'; 'caring & respect'; 'trust & communication'; and 'ownership & pride'. After analyzing the results and feedback collected, the Company implemented action plans, where necessary, at both local and corporate levels in order to address some of the issues raised. For instance, a Corporate Communication Day is now organized periodically at the headquarters in order to open dialogue up among functions. The headquarters themselves are also being renovated to provide employees with the most healthy, comfortable and functional working environment. For the same reason, all corporate employees have been given new equipment and technological tools. In 2017 Amplifon carried out a second edition of the engagement survey. A first wave of results, involving the Corporate team and some Countries, has already been finalized. The Corporate team showed a greater level of participation compared to 2016 (92.9% vs. 86.8%) and reached an employee engagement of 79.7%, significantly above the Retail and Medical sectors benchmark. The survey confirmed the top 5 favorable areas from the previous year:



Employee communications

Regular, effective communications are another way of keeping employees committed, informed and engaged. Communications are translated and adapted to the specificities of each Country. Videos are often used to deliver motivational messages and important news, and as a means for connecting Amplifon with its people. In addition, Amplifon organized a Corporate Communication Day on 28th June 2017 that gave the whole Corporate team the opportunity to share business highlights. During the day, each function set up a booth to present their major projects and areas of work with an inclusive and interactive approach. The Company is also developing a unique intranet platform that will connect all Amplifon employees around the world and enable them to share information and content. A pilot of the new intranet will be released in 2018.

4.5 Recognition and reward

Amplifon knows reward and recognition are key to attracting and retaining the best talent and is strongly committed to valuing the outstanding efforts and achievements of its workforce and driving a culture of continuous feedback. The Company also believes in pay for performance and in recognizing premium contribution in delivering both results and customer care. That is why its reward policy is:

- closely focused and aligned to the Company’s strategy;
- attractive, both globally and in local markets;
- simple and comprehensible;
- designed to motivate people to achieve their objectives, which must be challenging but fair and clearly communicated.

Performance development and review

Amplifon’s continued success depends on the ability of employees to maintain and drive the highest standards of performance in their roles, in line with business aims and objectives. Effective two-way communication with employees is key to creating a high-performance culture focused on identification of clear individual goals and a continuous performance management process. For this reason, employees and managers are encouraged to meet regularly throughout the year to ensure continuous feedback, guidance, direction and recognition. Amplifon reviews performance using transparent criteria that measure the achievement of the objectives and the core competencies needed to succeed in the hearing care retail arena. These competencies are: customer focus, team skills, operational excellence, leadership and orientation to value creation.

In 2017, 94.0% of employees received a performance review. More specifically, 94.1% of women and 93.6% of men received a performance review carried out by the First Line Manager.

Percentage of employees receiving performance review

<i>Employees</i>	<i>%</i>
HA specialist (qualified by law/certified)	98.0%
HA specialist (apprentices or equivalents)	45.3%
Technicians	100.0%
Shop supporting personnel	97.4%
OPERATIVE STAFF	94.2%
Regional & Area/District Manager	98.3%
Other frontline personnel	79.9%
NON OPERATIVE STAFF	91.5%
TOTAL FIELD FORCE	94.0%
TOTAL SUPPORT FUNCTIONS	93.7%
<i>of which Directors</i>	<i>93.2%</i>
TOTAL EMPLOYEES	94.0%

Performance Stock Grant Plan

Every year Amplifon distributes shares not only to its top managers, but also to its talents and best-performing hearing care professionals all over the world, as the Company truly believes in sharing the value it creates with the people who make it possible. The table below summarizes the number of people that benefited from Amplifon's Performance Stock Grant Plan in 2017.

Executives & senior managers	30
IKMs	35
Talents	42
Sales manager	48
Hearing care professionals	326
Total	481

"High Achievers" club

Amplifon also uses performance monitoring to identify high achievers, who are invited to join a "High Achievers" club held at Country level. The invitation is a prestigious acknowledgement of an individual's stellar achievements and a symbol of the value Amplifon places on people's expertise. Members receive benefits, as well as networking opportunities and access to special events.

Charles Holland Award

Amplifon recognizes outstanding performances not just by individuals but also by store teams. Every year, Amplifon Corporate defines a number of prizes to be awarded in each country. Country management selects the most appropriate KPIs. Amplifon's 4,000+ stores (including direct stores and the Miracle-Ear network) are then rigorously assessed and the best 50 stores across the Company worldwide are rewarded with the Charles Holland Award, the Company's highest recognition for excellence in store performance.

The prize is named after Amplifon's founder and was created in 2011. Since then, hundreds of stores have been awarded the prestigious handmade trophy with an exclusive design. They have also been celebrated, along with the top management of the Company, in special international events held either in Milan (for the winners in EMEA and Americas) or Australia (for those based in the APAC region). In 2017, about 190 people took part in the celebration held in Milan and almost 70 in the one hosted in Sidney.





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



 **way to behave,
operate, compete**

5. a way to behave, operate, compete

5.1 The regulatory framework

Amplifon operates in the healthcare sector, where regulations differ from Country to Country and from one area of the sector to another. The key areas that are relevant to Amplifon are:

- hearing aids;
- professionals entitled to select, fit and sell hearing solutions;
- reimbursement conditions.

The Group has implemented a series of measures to ensure its ability to react in a timely manner to potential changes in regulation. Through the implementation of the Regulatory Affairs function, Amplifon aims at reducing the impact of unfavorable changes, maximizing the benefits of the favorable ones. To this end, the Regulatory Affairs function has the objective of:

- developing and maintaining continuous monitoring of regulatory changes and their impact in all Countries where the Company operates;
- defining responsibilities (locally or centrally) for managing current or potential issues;
- developing action plans (with the support of external experts) for issues defined on corporate and local level, and monitor their implementation;
- developing and coordinating the strategy to interact with institutions and actively participating in debates, associations, and international conferences in order to make the voice of the sector heard.

5.1.1 Hearing aids

Hearing aids are considered medical devices in all the markets where Amplifon operates. Therefore, the devices sold by the Company have to comply with several different national and international regulations on product standards, packaging and labeling requirements. The most relevant changes in regulation concerning hearing aids that occurred in 2017 are explained below.

EU COUNTRIES: On 25 May 2017, the European Medical Directive 2017/745 entered into force, repealing Council Directive 93/42/EEC. The new Directive keeps the classification of hearing aids as "class II a - low-medium risk devices". In order to sell a hearing aid in the European Union market, the CE marking, which stands for "Conformité Européenne" and literally means "European Conformity", must be attached to the device confirming that the product meets the essential requirements of all relevant European Medical Device Directives. Accordingly, the European Medical Directive 2017/745 further strengthens the concept of the hearing aid as a medical device, distinguishing it from the Personal Sound Amplification Products (PSAPs).

USA: hearing devices are regulated by the Food and Drug Administration (FDA) and are classified as Class I medical devices that can be launched without pre-market approval (PMA), under an exemption in accordance with the 510(k) approval process, while wireless hearing aids are Class II, exempted from PMA and 510(k) requirements. The FDA requires that information and instructions about hearing aids must be provided by a licensed hearing aid dispenser to consumers before any purchase.

In August 2017, the Over the Counter Hearing Aid Act, which was bundled as part of the Medical Device User Fee Amendments package and the FDA Reauthorization Act, passed into law. The new legislation provides that the FDA introduces a separate category of hearing aids approved for over-the-counter (OTC) sales to adults aged 18 and above with mild-to-moderate hearing loss without seeking treatment by a health professional. The FDA has three years from the adoption of the law to effectively apply the new regulation and setting specific guidelines regarding safety standards, labelling and other technical requirements for OTC hearing aids. Only after this definition by the FDA OTCs can be introduced to market.



HEARING AIDS VS PERSONAL SOUND AMPLIFICATION PRODUCTS (PSAPs)

Hearing aids are medical devices subject to strict safety assurance and controls and are intended to improve hearing for individuals with hearing loss. In order to prevent potential hearing damages, hearing aids are customized to individual needs and set to limit the potential hearing gain under a safety threshold.

Personal sound amplification products (PSAPs) are intended to amplify sounds, but not to compensate hearing loss, and are not medical devices. Unlike hearing aids, PSAPs are not fitted by a healthcare professional and do not require professional advice to be purchased. They may also breach the safety threshold of 120 dB in output, and are thus potentially harmful to hearing. There is a multitude of inner ear issues that only a hearing care professional or ENT can properly identify and address. As some of these may cause temporary or permanent hearing damage, bypassing hearing care professionals can be risky and might lead to further hearing-related problems.

The distinction between the two types of devices is globally recognized and affirmed. To point out the difference between them, in Italy the Competition and Market Authority (Agcm) and the Court of Ferrara intervened in 2017 against a company, which used to sell and advertise PSAPs as hearing aids. The sentence of the Court and the intervention of the Agcm caused the immediate termination of advertising, while the sales methods have been defined "unfair commercial practices", since the company took advantage of unqualified professional figures.

5.1.2 Professionals entitled to select, fit and sell hearing solutions

EU COUNTRIES: in order to ensure people's safety, the European Medical Device Directive dictates that only professionals entitled under relevant national regulations can select, fit, sell and conduct immediate and ongoing inspections of the effectiveness of hearing solutions. The profession of hearing care specialist is therefore regulated in most EU Countries. The regulations of member states require different qualifications and education and assign different responsibilities to such professionals.

USA: in the current operational legislative framework, the FDA requires hearing aids to be dispensed only by licensed individuals, namely audiologists or hearing device specialists (dispensers). People older than 18 do not require a medical examination by a licensed physician to determine the cause of hearing loss, whereas for underage hearing aid users, a medical evaluation is required prior to dispensing hearing devices. As mentioned above, the FDA Reauthorization Act introduced an OTC hearing aid category that will be available over-the-counter, without the consultation, involvement, or intervention of a health professional or credentialed dispenser. The FDA will be responsible for the rule making process for the creation and introduction of the OTC hearing aid category within three years from the passage of the Act into law.

AUSTRALIA: in order to be accredited by the Office of Hearing Services (the Office responsible for managing and administering the Australian Government Hearing Services Program), audiologists and audiometrists need to be members of an approved Australian professional body. Audiologists hold university qualified (Master of Clinical Audiology), while audiometrists attend courses provided by Technical And Further Education (TAFE) colleges. As far as the private market is concerned, there is no specific regulation applying to requirements for hearing aid dispensers. Nevertheless, Amplifon in Australia only employs audiologists or audiometrists that are members of an Australian professional body.

5.1.3 Reimbursement conditions

The reimbursement conditions for hearing aids and related services differ according to the national health systems of the Countries where Amplifon operates. The possible reimbursement conditions can be:

- National health systems offering hearing aids free of charge to everyone (for example, in the UK);
- National health systems offering partial to full reimbursement to eligible people who present a certain level of hearing loss (for example, in France and Italy);
- National health systems not offering reimbursement (for example, in Spain and the USA with the exception of the Veterans Association).

Amplifon is committed, in all the Countries it operates, to fostering efficient reimbursement systems and preventing unnecessary waste. The Company is engaged in roundtable dialogues with health agencies and regulators to find a good balance between guaranteeing everyone access to hearing care and maintaining economic sustainability of national health systems.

5.2 Responsibility towards customers and compliance

5.2.1 Product and services safety

Amplifon continuously interacts with stakeholders to guarantee and further improve customer safety in order to prevent any potential damage to clients, from the fitting phase to the daily usage of hearing aids, and to ensure the total compliance with product and labelling regulatory requirements. Even if Amplifon has not adopted a global formalized policy, the Company is strongly committed to put in place all appropriate mechanisms to ensure customer safety. As part of this process, Company's Regulatory Affairs team dialogues with lawmakers, health agencies, professional scientific societies and industry associations worldwide, sharing information that only a global distribution network such as Amplifon can have in order to support customer safety and ensure access to quality hearing care.

As far as product safety is concerned, manufacturers guarantee products are manufactured in compliance with all applicable directives, laws and regulations pertaining to the Countries where sales occur. They are responsible for the multitude of tests that hearing aids, being medical devices, are subject to, and which guarantee users' safety. Moreover, Amplifon includes a formal declaration regarding safety instructions for the product's utilization and handling by the final user within the manuals for each product category. All products have clear safety instructions and labeling on the package and product information leaflet.

If there are concerns regarding the safety of hearing devices or related products sold in Amplifon stores, the Company requires suppliers to perform further analyses and requests third-party laboratories to assess the safety of products along with other technological or manufacturing issues. If, following these analyses, Amplifon customers' health and safety cannot be fully assured, the supplier is immediately asked to take action which may end up in a product recall.

As it concerns the service offered, in order to avoid risks to customers' safety that may occur in the fitting phase, Amplifon employs highly qualified hearing aid specialists and strongly invests in their training. In addition to that, all machinery and equipment that are likely to have an impact on customer's safety are subject to planned maintenance protocols with timing and methods also defined by the producers. The Company also has insurance for the rare instances in which incidents might occur.

In recent years, the Company has not reported any case of product recall or non-compliance with regulations and voluntary codes concerning the safety impacts of products and services offered. In 2017, two anomalies were reported in relation to the batteries used in the hearing aids, in addition to those reported in 2016. As a result of these anomalies, the Company carried out further checks and investigations that confirmed battery safety.

5.2.2 Customer privacy and data protection

Protecting customers' personal information is essential for maintaining trust, particularly as people grow increasingly concerned about their privacy and security. Factors that could potentially lead to information being lost or deleted or getting into the wrong hands include cyber threats and human error.

Amplifon has equipped itself, both at Corporate and store network level, with a series of management tools aimed at applying national regulation requirements regarding privacy protection in all Countries of operation. The Group Legal & Corporate Affairs function provides the necessary support to the entire Group in case of regulatory changes. What happened in 2017 is an example: the above-mentioned function supported the local management in the path towards compliance with the new EU Regulation 2016/679, namely the General Data Protection Regulation (GDPR), whose objective is to strengthen and harmonize the data protection for all individuals within the European Union by introducing new provisions. Amplifon has performed a conformity analysis with respect to the new EU Regulation as well as to local regulatory requirements on data privacy. The aim is to define a corrective action plan in order to achieve the compliance before the EU Regulation becomes enforceable, in May 2018.

Amplifon's hearing care professionals and shop personnel are trained to handle sensitive data with special care; and, according to Amplifon's Code of Ethics, all information and data acquired or processed by employees in the course of their work cannot be utilized for other purposes or divulged.

Amplifon consistently invests in information security in order to protect the vast amount of sensitive information it has on its customers. The Corporate IT security is managed at a central level and Amplifon data and transactions are managed by three main data centers that guarantee high standards of quality and reliability. Amplifon has also selected a best-in-class provider of information security, which manages security alerts in real time throughout the year, 24 hours a day. In case of alarms, a team of specialists takes action to block attack or intrusion attempts by following specific procedures, in order to avoid any risk of loss or theft of sensitive corporate and customer data.

Amplifon's strong internal culture ensures that employees understand the critical nature of privacy and security risks and know how to manage them. There are also policies in place that regulate the correct use of IT systems by Amplifon employees. For example, the Company has implemented a "Responsible use of IT" policy, which establishes specific standards for the use of IT systems and related equipment in order to ensure the highest level of security and protection of confidential data. The policy has been distributed to all Country General Managers, executives and associates, and published on the Amplifon Group Intranet.

To ensure the reliability of information provided online, Amplifon has implemented systems to prevent the defacement of its Facebook webpages. The protection systems alert Amplifon in case of any unauthorized access. Every quarter, Amplifon distributes to the Leadership Team an IT security bulletin concerning threats and malware events, which summarizes the efficiency of its IT safety systems.

In 2016 Amplifon did not receive any substantiated complaints regarding breaches of customer privacy. In 2017 as well, the Company's prevention systems have operated successfully, ensuring the highest level of protection required. The vast majority of malware has been blocked, with the exception of an isolated case that interested Miracle-Ear (with no noteworthy adverse consequences).

5.3 Ethical business practices

Amplifon is strongly committed to ensuring ethical behavior. All workforce is expected to uphold the high standards set out in the Company's Code of Ethics. To this end, a coherent culture plays a central part in addressing behaviors and tackling unexpected events in a transparent and shared manner.

5.3.1 The internal control and risk management system

Creating value always implies taking risks and managing uncertainty. In a constantly changing business environment characterized by extremely volatile and unstable global market conditions, risk management is even more important and requires organizations to identify risks and take advantage of opportunities.

Risk management is an ongoing activity which, based on the initial identification and assessment of the events that could negatively impact the ability of the Company and its subsidiaries to reach targets (particularly strategic goals), includes the definition of which steps need to be taken to respond to the risk, implementation and subsequent updates which take place at least once a year at a Group level. Risk management allows for better informed business decisions, reduces the gaps between actual results and objectives and, lastly, nurtures a competitive advantage.

This activity is supported by the Group Risk & Compliance function and involves Company's top management, all Country General Managers and local management teams. With the aim of providing reassurance on the achievement of the Group's objectives, an analysis on the risks identified is carried out to highlight those related to strategies: the correct and adequate management of these risks leads to "assurance" on the accomplishment of strategies and objectives.

The following scheme shows the internal risk annual identification process that allows, on the one hand, to update the Group risk map and, on the other, to plan the risk management activities.

Risk assessment process

COUNTRY LEVEL

Country functions phase: at least 3 risks for each of the Company's functions are identified, described, assessed and managed. **Main contributor is the function manager.**



Countrywide phase: the top 5 risks at Country level are selected among the functional ones. **The contributor is the management team under the responsibility of the General Manager.**

CORPORATE LEVEL

Corporate functions phase: at least 3 risks for all the Corporate's functions are identified, described, assessed and managed. **Main contributors are the heads of the Corporate's functions.**



The Group risk map is presented to the Risk, Control and Sustainability Committee and to the Board of Directors, as outlined in the Corporate Governance Code for Listed Companies issued by the Committee for the Corporate Governance of Listed Companies.

The internal control system also consists of the set of rules, procedures and organizational structures designed to ensure, through proper identification, assessment, management and monitoring of primary risks, the following:

- safeguarding of corporate assets;
- efficiency and efficacy of corporate operations;
- reliability of financial information;
- compliance with laws and regulations.

In 2017, the Board of Directors, also based on the contribution of the Risk, Control and Sustainability Committee, as recommended by the Governance Code, has expressed an opinion on the adequacy, efficiency and actual functioning of the internal control system

5.3.2 Anti-corruption

Amplifon is highly committed to carrying out fair, honest and ethical business worldwide, in compliance with applicable laws and regulations wherever the Company operates. The Company has zero tolerance for corruption and provides specific rules for preventing and managing corruption risks within its sphere of interest. Amplifon's people are required to operate in compliance with applicable anti-corruption laws and be aware of the Company values, standards and principles.

On July 26th 2017, Amplifon's Board of Directors has approved a Group Anti-corruption Policy intended to ensure whether daily activities are carried out ethically, protecting value creation and those core values on which the Company's activities are founded.

The provisions and guidelines contained in the Policy are inspired by the Company's culture and the behavioral principles set out in the Code of Ethics, and have been developed analyzing the activities that potentially can expose Amplifon to the risk of corruption. They promote the highest standards in all business dealings, conducting activities with loyalty, fairness, transparency, honesty and integrity and provide specific rules for preventing, detecting and managing corruption risks.

The areas potentially exposed to corruption risks have been identified with the support of some Company's managers and executives, as well as some subsidiaries of the three regions.

The Group Risk & Compliance function, which has been supported by a qualified consulting company in drafting the Policy, is also in charge of facilitating the spreading and respect of the Policy by means of communication activities, training and finally audit. The program will also envisage the implementation in 2018 of a reporting system ("Whistleblowing") to allow all employees and third parties to anonymously communicate any potential misconduct that might lead to Group Anti-corruption Policy breaches.

The Group Anti-corruption Policy has been formally communicated and subject of specific training sessions to each of the three geographical areas in which all the General Managers and selected key managers took part.

In 2018, each General Manager will be responsible for effectively implementing the anti-corruption guidelines by integrating, if needed, operating business procedures. Moreover, General Managers will have to verify the completeness of the list of the areas most exposed to the risk of corruption in compliance with the Group Anti-corruption Policy and in accordance with key features of the local business and local regulatory framework. The Group Risk & Compliance function will facilitate and support local entities in designing and updating the operating procedures and in developing training and awareness materials and activities regarding corruption prevention.

In addition to the Group Anti-corruption Policy, Amplifon:

- has defined a Code of Ethics, which has been distributed in all Countries in which it operates and prohibits corruption practices, illegitimate favors, collusive behavior and undue pressure exerted directly and/or through third parties. All Amplifon's subsidiaries, stores and business partners must respect the Code of Ethics;
- in Italy has adopted the Internal Organizational Model pursuant to Italian Legislative Decree 231/2001, which regulates sensitive activities through control protocols and specific procedures for activities entailing relationships with the medical community;
- has created a corporate function to coordinate relationships with the medical profession internationally, with a view to disseminating information and providing professional and scientific support.

Over the period 2016-2017, only one episode of corruption was reported in Italy, where an area manager failed to comply with internal policies. Amplifon, in line with its zero-tolerance policy, decided to end its relationship with the employee concerned.

5.3.3 Competitive behavior and responsible marketing

The Company faces competition from various domestic and multinational companies offering hearing aids, including specialty players, non-specialty players (such as optical chains or pharmacies) and online players. Amplifon responds to competition by continually monitoring market changes and focusing its investments in store renovation and new acquisitions, always within a framework of fair competition.

The Group Legal & Corporate Affairs function has the task of ensuring that the Company's competitive behavior takes place according to ethical principles and applicable laws.

The Company voluntarily collaborates with national competition authorities investigating on the hearing aids sector. To provide an example, from late 2015, Amplifon has also been responding to questions raised by the Australian Competition and Consumer Commission about a range of business practices in the hearing services industry, particularly incentive-based commissions that might be used to motivate people and improve productivity. All the Commission's questions have now been answered.

Responsible and reliable communication with customers is another key aspect of Amplifon's business ethics in order to prevent any risk of non-compliance with existing legislative regulation as well any damage to Company's reputation. No formalized policies on responsible communication have been implemented; however, the Company's Code of Ethics dictates that all employees directly in contact with customers must provide accurate and comprehensive information regarding products and services, and are required to disclose the facts contained in advertising and other sorts of campaigns, so that customers are able to make informed decisions. Moreover, Amplifon has selected in 2017 a unique creative agency and media partner for all its campaigns in EMEA, in order to align all its marketing, advertising and communication strategies, in order to further raise Amplifon's brand awareness with a greater efficiency and efficacy.

In 2016, Amplifon received complaints from a competitor regarding its advertising campaigns in the UK and in the Netherlands. These complaints did not result in penalties. In one case, the court ruled in Amplifon's favor; the other case was resolved directly between the parties involved. In 2017 Amplifon did not receive any new complaint regarding commercial communication.

5.4 Green consciousness

Despite being a service company rather than an industrial one, Amplifon is alert to environmental issues and the challenges posed by climate change. The Company realizes that, for any forward-looking corporate responsibility strategy to be effective, it must encompass environmental footprint assessment activities intended to ensure the utmost environmental respect. To this end, despite not having implemented Group policies regarding environmental issues, Amplifon has embarked on a path aimed at identifying its main impacts resulting from business activities and at monitoring the environmental performances of its headquarters and its network of shops.

Starting from 2017, Amplifon has been committed to systematically monitoring its energy use in order to set future action plans aimed at improving energy efficiency and increasing savings. Heating/cooling and lighting of its headquarters and direct shops represent its main energy consumption. With regard to electricity consumption, Amplifon monitors those associated with the network of direct shops; in 2017, a consumption of 19,717 MWh was registered, an increase of 12% compared to 17,609 MWh in 2016. Focusing on the energy consumption of the headquarters, as shown in the following table, there has been an increase in the consumption of natural gas, while the consumption of electricity has remained substantially unchanged compared to 2016. Currently, electricity consumption related both to the headquarters and direct shops comes from the purchase of energy from the national network and are not certified as coming from renewable energy sources.

Energy consumption within the organization⁽⁵⁾

	Headquarters	
	2016	2017
Energy consumption – natural gas (m ³)	158,492	186,037
Energy consumption – electricity (MWh)	3,789	3,764
Energy consumption – district heating (MWhth)	107	104

The Company is also striving to understand its carbon footprint by keeping track of the direct and indirect emissions associated with fuel consumption for the car fleet, gas for heating, energy consumption and business travels.

GHG emissions

Scope 1 (Direct emissions - tons of CO ₂ e)	2016	2017
From fuels used for the car fleet	12,912	11,776
From gas for heating in the headquarters	321	390
From refrigerant gas used for conditioning in the headquarters	133	230
Total	13,367	12,396
Scope 2 (Indirect emissions from energy - tons of CO ₂ e)	2016	2017
From electricity purchased for headquarters	1,669	1,652
From electricity purchased for direct shops	6,674	7,164
From district heating for headquarters	22	21
Total	8,364	8,837
Scope 3 (Other indirect emissions - tons of CO ₂ e)	2016	2017
Business travel by airplane	1,005	1,357
Business travel by train	60	84
Business travel by car (hiring)	86	102
Total	1,151	1,543

In addition to direct, indirect energy consumption and related emissions, Amplifon has identified waste management as a relevant area in the context of environmental impacts. For this reason, in 2017 Amplifon has started to monitor its own waste production in its headquarters with the aim of evaluating strategies to reduce this production.

Waste production

Headquarters (Kg)	2016	2017
Hazardous waste	13,415	13,983
Non-hazardous waste	138,505	124,790

⁽⁵⁾ Data from Canada and Egypt are excluded.

Note on methodology

The consolidated Non-Financial Disclosure of Amplifon Group represents the response to the Italian Legislative Decree No 254 of 30th December 2016 concerning the communication of non-financial and diversity information on five areas: environmental, social, anti-corruption and anti-bribery, relating to personnel and respect for human rights. More specifically, the document shows Amplifon's performance on the non-financial material aspects both for the Group and for its stakeholders (For further information: Section 1.2). The document has been drafted according to the Sustainability Reporting Guidelines, version G4, edited by the Global Reporting Initiative (GRI) in 2013. Based on the current reporting level of the General Standard Disclosures and the Specific Standard Disclosures indicators, associated with the material aspects, the level of compliance with GRI-G4 guidelines that Amplifon self-declared is "In accordance - Core option".

Scope of reporting

In 2016 Amplifon published its first Sustainability Report, followed in 2017 by the current consolidated Non-Financial Disclosure that includes the description of the main initiatives undertaken in 2017 (calendar year) and the deviation over the two-year period 2016-2017. The initiatives and events of interest undertaken in 2018 and already known at the date of closing of this report have also been added.

The reporting scope, consistent with the Decree requirements, coincides with that of the Consolidated Financial Statement that includes in full the consolidated Companies for financial reporting at December 31st, 2017, except for the following Companies:

- Amplifon South America Holding LTDA (Brazil);
- Direito de Ouvir Amplifon Brasil SA (Brazil);
- Makstone Isitme Ürünleri Perakende Satis A.S. (Turkey);
- Amplifon Cell (Malta);
- NHanCe Hearing Care LLP (India).

This exclusion is not relevant to understand the Company's activities, its performance, its results and the impact it produces.

In this regard, given the exclusion of Companies in Brazil and Turkey, 2016 data published in this document may differ from the data published in the 2016 Sustainability Report. The reporting scope is consistent with the contents above, except for some data, where specific limitations are explicitly reported in the text. No significant changes in Company ownership were registered in the scope and reporting period considered.

For greater clarity and to facilitate the comparison the aspects defined by the GRI-G4 Guidelines have been reconciled with the areas of intervention of the Decree, reporting for each of them the relative perimeter and possible limitations.

Amplifon S.p.A. Registered Head Office is in Milan at 133, Via Ripamonti.

The contents referring to the outside boundary in the table below are qualitative aspects useful for understanding the scope of the business with reference to its main stakeholders, but do not provide quantitative data that fall within the scope of consolidation. Furthermore, the limitations on reporting with respect to the inside boundary do not compromise the representativeness of the results compared to the requirements of the Legislative Decree 254/2016.

Material aspects	Link with D.Lgs 254/2016 aspects	Aspect boundary		Limitation of aspect boundary	
		Inside	Outside	Inside	Outside
Anti-competitive behaviour	Social aspects	Group	-	-	-
Compliance (Society)	Social aspects	Group	-	-	-
Customer health and safety	Social aspects	Group	Manufacturers; franchisees; corporate shops on a commission basis	-	Partially covered for manufacturers
Customer privacy	Social aspects	Group	-	-	-
Economic performance	Social aspects	Group	-	-	-
Marketing communication	Social aspects	Group	-	-	-
Product and service labeling	Social aspects	Group	Manufacturers	-	Partially covered for manufacturers
Public policy	Social aspects	Group	-	-	-
Employment	Personnel management	Group	Franchisees; corporate shops on a commission basis	-	Not covered for franchisees
Training and education	Personnel management	Group	Franchisees; corporate shops on a commission basis	-	-
Occupational health and safety	Personnel management	Group	Manufacturers; franchisees; corporate shops on a commission basis	Partial reporting of USA ¹ , Canada ² , India ³ and The Netherlands ⁴	Not covered for manufacturers and workforce not on payroll
Anti-corruption	Anti-corruption	Group	-	-	-
Compliance (Environment)	Environmental aspects	Group	-	-	-
Effluents and waste	Environmental aspects	Group	Manufacturers; franchisees; corporate shops on a commission basis	Reporting not extended to direct shops and headquarters of Canada ² , Egypt ⁵ , Poland ⁶ and Switzerland ⁷	Not covered for manufacturers and indirect shops
Energy	Environmental aspects	Group	Manufacturers; franchisees; corporate shops on a commission basis	Reporting not extended to headquarters of Canada ² and Egypt ⁵ ; partially extended to direct shops (natural gas consumption excluded)	Not covered for manufacturers and indirect shops

¹ Miracle Ear Inc., Elite Hearing, LLC, Amplifon USA Inc., Amplifon Hearing Health Care, Inc., Amplifon IPA, LLC.

² Miracle Ear Canada Ltd., Audiomedica Hearing Clinic Inc., Hear More Canada, Inc.

³ Amplifon India Pvt Ltd.

⁴ Amplifon Nederland BV, Auditech BV, Electro Medical Instruments BV, Beter Horen BV, Hearing Supplies Srl.

⁵ Amplifon Middle East SAE.

⁶ Amplifon Poland Sp.z o.o.

⁷ Amplifon AG, Hearing Supplies SA.

Quality assurance principles for the Sustainability Report

This document highlights Amplifon's strengths and weaknesses, as well as its prospects for improvement. Data was collected with the objective of giving a balanced and clear picture of the Company's actions and characteristics. The information and quantitative data collection process is structured in such a way as to guarantee that data can be compared over years, in order to enable an accurate and complete overview of Amplifon's performance to all stakeholders.

The limited assurance engagement of this consolidated Non-Financial Disclosure has been entrusted to PricewaterhouseCoopers S.p.A., the Auditor of the Amplifon Group, whose limited audit report is available on p. 101.

Reporting process and calculation criteria

The definition of the content of the 2017 consolidated Non-Financial Disclosure involved all the key Company functions, who worked in close collaboration and under the coordination of the Investor Relations & Corporate Communication team. Amplifon has also been supported by the EY (Ernst & Young) Italian Climate Change and Sustainability Services team.

The performance indicators were collected on an annual basis and the reporting frequency is annual. More specifically, the data reported were selected on the basis of the materiality assessment (for details: Section 1.2) and gathered according to a process of data and information collection, aggregation and communication at Group level, for the first time tracked in a specific Manual aimed at standardizing the process of non-financial data collection.

It should also be noted that the environmental data for 2016 presented in this document differ from the data published in the 2016 Sustainability Report in consideration of the scope, as specified in this Note on methodology, in the "Reporting scope" section.

As for the calculation criteria:

- where environmental data is not available, conservative estimates were used;
- emissions have been calculated in terms of CO₂ equivalent through the following emission factors:
 - **Direct emissions scope 1:** for the heating of headquarters with natural gas, emissions related to refrigerant gas of conditioning systems and car fleet, the emission factors retrieved from the UK Department for Environment, Food & Rural Affairs (Defra) database were used for both 2016 and 2017.
 - **Indirect energy emissions scope 2:** for the electricity purchased from the national grid, the emission factors related to the different Countries in which Amplifon operates were used (processed by Terna - "Terna international comparisons on Enerdata figures – 2015 data"). For the method of calculation of emissions related to district heating, the emission factor processed by Defra for natural gas production was used.
 - **Indirect emissions scope 3:** for emissions connected with employee travel for business reasons by plane, train and car the emission factors in the Defra 2016 and 2017 databases were used.

- for the calculation of the total weight of hazardous waste, toners and WEEE (waste electrical and electronic equipment) were considered to belong to this category. With regard to non-hazardous waste, these are typically waste deriving from office activities performed at headquarters;
- the health and safety rates refer to employees only and have been calculated using the following formulas:
 - the **injury frequency rate** is the ratio between the total number of injuries and the total number of worked hours, multiplied by 1,000,000;
 - the **injury severity rate** is the ratio between the total number of days lost due to injuries and the total number of worked hours, multiplied by 1,000;
 - the **absentee rate** is the ratio between the days of absence during the reporting period and the total number of worked hours, multiplied by 1,000;
 - the **frequency rate of occupational diseases** is the ratio between the total number of occupational diseases and the total number of worked hours, multiplied by 1,000,000.

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G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	pp. 6-7; 36-39	
G4-7	Nature of ownership and legal form.	pp. 6; 92	
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G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Amplifon is a member of Valore D.	
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	Amplifon is engaged in several national industry associations, such as HIA (Hearing Industry Association) in the USA, HCIA (Hearing Care Industry Association) in Australia and NHCA (National Hearing Conservation Association) and SYNEA (Syndicat National des Entreprises de l'Audition) in Europe.	

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G4-24	List of stakeholder groups engaged by the organization.	p. 13	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	pp. 13-17	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	pp. 13-17; 51-52; 54-63; 77; 89-90	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	pp. 13-17; 19-22; 51-52; 77	

Report profile

Disclosure	Description	Reference	Omissions
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	p. 92	
G4-29	Date of most recent previous report (if any).	p. 92	
G4-30	Reporting cycle (annual, biennial, etc.).	p. 92	
G4-31	Contact point for questions regarding its contents.	p. 95	
G4-32	Report the "In accordance" option the organization has chosen, the GRI Content Index and eventually the reference to the External Assurance Report.	pp. 92; 96-100	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	p. 94	

Governance

Disclosure	Description	Reference	Omissions
G4-34	Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision- making on economic, environmental and social impacts.	pp. 43-44; Report on Corporate Governance and Ownership.	

Business and integrity

Disclosure	Description	Reference	Omissions
G4-56	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Code of Ethics; pp. 87-90	

Specific standard disclosures

Economic

Disclosure	Description	Reference	Omissions
Economic performance			
G4-DMA		pp. 18-19	
G4-EC1	Direct economic value generated and distributed.	pp. 18-19	
G4-EC4	Financial assistance received from government.	p. 18	

Environment

Disclosure	Description	Reference	Omissions
Energy			
G4-DMA		pp. 90-91	
G4-EN3	Energy consumption within the organization.	pp. 90-91	
Effluents and waste			
G4-DMA		pp. 90-91	
G4-EN23	Total weight of waste by type and disposal method.	p. 91	Information on disposal method is not available. Amplifon intends to collect the necessary data to cover all the requirements in the future.
Compliance			
G4-DMA		p. 90	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations have been reported in the three-year period 2015-2017.	

Social - Labor practices and decent work

Disclosure	Description	Reference	Omissions
Employment			
G4-DMA		pp. 66-71; 78-79	
G4-LA1	Total number and rates of employees hired and turnover.	p. 68	
Occupational health and safety			
G4-DMA		p. 76	
G4-LA6	Type of injury and rate of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities.	p. 76	Information about workforce not on payroll is not available.
Training and education			
G4-DMA		pp. 72-75; 78-79	
G4-LA9	Average training hours per employee.	p. 72	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	pp. 72-75	
G4-LA11	Percentage of employees receiving regular performance and career development reviews.	p. 78	

Social - Society

Disclosure	Description	Reference	Omissions
Anti-corruption			
G4-DMA		pp. 88-89	
G4-SO5	Confirmed incidents of corrupt taken.	p. 89	
Public policy			
G4-DMA		pp. 88-89	
G4-SO6	Total value of political contribution and recipient/beneficiary.	In the two-year period 2016-2017 Amplifon did not give any kind of contribution to politicians or parties.	
Anti-competitive behaviour			
G4-DMA		pp. 88-89	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	pp. 88-89	
Compliance			
G4-DMA		pp. 85-90	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No significant fines or non-monetary sanctions for non-compliance with laws and regulations have been reported in the three-year period 2015-2017.	

Social - Product responsibility

Disclosure	Description	Reference	Omissions
Customer health and safety			
G4-DMA		p. 85	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	p. 85	
Product and service labeling			
G4-DMA		pp. 82-85	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	p. 85	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		Only one warning has been reported in France following a control of the local anti-trust in the period 2015-2017, to which Amplifon responded by updating the terms and conditions of the contracts.
G4-PR5	Results of surveys measuring customer satisfaction.	pp. 51-52	
Marketing communications			
G4-DMA		pp. 89-90	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	pp. 89-90	
Customer privacy			
G4-DMA		pp. 86-87	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	pp. 86-87	
Compliance			
G4-DMA		pp. 85-87	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		In the three-year period 2015-2017, Amplifon reported only one sanction in Portugal in 2016, for a formality not respected regarding the registration as a provider of health services and marketing of health products. The sanction amounted to 66,500 euros.



AMPLIFON SpA

Independent auditor's report

on the consolidated non-financial statement pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267

Year ended 31 December 2017



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267

To the Board of Directors of
AMPLIFON SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the consolidated non-financial statement of AMPLIFON SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2017 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 1 March 2018 (hereafter the "NFS").

Responsibility of Management and Those Charged with Governance for the NFS

Management is responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the Sustainability Reporting Guidelines, G4 version, defined in 2013 by the GRI - Global Reporting Initiative (hereafter the "GRI G4 Guidelines"), identified by them as the reporting standard.

Management is responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Management is responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Management is responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI G4 Guidelines. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the company, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. Comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. Understanding of the following matters:
 - Business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;



- Policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
- Main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below.

5. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.
In particular, we held meetings and interviews with the management of AMPLIFON SpA and with the personnel of Amplifon AG, Amplifon Magyarország Kft, Amplifon Nederland BV and Amplifon Groupe France SA, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a Group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Amplifon AG, Amplifon Magyarország Kft, Amplifon Nederland BV and Amplifon Groupe France SA, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of AMPLIFON Group as of 31 December 2017 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI G4 Guidelines.



Other aspects

The comparative information presented in the NFS in relation to the financial year ended 31 December 2016 has not been subjected to any procedures.

Milan, 15 March 2018

PricewaterhouseCoopers SpA

Signed by

Massimo Rota
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers.

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