

 **amplifon**

SUSTAINABILITY REPORT 2020

**LISTENING
AHEAD**

CONSOLIDATED NON-FINANCIAL STATEMENT
drawn up pursuant to Legislative Decree no. 254/16



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SUSTAINABILITY REPORT 2020



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MESSAGE TO THE READERS

Dear Readers,
2020 was a year that we will all remember for many reasons. It was a year in which past, present and future were strongly intertwined: it reminded us of our history, it asked us to face great challenges, and it spurred us to look forward to building a more inclusive and sustainable future.

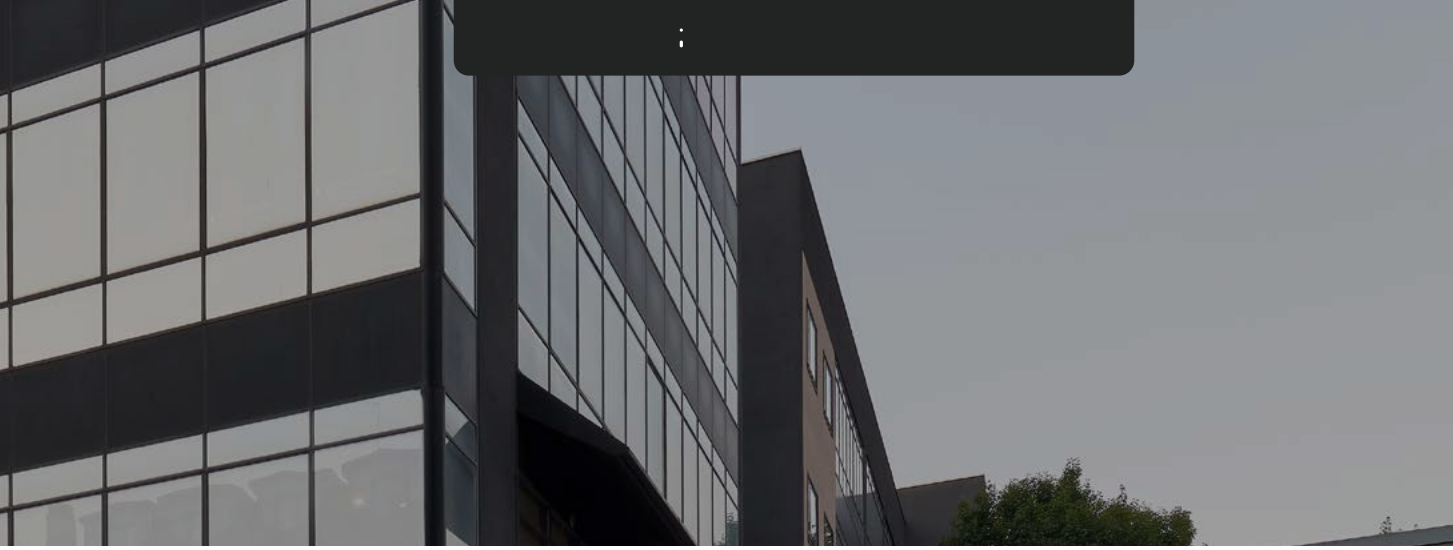
“
It was the year that marked our 70th anniversary, a path we followed together.

In 1950, Algernon Charles Holland founded Amplifon in Milan with a key goal: help people feel better by providing them with hearing solutions in response to the hearing damage brought about by the war. Seventy years later, that goal has not changed. Indeed, it has been multiplied by 17,500 – the number of our people who every day devote their passion and professionalism to helping people rediscover all the emotions of sound. During this important year, we continued to invest in innovation and highly personalized services to provide people with a full and exciting life. We completed the roll-out of our Amplifon Product Experience in the United States and Germany and launched it in the United Kingdom, with excellent results since the very first weeks. In line with the strategy of strengthening our position in our core markets, we successfully continued with the GAES integration process in Spain and finalized the acquisitions of Attune Hearing in Australia and the hearing care business of PJC Investments,

the second-largest Miracle-Ear franchisee in the United States, which will allow us to expand our network of direct shops in the world’s largest market.

“
It was the year in which we faced great global challenges together.

This past year made enormous risks tangible, with a health crisis of historic proportions and profound social, economic and financial consequences. But at the same time, it made us even stronger: in a very short time, we were able to implement what would probably have taken years of planning. We were measured against ourselves and against the world around us, and we managed to achieve extraordinary successes thanks to our agility and execution capabilities. From the very beginning of the Covid-19 pandemic in early 2020, we made it our priority to safeguard the health of our people and provide proper support to our customers. The service we offer was defined as ‘essential’ in most of the countries where we operate, and for this reason we immediately implemented a sound safety protocol for our offices and shops that enabled us to continue to offer the assistance and support our customers needed. We launched several initiatives to facilitate internal dialog and proximity with our employees during the longer periods of remote working by means our “Stronger Together” program. Moreover, we also introduced a new Whistleblowing System to ensure a safe, respectful and protected workplace.



To prevent physical isolation from being aggravated by possible hearing loss, we found new ways of serving our customers and staying close to the seniors, who more than anyone else suffered from isolation during the lockdown periods. And that was possible only thanks to the efforts of our hearing care specialists and our Foundations. Although performance over the year was affected by the pandemic and the imposition of lockdown measures, we promptly reacted in the very early months of 2020 with actions aimed at mitigating its financial impacts. These actions produced excellent results, given the extremely challenging context, thus demonstrating the resilience and strength of our business and our financial structure.

“

It was also the year in which we laid the foundations for a more sustainable future, together.

The changes that we experienced in 2020, and that we are continuing to experience, will represent a great store of experience that we will carry forward with us in the coming years. It is precisely this experience that has prompted us to look forward and concretely implement the areas of commitment of our Sustainability Policy through the definition of a Sustainability Plan, with future targets consistent with our business strategy and the United Nations 2030 Agenda for Sustainable

SUSAN CAROL HOLLAND
Chairperson



Development. Conscious of our role in society, we have set ourselves the task of raising awareness about hearing care and increasing its accessibility, offering ever more innovative and engaging experiences. We have committed ourselves to investing in the growth and development of our talents, investing in engagement and training and providing them with an increasingly inclusive environment. We have set ourselves the objective of constantly enhancing the positive impact of our activities through social inclusion, prevention of hearing loss, and awareness-raising about hearing well-being and responsible listening. Inspired by our values of transparency and integrity, we have committed ourselves to acting ever more responsibly towards our stakeholders and the environment throughout the value chain.

“

This year was a unique opportunity to appreciate our history, our present, but above all our future.

In this Sustainability Report we are proud to present to you the results that we have achieved, and above all our objectives, in relation to our areas of commitment to sustainability. Aware that what has been achieved so far is only the beginning of a long and beautiful journey, we look to the future with confidence, and hope to engage all of you more and more in this journey together.

ENRICO VITA
Chief Executive Officer





READING GUIDE

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

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

Now in its fifth edition, this Report is a direct expression of the organic path towards sustainability that we have undertaken consistently with our strategic and organizational characteristics, and since the past four years it also constitutes our Consolidated Non-Financial Statement in response to the obligations established by Legislative Decree no. 254/2016.

With this Report, we take the opportunity to communicate to all our stakeholders the activities carried out and the progress achieved with respect to the four areas of commitment formalized in our Sustainability Policy: **Product & Service Stewardship, People Empowerment, Community Impact, Ethical Behavior**. This exercise allows us each year to measure our performance, identify potential current and future risks, make better decisions and enhance stakeholder engagement. The path taken so far has also allowed us to identify new opportunities for long-term value creation with respect to our areas of commitment. For this reason, with a view to continuous improvement, this year the Report is enriched with an essential component: a **Sustainability Plan**, with targets consistent with our business strategy and the United Nations 2030 Agenda for Sustainable Development.

To facilitate the understanding of the achieved progress, this Report is structured in such a way as to reflect the four areas of Amplifon's sustainability commitment, which are in turn divided into specific sustainability topics identified as material, both for Amplifon's activities and for the stakeholders.



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POLICY**



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**SUSTAINABILITY
PLAN AND
CONTRIBUTION
TO THE SDGs**

OUR STAKEHOLDERS

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

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

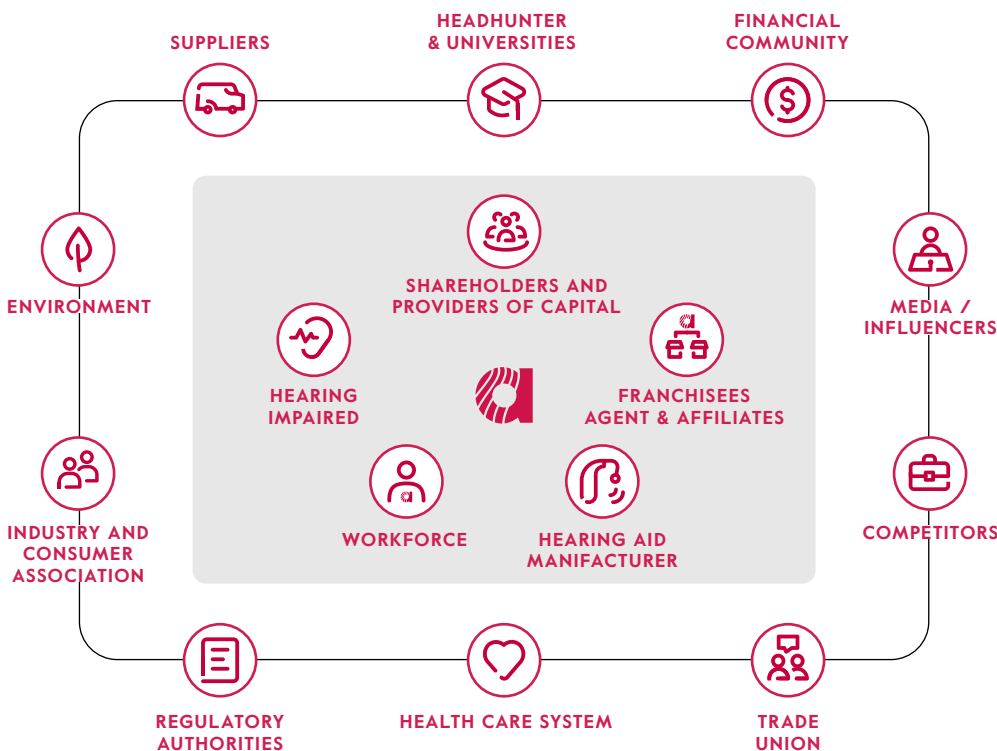
By constantly enhancing the active involvement of our stakeholders, in a perspective of mutual learning and sharing, over the years we have continuously promoted numerous listening and interaction activities, in order to develop more sustainable growth strategies, improving decision-making processes and offering of products and services.

Furthermore, in 2020 we updated our materiality analysis with the direct involvement of a sample of the main stakeholders as to intercept their needs and priorities and, thus, able to offer a description of Amplifon's commitment to sustainability that is as clear and transparent as possible.



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MAIN
STAKEHOLDER
ENGAGEMENT
ACTIVITIES](#)

MAIN STAKEHOLDERS OF AMPLIFON



MATERIALITY ANALYSIS

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

We updated the materiality analysis based on the principles of materiality, inclusion of stakeholders, completeness of data and operational context also in 2020. This exercise represented an additional opportunity to internally share our approach to sustainability, as well as to give voice to our interlocutors and intercept their feedback and suggestions.

The first phase of the process involved examining the various sources of information useful for updating the universe of potentially relevant sustainability topics, including the sustainability macro-trends drawn from the main documents and reports of non-governmental organizations and policy makers, the sustainability aspects relevant to the healthcare sector, a benchmark analysis on the best practices in sustainability reporting, and the press review regarding the reference industry. Through this analysis, the 21 sustainability topics identified in previous years were reconfirmed valid also for 2020, with the addition of the "Tax" topic relating to the transparent management of tax policies, for a total of 22 topics.

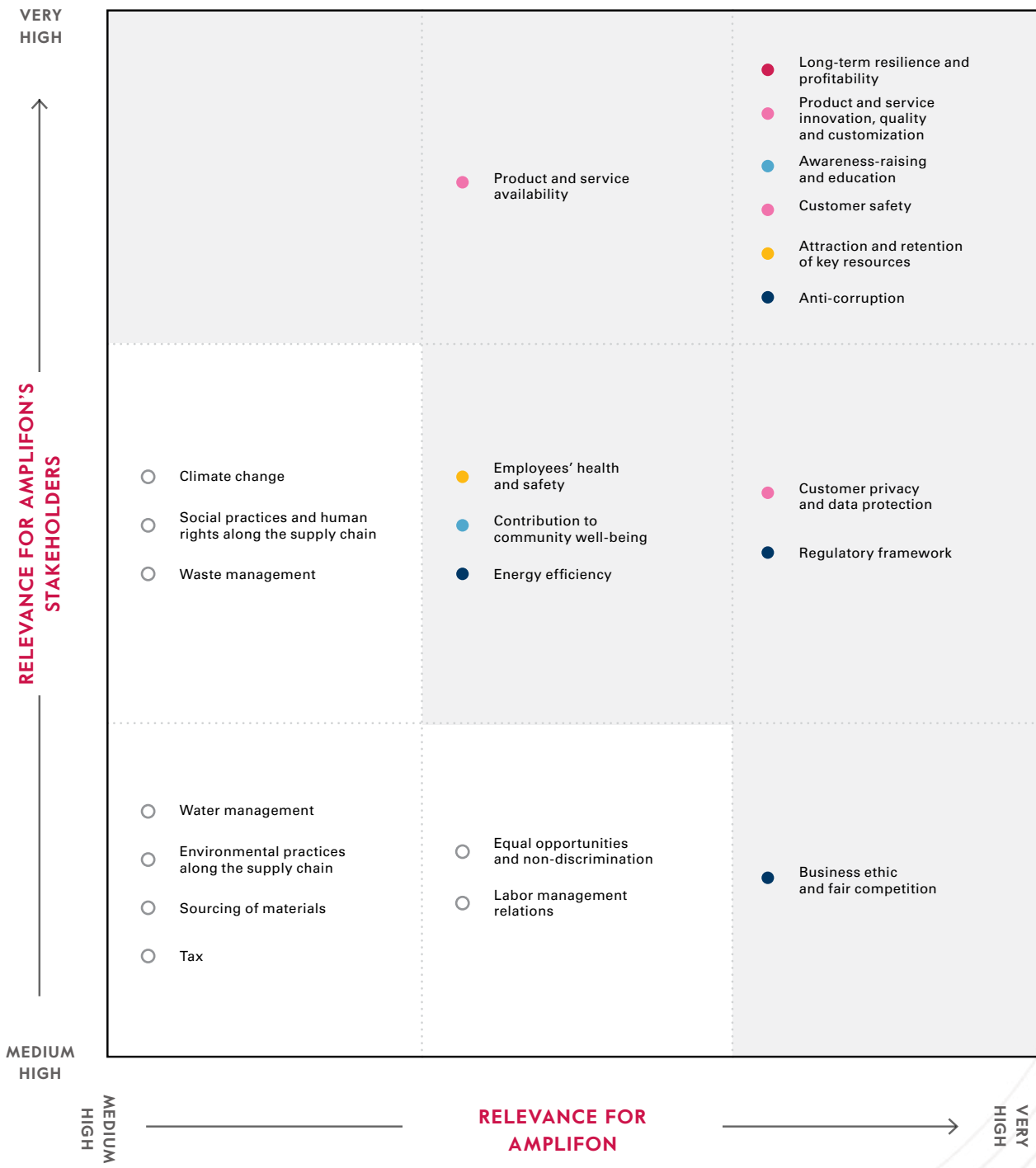
Such 22 topics were assessed and prioritized both by external stakeholders and by Amplifon's top management. While in the last two years, different categories of stakeholders (employees, sector associations, institutional investors, manufacturers of hearing devices) have been involved through an online survey, **in 2020 we decided to take a step forward and strengthen the active participation of our stakeholders by involving them in specific virtual focus group sessions.** In a sort of progressive engagement, this year we gave voice to a sample of employees (both back-office and field force) and institutional investors who, following a short online survey, were invited to take part in virtual round tables to share their assessments on the topics identified and, above all, their perception of our reporting and approach to sustainability.

The relevance of each identified topic was subsequently assessed also from Amplifon's point of view, through an internal workshop with the top management, during which Amplifon's opportunities in the field of sustainability along the entire value chain were also discussed. Through these analyses, we were able to select the material sustainability topics for both Amplifon and our stakeholders, in order to represent them in our 2020 materiality matrix, subsequently presented to the Risk, Control and Sustainability Committee and to the Board of Directors.

**22
SUSTAINABILITY
TOPICS
IDENTIFIED
IN 2020**

MATERIALITY MATRIX

- AMPLIFON BUSINESS
- PRODUCT & SERVICE STEWARDSHIP
- PEOPLE EMPOWERMENT
- COMMUNITY IMPACT
- ETHICAL BEHAVIOR
- NON-MATERIAL TOPICS



The new materiality matrix has not undergone significant changes compared to that of the previous year. The relevance of the topics most connected to the business, namely “Regulatory framework”, “Long-term resilience and profitability”¹ and “Product and service innovation, quality and customization”, remained high and unchanged.

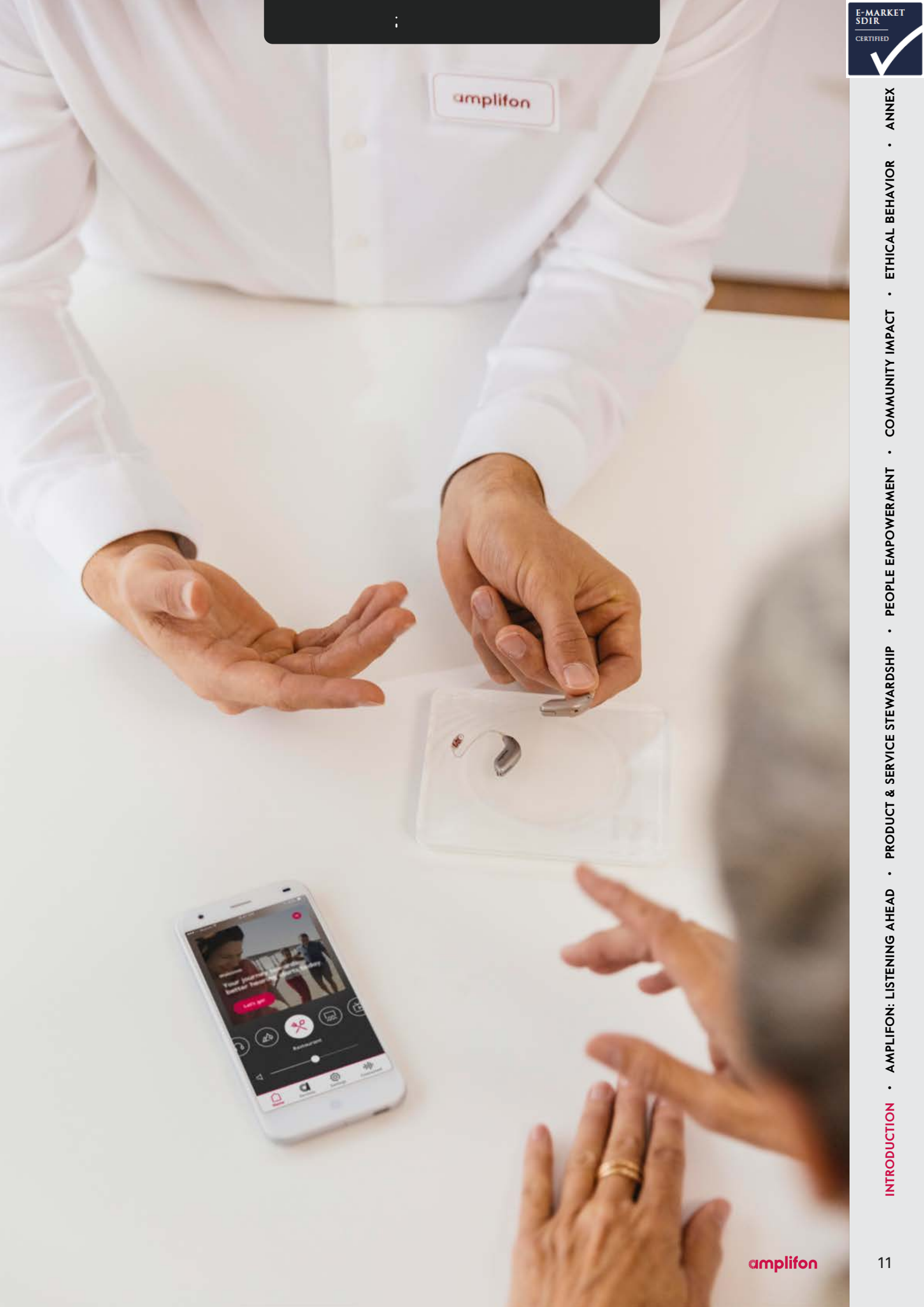
In addition, among the most significant topics were confirmed the “Attraction and retention of key resources”, an indispensable element to guarantee the sustainability of the business, “Awareness-raising and education”, which reflects our role in raising awareness of the importance of hearing well-being, and the “Anti-corruption”, which reflects our commitment to guarantee the integrity of business practices in the interest of all.

Topics such as “Customer safety” and “Employees' health and safety”, although they did not change their position in the materiality matrix, were extensively discussed during the engagement activities and received a slightly higher degree of relevance than in 2019, testifying to the importance of these aspects during the 2020 Covid-19 pandemic.

Compared to last year, the only insignificant change concerned the “Social practices and human rights along the supply chain” topic which, while remaining non-material, has aroused growing interest in our interlocutors. Also for this reason, we have decided to strengthen our commitment to increasingly responsible and effective supply chain management.

Due to the limited environmental footprint of Amplifon's activities, “Waste management” and “Climate change” remain among the non-material topics, on which however we will continue to report as aspects of global interest and for ESG rating agencies. Even the topics “Equal opportunities and non-discrimination” and “Tax”, although not considered material as they are aspects well supervised and managed by Amplifon, are reported within this Report with a view to ensuring the most transparent information possible.

1 - The “Long-term resilience and profitability” topic, being a mostly business and economic topic, is addressed in part in this document in section “Resilience and economic value generated”, and further information is available in the 2020 Annual Report.



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01

AMPLIFON: LISTENING AHEAD

EVERY DAY WE TAKE CARE OF
MILLIONS OF PEOPLE TO CONTINUE
BUILDING HAND-IN-HAND A MORE
INCLUSIVE AND SUSTAINABLE FUTURE
TO BE JOYFULLY EXPERIENCED
TOGETHER



€1,555.5 million in revenues



>11% market share



27 Countries and 5 continents



~11,400 stores



~17,500 employees and collaborators





I. | THE MARKET IN WHICH WE OPERATE

We live in a dynamic world where hearing is essential for people of every generation to connect with the world and enjoy a full personal and social life.

Hearing loss affects all age groups, although it is more common in senior people due to the natural cellular aging of the hearing system. **Today, over 1.5 billion people have some degree of hearing loss.** Among these, at least 430 million people live with hearing loss that requires rehabilitating interventions, and it is estimated that with the increasing longevity of population this number will reach nearly 700 million by 2050. Furthermore, untreated hearing loss today represents today a global annual cost equal to approximately 1 trillion US dollars, linked to health sector spending, lost productivity and related social costs².

The size of the global hearing care retail market is estimated at around 13.5 billion euros in 2020, with positive medium and long-term growth prospects driven by the increase in the world population and the adoption rate of hearing devices. The United Nations estimates that the world's population will reach 9.7 billion people by 2050, resulting in a considerable increase in the number of seniors who could develop hearing loss. In fact, while people over 60 today represent 12.3% of the world population, they will reach almost 22% in 2050, with a growth rate of 2.7% to that of the entire world population which will grow only by 0.7%³.

The adoption rate, i.e. the ratio of those who use a hearing device to those with some level of hearing loss, in high-income countries is around 37% and is higher in the segment of the population with profound hearing loss, while in emerging economies it is still very low (5-10%)⁴. Adoption rate depends a lot on the type of regulation: empirical data shows that it is higher (even if not exceeding 60%) in countries where national health systems offer hearing aids free of charge to everyone, even if with a lower final use rate and customer satisfaction. Instead, in "competitive" models, which provide for a partial reimbursement to those entitled due to their level of hearing loss but leave people the option to top-up with their out of pocket, even if adoption rate is slightly lower, active use of the devices and satisfaction are much higher⁵. This happens thanks to the high level of customization of the hearing devices, the professionalism

~19%

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

12.3%

12.3% WORLD
POPULATION
OVER 60

~37%

THE ADOPTION OF
HEARING DEVICES
IN DEVELOPED
MARKETS

2 - Source: "World report on hearing", World Health Organization 2021.

3 - Sources: United Nations website and United Nation Population Fund website.

4 - Source: World Health Organization, EuroTrak, MarkeTrak, 2018 Amplifon data in the markets where Amplifon operates.

of the hearing care specialists and the more effective and innovative after-sales services, which guarantee greater final benefits and a higher quality of 360° hearing care.

WE PREFER TO SPEAK OF HEARING CARE RATHER THAN HEARING AIDS

THE MAIN MARKET TRENDS

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



LIFE EXPECTANCY

The increase in life expectancy is an obvious trend. By 2050, the number of over 65s will double, and in the next 5 years, for the first time in history, it will be higher than the number of children under the age of 5.



TECHNOLOGY

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



ACTIVE LIFESTYLE

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



DIGITALIZATION

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

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

WE INTEND TO POSITION OURSELVES AS A HEARING CARE PROVIDER RATHER THAN JUST A RETAILER OF HEARING DEVICES

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

1.2 OUR IDENTITY AND CORPORATE CULTURE

We are world leaders in hearing solutions and services for skill, ability of customization and attention to the customer. We rely on a network of around 11,400 points of sale and on the professionalism and passion of approximately 17,500 employees and collaborators in 27 Countries on 5 continents.

OUR PURPOSE



We empower people to rediscover all the emotions of sound.

It is the reason we exist and do our job. It is what motivates and guides us every day, making us constantly look for innovations, challenges and opportunities to improve our company and people's lives.

OUR MISSION



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



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



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

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



OUR VALUES

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



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.

STRENGTHS

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

› STRONG COMPETENCIES

Our around 9,100 hearing care specialists carry out hundreds of thousands of hearing tests per year and are updated periodically through specific training activities. They combine innovation, scientific knowledge and a highly customized approach within the exclusive Amplifon 360 protocol to ensure an excellent customer experience.

› UNMATCHED BRANDS

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

› INNOVATION

Our attitude to always look ahead and push ourselves further leads us to experiment with innovative technologies for the development of high added value services. The Amplifon multichannel ecosystem enables data mining activities and allows us to differentiate the customer journey and the experience we offer.

› GLOBAL DIMENSION

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

› EMPLOYER OF CHOICE

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

› SCIENTIFIC LEADERSHIP

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

A GLOBAL PRESENCE

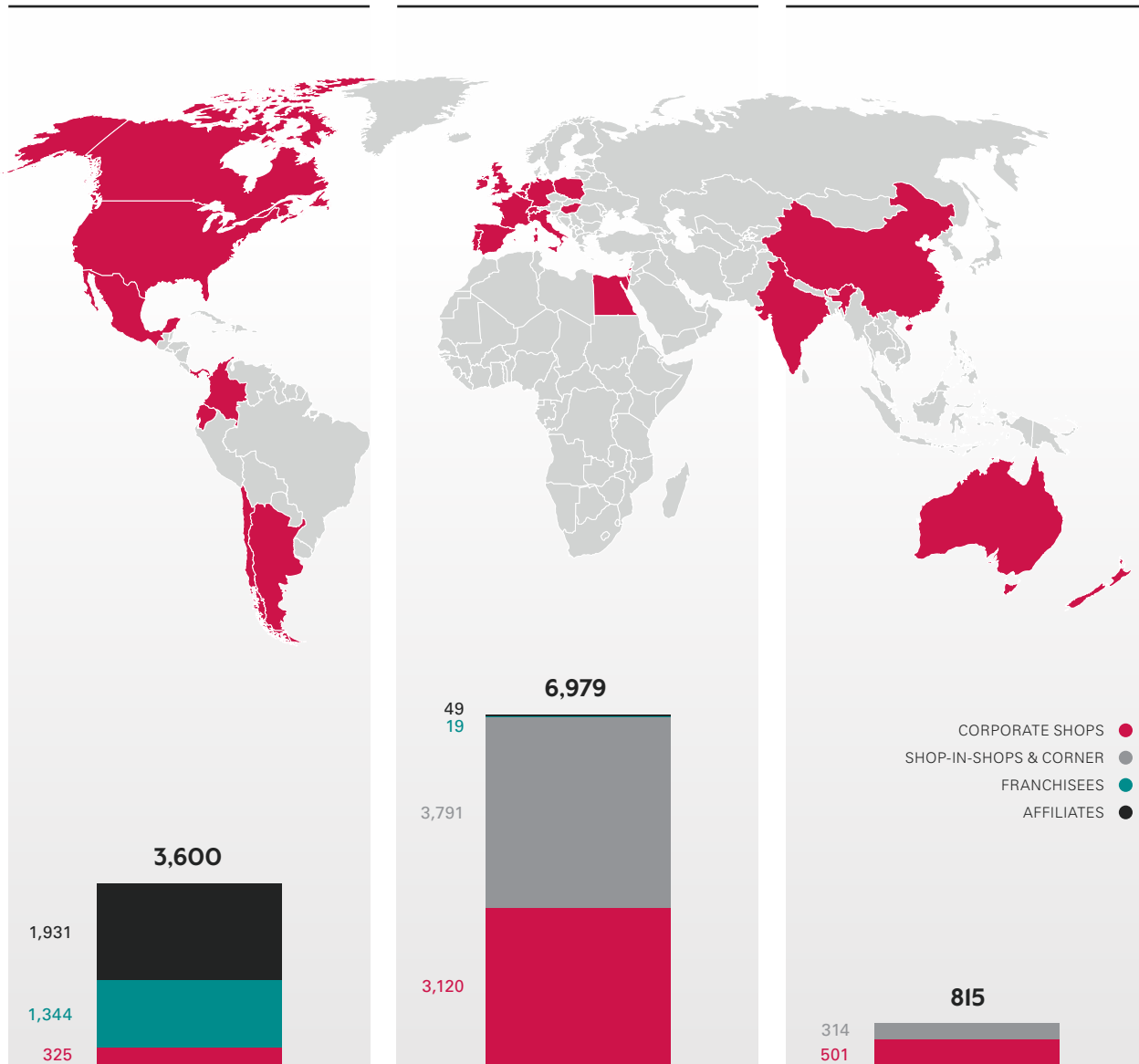
We are the world leader in terms of volumes, turnover, widespread distribution network and geographical presence. We operate in three geographic areas (EMEA, Americas, APAC) on five continents and, generally ranking as the first or second player in the main markets in which we operate.

27 COUNTRIES
5 CONTINENTS

AMERICAS

EMEA

APAC



amplifon

amplifon

GAES

amplifon

Beter Horen

MEDTECHNICA ORTHOPHONE

amplifon

attune

1.3 STRATEGY AND BUSINESS MODEL

Through three fundamental pillars of our business strategy, we work every day to improve the quality of life of millions of people, redefining a customer experience at the cutting edge of technological innovation, strengthening our leadership and continuing to invest in talent and excellence.



INNOVATIVE AND DISTINCTIVE CUSTOMER EXPERIENCE

Our strategy is focused on the customer, to whom we offer a distinctive and highly innovative customer experience also through the Amplifon branded product line and our multichannel ecosystem. By focusing on unique assets such as data, brands and an impeccable and highly customized service, we aim to lead the change in the hearing care retail market, thus opening up new business opportunities and creating long-term shared value.



STRENGTHEN LEADERSHIP IN CORE MARKETS

Our growth strategy, differentiated according to the countries in which we operate, is focused on key global markets: Italy, Spain, France, Germany, United States, Canada, Australia and China, which together represent about 80% of the hearing care retail market. For this reason, we aim to continue growing in mature markets, both through organic growth and through targeted acquisitions. Among the emerging markets, China represents an important opportunity to support growth in the medium term.



EFFECTIVE AND TALENTED ORGANISATION

To support the implementation of our strategy, we continue to invest in people and in a distinctive corporate culture, attracting the best talents, sharing best practices within the Group, creating an increasingly effective organization, making also leverage on a globally integrated IT infrastructure.

In particular, we always strive to strengthen our global leadership position which, also in 2020, continued to grow thanks to an organic performance higher than that of the reference market and also thanks to targeted acquisitions:

- **In February 2020, we completed the acquisition of Attune Hearing**, Australia's largest independent audiology provider with 55 points of sale. Perfectly in line with our strategy of further strengthening our position in the core Australian market, we have synergistically complemented Amplifon's retail business with Attune's integrated medical model.
- **In December 2020, we finalized the acquisition of the hearing care business of PJC Investments**, the second largest Miracle-Ear franchisee with 110 shops in the states most densely populated by senior citizens in the United States, the largest market for hearing solutions in the world. Besides accelerating our growth in the US market by expanding our network of direct points of sale, the new company will represent an excellent launch platform to develop and implement processes and best practices, which will then be shared with the entire network of Miracle-Ear franchisees.



FIND OUT MORE
WE CONTINUE TO STRENGTHEN OUR LEADERSHIP IN THE GLOBAL MARKET



FORWARD THINKING VALUE IAT - ONE AMPLIFON TRANSFORMATION

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

1AT aims to simplify the way people work, harmonize operational processes within the Group and optimize decision-making processes through a single integrated global cloud platform. The program foresees the total transformation of the most important back-office business processes and systems: from many operating models to a single global transversal model, in order to make work more efficient and allow everyone to focus on higher added value activities, by automating the more routine ones.

The first module activated at the end of 2019 was that of human resources management which, by means of a unique global approach towards all Amplifon employees, allowed us to harmonize the Performance and Talent Management process in all geographical areas and offered digital and innovative support to HR and reporting processes, by aligning the organization with the trends and best practices on the market.

In 2020 we started the roll-out of 1AT in Italy, United Kingdom and Australia, as well as the financial management of the new supply chain process for the direct procurement in the Netherlands, United Kingdom and Australia are now managed by means of our new cloud-based ERP system, which will be implemented in all the other Countries in the coming years.

BUSINESS MODELS

TO ALWAYS GUARANTEE FULL SUCCESS, WE ADOPT DIFFERENT BUSINESS MODELS ACCORDING TO THE PECULIARITIES OF THE INDIVIDUAL MARKETS IN WHICH WE OPERATE.

> BUSINESS-TO-CONSUMER MODEL

In EMEA, APAC, Canada, Latin America and partly also in the United States (through 167 Miracle-Ear branded shops) we use a B2C business model, addressing our customers directly through direct points of sale consisting of corporate shops or shop-in-shops and corners. While corporate shops are direct points of sale managed by Amplifon personnel or by non-employee personnel working on behalf of Amplifon, shop-in-shops and corners are spaces managed directly by Amplifon, but located at third parties' premises (e.g. pharmacies, opticians and outpatients' practices) with the regular presence of a hearing care specialist, very common in rural areas with low population density.



> BUSINESS-TO-BUSINESS MODEL – FRANCHISING

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



As a retailer specialized in offering hearing care services and solutions, we adopt a consultative and collaborative approach in which technology, listening and service always make the difference.

The success of the hearing solution and the improvement of people's lives depend above all on the ability of our hearing care specialists to perform the hearing test, choose and correctly apply the most suitable device, as well as make the most of the technology according to individual needs.

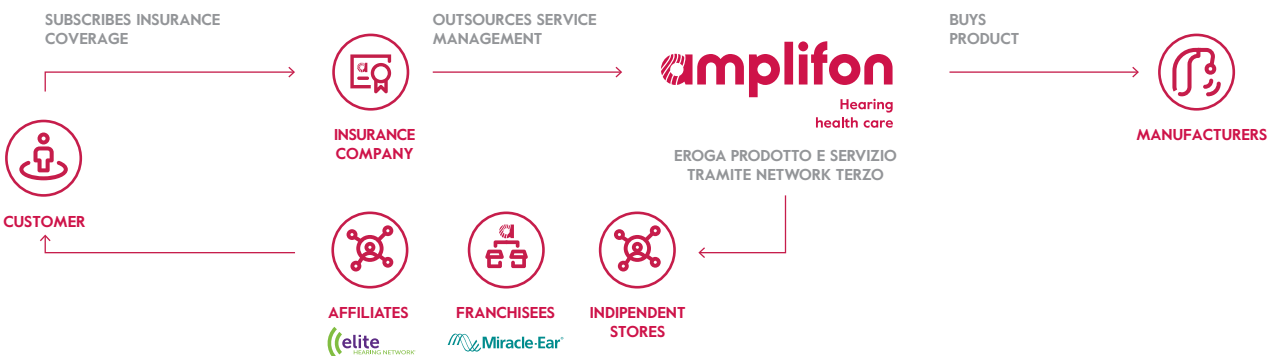
> BUSINESS-TO-BUSINESS MODEL – WHOLESALE

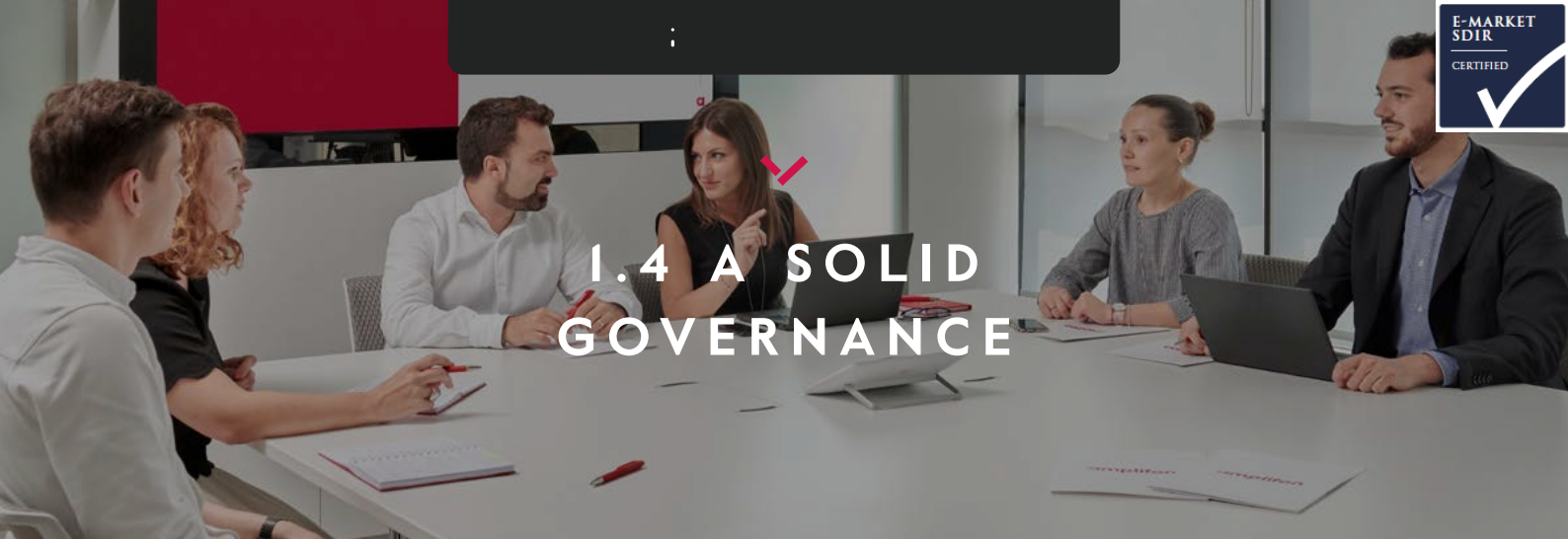
In the United States, Elite Hearing Network offers a broad spectrum of wholesale hearing aids and services to independent healthcare specialists, including medical practices, large hospital system providers and hearing care specialists. To these affiliates are offered marketing support services, HR services, business intelligence, and digital solutions.



> MANAGED CARE MODEL

Amplifon Hearing Health Care (AHC) offers high-quality hearing solutions and services to patients of insurance companies in the United States, leveraging on a network of shops made up of Miracle-Ear franchisees, Elite Hearing Network affiliates and other independent shops, through which the patients have access to hearing products and services and customized support from a patient care advocates team.





1.4 A SOLID GOVERNANCE

We are aware that a good governance structure is a key element to achieve our long-term strategic objectives, as well as to define roles and responsibilities in line with decision-making processes, internal control activities and the principles of corporate conduct.

Amplifon shares, which have been listed on the STAR segment of the Italian Stock Exchange (MTA) since 2001 and part of the FTSE MIB index since December 2018 and of the Stoxx Europe 600 since June 24, 2019, were included in the MSCI Global Standard Index on November 30, 2020. As a listed company, Amplifon Corporate Governance structure is aligned with national and international best practices and respects the principles indicated in the Corporate Governance Code for Listed Companies promoted by the Corporate Governance Committee, to which we have adhered since its first version in 2001, promptly aligning ourselves with subsequent updates⁶.

Within this governance model, the Shareholders' Meeting constitutes the deliberative body that expresses the will of the shareholders, and is convened in ordinary session at least once a year. The Board of Directors (BoD), which holds all the powers of administration and ordinary and extraordinary management of the Company, is currently made up of nine members, of which two thirds are independent and there is a single executive director, the Chief Executive Officer. Furthermore, the BoD is characterized by an adequate mix of specialist profiles and skills: it includes business figures, managers from other sectors, financial profiles and independent professionals. At December 31, 2020, it was made up of 33% by women, and since 2011 the average age of directors has dropped significantly, from 72 to 61 for the current Board of Directors, with a maximum of 72 years of age and a minimum of 52.

The Board of Directors, directly or through the delegated bodies, regularly reports to the Board of Statutory Auditors, as a supervisory and control body, on its work and on any transactions conducted by the Company and its subsidiaries that have a significant impact on margins, on assets and liabilities or on the financial situation. The current Board of Statutory Auditors is made up of five auditors (three standing and two alternate) and three members (two of which are standing) are female. In addition, the Board of Directors has set

1/3

OF THE BoD
MEMBERS ARE
WOMEN

61 years

IS THE AVERAGE
AGE OF THE
MEMBERS OF
THE BoD



FIND OUT MORE

CURRICULUM
VITAE OF THE
COMPONENTS OF
THE BoD

⁶ - The composition of Amplifon's governing bodies is shown in the Appendix in the "Performance Indicators" section. More information on Corporate Governance, as well as on the composition and activities of the Committees in 2020 and on the Remuneration Policy are available in the Report on Corporate Governance and Ownership Structure at 31 December 2020 and in the Remuneration Report 2021.

up three internal committees: the Risk, Control, and Sustainability Committee, made up of four non-executive directors, of which three are independent and half of which are female; the Remuneration and Appointments Committee, made up of four directors, of which three are independent and two are female; and the Related Parties Transactions Committee, made up of three independent directors.

Finally, the Supervisory Board, set up pursuant to Legislative Decree no. 231/2001 and meeting at least four times a year, monitors and supervises the adequacy and application of the Organization, Management and Control Model of Amplifon S.p.A., in relation to the corporate structure and its effective ability to prevent the commission of offenses. The Supervisory Board verifies the completeness and updating of the Model annually and on the occasion of substantial changes to activities or the relevant legislation, and monitors compliance by all recipients.

GOVERNANCE OF SUSTAINABILITY

The Risk, Control, and Sustainability Committee assists the Board of Directors on internal control and risk management topics, while monitoring the adequacy and appropriateness of the internal control system. In compliance with the resolution of the Board of Directors in 2016, the Committee supervises the sustainability topics related to the company's business and its interaction dynamics with all stakeholders. In 2020, the Risk, Control, and Sustainability Committee met five times during the year with an attendance rate of 95%.

REMUNERATION POLICY

Our Remuneration Policy is defined in line with our strategy, our governance model and the guidelines of the Corporate Governance Code for Listed Companies, in order to align the interest of the top management with the key objective of creating value in the medium-long period. It thus contributes to the achievement of sustainable results over time and allows us to attract, motivate and retain key and strategic resources, enhancing their performance and recognizing the quality and effectiveness of individual contributions.

During 2020, the HR function initiated a thorough review to ensure that compensation policies are in line with our sustainability strategy, by incorporating the main goals of the new Sustainability Plan within the parameters for the specific short-term variable incentive schemes for the top management (CEO/General Manager and Key Managers with Strategic Responsibilities).



[GO TO PAGE](#)

MODEL OF THE ORGANIZATION AND MANAGEMENT



[FIND OUT MORE](#)

REMUNERATION POLICY



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AMPLIFON STOCK GRANT PLAN



[GO TO PAGE](#)

SUSTAINABILITY PLAN

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

In line with the recommendations of the Corporate Governance Code for Listed Companies, our Internal Control and Risk Management System constitutes the set of rules, procedures and organizational structures aimed at ensuring sound management of the company through an adequate management of the main risks, also in order to identify and fully exploit any opportunities. It aims not only to ensure compliance with laws, regulations and internal procedures, but also to ensure the protection of corporate assets, the effectiveness and efficiency of operations and the reliability of financial information.

In Amplifon risk management is a continuous activity which, based on an initial identification and assessment of events that can negatively affect the achievement of the Company's objectives, is divided into the identification of relevant processes and operations, in the definition of risk response activities, in their implementation and subsequent updating, which takes place twice a year.

Such process allows, through periodic in-depth analysis and comparison activities, to identify the main risks from the Group's perspective, to verify the consistency of the risks highlighted with the strategies and also to facilitate risk management at the local level. This activity is conducted periodically by the Internal Audit & Risk Management function which, with the involvement of the Group's top management, the managers of the three geographical areas, all the General Managers of the countries and their respective local management teams, collects information and stimulates proposition of response and mitigation actions.

The "Group risk map" that emerges from this process is periodically submitted to the Risk, Control and Sustainability Committee and to the Board of Directors. The main risks are also subject to detailed analysis with the General Managers of the countries to which they refer, in order to have a complete understanding of the underlying dynamics, of the mitigation actions and of the potential quantitative impacts, and are also object of monitoring during the year. In this way, risk management increases internal awareness in business decisions, reduces the volatility of results compared to objectives and, ultimately, creates a competitive advantage. In 2020, the Board of Directors, also based on the contribution of the Risk, Control and Sustainability Committee, expressed an assessment of the adequacy, efficiency and effective functioning of the System at the meetings for the approval of the half-yearly and annual financial report ⁷.



FIND OUT MORE

**THE INTERNAL
CONTROL AND
RISK MANAGEMENT
SYSTEM**



FIND OUT MORE

**THE RISK
MANAGEMENT**

⁷ - Further information relating to the Internal Control and Risk Management System, as well as the main risks identified, are available in the Report on Corporate Governance and Ownership Structure at 31 December 2020 ("Internal Control and Risk Management System" Section) and in the Report on Operations as at December 31st, 2020 of the 2020 Annual Report ("Risk Management" section).

> RISK IDENTIFICATION PROCESS

COUNTRY LEVEL

"Country functions" phase: at least three risks for each of the Company's functions are identified, described, assessed and managed.

Main contributor is the new function manager.



"Country" phase: the top five risk 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 three risks for each of the Company's functions are identified, described assessed and managed

Main contributor are the head of the corporate functions.



GROUP LEVEL

the top five risk at Group level are selected among the Country and Corporate ones. **The contributor is the CEO, supported by the Internal Audit & Risk Management Officer.**

MAIN NON-FINANCIAL RISKS

Since 2019, our Enterprise Risk Management process has formally integrated the identification and assessment of the main risks related to non-financial topics. Potential risks suffered or generated by Amplifon through its activities along the value chain together with the main actions implemented in response to these risks have been identified through the compilation of a specific dedicated section by all the Group Countries as well as on the basis of the main sustainability topics identified as material in the materiality analysis.

This process allows us every year to provide stakeholders with a complete overview of our potential non-financial risks and related management methods, including those attributable to our main material topics as well as to the aspects expressly referred to by Legislative Decree no. 254/2016.



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MAIN NON-FINANCIAL RISKS

1.5 RESILIENCE AND ECONOMIC VALUE GENERATED

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

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

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

In 2020, from the economic value generated by Amplifon (approx. €1,572.8 million⁸), 19.7% (approx. €309.9 million) was retained, while 80.3% (approx. €1,262.9 million) was distributed, subdivided as follows:

- reclassified operating costs for suppliers of approx. €697.8 million, which includes the costs of raw materials, consumables and goods, commissions on sales, rent for the shops and other service costs;
- remuneration and benefits to employees of approx. €493.5 million;
- remuneration to providers of capital of approx. €17.3 million⁹;
- payments to the Public Administration, consisting mainly of income taxes, of approx. €52.7 million;
- community investments of approx. €1.6 million, consisting mainly of donations and grants in favor of local communities.

~1,573

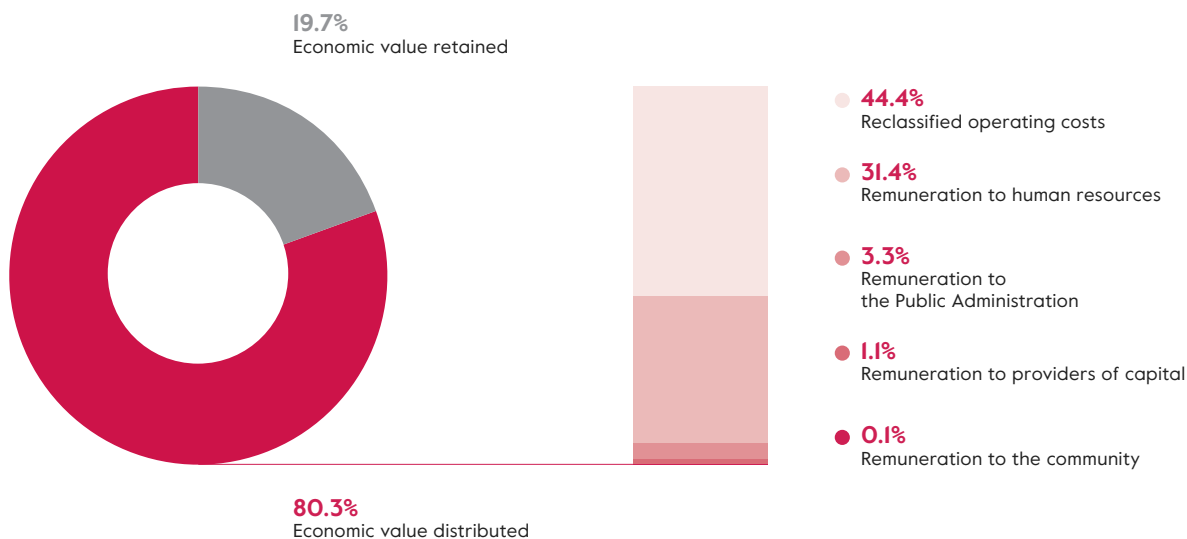
€ MILLION

**ECONOMIC VALUE
GENERATED
IN 2020**

⁸ - The figures used for calculating the economic value generated and distributed in 2020 were prepared in accordance with the new IFRS 16 accounting standard.

⁹ - It should be noted that in 2020 no distribution of dividends was made to shareholders, as resolved by the Shareholders' Meeting held on April 24, 2020, which allocated the 2019 operating profit entirely to the reserve for retained earnings.

DISTRIBUTION OF ECONOMIC VALUE GENERATED IN 2020



OUR RESILIENCE DURING THE COVID-19 EMERGENCY

Since the start of the pandemic in early 2020, our top priority has been to safeguard the health of all our people and ensure continuous support and service to all our customers: a service deemed essential in most countries in which we operate.

> SAFETY PROTOCOL

Aware of the importance of the service we offer, we have chosen to keep a portion of our stores always open to offer the assistance our customers needed. This was made possible thanks to **the implementation of a rigorous operating protocol, developed in collaboration with virology and audiology experts, to ensure maximum safety in the various countries.** All recommendations and measures envisaged by the protocol are consistent with international guidelines for the prevention of virus transmission (WHO, ECDC, EU) and foresee the adoption of personal protective equipment, visits on appointment only, telephone triage to ascertain health conditions of customers, social distancing measures and hygiene procedures. The protocol also foresaw for remote work for back-office personnel, as well as specific security measures applied in the offices for the periods of the year in which the progress of the pandemic and the containment measures adopted by the individual countries allowed a partial back to office.



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THE NEW
PROTOCOL TO
ENSURE HEALTH
AND SAFETY

› SUPPORT TO AMPLIFON PEOPLE

To support employees in such a delicate moment, as part of the “Stronger Together” program, we have promoted numerous activities aimed at **strengthening internal sharing and making it easier for our people to work efficiently remotely**. Government social schemes and other forms of public support have been activated to protect workers which were already envisaged or issued on an extraordinary basis in the various countries to counterbalance the impact of the pandemic, mainly during the second quarter. Management has also reduced its salary voluntarily and, above all, greater efficiency and productivity has been achieved thanks to the careful management of network agendas and back-office processes.



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STRONGER
TOGETHER

› A NEW WAY TO SERVE CUSTOMERS

The choice to always remain open and close to our customers, also increasing telephone and home assistance, together with our commitment to implement all the safety measures to deal with the pandemic, have proved successful. They allowed us not only **to guarantee a high quality of assistance to people in need, but also to optimize our operational efficiency and productivity: benefits that will remain for years to come**. Furthermore, in Italy, together with the Italian Red Cross, we have promoted a service dedicated to people over 75 by giving them a kit at home containing the batteries necessary for the correct functioning of the hearing devices.



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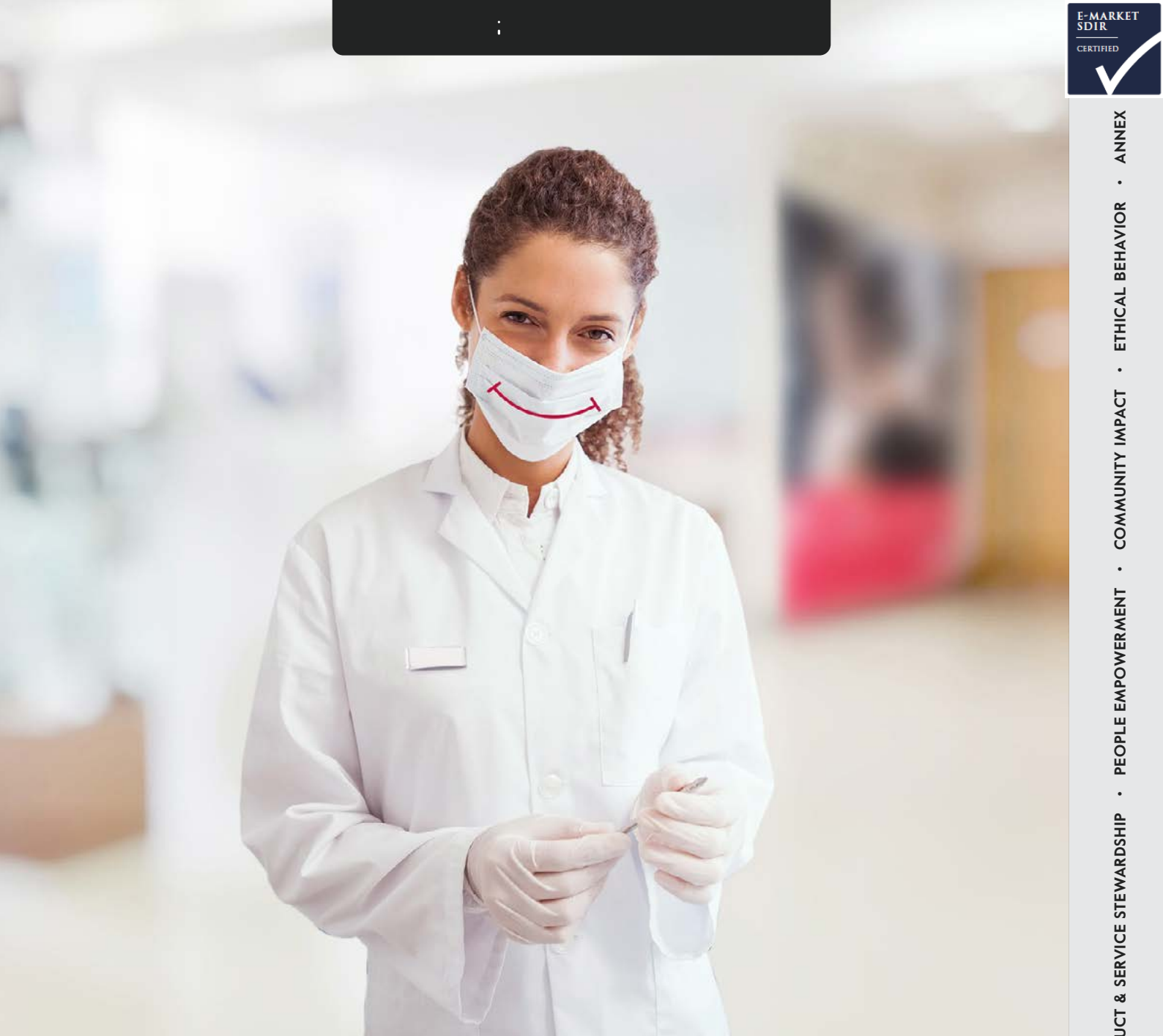
GREATER
PROXIMITY TO
CUSTOMERS

AMPLIFON AND
ITALIAN RED CROSS

› THE MITIGATION OF THE FINANCIAL IMPACT

The trend in 2020 was characterized by very different trends over the months depending on the impact of the health emergency and the containment measures adopted by the various governments. After a very positive start to the year, the trend was severely impacted by the pandemic and by the adoption of restrictive measures in the period between March and June. Although in most countries the hearing care services were considered essential and the stores could therefore continue to operate, the adoption of increasingly restrictive measures has resulted in a generalized significant decrease in traffic in our stores. To counteract its financial impacts, we promptly adopted, starting in **March, decisive actions aimed at containing costs and protecting our financial position**.

Starting from July, with the easing of the restrictive measures, the recovery was faster than initially expected and, also thanks to the timely resumption of marketing investments, there was a strong acceleration in store traffic, confirming the unchanged market fundamentals and consumer behavior. While the restrictive measures re-introduced by governments towards the end of the year have slightly slowed the pace of revenue growth, we achieved a significant improvement in profitability, demonstrating the effectiveness of the initiatives undertaken since the first days of the crisis, as well as resilience of our business and the strength of our competitive positioning. Revenues for the year (at €1,555.5 million) were down by 9.3% at constant exchange rates compared with 2019, but with a performance well above that of the reference market and a strong improvement in the second half of the year. EBITDA was



€371 million, with a margin of 23.8%, around 110 basis points higher than in 2019, despite the impact of the pandemic¹⁰.

> CONTRIBUTION FOR COMMUNITIES

Aware of our social role and the importance of hearing, we have created a **vademecum for inclusive communication in order to help people with hearing loss to communicate effectively while wearing a mask**. In addition, the newly founded Amplifon Foundation has also promoted various community support initiatives in such a delicate moment, with a specific focus on seniors, which suffered most from isolation during the lockdown periods.



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THE VADEMECUM
FOR INCLUSIVE
COMMUNICATION

THE COMMITMENT
OF THE
FOUNDATIONS

¹⁰ - More details about the financial impacts of the Covid-19 pandemic, as well as the grants received from government authorities and other public bodies to deal with the impacts of the pandemic, can be found in the 2020 Annual Report and in the 2020 Group Consolidated Financial Statements.

1.6 OUR COMMITMENT TO A SUSTAINABLE BUSINESS

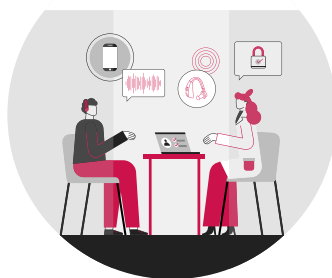
Listening to and responding to the expectations of our customers, of our people, of the communities and of the context in which we operate, safeguarding the ability of future generations to satisfy their needs in the long term: for us at Amplifon this means committing ourselves every day to develop an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

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



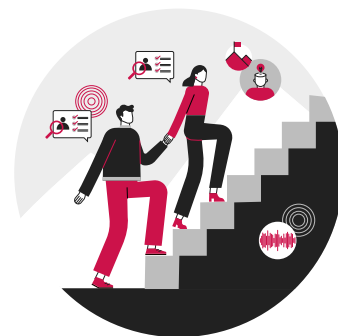
FIND OUT MORE
SUSTAINABILITY
POLICY

AREAS OF COMMITMENT



PRODUCT & SERVICE STEWARDSHIP

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



PEOPLE EMPOWERMENT

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

OUR SUSTAINABILITY PLAN

In 2020, we made a decided step forward to concretely implement the areas of commitment set by our Sustainability Policy by drawing up a Sustainability Plan, in order to guide the Group toward the achievement of future goals against which performance can be measured, and linked to the variable remuneration of our top management.

With the direct involvement of various business functions, we identified the new initiatives most in line with our areas of commitment in terms of sustainability as well as with the Group strategic plan, with respect to which we defined the beneficiary stakeholders, the necessary resources, the internal managers, the potential risks and opportunities. After sharing this list with the top management, we selected a short list of ambitious but concrete goals and worked on specific action plans dedicated to each selected initiative, defining the targets to be achieved and the KPIs to be used for monitoring annual performance. To encourage and facilitate dialog and cooperation with all stakeholders, as well as to highlight the link between Amplifon’s sustainability goals and the global priorities for 2030, we also developed these goals in line with the main Sustainable Development Goals (SDGs), defined by the United Nations in the context of the 2030 Agenda for Sustainable Development, to which we can make a greater contribution.

Our Sustainability Plan is constructed with a progressive approach and a modular framework so that it can be integrated and enriched each year by new goals that are always consistent with the evolution of our strategy and the context in which we operate, always aware that these goals guide a path of continuous improvement in terms of business sustainability.

#LISTENINGAHEAD



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OUR CONTRIBUTION TO THE SDGs



COMMUNITY IMPACT

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

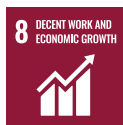


ETHICAL BEHAVIOR

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

PRODUCT & SERVICE STEWARDSHIP

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

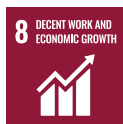


- **3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
- **8.2:** Achieve higher levels of economic productivity through diversification,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

Goal	Target	KPI	Baseline
Promote awareness of the importance of hearing, breaking down barriers and stigmatization	Raise awareness every year about hearing care among more than 160 million people over the age of 55 until 2023 through TV campaigns and telemarketing	Number of people over the age of 55 reached by awareness-raising campaigns per year (millions of people)	151 million (2020)
Facilitate access to hearing care and improve the life of as many people as possible	Offer free hearing tests, generating a total saving of more than €700 million for customers and prospects in the three years period 2021-2023	Annual financial saving for customers and prospects ¹¹ (€ millions)	142 million euros (2020)
Promote increasingly innovative, engaging and digital solutions	Achieve at least 85% global penetration of the Amplifon Product Experience (APE) in the addressable market of various Countries by 2023 ¹²	APE penetration rate (in terms of units sold) in the addressable markets (%)	79% (2020)

PEOPLE EMPOWERMENT

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



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

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

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

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

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

14 - The global engagement survey is conducted every two years, and the next edition will therefore take place in 2021.

COMMUNITY IMPACT

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



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

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

ETHICAL BEHAVIOR

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



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

Goal	Target	KPI	Baseline
Integrate sustainability criteria into the responsible management of the supply chain	Define a global supplier evaluation framework based on ESG risks by 2021	Define a global framework for the supplier ESG evaluation	NA (2020)
Increase the use of renewable energy to limit the environmental impact of the business activities	Increase the use of certified renewable electricity to at least 70% of the electricity consumption of offices and direct shops by 2023, avoiding the related CO _{2e} emissions	Share of electricity purchased and certified as coming from renewable sources compared with the total electricity consumption for offices and direct shops (%)	28% (2020)
		Quantity of CO _{2e} avoided, Scope 2 – Location-based (tonnes of CO _{2e})	2,893 (2020)
Promote the use of rechargeable hearing aids to reduce the use and disposal of batteries	Increase the penetration and use of rechargeable hearing aids avoiding the use of more than 200 million batteries by 2023	Total number of batteries "saved" ¹⁵ (millions of batteries)	74 million (2018-2020)

15 - The quantity of saved batteries is estimated on the basis of the number of rechargeable devices sold and in circulation, the average quantity of batteries used annually by a non-rechargeable device, and an average device's life of 5 years.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Since their adoption in September 2015, the SDGs have been one of the main international benchmarks for sustainable development, guiding public and private organizations in their efforts to contribute to global and common goals to be achieved by 2030. After years of running-in, it was precisely 2020, the year in which global challenges manifested themselves with a huge impact, that marked the beginning of the “Decade of Action”, ushering in a decade that requires an acceleration of the actions to achieve these goals, especially by large companies.



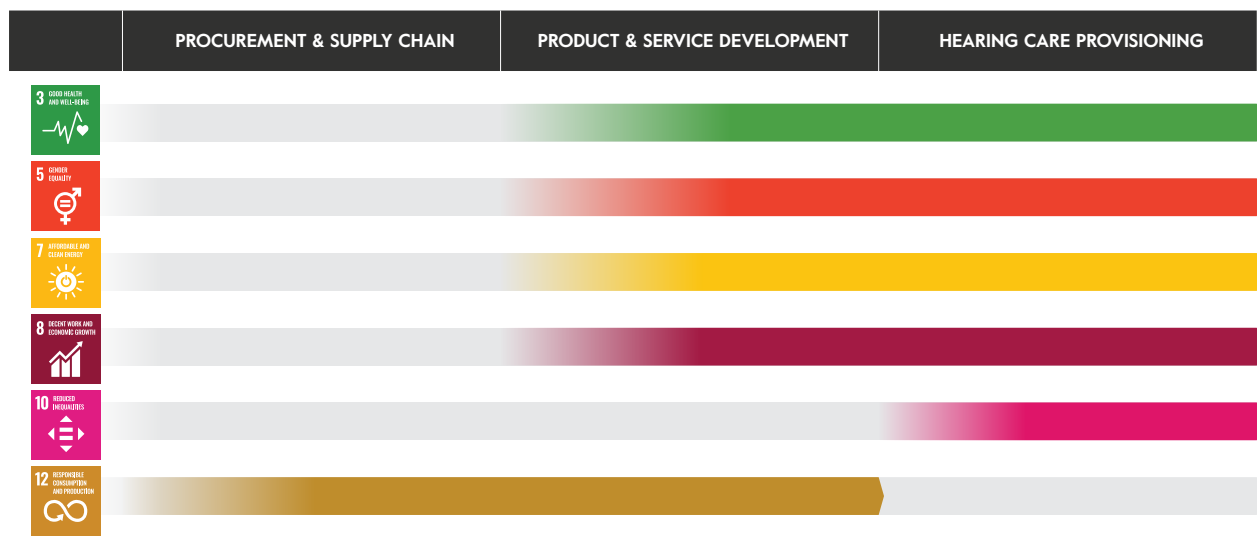
[FIND OUT MORE](#)
SUSTAINABLE DEVELOPMENT GOALS

In line with the path traced by our Sustainability Plan, we have identified the six main SDGs to which we can make the greatest contribution thanks to our activities and our goals along the value chain¹⁶: 3 (Good Health and Well-Being), 5 (Gender Equality), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 10 (Reduced Inequality), 12 (Responsible Consumption and Production).



[FIND OUT MORE](#)
UN DECADE OF ACTION

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



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

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

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

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



02

PRODUCT & SERVICE STEWARDSHIP

WE CREATE EXTRAORDINARY
EXPERIENCES CAPABLE
OF REACHING THE HEART
OF THOSE WHO LIVE THEM

WHO DO WE LISTEN TO?

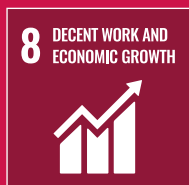
Our **customers** and their needs.

WHAT ARE OUR GOALS?

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

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

Promote increasingly innovative, engaging and digital solutions







2.1 INNOVATION, QUALITY AND CUSTOMISATION FOR EXTRAORDINARY EXPERIENCES

Thanks to increasingly advanced skills and technologies, we aim to revolutionize the hearing care sector by offering innovative solutions and customized experiences that can impact the well-being of the people whose lives we change every day.

We are aware of our central role in the hearing care sector, which arises from the continuous search for the best solutions of the highest quality, innovation and effectiveness, and is consolidated in the daily relationship with the people to whom we offer outstanding customer experiences. For this reason, we believe that the entire path of coaching with customers must be based on a **deep and constant relationship between customer and hearing care specialist**, which develops from the hearing test and the choice of the most appropriate hearing solution, is strengthened by the periodic appointments to adapt the device to personal preferences and lifestyles, and continues over time thanks to the innovative Amplifon Product Experience.

THE AMPLIFON PRODUCT EXPERIENCE

The Amplifon Product Experience (APE), which includes Amplifon branded products and the Amplifon multichannel ecosystem, **is an integrated system that places people at the center of the path that synergically combines service and product to redefine the entire customer journey.** It is a cutting-edge system in terms of digital technologies and in the use of big data. Indeed, thanks to the APE it is possible to collect and analyze data on the use of hearing devices, feedback and consumer needs, and use them to offer a unique and distinctive experience. Data, in fact, is the heart of Amplifon, which has undergone a deep transformation aimed at collecting and using the data of millions of consumers around the world to offer the best experience through real time CRM, the Amplifon App and the multichannel ecosystem, which accompany consumers throughout their journey. Furthermore, the amount of data collected and processed through a Data Management Platform allows us to make our digital marketing actions, digital properties, Search Engine Optimization (SEO) strategies and significant investments in paid media ever more effective.

UK
IS THE LAST
COUNTRY WHERE
THE APE WAS
LAUNCHED IN
2020

After the successful launches in Italy, France, Germany, the Netherlands, the United States and Australia, the roll-out plan in 2020 involved the United Kingdom with excellent results from the very first weeks, and will continue in 2021 with the involvement of four new countries. The adoption rate of the APE, which varies according to the situation and the structure of the market, in Italy is over 90% of the revenues coming from the private and paid-up market. Germany, after the completion of the launch on all the stores in March 2020, is gradually increasing the penetration of the APE on total sales and is currently the only country to have launched the APE also in the social market.

+90%
OF PENETRATION
OF APE IN ITALY

› BRANDED PRODUCTS

The Amplifon branded product line (Amplifon Product Line - APL) is the first backbone of Amplifon's technological innovation program. The APL is made up of four product families, each responding to the particular customer needs, and has been developed in collaboration with four of the largest hearing aid manufacturers worldwide, in order to select all the best technologies available on the market and integrate them in the experience offered to our customers, thus increasing their satisfaction. In general, in all the Countries where the APE was launched, the simplicity of charging, the offer from the ampli-energy family, combined with connectivity and aesthetics, represent the characteristics of the Amplifon branded products most appreciated by customers.

AMPLI-EASY

The devices of the ampli-mini family are powerful, practical, easy to use and affordable. For everyday life, to enjoy laughter with friends, walks in the park, a good motion picture.



AMPLI-MINI

The ampli-mini are very discreet devices that are almost invisible thanks to miniaturized technology. Perfect for those who care for their looks and wish always to be elegant without giving up on comfort.



AMPLI-CONNECT

The devices of the ampli-connect family connect directly to the TV, smartphone and stereo. They automatically recognize the environment and orient the microphones in the direction of the sound. Via bluetooth they connect to the Amplifon App.



AMPLI-ENERGY

The ampli-energy are the perfect combination between practicality and style. No more batteries, they are rechargeable with the special charger and have up to 30 hours of autonomy.



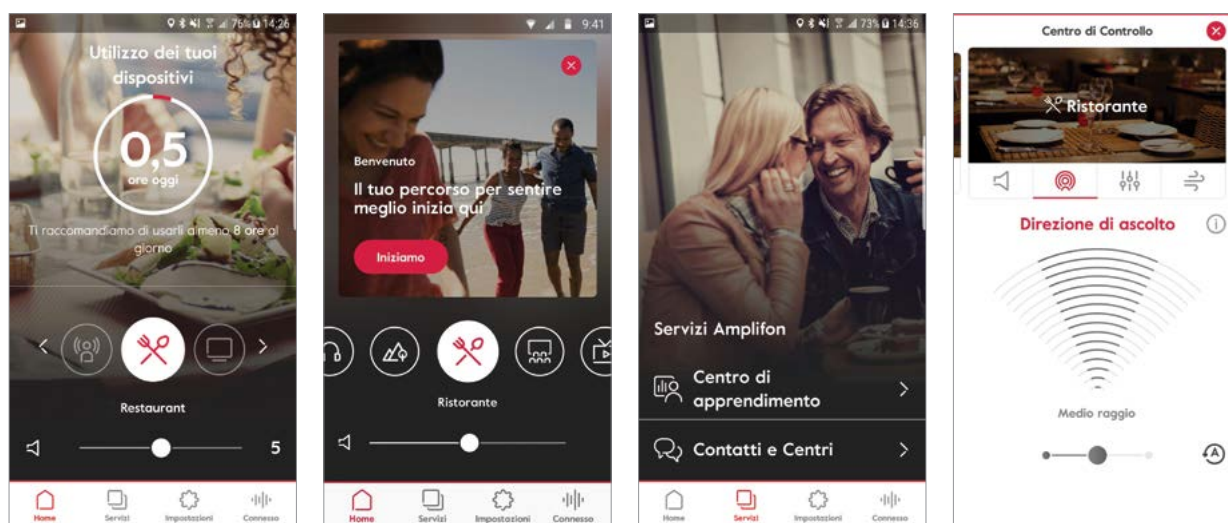
➤ THE AMPLIFON MULTICHANNEL ECOSYSTEM

The second backbone of the Amplifon Product Experience is represented by the Amplifon multichannel ecosystem, of which the Amplifon App is the first point of contact. The ecosystem redefines the Amplifon experience throughout the customer journey (and therefore not only in the store) and, through the Amplifon App, offers access to differentiated and high value-added services (such as “find the nearest store” or “book an appointment” as well as remote control and the “Companion”), with the aim of increasing customer satisfaction more and more. In this way we guide consumers to maximize the effectiveness of their hearing solution with constant and personalized advice throughout the journey.



GO TO PAGE

AMPLIFON APP



The Amplifon App represents enormous potential in terms of data: thanks to it, we have access to a lot of information on the use of hearing devices by customers and use them to create an increasingly customized experience. The total penetration¹⁷ rate of the Amplifon App at the end of 2020, for the Countries in scope, is about 15%, in line with the previous year.

~15%

PENETRATION
OF THE AMPLIFON
APP IN 2020

An advanced data management system, collected both from the virtual experience and in the store, **allows us to build a map of behaviors, purchasing choices and also make estimates on the trends that could develop**. This map guides us in the direction determined by the customer, making his experience more and more customized and meaningful. The natural evolution of all this will be a real e-health platform that will connect the hearing care specialists to customers in order to carry out virtual visits.

17 - The penetration rate of the Amplifon App is defined as the ratio between the number of users who actively use the Amplifon App and the number of compatible hearing solutions sold.

> AMPLIFON 360 PROTOCOL

Our business model is based on listening to customers and understanding their needs in order to be able to offer them customized hearing solutions based on their lifestyle, hearing profile, the sounds of their everyday life and their aesthetic preferences.

The hearing care specialists are key figures, highly qualified and updated on the most innovative technologies, who communicate, actively listen and accompany people in recovering the full hearing experience. Based on the synergistic collaboration between hearing care specialists and customers, we have created the Amplifon 360¹⁸ store protocol, an innovative and exclusive path developed by Amplifon for the assessment of people's hearing abilities through pioneering methods and tools. Made possible by key investments in innovative services, user-friendly technologies and cutting-edge tools, **this experience increases the customers' involvement in the process of assessing their hearing profile**, improving the analysis of individual needs and lifestyles.

The path that leads to the selection of a particular hearing solution is illustrated to customers, step by step, with the support of a front office IT system equipped with a video interface shared with the customer to facilitate the hearing care specialist in fully understanding the customer's hearing needs, as well as allowing the customer to understand the results of the various tests performed and the benefits they can derive from the offered solution. By adhering to this protocol, and leveraging solid technical know-how and high communication skills, **hearing care specialists guarantee people the opportunity to fully rely on the selection of the most suitable solution and then proceed with the purchase.**

In 2019, the Amplifon 360 protocol obtained the approval of the Italian Society of Audiology and Phoniatics (SIAF). Italian experts have stressed the benefits both for those living with hearing loss and for health specialists. The approval by SIAF follows the recent obtaining of the Italian patent, which certified the uniqueness and innovation of Amplifon 360 and demonstrated that the protocol constitutes an important evolution of the audio-prosthetic technique.



FIND OUT MORE

THE AMPLIFON
360 PROTOCOL

APPROVAL
OF THE ITALIAN
SOCIETY OF
AUDIOLOGY AND
PHONIATRICS (SIAF)

18 - Protocol 360 is present in most of the Countries in which Amplifon operates.

The Amplifon 360 protocol focuses on the person and allows, through a data-driven approach, to identify the hearing solution that best suits their needs and lifestyles.

1 IDENTIFYING NEEDS

The hearing care specialist identifies the hearing needs, passions and habits of the person to build their personal profile together through a simple but effective interview.

2 ASSESSING PERCEPTION

Through targeted questions, the hearing care specialist understands how the person evaluates the quality of their hearing in different environments and situations.

3 360-DEGREE HEARING TEST

Thanks to the advanced equipment and training of hearing care specialists, it is possible to carry out a complete and in-depth hearing test free of charge through a series of different objective tests to assess: the quality of hearing, noise tolerance, level of understanding of words in silence and in noisy environments.

4 SHARING RESULTS

After having collected all the necessary information, the results of the various tests are compared and integrated with the person's initial perceptions in total transparency.

5 CUSTOMIZING THE SOLUTION

Amplifon experts recommend the most suitable solution. In this phase, the fitting and customization of the device is carried out using of computerized systems to bridge the gap towards the hearing profile outlined by the tests. During the free trial period of 30 days¹⁹, intermediate checks and settings are carried out to perfect the selected solution. The Amplifon App is a valuable ally in adopting the solution as it provides customized daily assistance.

6 FOLLOW-UP AND CONTINUOUS SUPPORT

Amplifon experts are always available for meetings to evaluate together with their customers the benefits obtained and the degree of satisfaction. A successful journey is also the result of the optimization of the adjustments of the hearing devices. Amplifon 360 includes free assistance with periodic meetings to check, adjust and clean the devices. The person lives in a real protected ecosystem within which they can feel at ease and enjoy constant support, also making use of the data and feedback provided by the Amplifon App.

7 RE-PURCHASE

A hearing solution lasts on average 4-5 years. After this period, one is naturally inclined to continue the relationship of trust that has been established with Amplifon, repeating all the previous phases.

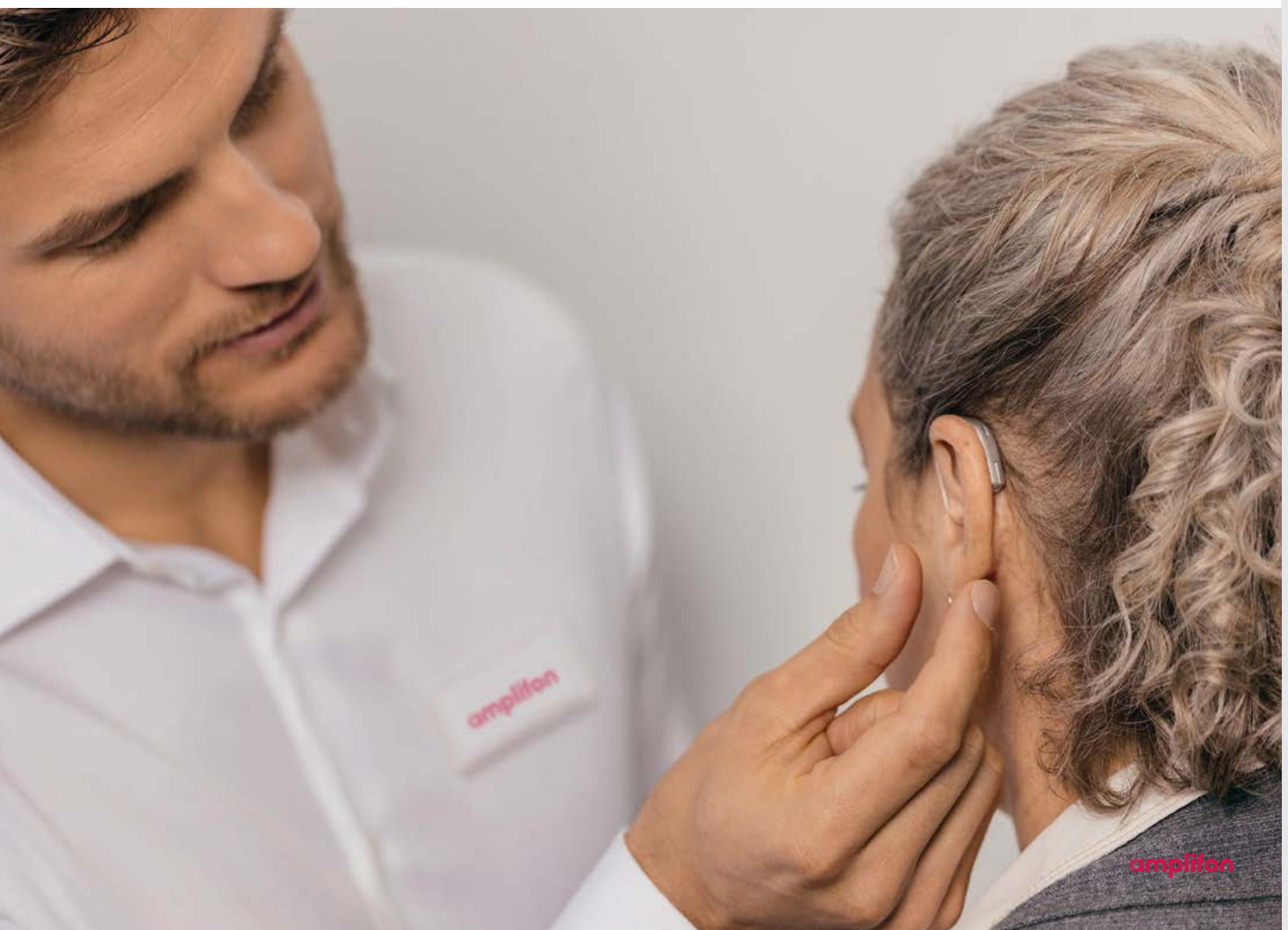
¹⁹ - Present in most of the Countries where Amplifon operates.

› THE CUSTOMER EXPERIENCE

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

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

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



2.2 PRODUCT AND SERVICE AVAILABILITY

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

We invest in the expansion of a global distribution network, which allows us to always be close to those with hearing loss, allowing everyone, even people with reduced mobility, to easily access a quality hearing care service. **The acquisition of GAES in 2018 resulted in the addition of almost 600 shops to our distribution network**, both in Spain and in some Latin American countries where Amplifon was not present before (Argentina, Ecuador, Chile, Panama, Colombia and Mexico). In addition to this, today we are also present in China with 54 points of sales - a market that represents a considerable opportunity for Amplifon, given its low penetration and the presence of a large segment of consumers. Additionally, **the 2020 acquisition of Attune Hearing resulted in the addition of approximately 55 shops in Australia**, and the acquisition of the hearing care business of PJC Investments, our second largest Miracle-Ear franchisee in the United States, allows us to have a greater direct relationship with the final customer in the major world market. In addition, to expand our network, we promote the so-called “piecemeal” acquisitions, made mainly in countries such as France and Germany, as well as selected new openings in the so-called “white spots”. Furthermore, we have always tried to reach people with hearing loss even in rural areas or with a low population density, through store-in-stores and corners, i.e. spaces managed directly by Amplifon but located in third-party premises such as pharmacies, opticians and medical practices. In the main Countries where we operate, we also carry out home visits for customers with reduced mobility who cannot physically go to the store.

54

SHOPS IN CHINA

55

MORE SHOPS
IN AUSTRALIA
THANKS TO ATTUNE
HEARING

Although innovation makes it possible to exploit new channels to offer high added value services to customers, stores continue to be an essential component of the customer journey. For this reason, **we strongly believe in the importance of the in-store experience**. For example, the windows and the interior of the stores are designed to reduce as much as possible the elements of anxiety typically associated with medical experiences, aiming to put customers at ease, with a consequent positive impact on accessibility. In this regard, Amplifon has launched a project to analyze the in-store experience from the customer's point of view and draw insights from the areas with which the customer interacts the most to improve our stores.

On the other hand, digital communication channels are becoming increasingly important for Amplifon, which constantly seeks to involve, in addition to customers, the so-called influencers, i.e. friends and family members of those with hearing problems. **Amplifon and the other brands are now present on various digital channels: web, social media and mobile.** To support the digital marketing strategy, 2019 saw the adoption of a new cloud platform that allows you to connect online and offline experiences. Through the new platform it is in fact possible to manage interactions with websites, apps, emails, SMS, call-centers and in-store interactions in an integrated way. Globally, traffic on consumer sites in 2020 recorded an increase of +56% compared to the previous year.

+56%

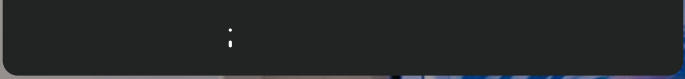
OF TRAFFIC ON
CONSUMER SITES
IN 2020

Just as Amplifon's consumer sites allow customers and potential customers to easily take advantage of services such as the store locator, the online booking of an appointment in the store and the online hearing test, **the Amplifon App also offers**, in addition to these, **a series of high value-added services** that allow the customer to make the most of the potential of their hearing solution and improve their experience. In particular, the **Amplifon App allows controlling the volume, change and customize programs, to know in real time the usage statistics of the hearing aid and benefit of the advantages provided by the "Companion"**, a function developed by Amplifon which, based on the information of use and using a proprietary algorithm based on artificial intelligence, provides continuous advice to the customer to make the best use of the hearing aid. Already in 2019, usability and accessibility had been further improved thanks to the introduction of integrated videos within the Amplifon App and quick intuitive navigation paths, in addition to the improvement of the calculation of the usage statistics of the hearing device. In addition, with reference to compatible hearing aids, it is now possible to update the firmware of the devices without the need to go to the store and reduce the interference of wind and noise.



CUSTOMER DEVOTION VALUE
WE HAVE STRENGTHENED OUR PROXIMITY TO CUSTOMERS DURING 2020

The 2020 emergency situation due to the spread of Covid-19 has pushed us to find a new way to serve our customers, as well as to stay even closer to the most vulnerable ones. During the main lockdown periods, given that the service we offer was considered essential by most of the Countries in which we operate, we decided to keep a good percentage of our stores open and operational to offer the right assistance to customers through the application of very rigid safety protocols. To make sure we did not leave any customers alone and without the pleasure of listening, we have increased telephone assistance, repaired hearing aids by collecting and returning them at home and started selling batteries online. Thanks to the commitment and passion of our hearing care specialists and collaborators, we have done our best to prevent physical isolation from being worsened by any precarious hearing conditions.



2.3 CUSTOMER SAFETY

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

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

EHIMA
WE ARE PART OF
EHIMA SINCE 2019

PRODUCT SAFETY

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

If there are any doubts or concerns regarding the safety of the devices, or the products related to them, we request suppliers to carry out further analyses, commissioning even to third party laboratories the assessment of the safety of the products and other technological or production aspects. If, following these analyses, it is not possible to prove that the total safety of the products is guaranteed, the supplier is immediately asked to adopt the appropriate provisions which can give rise to a possible product recall as foreseen by the regulations.

Amplifon has already adopted the necessary procedures to comply with the New Medical Device Regulation (EU) 2017/745 (MDR), which repeals Directive 93/42/EEC (MDD) and whose full application has been postponed to May 26, 2021 due to the Covid-19 emergency, and introduces obligations for the various players operating in the medical devices sector. For Amplifon, classified as a distributor, the Regulations do not have a major impact, other than guaranteeing product traceability and that storage and transport are compliant with the conditions established by the manufacturers. The procedures requested concern relevant activities, such as complaint handling, labelling, product recall and data management. To guarantee compliance with these procedures and the conditions determined with manufacturers through Quality Agreements, a contact person has been appointed in each European country where we operate who will be responsible for the supervision of the related activities, in time for the effective application of the Regulation. In 2019 and 2020, we already carried out training in Europe on such procedures, which started to be implemented in each country concerned in 2020.

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

TRAINING
IN EUROPEAN
COUNTRIES ON THE
NEW PROCEDURES

SERVICE SAFETY

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

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

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

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

CE MARK
OBTAINED BY THE
AMPLIFON APP FOR
EUROPE

FDA APPROVAL
OBTAINED BY THE
AMPLIFON APP FOR
THE UNITED STATES

**THE QUALITY
MANAGEMENT
SYSTEM**
IS UPDATED IN
ACCORDANCE WITH
THE ISO 13485:2016



2.4 CUSTOMER PRIVACY AND PERSONAL DATA PROTECTION

Protecting customers' personal data is for us more than a priority, it is essential for deserving the trust that people have in us every day. Gathering and processing information is not only essential to offer our services, but it also enables us to innovate and guarantee the most advanced solutions.

It is also in the light of the growing importance that people attribute to their privacy, that **we continually invest in IT safety, to protect the huge amount of personal and sensitive data related to customers and the Group.** We now have, both at headquarters and in our stores, a set of management tools for the application of the requirements as foreseen by national legislation related to the protection of personal data in all the countries where we operate. In order to deploy these tools, the Legal Affairs department provides the necessary support to the whole Group in the event of changes in the regulations, as indeed was the case in 2017 with the introduction of the new EU Regulation 2016/679 (General Data Protection Regulation), in relation to which we have reached total compliance through specific technical and organizational measures.

Furthermore, starting from 2020, an internal committee was set up to supervise all legal topics related to cybersecurity. The IT, HR, Legal Affairs and Finance departments are represented on this committee which organizes specific quarterly meetings on cybersecurity with the CEO.

In the multichannel ecosystem design, the first requisite that was taken into consideration was data security (privacy by design). With reference to the Amplifon App, consent for the processing of data for marketing and profiling purposes was updated in compliance with regulations, and the user can withdraw such consent at any time. For the launch of the Amplifon App in the United States, where the current regulations regarding personal data protection are different, Amplifon has been supported by professional consultants in the industry in order to achieve App compliance with the provisions of the Health Insurance Portability and Accountability Act.

Our hearing care specialists and store personnel are trained to always handle customer sensitive data with special care. Furthermore, in accordance with Amplifon's Code of Ethics, all information and data acquired or processed by employees and consultants in the course of their work cannot be divulged or used for any other purposes other than those established.

GDPR
FULL COMPLIANCE
SINCE ITS
APPLICATION

CYBERSECURITY
INTERNAL
COMMITTEE
ESTABLISHED
IN 2020

We use the most important cloud solutions and applications systems for managing data, guaranteeing at the same time high performance and the maximum levels of security available on the market. **We have also selected a leading provider of cybersecurity services to manage security alerts in real time 24 hours a day, every day of the year.** In case of an alert, 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.

During 2020, the protection of the company's network was further enhanced by the introduction of advanced threat control tools that exploit artificial intelligence technologies. The system monitoring the effectiveness of external and internal defense has been strengthened by carrying out activities such as vulnerability assessment and penetration testing. Also, in 2020, **cybersecurity training was provided to all employees to increase awareness of cyber risks and threats.** Furthermore, we anticipate that in 2021, we will make further investments in cybersecurity in order to further strengthen Amplifon's ability to prevent and defend itself from cyber-attacks.

Thanks to a solid internal company culture, our employees and associates understand the importance of topics related to privacy and the risks related to security and they know how to manage them. Indeed, there are specific policies in place that regulate the correct use of IT systems by employees. For example, **the policy regarding "Responsible use of information technology"**, establishes specific standards for using IT systems and associated equipment in order to guarantee the maximum level of security and protection of confidential data. In addition to being published on the company intranet, the policy has been distributed to all associates in the various countries where we operate. It should also be noted that in 2020 disk encryption was activated to protect them from any data theft in the event of theft or loss of company devices.

In the three-year period 2018-2020 the systems that were set up for the protection of personal data and cybersecurity functioned successfully ensuring an adequate level of data security. There were no significant complaints related to any breaches of customer privacy notified by controlling bodies or external entities. Nonetheless, two incidents related to a potential loss of data were reported at the end of 2020 in conjunction with burglaries in two Miracle-Ear stores in the US, as a result of which patient records were compromised. The Company promptly reported these incidents to the competent authorities (Office of Civil Rights), notified the patients concerned, and it has already undertaken the due follow-up procedures and investigations as required.

**ARTIFICIAL
INTELLIGENCE**
WE INVEST IN
CYBERSECURITY TO
INCREASE DEFENSE
AGAINST ATTACKS

**DISK
ENCRYPTION**
ACTIVATED IN 2020

03

PEOPLE EMPOWERMENT

WE VALUE TALENT SO THAT
TOGETHER WE CAN LEAVE A
MARK THAT LASTS OVER TIME

WHO DO WE LISTEN TO?

Our people and their passion

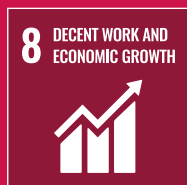
WHAT ARE OUR GOALS?

Strengthen the leadership and functional skills of all employees globally

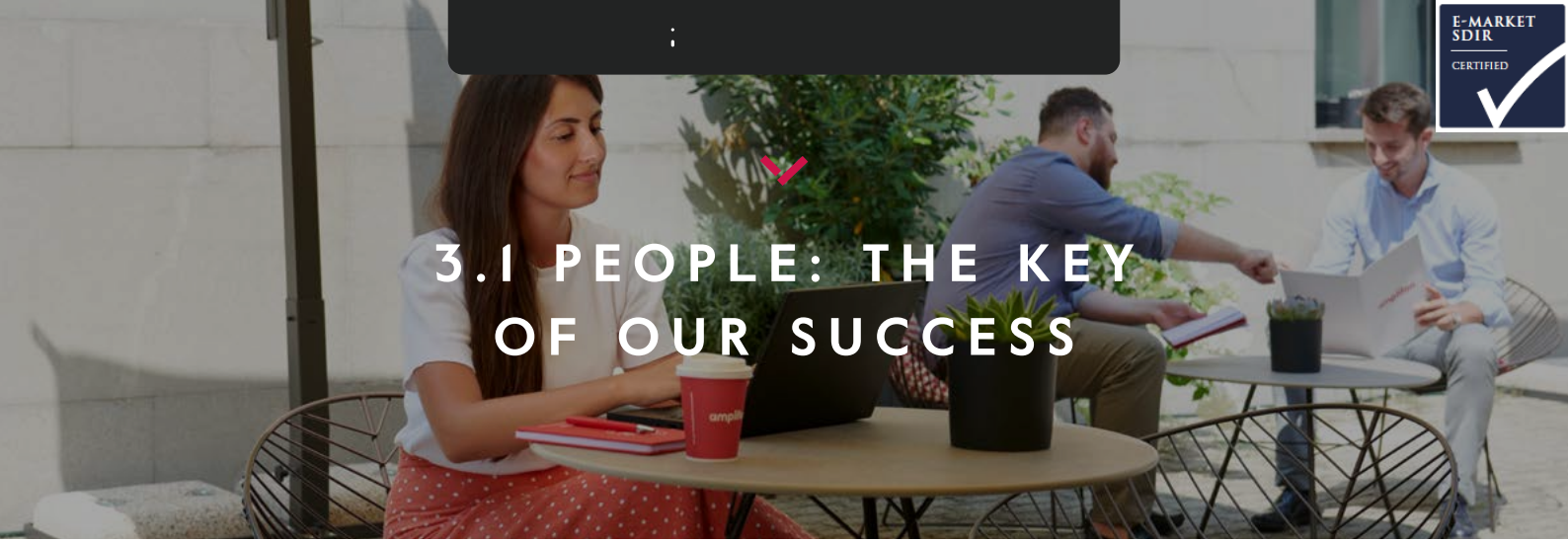
Ensure a solid succession pipeline for key roles

Ensure a healthy and inclusive winning workplace driven by communication and engagement

Promote equal opportunities at all levels of the business







3.1 PEOPLE: THE KEY OF OUR SUCCESS

We firmly believe that our people, whatever role they have in the organization, represent the most important asset for our success.

Over the last few years, the rapid growth of our Group, both organically and as a result of several acquisitions, and the will to further reinforce our leadership in the global hearing care market, have encouraged us to define a global HR Strategy capable of managing the challenges of an increasingly complex and dynamic scenario, as well as contributing effectively towards the achievement of business objectives by leveraging the professionalism and talent of all of our people.

THE THREE PILLARS OF OUR HR STRATEGY



Highly effective and competent organization that contributes to the achievement of business results



Solid talent pipeline to overcome present and future business challenges



Unique and distinctive company identity as a winning trait in the market

Various important activities with a strong global impact in the context of each pillar of the HR Strategy continued in 2020. **Regarding the High Performing Organization pillar, the alignment of the back-office with the organizational blueprint designed in 2018 was carried out**, in particular for the Marketing, Finance and HR functions. The Global organizational model of the Procurement & Supply Chain function was completed. This will be implemented in the coming years. The growing focus on customer experience, innovation and continuous improvement of performance and processes have brought about the **creation of a Marketing department that is totally dedicated to Customer Experience** and a new Global Retail Excellence function. **The Marketing Academy was launched globally**, with the objective of reinforcing the strategic functional skills. The Academy was designed with the support of an internationally recognized school of marketing, and it provides for face-to-face and e-learning courses.

As part of the **People Excellence pillar**, the adoption of the Leadership Model continued at all organizational levels, i.e. the system capable of modelling human resources management processes, from selection to development, and from the introduction of new recruits to the training of our people. The Amplifon Leadership Model consists of six key leadership skills, each of which is broken down according to the reference organizational level. In 2020 various HR processes linked with it were updated and consolidated, i.e. Performance Development Review and Talent Assessment. In addition, to complement the annual global mapping of the skills and talents of the population, also the definition of individual development plans for talents and succession plans for key roles within the Group continued in order to anticipate future needs through targeted action plans.



GO TO PAGE
**THE TALENT
GROWTH**

PERFORMANCE
DEVELOPMENT
REVIEW

Finally, with reference to the **Winning Culture pillar of our HR strategy**, the focus was placed on continuing to strengthen the strong Group identity as “One Company”, a topic of extreme importance for a growing company such as ours that recruits a significant number of new people every year. Employees were constantly involved in communication, engagement and change management activities to support the transformation and growth of the business. Particular mention should be made of the comprehensive communication and engagement plan in support of the One Amplifon Transformation program. Activities to support the positioning of Amplifon as employer of choice through the new Employee and Employer Value Proposition continued as well, as did internal communication activities to facilitate the sharing of information through the implementation of our Global Internal Communication Framework.



GO TO PAGE
**ONE AMPLIFON
TRANSFORMATION**

EMPLOYEE VALUE
PROPOSITION

GLOBAL INTERNAL
COMMUNICATION
FRAMEWORK



STRONGER TOGETHER PROGRAM STRONGER TOGETHER

2020, and in particular the lockdown periods caused by the Covid-19 pandemic, led us to face new challenges. Inspired by our values, we intensified closeness to all our employees through various initiatives that, as part of the StrongerTogether program, allowed us to support our colleagues at such a complex time and to operate with a One Company approach.

The work carried out in the last quarter of 2019 and in the first months of 2020 to prepare for the introduction of smart-working allowed Italy – the first western country to experience lockdown – to be ready, in terms of tools and skills, to tackle remote working in a positive way and to operate as a pilot of the StrongerTogether program, subsequently extended to all of the Group’s Countries.

We redesigned and intensified all communication routines, leveraging the available technologies and cloud platforms already implemented and adopted through the Digital Ninja program. Through an ad hoc plan, we strengthened the hard and soft skills needed to enable everyone to work effectively from home. We enriched the training offer relating to the development of the Leadership Model skills, proposing a mixed program of e-learning, deep-dives, and live webinars. Finally, numerous global and local engagement initiatives were launched to support people during a difficult time and maintain the sense of corporate belonging, stimulating the team spirit even while people were distanced.

AMPLIFON PEOPLE

As specified in our Sustainability Policy, attracting, developing and retaining the best talents, and ensuring an inclusive and safe working environment is of paramount importance for the sustainable growth of our Group.

The Group HR organization is structured to be coherent with our HR Strategy. The Corporate Centers of Excellence (CoE) have the task of developing strategies, processes, policies and tools based on avant-garde practices, providing end-to-end solutions that meet the various corporate needs. HR Business Partners (HRBP) collaborate with the Company’s managers to guide business results through dedicated initiatives, ensuring deployment of HR processes and tools in the organization. More specifically, the regional/local HRBPs are directly responsible for the resources within a specific region/country, regardless of the function to which the people belong, whilst the functional HRBPs guide the HR agenda by department, ensuring consistency especially in talent management, organization design and functional skills. **The Centers of Excellence and HRBPs interact constantly to guarantee the best support to the business and alignment with business targets at all organizational, functional and geographic levels.** Finally, People Services are dedicated to the employee experience and the perfect execution of all employee services.

As at December 31, 2020, Amplifon’s workforce comprises 17,485 people (employees and not-payroll collaborators), up by around 2.5% compared with 2019. Of these, 11,265 are direct employees of Amplifon, also up by more than 2%. These include field force, meaning the sales force that operates in the shops spread throughout the territory (around 80% of employees), and the back-office personnel, employed mainly in the Marketing, IT, Finance, HR, Procurement & Supply Chain, and Legal and Communication departments (around 20% of employees). Workforce not on payroll, consisting mainly of franchisees, agents and “autogestori”, and to a lesser extent interns and trainees, amount to 6,220 people, mostly concentrated in the United States, where they operate mainly through franchising. Hearing care specialists represent the most numerous professional category with respect to the total workforce, accounting for approximately 52%, of which 5,352 on payroll and 3,746 not on payroll hearing care specialists.

17,485

2020 WORKFORCE
(+2.5% VS 2019)

11,265

EMPLOYEES
(+2.4% VS 2019)

6,220

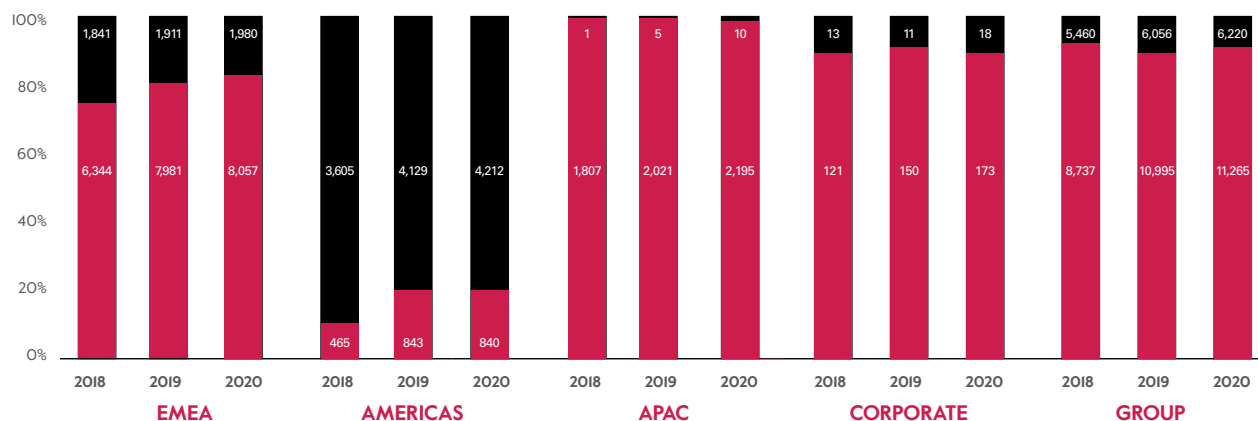
COLLABORATORS
(+2.7% VS 2019)

9,098

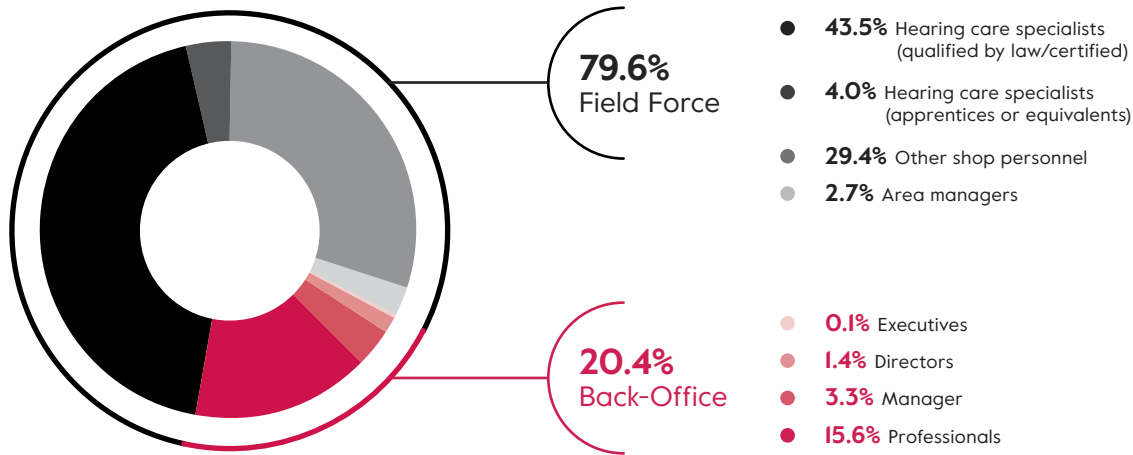
HEARING CARE
SPECIALISTS
(+1.7% VS 2019)

WORKFORCE BY GEOGRAPHICAL AREA

■ Total employees on payroll ■ Total not-payroll collaborators



EMPLOYEES BY PROFESSIONAL CATEGORY (2020)



Confirming Amplifon’s commitment to offering equal opportunities to all its people, around 72% of employees as at December 31, 2020 are women, up slightly from 2019. Women are more concentrated among hearing care specialists and other store staff (women account for almost 76% of the field force employee population), but are also increasingly present in back-office positions (around 57% of the back-office employee population is female) and in key leadership roles. Indeed, at the end of 2020, women accounted for 27% of the global leadership population of Amplifon.

In addition to being well distributed in terms of gender, Amplifon’s workforce is also varied in terms of age: more than half of employees (57.4%) are aged between 30 and 50, while the under 30 and over 50 categories both represent 21.3% of the total. In addition to being the most represented in the field force population (56.2%), the 30-50 age group is also well represented in the back-office population (61.9%), and specifically in all professional categories: 8 out of 12 Executives, around 81% of Directors and Managers, and over 56% of Professionals are between the ages of 30 and 50.

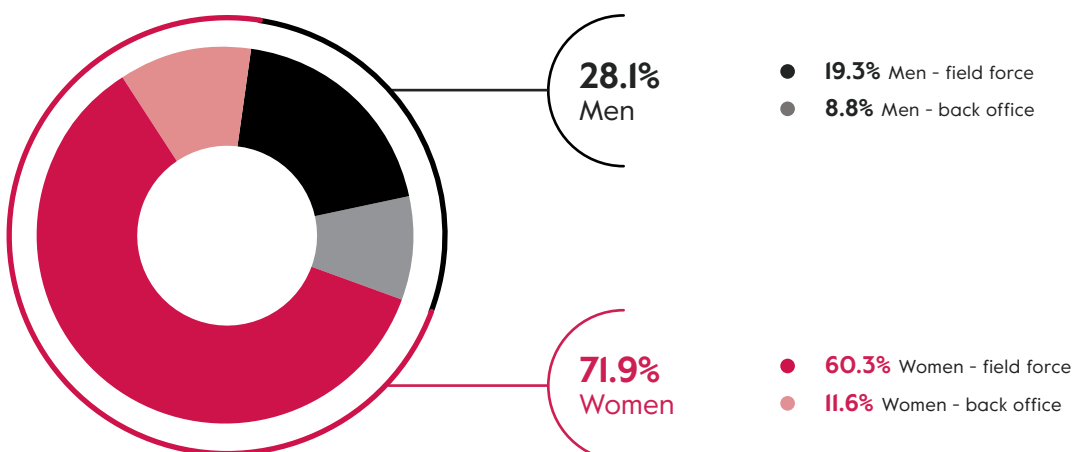
~72%
WOMEN AMONG THE EMPLOYEES IN 2020

~76%
WOMEN AMONG THE FIELD FORCE EMPLOYEES IN 2020

~57%
WOMEN AMONG THE BACK-OFFICE EMPLOYEES IN 2020

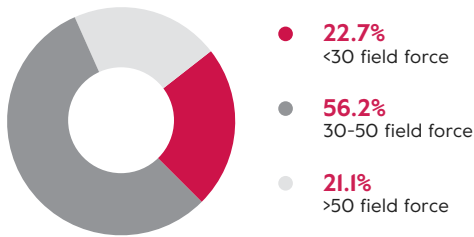
+57%
OF EMPLOYEES AGED BETWEEN 30 AND 50

EMPLOYEES BY GENDER AND POPULATION TYPE (2020)

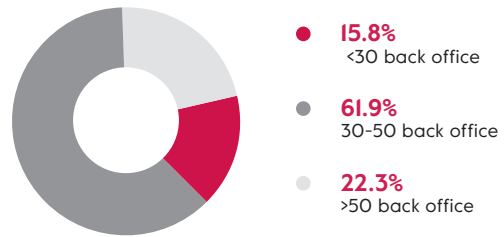


EMPLOYEES BY AGE GROUP AND POPULATION TYPE (2020)

FIELD FORCE



BACK-OFFICE

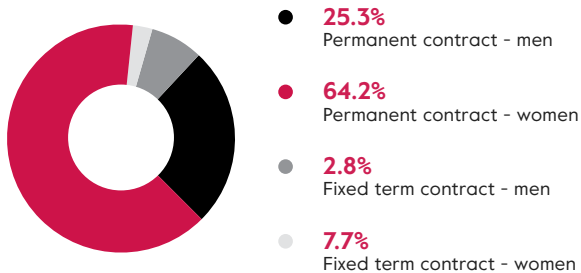


As testimony to the commitment to ensuring and strengthening stability of employment and to investing in human capital over the long term, in line with 2019 almost 90% of employees had a permanent contract, and the possibility of part-time employment is offered to satisfy employees' personal needs. In 2020, approximately 27% of employees chose this option, down slightly compared with 2019.

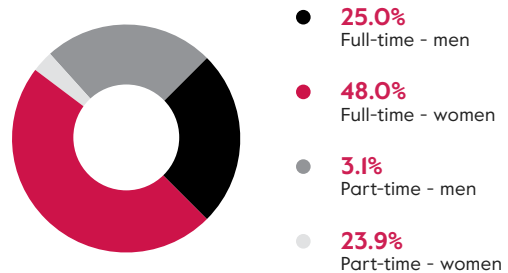
~90%
**OF EMPLOYEES
HAVE A PERMANENT
CONTRACT**

EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT, TYPE OF EMPLOYMENT AND GENDER (2020)

TYPE OF CONTRACT



TYPE OF EMPLOYMENT



Relations with trade unions, both nationally and within the organization, are always positive and constructive, and differ according to local legislation. All employees in France, Spain, Italy, Belgium, Luxembourg and the Netherlands are covered by collective labor agreements or equivalents. These agreements also partially cover employees in Australia²⁰ (approximately 70% of the Professionals category employees) and Argentina (around 83% of employees). For those countries where no collective labor agreement is in place, Amplifon determines the contractual conditions directly with its employees, following local best practices.

Finally, in the context of the protection and safeguarding of human capital as specified in the Group Code of Ethics, Amplifon does not practice or allow within the Company any discriminatory behavior based on political or trade union opinions, religion, race, nationality, age, sex, sexual orientation, health and in general any intimate characteristic of a human person. The Group demands that in internal and external work relations there should be no harassment, including the creation of an intimidating, hostile or isolating

20 - In Australia, under the legislation in force, collective labor agreements or equivalents cover only the personnel employed in the call centers.

working environment, or hindering of individual job prospects for reasons other than those related to professional skill. Furthermore, in line with the Universal Declaration of Human Rights and in compliance with the Conventions of the International Labor Organization on Fundamental Human Rights, Amplifon is committed to respect human rights and the rights of workers in all Countries where it operates, repudiating the exploitation of child labor.



YOUR VOICE: AMPLIFON'S ENGAGEMENT SURVEY

We strongly believe in the importance of regularly assessing the engagement of our people. This is why every two years we promote internally a global engagement survey which we have called “Your Voice” and implement the resulting global, local and functional action plans, with the aim of improving the experience of all employees. For the last survey, launched in November 2019, we adopted a new methodology, using a global platform and carrying out a single multilingual survey aimed at all employees simultaneously. The 2019 edition of “Your Voice”, which included 30 questions, reached a response rate of 81% and collected more than 17,000 qualitative comments that supported the comprehension of the results which were then shared with all the levels of the Organization.

92% of the Group’s employees expressed a positive opinion of the company. “Customer focus” was the most commented topic, which confirms the centrality of the customer in everyday life in Amplifon. Indeed, the respondents demonstrated a strong bond with Amplifon’s Purpose, declaring that they feel responsible for their work and that they understand their contribution to the Company’s success. Following the 2019 edition, the 2020 edition was mainly dedicated to the development and execution of the action plans whose implementation will continue even in 2021 in preparation for a new survey which is planned for November 2021.

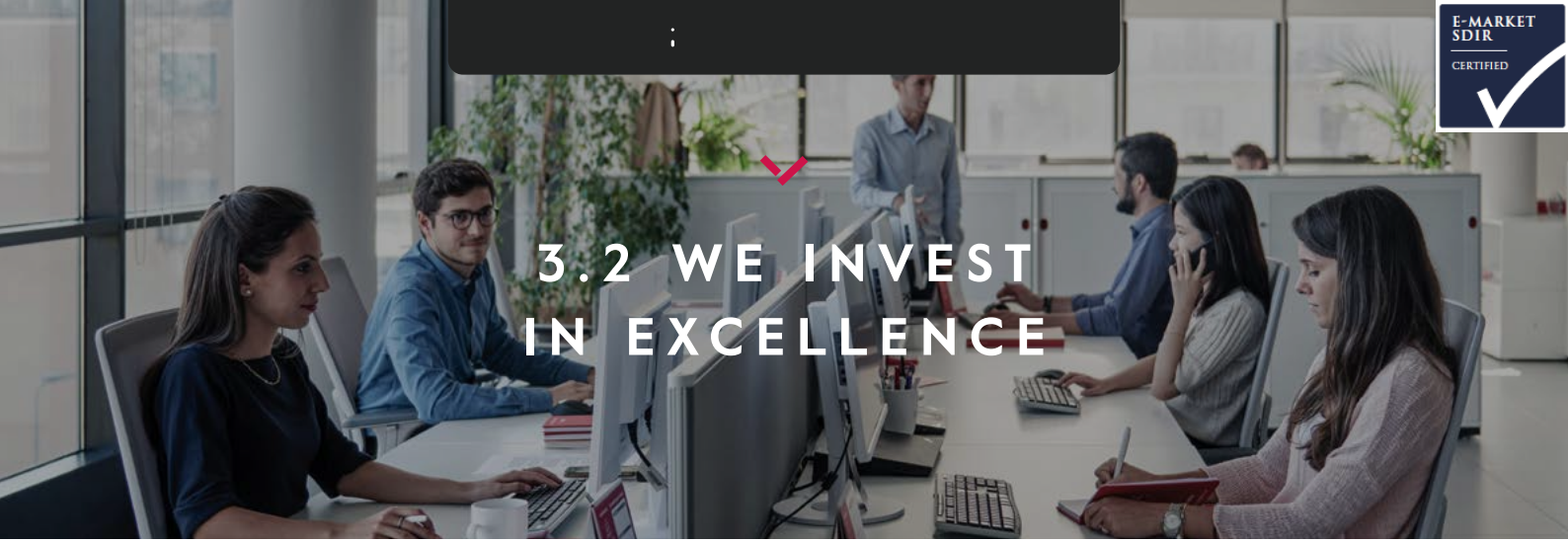
> GLOBAL INTERNAL COMMUNICATION FRAMEWORK

In Amplifon, regular, prompt and complete internal communications is functional in creating a working environment where people can develop their talents and always feel involved. For such purpose the **Global Internal Communication Framework** was developed which, by ensuring effective cascading communication at all levels of the organization, activates the right routines and guarantees that the enabling platforms are continuously developed and implemented.

Once a year, all of Amplifon’s Leaders meet at the Global Leadership Conference. Furthermore, every quarter, they meet virtually in so-called **Leadership Touchpoints** to share company updates and key projects, which are in turn shared in cascade throughout the Organization in so-called **Townhall Meetings** during which other local initiatives and routines specifically addressed to the field force are also presented. Moreover, within the Organization all the functions implement global and local vertical routines, including global functional conferences that aim at promoting the alignment of strategy and providing an update on key projects.

The company Intranet, which merges global and local content, guides communications in a top-down fashion to all the employees and is constantly updated to integrate new content and respond to emerging needs.





3.2 WE INVEST IN EXCELLENCE

EMPLOYER OF CHOICE

Attracting people who believe in our values, in innovation and excellence, and who are stimulated by the possibility of working in a dynamic international context is for us a key objective.

As part of both the People Excellence and Winning Culture pillars of HR Strategy, we have elaborated a **differentiated strategy of attraction and acquisition for two key groups: hearing care specialists and customer relations managers on the one hand, and professionals and managers on the other**, with the objective of ensuring a solid pipeline of talent to support the future growth of the Group. For this reason, the strategy is defined at Corporate level and is consequently implemented sequentially at local level to ensure a unique candidate experience in all the Countries where Amplifon operates.

> EMPLOYEE VALUE PROPOSITION

True to our Employee Value Proposition (EVP), in 2020 we worked hard to attract talent. **The EVP describes the essence of Amplifon as an employer**, and serves to make the Amplifon world and culture known to potential candidates, with the aim of attracting and recruiting the best talents capable of embracing the company's values. **The employer brand-line "Make More Possible" affirms how it is possible in Amplifon to "achieve more" for the growth of the business and for one's own personal and professional development.** The Group rewards ambition, spirit of collaboration and dedication with more hours of training, more opportunities to be part of an international team and more dynamic career paths. It is an invitation to direct and courageous action that aims to describe the impact our employees have in improving the lives of others through their work, in line with our corporate purpose.



› TALENT ATTRACTION STRATEGY

Due to the pandemic crisis, in 2020 the talent attraction and acquisition strategy was conducted exclusively through digital channels. Career days, webinars, workshops, project work, shadowing and mentorship programs were the main activities that involved approximately 6,000 students and fresh graduates. All of these activities had a single common denominator: to increase awareness about Amplifon and its opportunities, but above all to help the younger generations in their professional and personal growth, knowing that companies like Amplifon have an important role to play in training the leaders of tomorrow.

2020 also saw the creation of two new partnerships with CEMS and with Junior Enterprises Italy. **CEMS is an international network of 34 exclusive business schools and 68 multinational companies and NGOs** that jointly offer a Master's in Management, with the objective of training responsible leaders focused on topics of sustainability, and which currently has a network of more than 18,000 students and alumni of 108 different nationalities. **Junior Enterprises Italy is a non-profit association, present in 25 Italian universities with a network of more than 2,200 students**, which offers its members the possibility to meet the challenge of projects to be carried out jointly with partner companies. Moreover, the productive partnerships with AISEC, the largest student association in the world with more than 100,000 students from more than 2,400 universities, the Luigi Bocconi University of Milan, the LUISS Guido Carli University of Rome, the Business School of the MIP Politecnico di Milano, and other relevant universities present in the countries where we operate were also confirmed. Finally, in 2020 cooperation with some renowned executive search companies for targeted selections in the Marketing, IT and General Management areas was established for some specific projects.

› DIGITAL CHANNELS

Social media represents a tool that is increasingly relevant for making us known and to propose our career opportunities, and particularly in 2020 the digital channels have played a key role. Due to the pandemic, **our Employer Branding communications were completely moved to online platforms, on the main pages of the major social networks and our career website**, which proved to be fundamental to convey the message of attractiveness of the Company and the sector and to maintain an active conversation with our reference target. And precisely with the objective of being a point of reference for our community, we shared more and more ad hoc content, both for hearing care specialists and for back-office personnel, adopting new formats such as Instagram Directs and IGTVs. From advice for writing a good CV and facing an interview to audiometric tests, we managed to propose original content that contributed to a growth of more than 30% of our follower base with respect to the previous year, both on LinkedIn and on Instagram.

~6,000

STUDENTS
AND RECENT
GRADUATES
WERE INVOLVED
IN TALENT
ATTRACTION
ACTIVITIES IN 2020

CEMS
JUNIOR
ENTERPRISE
ITALY
PARTNERSHIP
ESTABLISHED IN
2020

AISEC,
UNIVERSITA
BOCCONI,
LUISS,
POLITECNICO
DI MILANO
PARTNERSHIP
CONFIRMED IN
2020

+30%

OF THE FOLLOWER
BASE OF LINKEDIN
AND INSTAGRAM
WITH RESPECT TO
2019

~88,000

LINKEDIN
FOLLOWERS

+5%

OF VISITORS OF
CAREER SITE WITH
RESPECT TO 2019

Our Career website, which by the end of 2020 had fulfilled for one year its new role as a global hub dedicated to career opportunities in Amplifon, ended the year registering a 5% increase in users and a 56% increase in visited pages with respect to 2019, and it is increasingly crucial in creating a unique and compelling candidate experience worldwide to affirm Amplifon as an employer of choice.

+56%
OF VISITED PAGES
ON THE CAREER
SITE WITH RESPECT
TO 2019

> OUR GLOBAL ONBOARDING PROGRAM

In 2020 we launched the fifth edition of Amplifon Global Onboarding (AGO) program in an innovative digital format, which, due to the limitation of travel during the year, evolved into the Digital Amplifon Global Onboarding (DaGO). During the year, the program, which aims to support the most promising new recruits and lay a solid foundation for a successful career through understanding Amplifon's strategy and business model, involved 74 back-office employees.



TALENT GROWTH

We dedicate a lot of time and resources to training programs for a vast range of learning and professional development opportunities, so that anyone can fulfil his or her full potential.

Amplifon offers training and development programs to all its employees, at a regional and national level, as well as at a global level. A wide and differentiated offer allow enables us to respond to local needs and requirements, at the same time allowing our workforce to benefit from best practices that are shared around the global network. Classroom and online courses offered to field force and back-office personnel, complemented with individual coaching and mentoring sessions, focus on professional and business skills as, well as behavioral and leadership skills.

AMPLI ACADEMY

- > On the basis of Amplifon's Leadership Model, in 2020 the Ampli Academy, which is the platform that comprises the development and training offer and designed to be activated for all of Amplifon's staff and clustered on the basis of specific needs of staff segments or Countries, was launched and extended to all back-office staff. Ampli Academy aims to develop two distinct areas of competencies: the first one is more focused on functional pathways, or rather functional skills, while the second one is focused on behavioral & leadership competencies, in order to develop soft skills. Considering the growing importance of inter-functional and interpersonal skills, the latter is

**AMPLI
ACADEMY
WAS LAUNCHED
IN 2020**

based on four themes designed with the perspective of developing skills that will be required in the future:



AWARENESS

it is fundamental to create moments when we share the vision of our Company, Amplifon's structures, corporate culture, values and changes. This is because independently of one's position in the organization, all employees make decisions every day and the better their understanding of the organization and its objectives is, the more their decisions will be in line with it.



CONNECT

for Amplifon diversity is not a slogan but an opportunity to analyze situations and projects from different points of view, ensuring a solid and sustainable execution. For this reason, programs that include mentoring or change management aim at connecting different experiences, backgrounds, functions and Countries, so that everyone can constantly expand their horizons and comfort zones.



DIGITAL EMPOWERMENT

we believe that technology is an opportunity to make repetitive but necessary activities more efficient, allowing people to focus on activities where creativity, ingenuity and non-linear thinking allow them to achieve the maximum positive impact.



LEAD

to be a "High Performing Organization" it is fundamental that people managers and people leaders operate as facilitators to enable the full potential of their teams. For this reason, Amplifon has structured the various growth programs to cover different levels of management and leadership among its people.



EVERYDAY EXCELLENCE VALUE DIGITAL READINESS ASSESSMENT

At Amplifon we believe in the importance of new technologies for the development of people, and we invest continuously in cutting-edge tools that render our working environment increasingly digital. To ensure that everyone can fully exploit the potential of technology, as part of Ampli Academy's "Digital empowerment" theme, in 2020 we promoted a Digital Readiness Assessment survey in order to understand everyone's digital knowledge in terms of mindset, digital transformation, cybersecurity and digital workplace, in order to subsequently create "tailor-made" training programs for each individual. In this way, the courses that we will deliver will be pertinent and aligned with specific needs, concentrating on the areas that are most useful for each individual in an efficient and effective manner.

In 2020, we invested in nearly 248,000 hours of training for employees, with a total of approximately 22 hours per person per year, considering both the back-office population and the field force. The average was 21.7 hours for men and 22.1 hours for women²¹. If we consider all workforce, both employees and workforce not on payroll, the total hours of training delivered in 2020 amounted to almost 265,000.

~265,000

HOURS OF TRAINING FOR EMPLOYEES AND COLLABORATORS

In particular, the entire network of hearing care specialists (both employees and workforce not on payroll belonging to the network of “autogestori”) is constantly trained and updated on the most innovative protocols and instruments: in 2020 they received a total of nearly 167,000 hours of training, with an average of 25 hours each.

~167,000

HOURS OF TRAINING FOR HEARING CARE SPECIALISTS

LEADERSHIP DEVELOPMENT PROGRAMS

We invest in the professional development of talented individuals who show growth potential and the ability to fill positions of international responsibility, offering them a wide range of targeted training programs on the basis of their position, their seniority and their individual aspirations.

In 2020 we expanded the offer of various existing Leadership Programs, by revisiting their content and format to make them coherent with the two new HR processes, namely the Leadership Model and the Amplifon Employee Experience. And so, the “LEAD the Future”, “LEAD the Way” and “RIDE the Change” programs were consolidated working with leading training institutes.

- **LEAD THE FUTURE**

is a program for Country General Managers and the CEO first line managers, with the objective of consolidating a shared vision and leadership style among the Group’s key figures.

- **LEAD THE WAY**

on the other hand targets Country leadership teams and Corporate Directors with the scope of promoting strategic, cultural and leadership alignment.

- **RIDE THE CHANGE**

is dedicated to young talent employed in the back-office and aims to strengthen the culture of change and innovation through digital skills.

During 2020 the **Be Manager** and **Be Leader** programs were also defined. These programs are intended for middle management selected on a global scale to support the development of the skills of tomorrow’s leaders. The first one, launched at the beginning of 2021 is a foundation program that is open to all managers to create a shared culture and strengthen the High Performance Team qualification. Be Leader, on the other hand, which will be launched in the second half of 2021, is an accelerator to prepare today’s managers for a leadership role in the near future.

21 - Per capita training hours by gender have been estimated on the basis of the proportion of men and women with respect to the total population.



PERSONAL IMPACT VALUE RIDE THE CHANGE

The first edition of RIDE the Change, which is still underway, had 21 young employees taking part from 8 different Countries. At the end of 2019, the participants embarked on a training path that covered digital topics, from collaboration between remote teams to digital reputation and influencing, all thanks to a gamification platform, followed by the development of proposals for introducing innovative solutions in various Amplifon business contexts.

In the second phase, highly diversified teams were involved in a laboratory session on real business cases sponsored by the Chief Marketing Officer, with the objective of generating new ideas to strengthen leadership in Amplifon in the hearing sector.

The third phase, planned for the first half of 2021, will be a laboratory session based on what was experienced in 2020, the year in which digital collaboration was taken to its extreme, to create an experience in which the “physical” and “digital” parts would coincide, thus consolidating the changes that would remain in the future.





3.3 RECOGNITION AND REWARD

We greatly cherish recognizing and rewarding the achievement of results and success, valuing the contribution of each employee on the basis of a culture of constant feedback.

We believe in the concept of remuneration based on performance and we strive to recognize exceptional contributions both in terms of economic results and customer service. For this reason, our remuneration policy is:

- strictly linked and aligned to Company strategy;
- a distinctive trait based on the principle of global consistency in order to promote a One Company culture;
- attractive, both globally and in local markets;
- transparent and linear;
- designed to motivate people to achieve their targets, which are always challenging, but fair and clearly communicated;
- made of fixed as well as short and long-term variable components.

CAREER DEVELOPMENT

The experience offered by Amplifon must be unique for all resources. For this reason, in line with the people management program, various internal “**You@Amplifon**” meetings were organized to discuss, update and share information and thus train and support employees to face the various phases of their career path, from their arrival at Amplifon to growth, including objectives, results, recognition and goal valuation. You@Amplifon makes it easier for employees to play an active role in building their development and career path. The goal is to support everyone on their journey toward growth and success, based on the characteristics and ambitions of each person. Amplifon believes in global internal mobility as a driver of personal and professional growth, and has implemented a competitive Global Mobility Policy to facilitate relocation.

GOAL
GUIDE ALL
EMPLOYEES
TOWARDS GROWTH

Amplifon’s continuous success depends on its employees’ ability to maintain and adopt the highest standards of performance in their roles, in line with corporate objectives. Effective bidirectional communication with employees is fundamental to create a culture that is centered on the identification of clear individual objectives and a process of continuous performance management. For this reason, we encourage regular meetings

during the year between employees and their managers, to ensure anytime & continuous feedback that is capable of supporting the right orientation and recognition.

In this way, we allow everyone to evaluate their performance with transparent criteria regarding the achievement of the objectives set together with their manager and the continuous improvement of the skills outlined by the Leadership Model.

> PERFORMANCE DEVELOPMENT REVIEW

As every year, the Performance Development Review (PDR) process for the Group's back-office personnel was also carried out in 2020. Moreover, also all field force personnel, previously managed on local systems, was totally included in the global PDR system in 2020. The process is driven by a policy that was established at Group level and to accompany employees in their comprehension of the new process and the tools that are available for their development, training sessions for all the interested employees are regularly organized with the objective, on the one hand to provide Directors and Managers with a clear understanding of their role in the professional growth of their human resources and, on the other hand to provide the Professionals with a strong awareness of the role that they can perform in their development and growth in Amplifon.

The training sessions related to the Leadership Model continue regularly to support the employee development process, while dedicated communication campaigns and collective meetings (You@Amplifon) take place just before each key moment of the process. The sessions organized in 2020 were focused, among other topics, on the definition of objectives, the recognition system and the management of feedback in the assessment phase.

At Group level, approximately 85% of employees received a performance review in 2020, representing more than 86% of women and around 81% of men. This is an extremely satisfactory number, as it leaves out only those employees who cannot be included in the process due to special circumstances (for example, those on long maternity/paternity leave or leave of absence, and those with work/study contracts that provide for different assessment mechanisms, such as apprentice hearing care specialists in some Countries).

~220

ONLINE TRAINING
SESSIONS RELATED
TO THE LEADERSHIP
MODEL

~1,700

EMPLOYEES
INVOLVED IN 2020

~85%

OF EMPLOYEES
RECEIVED A
PERFORMANCE
REVIEW

> AMPLIFON STOCK GRANT PLAN

In the context of our remuneration policy, we have foreseen an incentive system based on the allocation of shares aimed at aligning the interests of management with those of shareholders and rewarding human capital. In 2019 Amplifon introduced the new “**Stock Grant Plan 2019-2025**” incentive system, which foresees two categories of beneficiaries.

The beneficiaries of the **Long-Term Incentive Plan (LTI)** are managers who hold key Group positions at global, regional and local levels, identified by virtue of the band in which their position is classified in the organization, within the scope of the Amplifon banding system. During 2020, 74 LTI beneficiaries received incentives under the new Plan (in 2019 there were 58).

The beneficiaries of the **Amplifon Extraordinary Award Plan (AEA)** include employees who are selected and identified from year to year according to criteria based on retention, promotability and extraordinary recognition. During the year, 56 AEA beneficiaries received incentives (38 in 2019).

130

PERSONS RECEIVED
INCENTIVES UNDER
THE 2019-2025
STOCK GRANT PLAN
IN 2020

> BENEFITS

We guarantee our employees worldwide a **customized benefits package based on regulatory requirements and market best practices of each of the countries in which we operate**. Every year the employee benefits package is improved, on the one hand with the objective of exceeding the requirements of local and international compliance, positioning Amplifon as a fair employer for its people. On the other hand, because employee benefits are considered a key lever in the Company’s Total Reward Strategy, which is essential for increasing the ability to attract and retain talent.

By way of example, it is worth mentioning the **flexible benefit** program offered to Amplifon S.p.A.’s employees, which foresees an incentive to each employee of a number of points to be used to purchase goods and services from a wide selection (education, entertainment, personal services, etc.). In the US, Amplifon offers all permanent staff working at least 20 hours a week an Employee Benefits Package which includes health insurance, additional cover for dental, eye and ear, nose and throat care, a flexible spending account to cover additional personal care costs, life insurance, transportation costs to reach the work place, a private social security plan and psychological counselling services.

› CHARLES HOLLAND AWARD

We recognize outstanding performance not only of individuals but also of store teams. Every year, Amplifon defines a number of prizes to be awarded at Group level and distributes them by country according to the size of the local business. Amplifon’s over 5,000 stores around the world (among direct stores and belonging to the Miracle-Ear network) are rigorously assessed: among these, only the best are rewarded with the Charles Holland Award, the Company’s highest recognition for stores that distinguish themselves for their excellent performance achieved by promoting our company values. The award which was created in 2011 is named after Amplifon’s founder. Since its introduction, hundreds of stores have been awarded the prestigious trophy and they have also been celebrated as examples of excellence in our network.



3.4 EMPLOYEES' HEALTH AND SAFETY

As foreseen in our Sustainability Policy, we are committed to maintaining a safe workplace for all our workforce, and we consider health and safety at work to be a fundamental component of the general wellbeing of our employees.

Our Code of Ethics guides all of Amplifon's employees to maintain a sound, healthy and safe workplace and to participate in the process of risk prevention and to protect their own, their colleagues' and third parties' health and safety.

Because our business involves a low risk of injury at work and considering the tools and procedures implemented to comply with local and regional regulations, to date Amplifon has not deemed it necessary to establish formal global policies and management models in relation to health and safety. Nonetheless, **the Code of Ethics promotes a culture of safety in the workplace, and in many Countries specific organizational models have been set up in response to the provisions of national safety regulations or standards.** Employee health and safety is managed at operational level by the local HR functions who are responsible for risk assessment and the implementation and communication of the correct measures for the protection of health and safety, in some cases with the support of external specialists.

Although there is no global management system in place, local processes have been adopted to identify and classify employees' health and safety risks which, in accordance with applicable regulations, provide for the identification of the potential risk for individuals and the relative preventive actions. All employees and their representatives are involved in the health and safety risk assessment process, and periodically the people in charge of such aspects prepare a detailed report regarding the measures that have been undertaken in relation to the prevention and protection service, including occupational medicine activities. The identified risks are mainly related to activities conducted in stores and offices, including secondary activities such as maintenance, and they relate to, by way of example, ergonomic aspects, handling of tools, falls/slips, electrical hazard risk, fire, work related stress. In the event of accidents at work, depending on the severity of the event, investigations are conducted with a view to identifying the cause for the purpose of adopting suitable precautions to prevent such risk situations in the future.



In 2020, 76 work-related injuries were recorded (compared with 103 in 2019), with none classed as serious (i.e. causing a prolonged absence from work) and all relating to minor accidents, such as minor falls due to slipping or superficial cuts from office equipment. Many of these injuries did not result in any days being taken off for sickness leave. No fatal accidents were recorded. The total injury frequency rate therefore decreased from 6.13 in 2019 to 4.82 in 2020, while the serious injury frequency rate fell from 0.06 to 0 due to the absence of any injuries falling in this category. Four cases of occupational diseases were also recorded in 2020 (in 2019 there were seven), mainly related to work-related stress disorders.

-21%

**INJURY FREQUENCY
RATE IN 2020
COMPARED WITH
2019**

In addition to monitoring work-related injuries and health problems, **training on health and safety at work, as by applicable local legislation is always guaranteed for all employees.** The content of such training includes a description of the risks in the workplace, specific safety procedures, knowledge of national regulations and the roles and responsibilities as defined within the Organization.

Finally, in some countries, special conventions are offered granting access to private specialized medical services, as well as personal health promotion programs (such as for example, anti-flu vaccination campaigns, initiatives related to the dissemination of anti-smoking information, advice on correct nutrition) and additional insurance cover that is directly included in the employment contract or made available on demand at special rates.





ACTING RESPONSIBLY VALUE

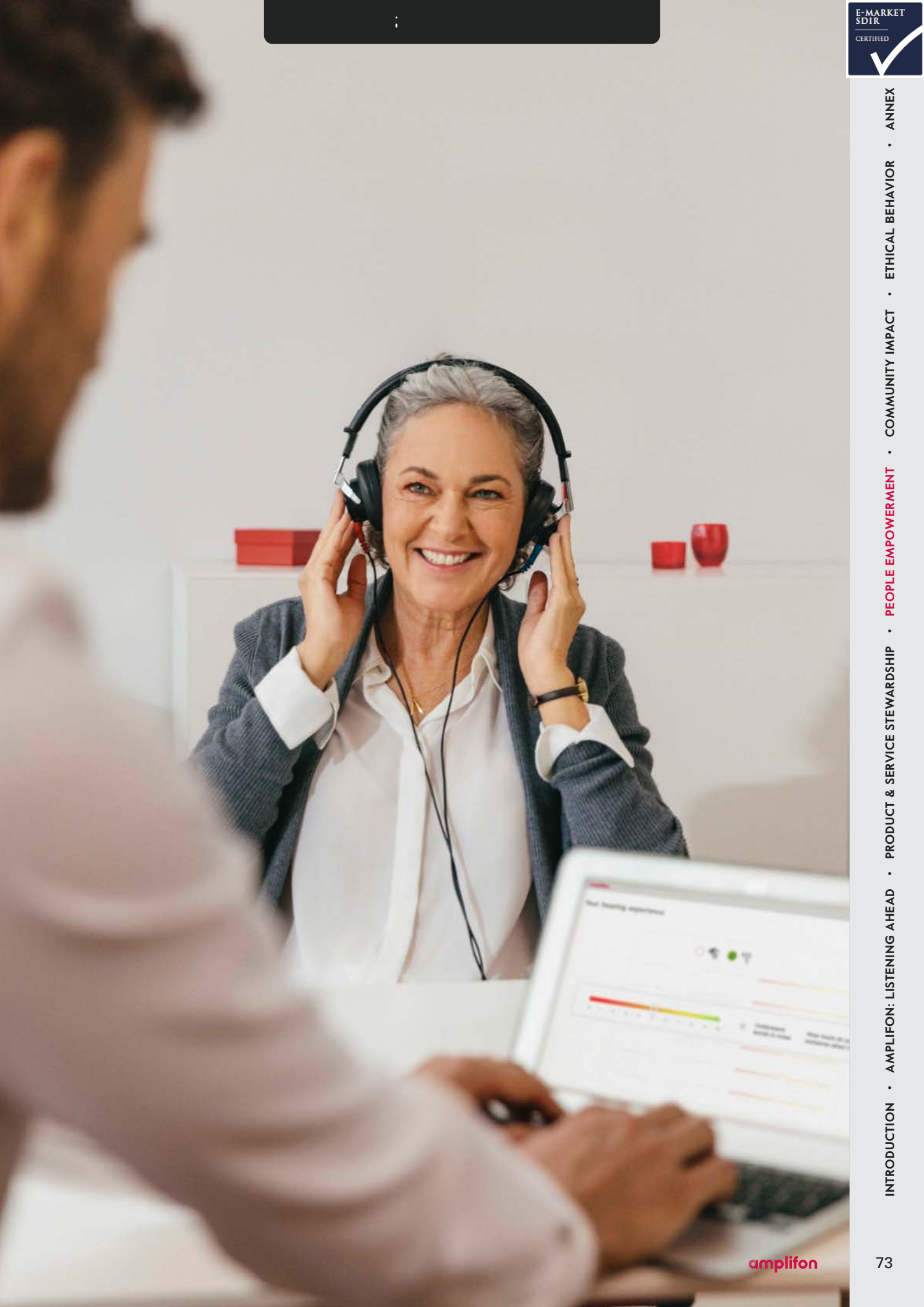
WE HAVE IMPLEMENTED A NEW OPERATIONAL PROTOCOL TO GUARANTEE EVERYONE'S SAFETY IN OUR STORES AND OFFICES

In the context of the 2020 health emergency, we reinforced even more our level of attention on people's health and safety by defining a specific global Protocol for the regulation of measures to contrast the spread of Covid-19, which benefited from the collaboration of leading experts in the field of Virology and Microbiology and Otorhinolaryngology and a Country-specific local Protocol that supplements the global guidelines with any additional requirements determined by the local context and local legislation. During the pandemic, our first priority has been to ensure the health and safety of staff and customers who have been welcomed and treated by hearing care specialists during the initial emergency phases.

In most of the Countries where we operate, including Italy, hearing care was deemed to be an essential activity by the authorities, and its suspension would have further exacerbated individual and social discomfort caused by isolation. Since the beginning of the emergency therefore a rigorous operational protocol was followed in the stores to guarantee the maximum compliance with physical distancing and all the best practices recommended by the main national and international health institutions. The protocol remained active during the whole year with the objective of guaranteeing a distinctive experience and an essential service to the public.

All the recommendations and measures foreseen by the protocol are coherent with international guidelines for the prevention and transmission of the virus (WHO, ECDC, EU) and aim at protecting all the people, in particular the over 70s who represent a significant part of our consumers and who have a greater need for audiological assistance and hearing aids to maintain the best possible quality of life. Moreover, we put in our very best effort to implement to the best of our ability all the measures that proved to be effective in contrasting and containing the spreading of Covid-19, guaranteeing at the same time the high quality of the assistance on offer and optimizing some processes. The efficient service and the absolute safety of a visit to our stores were guaranteed by our personnel who were adequately trained: a custom training plan was dedicated to each hearing care specialist.

Commitment and attention were not limited to the stores: we have been fully dedicated to all our collaborators and workspaces, including the buildings where we are located locally, here again thanks to the guidelines as established through our collaboration with experts. The personnel based in our locations returned to the office for some periods of the year, through a shifting system, even though they continued to exploit the possibility to opt for smart working on alternate days, respecting social distancing both at their desks and in common areas which were all equipped with special sanitizing detergents. Moreover, it was possible to "map" interactions at risk thanks to grouping employees in fixed teams. From the car park and lifts onwards, all access paths to the workplace were completely reorganized: all entrances were equipped with thermal scanners to measure body temperature. All members of staff were trained online and foreseen on a weekly basis with a kit consisting of certified masks (to be changed twice a day and then correctly disposed of) and personal sanitizing gel to be used several times during the day. Travel for work and international transfers were blocked, while they were limited to strict necessity in a national context.



04

COMMUNITY IMPACT

**WE ARE TRANSFORMING
THE WAY HEARING CARE IS
PERCEIVED AND PROMOTING
SOCIAL INCUSION**

WHO DO WE LISTEN TO?

The **communities** and the **future generations**

WHAT ARE OUR GOALS?

Support the activities of the Group Foundations to spread the "sound of inclusion"

Promote awareness about responsible listening among the younger generation

Increase awareness about the importance of hearing well-being and the impacts of noise pollution among communities







4.1 OUR CONTRIBUTION TO THE COMMUNITY

We are engaged in awareness-raising, prevention and educational activities to contribute towards community well-being and to generate a positive and sustainable social impact over time.

Our awareness of the important role we play in society gave rise to **“We Care”, the Amplifon program that brings together the social impact initiatives for the communities that we promote and support in the Countries where the Group operates.** Since 2019 “We Care” has had the objective of reinforcing our ability to create long-term shared value by supporting and highlighting many listening and inclusion activities, a distinctive element of our Purpose, and encouraging sustainable behavior for the benefit of future generations²².



Thanks to the many listening and inclusion initiatives promoted to support the local communities where we operate, we intend to promote education and raise the awareness of the importance of hearing well-being, encouraging prevention, and fighting against all forms of stigma through the active participation of the younger generations.

In terms of internal sharing of information and communication, since 2019 we have set up a Global Citizenship Communication Framework (renewed in 2020), that includes all the activities gathered under the “We Care” program, and a Global Press Book comprising 5 focus areas (Performance & Results, Hearing Care Leadership, Innovation & Digitalization, Global Top Employer and Purpose Driven Citizenship). These represent the two main tools of “glocal” alignment for the development of content and communications initiatives related to strategy, identity and key messages. They are both points of reference for all the Group companies for topics associated with Company positioning and topics related to our role in the social context in which we operate.

²² - The main environmental responsibility activities promoted in recent years are presented in section 5.4 “Caring for the environment” of this document.

SOCIAL INITIATIVES FOR THE COMMUNITY

We have a tradition of active presence in the territories and the communities in which we operate for over 70 years.

Over the years we have undertaken several initiatives, some recurrent and others more sporadic, for the benefit of the local communities within the scope of the “We Care” program. Even though to date such initiatives have not been driven by a specific Group-wide policy, the Sustainability Policy approved in 2018 formalizes Amplifon’s commitment in this context, and is also reinforced by the Company’s contribution to the Group Foundations for conducting their social inclusion activities.

Among the more significant recurring initiatives there is **the collaboration of Amplifon France with Les Enfants Sourds du Cambodge**, a non-profit association that takes care of Asian children affected by hearing disorders, to whom we donate hearing aids, hearing care services and training for local personnel, **financing annually the purchase of audiological equipment for the children most in need**. Among the more sporadic initiatives, there are several instances of cooperation with local associations and non-governmental organizations through which we contribute towards facilitating access to hearing care, performing free hearing tests, or raising funds in conjunction with other associations.



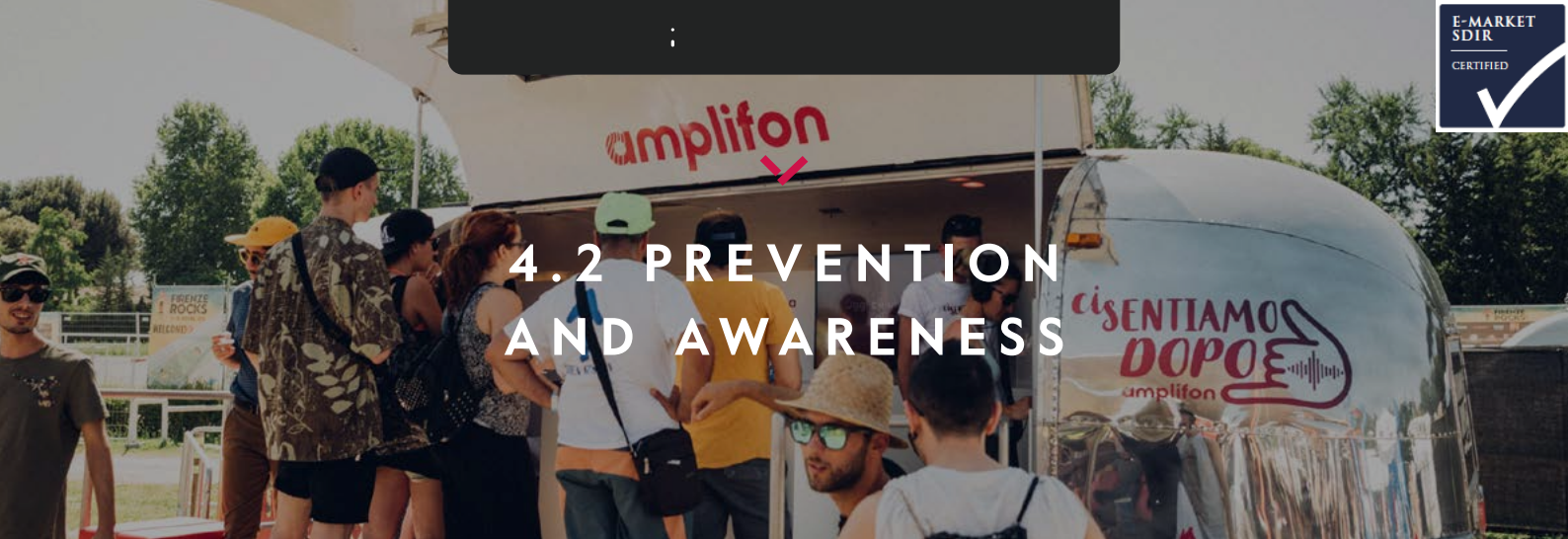
In 2020 we have also participated to several initiatives to make our contribution during the most difficult periods of the Covid-19 pandemic. For example, in Spain **more than 1,000 sanitizing kits for hearing aids** were donated to the residents of several retirement homes, enabling them to sanitize their hearing aids safely, and **more than 90,000 hearing aid batteries were donated** to local associations that took care of distributing them to the people in greatest need.



ACTING RESPONSIBLY VALUE AMPLIFON AND THE ITALIAN RED CROSS TOGETHER FOR THE MOST VULNERABLE

As part of the initiatives adopted by civil society to support citizens affected by the lockdown measures and the management of the Covid-19 pandemic emergency, in 2020 Amplifon Italy and the Italian Red Cross provided a service dedicated to people over 75, a section of the population for whom home isolation was particularly critical, donating and delivering to their homes free kits containing batteries for all brands of hearing aids.

In line with the values that guide us in these times of unprecedented stress and difficulty for the community, we continued to support people with impaired hearing and people who are experiencing particular hardship living at home in self-isolation. In 2020 finding a way to guarantee our customers a complete service was more important than ever before: giving people the possibility, especially in moments of need, to rediscover (and continue to enjoy) all the emotions of sound is our goal and it is what makes us proud of our work.



4.2 PREVENTION AND AWARENESS

We have always been committed to transforming the way hearing care is perceived, in order to reduce the serious consequences deriving from hearing loss and maximize the individual and social benefits of prevention.

On average people who experience hearing loss delay consulting a specialist for seven years, notwithstanding the risk of very negative repercussions on their quality of life. For this reason, **we play a fundamental role in spreading information and tools that enable people to identify and manage in a timely manner a potential hearing loss**, overcoming the stigma that even today is often associated with a physiological condition that is usually associated with old age.

OUR COMMITMENT TO RESPONSIBLE LISTENING

Our prevention and awareness-raising activities in relation to the importance of good hearing are aimed at all age groups and, through targeted campaigns and initiatives, are increasingly focused on younger generations. Indeed, World Health Organization estimates indicate that today over 1 billion young people are at risk of avoidable hearing loss, and that 60% of hearing loss in childhood is due to preventable causes²³. In this context, the continuous use of personal hearing devices such as earphones for listening to excessively loud music, as well as frequent exposure to high volume sounds at concerts, discos, bars and sporting events should not be underestimated. For this reason, **it is fundamental to disseminate knowledge about the link between hearing and inclusion and to promote awareness about the importance of responsible listening**, to allow people to live their lives to the full, while continuing to be active members of their community.

+1 billion
YOUNG PEOPLE
AT RISK OF
AVOIDABLE
HEARING LOSS

The little-known link between exposure to sources of excessive noise and the risk of causing hearing damage or premature hearing loss is at the center of our "Listen Responsibly" program, until now promoted in Italy through the "*Ci Sentiamo Dopo*" [We'll Talk Later] project, **which is aimed at raising awareness about responsible listening among the younger generation.**

23 - Source: "World report on hearing", World Health Organization 2021.

After the launch of the project at **Firenze Rocks in 2019** where **1,300 young people underwent a free hearing test and more than 200 latest generation hearing protection devices were distributed**, during the 2019-2020 academic year, the project was promoted in 800 Italian secondary schools thanks to an engaging multidisciplinary educational path that has turned about 20,000 students into genuine ambassadors of a new culture of sound. Workshops with experts from various fields and a gamification kit enabled the students to embark on the discovery of sounds from the past and the future.

~800
SCHOOLS
INVOLVED

~20,000
STUDENTS
ENLISTED



Despite the Covid-19 health emergency, **the project continued in 2020 thanks to 121 new content posted on the cisentiamodopo.it portal dedicated to supporting teachers in distance learning activities, and 24 virtual workshops and educational labs.** The virtual meetings involved prominent speakers such as Amplifon hearing care specialists, some members of the medical community and external guests such as conductors, sound designers and inclusion experts. Thanks to various tools in the educational toolkit, the *"Ci Sentiamo Dopo"* project lends itself to being a model that can be exported in the coming years to other countries where we operate.



FIND OUT MORE
CI SENTIAMO DOPO
PORTAL

The educational path also included an activity called citizen journalism: thanks to the *"Ci Sentiamo Dopo"* App the students were involved as pioneers of a new discipline, acoustic ecology, and they were sent out to record the noise levels of the environment using the app's noise tracker which was developed by Otohub, the startup that was bought by Amplifon in 2019, to create an interactive map of Italy's soundscapes using gamification mechanisms. To date the App which is available free of charge on all the main digital stores has registered more than 3,000 downloads and more than 2,700 active users for a total of over 4,000 readings of noise levels, 800 of which made by students.

APP
CI SENTIAMO DOPO

+3,000
DOWNLOAD

+2,700
USERS

In the first months of 2020, the noise tracker of the *"Ci Sentiamo Dopo"* App was presented during the *"Elementi di Ecologia Sonora"* [Elements of Sound Ecology] event within the public program of the Play! Exhibition, a project that is dedicated to the "gaming" theme that was organized at the Triennale di Milano (Italia) museum, where Amplifon was a Hearing Experience Partner. The central element of the project was the OooOoO installation, a skate park animated by electronic music where skating instructors, alongside "responsible listening" guides and with the help of the *"Ci Sentiamo Dopo"* App, involved participants in an interactive experience session.

+4,000
READINGS OF
NOISE LEVELS

Raising awareness among young people about hearing care is also carried out on social networks, where we have developed an effective dedicated communication strategy to disseminate prevention tips and “information pills”. We also exploit social network pages to activate dedicated awareness-raising campaigns and highlight the messages of the World Health Organization on problems related to hearing disorders and untreated hearing loss on the occasion of World Hearing Day which is held every year in March.

WE FIGHT ALL KINDS OF STIGMA

We have always been committed to contributing towards overcoming prejudice and psychological obstacles that prevent people with hearing loss from rediscovering the pleasure of hearing.

Misinformation and psychological obstacles still represent a significant barrier in the treatment of hearing disorders even today. For example, there are more than 7 million Italians with some degree of hearing loss, i.e. 12% of the population. Despite this, only 29.5% of them use a hearing aid²⁴.

By way of targeted campaigns on the main communications channels, we disseminate the value of a life that is full of emotions and sounds. In 2018, in Italy we launched “**Amplifon Smile**”, an advocacy program involving our customers relating their own experiences to help overcome individual and social barriers related to ageing, to fight deep rooted stigma and facilitate the adoption of hearing solutions. To date in Italy about 25,000 of our customers have acted as *ambassadors* of the Amplifon brand bringing a friend or a family member to one of our stores to live the Amplifon experience and undergo a hearing test. In the last few years, within the same program in Italy, the Netherlands, Portugal and in 2020 also in Spain, publicity campaigns were launched in which the protagonists are Amplifon customers, their stories and experiences.

Our awareness raising campaigns are also aimed at the so-called influencers (family members and friends of people with hearing loss). Recognizing, interpreting and understanding when loved ones show the first signs of hearing loss can help you communicate better with them and seek help to improve their interaction with the world around them. For this reason, on our websites we dedicate specific sections to influencers, providing them with information on how to identify friends or members of the family who could be having hearing problems.

12%

OF THE ITALIAN
POPULATION HAS
A HEARING LOSS



FIND OUT MORE
HOW DOES
HEARING WORK?

~25,000

AMBASSADORS
OF THE AMPLIFON
BRAND IN ITALY

24 - Source: <https://www.censis.it/welfare-e-salute/sentirsi-bene>.



FORWARD THINKING VALUE

HEARING IMPAIRMENT AND THE USE OF ANTI-COVID-19 FACE MASKS: WE CREATED A VADEMECUM FOR INCLUSIVE COMMUNICATION

Recent studies demonstrate that “mask hearing impairment” is a common growing phenomenon. Indeed, face masks cause a certain degree of reverberation, with a decrease of high frequencies, which are the first to be noticed by people affected by hearing loss. Furthermore, maintaining safe social distancing lowers the intensity of sound. Indeed, there is a fourfold reduction in the intensity of sound each time the distance between a speaker and a listener is doubled. In order to communicate adequately with people affected by hearing impairment in the Covid-19 era, we created a set of rules of behavior for inclusive communication. Ten simple rules that are applicable by everyone and that can overcome the difficulties that people with hearing disorders may have during this health emergency, even as a result of the need to use Personal Protection Devices. The vademecum was published in Italy, but similar guidelines were also launched in Spain and in the US to face this phenomenon.



10 rules from the vademecum for inclusive communication



FORWARD THINKING VALUE

THE SUBTLE POWER OF LANGUAGE AT THE CENTER OF AN EXPERIMENTAL STUDY ON OUR RELATIONSHIP WITH HEARING

In 2020, thanks to Amplifon’s Center for Research and Studies we set up an experimental research project to investigate the role of language in the evolution of stereotypes with respect to sensorineural hearing loss and the accessibility of solutions for treating hearing problems: “Words, as commonly hear”. The study involved the analysis of neurophysiological parameters related to exposure to different words, and was conducted together with the Department of Social Psychology of the Catholic University of Milan and a multidisciplinary team of linguists and psychologists coordinated by the start-up Diversity & Inclusion Speaking.

With this project we aim to create a platform for in depth analysis of the phenomenon to understand how a more conscious use of language can help in treating a hearing condition that in Italy is destined to grow by 55% over the next 30 years to involve 11 million people. On the occasion of World Hearing Day 2020, the first results of the research were presented. These focused on the analysis of the terms that are mostly used by communications media to refer to the symptoms, the solutions and the people with Sensorineural hearing loss. During the year even the second phase of the project was completed by the research team with the objective of analyzing the importance of doctor-patient language in individuals with hearing loss.



Words, as commonly hear

4.3 THE ROLE OF OUR FOUNDATIONS FOR SOCIAL INCLUSION

Encouraged by our strengths we are committed on several fronts to disseminate the sound of inclusion and enable the more vulnerable communities to access hearing care, making available knowledge, resources and best practices in hearing services and solutions.

With the aim of giving back value to communities, from 2020 Amplifon is supporting the Amplifon Foundation, an independent legal entity that is active on topics of social inclusion in Italy. In parallel, we continue to provide our contribution and our skills to the Miracle-Ear Foundation and the Fundación GAES Solidaria, that represent important local entities.

AMPLIFON FOUNDATION

The Amplifon Foundation is a company foundation that was founded in Italy in early 2020, marking the Group's seventieth anniversary, to consolidate the Group's social commitment.



The Amplifon Foundation endeavors to ensure that everyone, from the youngest to the most senior, through social inclusion, can achieve their full potential in life, preventing stigma and isolation from causing emotional and social consequences. The operational strategy of the Foundation was built around Amplifon's values and designed to exploit Amplifon's skills and experience, the know-how of Amplifon's Centre for Research and Studies and the work of other Foundations that operate in the US and Spain.



FIND OUT MORE FOR FURTHER INFORMATION ABOUT THE MISSION OF THE AMPLIFON FOUNDATION

One of the main objectives of the Foundation is the promotion of an inclusive culture, through new and innovative means, to fight the marginalization, with a special focus on the elderly, besides supporting active participation of disadvantaged people in social, cultural and professional life.

During its first year of operation, marked by an unforeseen emergency, the Foundation promoted various community care and support projects.

For young people, in conjunction with HP and thanks to the donations collected on the occasion of the One Amplifon Leadership Conference 2020, **the Foundation donated 52 notebooks to a school in Milan** which was chosen because it is attended by a high percentage of students with disabilities, allowing many children and teenagers to stay in touch with school during the period of social distancing imposed by the Covid-19 emergency. **This donation was followed by a further initiative to recondition 122 Amplifon laptops** and subsequently donate them to students who used them for distance learning during the second wave of the pandemic. The initiative was conducted in the context of a partnership with the Cariplo Foundation and the Fondazione Comunità Milano (Milan Community Foundation).

174

NOTEBOOKS
E LAPTOPS
DONATED TO A
SCHOOL IN MILAN

The Foundation also supported the modernization of equipment in the Pediatric Audiology department of the **ENT Ward of the Buzzi Hospital of Milan (Italy)**. Thanks to an alliance with the Buzzi Foundation, **500,000 euros was allocated to the Italian Health Service as a guarantee to finance the purchase of material necessary to deal with the Covid-19 health emergency, and was then also used to set up an innovative ENT pavilion**. Thanks also to the expertise and dedication of Amplifon employees, in just four months, the instrumental architecture of the refurbished ward was fully renovated (including a new audiological cabin, a new microscope and a new surgical instrument set) allowing young patients to receive better care, with increasingly avant-garde equipment in pleasant and modern surroundings.



FIND OUT MORE
SUPPORTING THE
BUZZI HOSPITAL
AGAINST COVID-19



The collaboration with the Buzzi Foundation, which began in the Spring of a difficult year, was the first dedicated intervention of the newly formed Amplifon Foundation to meet a concrete social need. In full emergency mode we adhered to the Dona2Volte (Donate twice) mechanism. In this way, we financially sustained the needs associated with the pandemic at a really dramatic moment. Subsequently we reinforced the services of the Buzzi Hospital by contributing towards technological renovation and strengthening the professional skills of the ENT ward.

Susan Carol Holland, President of the Amplifon Foundation



For older generations, in 2020 the Foundation promoted the “**Viva gli Anziani**” [Long Live the Elderly] project which was developed in collaboration with the Sant’Egidio Community in some Italian cities, guaranteeing support and assistance for *senior citizens* in our cities during the Summer months, to combat loneliness and isolation and focusing on home care as a new care model. **Thanks to over 50 “neighborhood” events and meetings, the project in Milan initially involved 100 people who benefited from telephone monitoring and home care when necessary** (medical examinations, buying groceries, etc.). In Rome, on the other hand, **20 volunteers reached over 672 elderly people by telephone and made a total of 595 home visits**. The Amplifon Foundation also contributed to finance some basic groceries for the elderly in financial difficulty and to organize social activities in the Summer.

At the same time, starting from December 2020, the Foundation began to gradually involve Amplifon people in a volunteer program, thanks to which employees are able to support an elderly person and keep him or her company through telephone conversations which, in addition to offering support and comfort, are useful for monitoring the wellbeing of the seniors participating in the initiative.

In addition, in 10 Italian elderly care facilities, through the “**Eccomi!**” [Here I am!] project, in collaboration with Cisco, “Durante”, the UNEBA RSA network and the Municipality of Milan, the Foundation activated an innovative teleconference system to bring residents closer to their families, especially during the periods when social distancing was in effect. Thanks to these systems, which are installed free of charge and supported by a continuous assistance service, **2,100 guests now have the opportunity to enjoy a “telepresence” experience to communicate safely with their loved ones**. The project represented a successful model of collaboration between public and private services, uniting the efforts of individuals whose complementary skills and abilities made it possible in a short time to launch initiatives that help institutions respond to new needs.



**FIND OUT MORE
ALONGSIDE ITALY'S
GRANDPARENTS**

“

The lockdown has led to prolonged isolation which we must fight with all our might, not only because the quality of everyday life of the elderly and their happiness depend on it, but also because such isolation can also generate cognitive and relational problems. Giving an elderly person the chance to talk to and see their loved ones in a simple and immediate way has an enormous value that affects their wellbeing and general health.

Maria Cristina Ferradini, Managing Director of the Amplifon Foundation

MIRACLE-EAR FOUNDATION

The **Miracle-Ear Children's Foundation** was established in 1990 with the aim of empowering and improving the quality of life of poor children affected by hearing loss in North America, offering them the possibility to hear again.



In 2012 it was renamed the Miracle-Ear Foundation with the objective of extending its scope to include other age groups, and today the Foundation provides hearing aids, follow-up and educational resources to people affected by hearing loss who are unable to access care due to lack of financial resources. The various Miracle-Ear social programs are sustained both by direct stores as well as by the franchisees belonging to the Miracle-Ear network.



**FIND OUT MORE
TESTIMONY OF
THE GIFT OF
SOUND PROJECT**

Gift of Sound™ is the Miracle-Ear Foundation's main program, through which hearing aids are donated and services, assistance and follow-up are provided to individuals and families in need at no cost to the recipients. In 2020 the Foundation provided hearing services to approximately 2,000 children and adults who met the program criteria, donating almost 4,000 hearing aids and the relative after-care assistance services, with the direct involvement of approximately 1,500 Miracle-Ear stores. Since the program was first launched 30 years ago, the Miracle-Ear Foundation has provided approximately 30,000 hearing aids to nearly 16,000 people.

~4,000

**HEARING AIDS
DONATED IN 2020**

Through the **Hear Again™** program, Miracle-Ear customers can bring their old unused hearing aids to donate them to the Foundation to be subsequently reconditioned, also in order to support the Gift of Sound program and thus help to consolidate the relationship between donors and beneficiaries of the Miracle-Ear family. In 2020 alone, more than 200 customers donated their old hearing aids which the Foundation subsequently reconditioned and donated.

200

**HEARING AIDS
RECONDITIONED
IN 2020**

The One Day Without Sound™ awareness campaign has become a cornerstone of the foundation's prevention program. The event, which is usually held in May during the Better Hearing and Speech Month, endeavors to make people understand what it means to live with hearing loss, a condition that creates great difficulties both at school and at work, asking participants to try to live a day without sounds by wearing two small earplugs, to directly experience the condition of hearing loss. Instead of limiting the initiative to one specific day in 2020 around 150,000 hearing dampers were distributed by Miracle-Ear stores throughout the year to numerous participants who committed to experience one day without hearing.

~150,000

**HEARING
DAMPERS
DISTRIBUTED
IN 2020**

As part of the **Alabama Miracle-Mission 2020**, in November 2020 the Foundation provided support to the population of a county in Alabama (US) that was hit by a tornado in 2019 by fitting hearing aids and substituting those that were lost or destroyed by the natural calamity thanks to the collaboration of a Miracle-Ear franchisee and the local community. Thanks to this mission in two weeks **more than 60 hearing tests were conducted and approximately 95 hearing aids were donated** guaranteeing an annual supply of batteries and all assistance services.



GAES SOLIDARIA FOUNDATION

Established in 1996 and consolidated as a foundation in 2018, GAES Solidaria is a project that brings together employees, managers, consultants and customers with a common objective: to fill the life of whoever needs it most with sounds, music, communication and happiness.



The mission of GAES Solidaria is to provide people with hearing loss without financial resources with the opportunity to develop their linguistic and communications skills through the development of local and international hearing projects. The Foundation extends the original lines of action of GAES Solidaria through awards granted to the medical community that promotes research related to hearing care. Additionally, it is a means of raising public awareness of the importance of hearing health care as a fundamental element of well-being. More than 600 employees voluntarily donate 1€ from their monthly salary towards a solidarity project, and GAES doubles the amount raised. **In 2020 all the donations raised were donated to research related to the fight against Covid-19.**

Furthermore, GAES employees contribute and provide their skills by volunteering for specific initiatives. For example, some of the projects provide for carrying out hearing tests for children and adults in less developed areas of the world such as India, Morocco, Burundi, Cape Verde and Mozambique. The Foundation's leading international projects are "Speech Therapy" and "Oídos del Tíbet", both of which are in India.

"**Speech Therapy**" is a project that is conducted in collaboration with the Vicente Ferrer Foundation in Anantapur (India). It is managed by a multidisciplinary team that helps children of the Bukaraya Samudram school with hearing problems to use oral language with the help of hearing aids. Currently, **40 children are involved**. On the other hand, "**Oídos del Tíbet**" is a project that is carried out together with the Casa del Tibet Foundation of Dharamsala (India) where hearing care professionals carry out hearing tests and provide new hearing aids to the local population.



FIND OUT MORE

**"OÍDOS DEL TÍBET"
PROJECT**

**"SPEECH THERAPY"
PROJECT**



As part of raising awareness of the importance of hearing wellbeing, the Foundation also supported the **Graeme Clark Youth Orchestra**, an orchestra made up of 12 young people aged from 8 to 17 who were born with severe or profound hearing loss and who can now hear thanks to cochlear implants. The project aims at giving visibility to people with some kind of hearing impairment, contributing in this way towards the raising awareness of their ability to overcome their problems.



4.4 AMPLIFON CENTRE FOR RESEARCH AND STUDIES

Thanks to the research and training activities sponsored by the Amplifon Centre for Research and Studies (CRS), we contribute to the dissemination of information on hearing health based on clinical evidence, spreading a culture of progress and innovation in the fields of Audiology and Otolaryngology within the medical-scientific community.



The Amplifon Centre for Research and Studies was founded by Algernon Charles Holland in 1971 to consolidate company investments and resources towards development, research and training in Audiology and Otolaryngology. The objective of the CRS, founded in Italy and now active in Spain and France, has always been to contribute to the development and sharing of scientific knowledge in collaboration with national and foreign universities and scientific societies. **Since its inception, in Italy alone it has organized more than 700 courses and science conventions.**



[FIND OUT MORE](#)

[AMPLIFON CENTRE
FOR RESEARCH
AND STUDIES SITE](#)

Through the acquisition of GAES, Amplifon further strengthened its training and distribution of information activities with the medical profession in Spain thanks to the Centro de Estudios e Investigación GAES (CEIG) which was founded in 1999. Like the CRS, the CEIG aims to spread a culture of progress and innovation in the fields of audiology and otology among the medico-scientific community through publications and monographs on topics of scientific interest developed by specialists in these fields, as well as through programs, scholarships, congresses and refresher seminars.

+700

**COURSES AND
SCIENTIFIC
CONVENTIONS
ORGANIZED**

TRAINING ACTIVITIES

Training courses represent an important opportunity to examine in greater depth topics related to hearing well-being, audiological services and prevention. Thanks to the CRS support, every year the most current topics related to audiology and ENT are discussed and analyzed in depth in national and international courses with the intervention of world-famous speakers. In 2020, due to residential training being suspended for the first time because of the Covid-19 health emergency, the CRS focused on digital communication.

In 2020 in Italy the CRS sponsored the development of the online publication, ORL.news, the first training and updating portal for ENT doctors and healthcare professionals. Right from the beginning the site, which was

launched on March 23, 2020, in the midst of the health emergency, set itself the objective of providing doctors with selected and reliable medical information related to the pandemic in progress in order to support clinical practice and the management of patients. **To date more than 50 doctors and health professionals from all over Italy have collaborated with ORL.news** which, in addition to a section that is dedicated to current events, also includes clinical articles, in-depth analyses and publications. The contents are vetted by an editorial committee that guarantees the quality of the proposed contributions. Specifically, the members of the board are five young specialists who have distinguished themselves for their scientific research in ORL: almost all of them have been awarded CRS scholarships.



FIND OUT MORE
ORL.NEWS

In relation to professional training, through ORL.news, new regularly accredited CEM (Continuing Education in Medicine) and DT (Distance Training) courses are periodically offered to doctors. In October 2020 on the other hand, the **ORL Academy** section was created for students providing useful information for their university career and linking the various specializations that apply to ENT patients (otorhinolaryngology, audiology-phonology, speech-therapy, audiology and audiometry).

Furthermore, in 2021, in partnership with Italian Medical Specialization Departments, the CRS will support a training offer to be dedicated to graduates specializing in otorhinolaryngology, audiology and phonology. The project, called **“Basic Science in Audiology”**, will involve proper university lectures that will be part of a specialization path for young doctors. **This will involve 140 second year ORL and Audiology specializing trainees who can aspire to winning a SIAF (Società Italiana di Audiologia e Foniatria - the Italian Audiology and Phonology Society) scholarship.**

CONGRESSES AND KEY MESSAGES

On the occasion of the National Congress of the Italian Otorhinolaryngology and Cervico-Facial Surgery Society (SIO) in 2019 the CRS raised €5,000 through equity crowd funding, to be allocated to the Italian Alzheimer Federation. The aim was to support a care and assistance project for people affected by this pathology, which is closely linked with hearing loss. Indeed, in recent years the close relationship between sensorineural hearing loss and other conditions such as cognitive decline, fragility, depression and diabetes, which have evident repercussions on the quality of life is gaining increasing importance in scientific debate. In this respect, in 2020 the CRS was also committed to disseminate clinical evidence of the positive effects which acoustic remediation has on social inclusiveness, conservation of cognitive resources and postural stability.

At the same time, in partnership with some of the leading Italian Opinion Leaders, the CRS also collaborated in company projects aimed at developing communication that is increasingly adequate and conscious of the reference audience. In 2020 congressional activities were significantly reduced because of the Covid-19 emergency and the most important national events of the sector were postponed to 2021. Next year we count on CRS resuming its activities to the full and its commitment to support the training of medical professionals.

SCHOLARSHIPS

From 2016 to 2019 CRS Italy offered doctors going through their specialization in ENT **scholarships of €7,000** to finance international research projects in the field of hearing. In order to ensure impartiality, the scholarships are awarded by a Scientific Board made up of Key Opinion Leader doctors on the basis of anonymous material.

Moreover, in 2020 nine scholarships of an overall value of €12,300 were awarded to specializing trainees in their third and fourth year of their ENT specialization who gave lectures in the Academy AUORL 2020 Congress that for the first time was held totally in virtual mode.

9

**SCHOLARSHIPS
AWARDED IN 2020**

EDITORIAL ACTIVITIES

In 2018 and 2019, CRS Amplifon published two scientific monographs respectively: "Vertigo and balance disorders in children" and "Diagnosis and treatment of sleep breathing disorders". In 2020, the volume entitled "Verbal intelligibility tests in noise: a critical revision" was completed with the involvement of Italian and French authors.

To further support the training of specialists, the Amplifon CRS offers access to one of the richest private libraries in the field of Audiology and Otorhinolaryngology including the most authoritative international journals in the sector which are made available for consultation by appointment.

Finally, the CRS, making use of the collaboration of an international panel of Amplifon specialists, regularly analyzes the most current scientific papers to prepare short reports and critical reviews of publications. This joint work gave rise to the quarterly CRS Scientific Journal, written in English, which is shared with all the countries of the Group and published in Italian in the Publications section of ORL.news. Finally, information is made available on the CRS International website, which also acts as a communication channel for all the activities it promotes.



FIND OUT MORE

**ORL.NEWS
PUBLICATIONS**



05

ETHICAL BEHAVIOR

**WE OPERATE RESPONSIBLY
GUIDED BY THE MOST
STRINGENT ETHICAL
AND MORAL STANDARDS**

WHO DO WE LISTEN TO?

The context and the environment in which we operate

WHAT ARE OUR GOALS?

Integrate sustainability criteria into the responsible management of the supply chain

Increase the use of renewable energy to limit the environmental impact of the business activities

Promote the use rechargeable hearing aids to reduce the use and disposal of batteries







5.1 MONITORING THE REGULATORY CONTEXT

We monitor the regulatory context in an efficient manner in order to guarantee at all times and in a transparent manner that our operations are fully compliant with regulations.

To react promptly to potential regulatory changes in a medical sector where regulations differ from country to country, we have adopted a series of measures to reduce the impact of any adverse regulatory changes, and conversely, maximizing the benefits of favorable ones. Our Regulatory Affairs function centrally ensures continuous monitoring of regulatory changes and their potential impact, defines responsibilities regarding the management of current or potential topics, develops action plans (implemented with the support of local resources) and coordinates interaction with institutions by actively participating in international debates, associations and conferences with particular interest to three main areas: hearing aids, licensed professionals, and terms of reimbursement.

HEARING AIDS

Hearing aids are considered medical devices in all the markets we operate in, as they are aimed at compensating for a disability, and therefore are always compliant with the various national and international regulations that set product standards and establish packaging and labelling requirements.

EU COUNTRIES On 25 May 2017 the new Medical Device Regulation (EU) 2017/745 (MDR) came into force, superseding Directive 93/42/CEE (MDD), and maintaining the classification of hearing aids as “class IIa low to medium risk devices”. To be able to sell a hearing aid on the EU market it is necessary that it bears the CE (European Community) marking, to confirm that the product meets the essential requirements of all the EU directives related to medical devices. The Regulation further strengthens the concept of considering hearing aids as medical devices, distinguishing them from personal sound amplification products (PSAPs) which do not serve to compensate for hearing loss.

USA Hearing aids, regulated by the **Food and Drug Administration (FDA)**, are classified as Class 1 or 2 Medical Devices depending on whether or not they are wireless. They can be introduced into the market without the so-

called premarket approval (PMA) by virtue of an exemption as provided for by the 510 (k) approval process. The FDA requires that, prior to making a purchase, the consumer should receive information about hearing aids from hearing care professionals who are licensed to distribute them. In addition, in 2017, the “Over-the-Counter Hearing Aid Act”, annexed to a law on medical devices (the Medical Device User Fee Amendments) and included in the FDA Reauthorization Act, was converted into law. Such legislation requires the FDA to introduce a separate category of hearing aids allowed for over-the-counter (OTC) sales for adults with mild to moderate hearing loss, without having to resort to a hearing care professional. Following approval of the law, the FDA is defining specific guidelines on safety standards, technical requirements, and labelling, following which OTC hearing aids may be introduced on the market. Recently there has been a greater awareness in the hearing care sector: through a consensus paper the American Academy of Audiology (AAA), the Academy of Doctors of Audiology (ADA), the American Speech-Language Hearing Association (ASHA), and the International Hearing Society (IHS) in 2018 made recommendations to the FDA, suggesting an adequate balance between “safety & effectiveness” on the one hand, and on the other hand access to hearing care. It is expected that the bill will be published in 2021 and it will then be followed by a period of public consultation which will in turn be followed by the time it takes for the FDA to review and evaluate the comments received. In view of the need for further technical activities before the law actually enters into force, it is estimated that effective implementation will not take place before mid-2022.

AUSTRALIA The Therapeutic Goods Administration (TGA) is the competent authority for hearing aids, which are considered medical devices and therefore required to be registered in the Australian Register of Therapeutic Goods (ARTG) database before they can be introduced onto the Australian market.

➤ PERSONAL SOUND AMPLIFICATION PRODUCTS (PSAP)

Hearing aids are medical devices that are subject to rigorous safety checks and their purpose is to improve the hearing ability of people with hearing loss. In order to avoid potential hearing damage, hearing aids are customized according to individual needs and set to ensure that the improvement of the perception of sounds remains within a safety threshold.

Personal Sound Amplifying Products (PSAPs) amplify sound but do not compensate for hearing loss and are not medical devices. Unlike hearing aids, PSAPs are not adjusted by a hearing care professional and can also be purchased without a specialist's prescription. They can also exceed the safety threshold of 150dB and therefore could be harmful to hearing. It is precisely for these reasons that they cannot be sold to compensate for hearing loss. The inner ear can present such a variety of conditions that only a hearing care professional or an ENT specialist can deal with them adequately. Since some of these conditions can be the origin of temporary or permanent hearing damage, the choice to not go to a hearing care professional can be risky and could lead to further hearing problems.

LICENSED PROFESSIONALS

The use of hearing aid requires the support of a licensed professional to perform a thorough hearing assessment, as well as of the selection, personalization, application and sale of the device.

That is why we always adopt the standards in force in the various countries, as well as the new ISO / TC43 / WG10 "hearing aid and fitting management" standard currently at the proposal stage, maximizing the effectiveness of the work of the hearing care professionals, whose profession is regulated differently in different countries.

EU COUNTRIES The European Directive concerning medical devices provides that only professionals who are licensed in compliance with applicable national laws can choose, regulate, sell and verify the effectiveness of hearing solutions. The hearing care specialist profession is regulated in almost all EU countries, and the regulations in force in the states provide for different academic and other qualifications to be able to practice the profession, attributing various responsibilities to licensed professionals. In 2018, the Board of Health Technicians in Medical Radiology and Technical, Rehabilitation and Prevention Professions was established in Italy, providing for the creation of the Register of Hearing Care Technicians in order to affirm and enhance the professionalism of hearing care specialists and protect customers' safety.

USA The FDA requires hearing aids to be distributed only by licensed individuals, such as audiologists or hearing aid dispensers. For adults, a medical prescription to establish the cause of hearing loss is not required, while minors must undergo a medical examination before the purchase of a hearing aid. As already mentioned, the FDA Reauthorization Act is about to introduce a category of devices that will be available over-the-counter for adults with mild to moderate hearing loss, without the need to consult or involve any hearing care professional, or any hearing aid dispenser or licensed distributor. The FDA is responsible for the decision-making process for the introduction of the category of OTC hearing aids which is expected to be finalized in 2022.

AUSTRALIA In order to obtain accreditation from the Office of Hearing Services (the office responsible for managing and administering the Australian Government's program for audiological services), hearing care professionals and audiometrists must be members of an accredited Australian professional association. Hearing care specialists have a university-level qualification (Master's in Clinical Audiology), while audiometrists attend courses at TAFE (Technical And Further Education) institutes. As regards the private market, there are no specific regulatory provisions regarding the obligations of hearing aid technicians. However, in Australia Amplifon only avails itself of the services of hearing care professionals or audiometrists who are registered with an Australian professional association.

REIMBURSEMENT CONDITIONS

The conditions for reimbursing hearing aids and associated services vary according to the national health service from country to country.

Among the various reimbursement conditions there are:

- national health services that offer free hearing aids to everybody (such as in the UK);
- national health services that reimburse the cost of a hearing aid in full or in part to people who are eligible due to a given level of hearing loss (such as in France and Italy);
- national health services that do not provide for any reimbursement (such as in Spain and the US, except for minors under 16 years old and members of the Veterans Association, respectively).

In all countries, we promote efficient reimbursement systems and we participate in the debate with healthcare companies and regulators, to seek the right balance between free access to hearing care on the one hand, and on the other hand the maintenance of the economic sustainability of health systems. Many of the high-income countries have reimbursement systems that differ greatly: the most effective, able to reconcile a high adoption rate with a high rate of satisfaction and actual use of the device, are those that favor the customer's freedom of choice (thus triggering positive dynamic competition among operators), leaving the option for the consumer to integrate the reimbursement provided to access higher-range products and services than those guaranteed by the basic reimbursement, adequate as they may be.

The most recent and significant regulatory evolution regarding reimbursement conditions concerned France, where an agreement for reforming the reimbursement system in the optical, dental and hearing care sectors was announced in 2018, gradually implemented in 2019 and 2020 and becoming fully operational on January 1, 2021. The new system, known as "**reste à charge zéro**", envisages the offer of solutions fully reimbursed by social assistance and by supplementary health insurance (so-called "*mutuelles*"), considering that before the reform the majority of the French population did not have access to fully reimbursed products and services. For the purposes of the new regulation, hearing aids are divided into two categories: Class I includes devices that will be fully covered by reimbursement systems, and Class II includes the hearing solutions which can be purchased at any price freely by the consumer through a "top-up" mechanism on the reimbursed portion. The reform establishes also the minimum hearing loss threshold for reimbursement eligibility (30 dB), the timing to claim for reimbursement and guarantee (four years), the requirement of a prescription by an ENT specialist for the initial purchase only, while the renewal can be made by a general practitioner as well. These provisions should facilitate access to hearing care, while confirming customers' freedom of choice and the importance of the role of hearing care professionals.

5.2 BUSINESS ETHICS AND THE FIGHT AGAINST CORRUPTION

Given the major role we play in the hearing care sector, our way of doing business is permeated by respect for the highest ethical principles, standards of integrity and values that are articulated in a coherent model of policies and tools in order to promote a culture of transparency.

All Amplifon's activities are carried out in compliance with the law, in a framework of fair competition and respect for the needs of customers and the legitimate interests of employees, shareholders, commercial and financial partners and the communities in which it operates. Towards this end, the focus on a coherent corporate culture plays a fundamental role, so that everyone's behavior is correctly addressed and any situations that have not already been regulated are dealt with in a collective and transparent manner.

OUR CODE OF ETHICS

We are committed to promoting a corporate culture based on honesty, integrity, propriety and good faith, as well as, of course, respecting applicable laws in each country or context where we operate.

For this reason, in 2019 we updated our Group Code of Ethics to bring it more in line with the values expressed by our corporate culture, formalizing the values, principles and rules of conduct that are the basis of our daily actions.

In addition to being an integral part of the Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001 of Amplifon S.p.A., the Code of Ethics establishes in particular the fundamental principles of conduct with respect to:

- **Business Conduct Policies**, including policies relating to conflict of interest, confidentiality of information, responsibility in the workplace, the fight against any corrupt practices, illegitimate favors, collusive behavior and the solicitation of advantage, whether directly or indirectly through third parties.
- **Management of Human Resources**, including the fight against any form of discrimination, the repudiation of the exploitation of child labor, maintaining a healthy and safe working environment, the protection of the



[FIND OUT MORE](#)

[THE CODE OF ETHICS OF THE AMPLIFON GROUP](#)

environment, the fight against any form of harassment in the workplace, and property responsibility.

- **The clarity and completeness of accounting records**, through the adoption of high standards of financial planning and control, and coherent and adequate accounting systems.
- **Relations with external stakeholders**, in particular with reference to relations with suppliers, public officials and public institutions, customers, the media and the financial community, also regulating the management of any gifts and gratuities.

As in the past, **the Code of Ethics is applicable to and distributed in all the countries** where the Group operates, so that all subsidiaries and associated stores know and respect its contents. The Company communicates the contents of the Code of Ethics to all employees from the moment they are hired, and undertakes to disseminate its contents and to put in place all the conditions necessary for it to be effectively implemented. Furthermore, we strive to ensure that the principles of the Code are shared by agents, consultants, suppliers, business partners and any other person with whom we conduct ongoing business relations, and we do not establish or conduct business relations with anyone who refuses to respect the principles of the Code.

The Internal Audit & Risk Management function is in charge of monitoring the effective compliance with the Code of Ethics, also by verifying any suspected breach of the Code that comes to its attention and informing the competent corporate bodies and functions of the results of the checks for the adoption of any sanctioning measures. In the event of news of any possible breach of the Code, each recipient of the Code can contact their manager or the company functions dedicated to such purpose, as well as use the dedicated reporting systems (Whistleblowing systems).

› OUR TAX STRATEGY

Amplifon operates with honesty and integrity in all tax-related matters in each of the Countries in which it is present. The approach to tax risk for the individual companies of the Group is in line with, and inspired by, the approach to risk at Group level.

Amplifon complies diligently with the tax rules applicable in the territories in which it is present. When necessary, these rules are interpreted in accordance with the principle of responsible management of tax risk.

Consistent with these principles and approaches, in 2020 Amplifon launched a project to develop and formalize a system for managing and controlling tax risk, involving a reality-based organizational and procedural approach to strengthening tax management – the so-called “Tax Control Framework.” This project is expected to be completed in 2021 with the adoption and formalization of the system²⁵.

25 - For details concerning income taxes, refer to the Consolidated financial statements as at December 31st, 2020 (Section “Notes” – “Income taxes”) in the 2020 Annual Report.

THE WHISTLEBLOWING SYSTEM

In line with our "Acting Responsibly" value and consistently with the implementation of specific policies for the proper management of the business, a new Whistleblowing System was introduced in Italy at the end of 2020, and in the US and Australia at the beginning of 2021, that will be progressively adopted in all the countries of the Group with the intention of harmonizing all existing local systems²⁶. This System, which aims to guarantee a safe, respectful and protected workplace, constitutes a set of rules and means of communication to report, with the guarantee of confidentiality, any breach or well-founded suspicion of a breach, as well as any behavior that does not comply with the Code of Ethics, the Anti-Corruption Policy, internal policies and procedures (such as, for example, Model 231 for the Parent Company), as well as laws and regulations applicable to each company of the Group.

In the context of this System, in July 2020 the Board of Directors approved the new Whistleblowing Policy which defines the types of unlawful conduct of which Amplifon employees or third parties might become aware, that can be reported, and regulates the methods of reporting. **The Policy provides for the creation of a "Whistleblowing Committee" composed of the heads of HR, Legal Affairs and the Internal Audit & Risk Management function,** which will have the task of receiving, analyzing, and if needed investigating and proposing disciplinary measures in relation to reports. The Policy also defines the three channels through which reports can be made: in addition to ordinary mail and a specific dedicated e-mail address, a digital platform called E-Whistle was developed and constitutes a simple, secure and confidential manner to handle reports and manage further confidential exchanges of information between the whistleblower and the Committee for in-depth analysis in full compliance with the requirements laid down by the regulations. In compliance with the general principles of confidentiality, non-retaliation and the option of anonymity, the Policy and the reporting channels guarantee that every report is treated confidentially, that the whistleblower's identity is protected and that a non-retaliation policy is applied to anyone who files a report in good faith.

In line with the progressive implementation of the Policy and its related reporting channels in the various countries, a specific online training program, which is mandatory for all company management and staff, has been organized, with the aim of informing all Amplifon employees and workforce in general on how to behave in the event that you become aware of illegal behavior.

While we expect all employees and workforce to maintain the high standards contemplated in our Code of Ethics, we encourage anybody who becomes aware of non-compliant behavior to report it, to give us the opportunity to address problems in their initial phase, reducing the risk of significant potential damage to the business and to our reputation.



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**FIGHT AGAINST
CORRUPTION AND
MODEL 231**

**JULY 2020
A WHISTLEBLOWING
POLICY APPROVED
BY BoD**

²⁶ - It should be noted that even before 2020 in some countries there was already a local whistleblowing system as required by local laws or regulations. In particular, in Italy a Whistleblowing system was adopted in accordance with the provisions of Amplifon S.p.A.'s Organization, Management and Control Model pursuant to the Italian Legislative Decree 231/2001.

COMPETITIVE BEHAVIOR AND RESPONSIBLE MARKETING

In the light of the peculiarities of the sector in which we operate, where there is competition between several national and international companies, including specialized and non-specialized operators (for example pharmacies and optical chains) and online stores, our commercial policy is based on respect of all the rules in place to safeguard fair competition. For this reason, we constantly monitor the evolution of the market and orient our investments towards the differentiation of the service offered and new acquisitions, always in the context of an ethical approach to competition. Towards this end, the Legal Affairs function has the task of ensuring that Amplifon's competitive behavior complies with ethical principles and applicable laws.

Given the type of service and product that we provide, full transparency towards customers is also a fundamental aspect of our business ethics. As described in the Code of Ethics, it is therefore a primary objective of Amplifon to observe all the procedures in place for the correct management of customer relations, to provide accurate and comprehensive information about our products and services, as well as to state the truth in our advertising or in communications of any kind.

Responsible and reliable communication towards customers is fundamental in order to prevent any risk of non-compliance with existing regulatory provisions, as well as any reputational damage. A Group Policy was implemented in 2020 requiring that any marketing material, from television campaigns to brochures, must be checked by a lawyer in order to ensure compliance with local legislation related to the promotion of medical devices and advertising communications. In any case, the Code of Ethics provides that all employees and consultants who have direct contact with customers must provide complete and accurate information on products and services, and also explain clearly the content of the advertising or other campaigns, in order to enable customers to make an informed decision. To support this policy, we always seek to build networks of creative partners that are as much as possible in synergy with one another at regional level in order to align marketing, advertising and communication strategies, thus maximizing the effectiveness and efficiency of our brand awareness while maintaining our ability to grasp and address local peculiarities.

FIGHT AGAINST CORRUPTION

As provided in our Sustainability Policy and our Code of Ethics, we are strongly committed to conduct our activities in a correct and honest manner around the world, in compliance with applicable laws and regulations in the various countries where we operate, and we have zero-tolerance regarding corrupt practices, illegitimate favors, collusive behavior and the solicitation of advantage.

In order to prohibit the practice of active or passive corruption in favor of anyone, Amplifon provides specific rules for its prevention, as well as for the management of the risk of corruption that may arise in conducting corporate transactions. Towards this end, **in 2017 the Board of Directors of Amplifon S.p.A. approved the Group Anti-Corruption Policy**, to guarantee the ethical conduct of daily activities, protecting the creation of value and those fundamental values on which Amplifon's activities are based. All administrators and employees of the Group, as well as suppliers, consultants and anyone who acts on our behalf, are required to act in compliance with values, standards and principles that are sanctioned by such Policy, in addition to the laws that govern corruption in the various Countries.

The provisions and guidelines contained in the Policy are inspired by our corporate culture and by the behavioral principles stated in our Code of Ethics. These provisions and guidelines have been developed by analyzing the activities that can potentially expose Amplifon to the risk of corruption. They promote the highest standards in all commercial relationships, the conduct of activities according to loyalty, correctness, transparency, honesty and integrity and provide specific rules to prevent, identify and manage the risk of corruption.

Following its approval, the Policy was formally communicated in 2017 and training was given through sessions dedicated to each of the three geographic areas to all the General Managers and selected key managers from the various subsidiaries. **The Internal Audit & Risk Management function is responsible for facilitating the dissemination of the Policy and also for the compliance with the Policy through communication, training and, subsequently, auditing activities.** Starting from 2020, by way of completing the Policy implementation program, a number of recurrent "compliance audits" have been planned, and also the new Whistleblowing reporting channels will allow more efficient monitoring of any behavior that deviates from or is non-compliant with the Anti-corruption Policy and the applicable laws and regulations in this context.

THE ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

In addition to the Anti-Corruption Policy and the Code of Ethics, which apply to all the companies of the Group, as far as anti-corruption is concerned Amplifon's activities and organizational structures are also linked with the adoption by Amplifon S.p.A of an Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001 (Model 231) as provided by the relative applicable law in force in Italy in relation to administrative liability of companies. Model 231 was prepared based on the guidelines of Confindustria (General Confederation of Italian Industry) and, taking into account the sector in which Amplifon operates, also other more specific trade associations. The implementation of Model 231, even through the intervention of the Supervisory Board which monitors the correct functioning of the model and takes care of its updating, favors business activities in accordance with principles of fairness and transparency and avoids situations involving risk, with a dual objective: to guarantee the highest degree of efficiency and integrity in business processes, and to protect the image of the company and the work of all employees and associates.

Amplifon S.p.A.'s Model 231 is made up of a general section and a special section. In essence, the general section lists the guiding principles for conducting company operations, describes the way in which the Supervisory Board is set up and how it operates and illustrates the penalty system. The special section, on the other hand, illustrates the control protocols of those company activities that are deemed "sensitive" for the purposes of Legislative Decree no. 231/01 including some specific procedures that regulate some of them.

The Code of Ethics constitutes the essential foundation of Model 231: the two documents form a set of internal rules aimed at spreading a culture based on ethics and corporate transparency. However, Model 231 is by definition dynamic: the need to update the document is checked every year against regulatory and organizational evolution or with reference to any breaches. The last update of Model 231 dates back to July 30, 2019, while the risk assessment and further updating that started in the second half of 2020 will be completed in the first part of 2021.



FIND OUT MORE

**ORGANIZATIONAL
MANAGEMENT,
AND CONTROL
MODEL OF
AMPLIFON S.P.A.
PURSUANT TO
THE ITALIAN
LEGISLATIVE
DECREE 231/01**

5.3 PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Responsible management of procurement and the supply chain is essential to guarantee compliance with the highest ethical standards along the value chain. For this reason, we are progressively integrating specific sustainability criteria in the selection and qualification of our suppliers, while guaranteeing at the same time the highest level of quality of products and services and competitiveness of proposals.

At Amplifon, the management of procurement (direct and indirect purchases) and of the supply chain is carried out and coordinated at central level. The national management teams are responsible for the local implementation of the global guidelines, in both tactical and operational terms, as well as for defining and implementing other specific aspects limited to a given market or business unit.



DIRECT PROCUREMENT

Purchasing of hearing aids and related products and services

- Hearing aids and accessories
- Services and spare parts for hearing aids
- Batteries
- Ear prints
- Other products



INDIRECT PROCUREMENT

Purchasing of products and services that are not directly linked with hearing aids

- Marketing and advertising services
- Rentals
- IT
- Facility management
- Consulting services
- General expenses
- Logistics services



SUPPLY CHAIN

Management of the logistics and storage phases

- Definition of the logistical/distribution model
- Transportation (to and from suppliers and stores)
- Storage and stocking services
- Inventory planning and management
- Definition of store operations related to materials management

In relation to contracts, provision of supplies, goods and services, all suppliers must acknowledge and comply with Amplifon's Code of Ethics during the qualification phase. As set forth in the aforementioned Code, Amplifon repudiates suppliers who, in breach of human rights and the principles of personal freedom and dignity, permit the exploitation of child labor and any form of personal discrimination. In support of the foregoing, starting from 2019 all suppliers of hearing aids whose contract is subject to renegotiation are required to recognize and comply with the principles set forth in Amplifon's Sustainability Policy.

THE PROJECT TO DEFINE A SUPPLIER EVALUATION FRAMEWORK BASED ON ESG RISKS IS EXPECTED TO BE LAUNCHED DURING THE COURSE OF 2021

All suppliers must also comply, through the implementation of appropriate policies and procedures, with national and international legislation regarding ethical and sustainable standards of conduct, including those relating to the protection of human, labor and environmental rights, as well as relating to the fight against corruption.

For this reason, Amplifon reserves the right to verify the good conduct of suppliers by requesting documentation and information demonstrating compliance with the above, as well as to conduct specific audits on these topics. Breaching of the rules of the Code of Ethics may constitute a breach of contractual obligations, with all consequent legal repercussions, including termination of the contract or the appointment and any compensation for damages.

HEARING AID MANUFACTURERS

As a global leader, we only have relationships with the best manufacturers of hearing aids to ensure the safety and quality of the products we sell, as well as support to our customers throughout the expected lifespan of the products.

By communicating with the managers of the various countries, the Procurement & Supply Chain function is also able to select the products and technologies that are most suitable for the various markets.

Since the evolution of the technologies used in the design of hearing aids is an important factor in defining the ways of interacting with customers, the relation with hearing aid manufacturers plays a crucial role for our business. Indeed, we are engaged in monitoring supplier roadmaps so that technological innovation always allows us to maintain and further improve the already excellent level of experience offered to our customers. We also closely monitor the introduction and withdrawal phases of the different models to ensure that we can offer customer support throughout the product life cycle. Likewise, we share the knowledge and experience gained over years of presence on the market and collaborate with manufacturers to improve customers' overall hearing and use experience.

Following the reorganization of GAES in 2019, the production activities of Microson, the small manufacturer of hearing aids in Spain that was acquired in 2018, were reviewed and optimized in 2020 for improved alignment with Amplifon's core business and Amplifon's retail vocation. For this reason, company focus was redirected to research and development activities, considered useful to contribute to the experimentation of new functionalities and services of the Amplifon Product Experience, as well as laboratory work for the production of auditory canal impressions mainly for in-the-ear hearing aids. In support of this, from the beginning of 2021 the local production of impressions makes use of a renovated industrial layout, new equipment and cutting-edge equipment as part of this industrial activity.

> PURCHASING PROCESS FOR INDIRECT GOODS AND SERVICES

In 2020, we started to implement a single and harmonized model for managing requests for the purchasing of indirect products and services, and the relative contracts and purchase orders, starting with the main countries to be progressively adopted by all the countries of the Group. This model is based on the most recently developed technologies in cloud-based ERP, in order to provide all Amplifon people with the same purchasing experience, wherever they are and for whatever the type of merchandise and/or service they need to cater. At the same time, thanks to this harmonization, we will be able to constantly monitor the purchasing of indirect products and services and therefore assess with minimal effort our spending profile in the best possible way without delay, seizing all the opportunities for improvement and optimization that we may be able to identify.

LOGISTICS

Hearing aids and associated accessories distribution logistics varies in the different geographic areas in which we operate. In the United States it is operated directly by the suppliers to the members of Miracle-Ear, Elite Hearing Network or subsidiaries of Amplifon Hearing Health Care. In the EMEA, APAC areas and Canada the procurement process requires that, once the hearing profile and the customer's needs have been established, the store forwards a purchase request for the identified product to the relevant function, which will then manage the order centrally by initiating a stock transfer operation from a warehouse or by sending an order to a supplier, who will provide for sending the product directly to the store. In the event that the identified product consists of an in-the-ear hearing aid or if it is necessary to use a custom-made ear plug, a silicone impression of the ear canal is taken and, once it solidifies, it is sent to the manufacturer and subsequently delivered directly to the store by the supplier. Finally, in Latin America we have completed the first integration phase based on existing processes and tools. A further integration step is expected in this region in the coming years when we will implement the new process solutions currently in the roll-out phase in the EMEA and APAC areas.

Within this logistical organization, Amplifon has the following responsibilities:

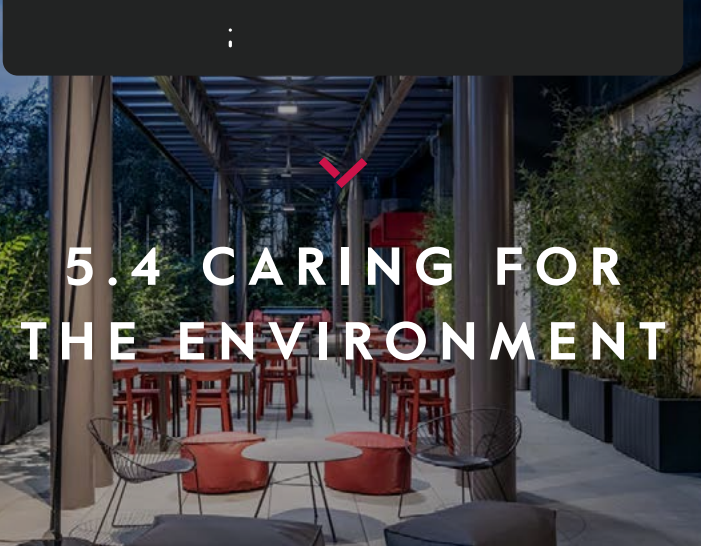
- The planning of stocks in the stores and local warehouses;
- The collection and fulfilment of store needs as per procurement requests;
- Arranging transport from warehouses to the points of sale;
- The receipt, storage and management of stocks in local warehouses;
- The collection and transport of unsold products at the end of trial periods from the points of sale to the warehouses and then to the companies' collection centers;
- Demand planning for hearing aid suppliers on a forecast basis;
- The review and modification of supply flows with a view to harmonizing, modernizing and digitizing operational and administrative processes related to the purchase, shipping, receipt and invoicing of products.

An equally important logistical process concerns the product repair phase, where we pay close attention to execution timespan to guarantee that hearing aids are returned to customers as soon as possible.

The transport of all products, whether new, repaired or to be returned, is carried out entirely by specialized external logistics companies that are selected upon the recommendation of Amplifon or the suppliers of hearing aids, depending on who is responsible for organizing the transport (usually the sending party). Together with the manufacturers of hearing aids, we are committed to optimize logistics with the aim of reducing the related energy consumption, CO₂ emissions and related costs. For this reason, some manufacturers also have regional centers for the digital scanning of customers' ear impression, thus eliminating the need to transport the impressions to the production plants.

> RENDERING THE LOGISTICAL DISTRIBUTION MODEL MORE EFFICIENT

In 2020, the central and local strengthening of the supply chain management function continued with the aim of ensuring the most advanced storage and distribution solutions for the sales network. The basis of this investment is the confirmed ambition to review the logistical distribution model, demand and stock planning, warehouse operations and transport logistics in the next year. By exploiting end-to-end integration with upstream suppliers and downstream points of sale, we aim to achieve a high level of efficiency in the distribution chain thanks to the introduction of new forecasting methodologies, new technologies for topping up store stocks automatically and strong digitalization of processes.



5.4 CARING FOR THE ENVIRONMENT

As mentioned in the Code of Ethics and the Sustainability Policy, we are committed to protecting the environment through specific initiatives, to monitoring the environmental footprint of our activities, both for the headquarters and for the distribution network.

Even though our business model is based on retail activities and on the offer of services, and does not include any industrial or production activities, at Amplifon we are sensitive and attentive to environmental issues and the challenges posed by climate change. We are aware that in order to effectively implement a forward-looking responsible business strategy, it is necessary to assess one's environmental impact and ensure maximum respect for the planet and for future generations. For this reason, **the very nature of our way of doing business aims at reducing the environmental impact of our activities to a minimum**, increasingly favoring efficiency and dematerialization processes of the business, always in full compliance with applicable environmental regulations in force.

This commitment has also been implemented since 2019 through specific local initiatives to promote environmental responsibility under the "We Care" program. Among the initiatives promoted in recent years by Amplifon headquarters in various countries, even in order to raise awareness among employees on these topics, there are some pilot projects **for increasing separate waste collection for recycling and reducing waste production, and other initiatives aimed at promoting the reduction of food waste, single-use plastics and the responsible use of printers**. For example, since 2019 at our Headquarters in Milan (Italy) a Food Giving activity has been promoted, with the support of the local NGO "Banco Alimentare" [Food Bank], with the aim to recover surplus food from the company canteen and redistribute it to people in need. Over the years, local facility teams responsible for environmental topics have also implemented energy consumption optimization actions, such as for example on the occasion of the refurbishment of the central headquarters in Milan (Italy) or the progressive replacement of conventional lights in direct stores with LED lights in Italy, Spain and the Netherlands.

In addition, in 2020 our offices and direct stores in Germany, the Netherlands, and partly also in Spain and Australia, were supplied with electricity certified as coming from renewable sources through the obtaining of Guarantees of Origin, avoiding the emission of more than 2,800 tons of CO_{2e}. Thanks to the new Sustainability Plan, this practice will be extended to other Countries in

+3,000
MEALS DONATED
SINCE APRIL 2019

+2,800
TONS OF CO_{2e}
AVOIDED BY
THE PURCHASE
OF ELECTRICITY
FROM RENEWABLE
SOURCES

the coming years, starting with Italy, thus contributing to an ever-greater share of avoided indirect CO_{2e} emissions.

Although we have not implemented any specific Group management models in relation to environmental issues, in line with previous years we continued in 2020 to monitor the main environmental performance indicators of the headquarters and the network of direct shops, with the aim of giving our stakeholders as complete a vision as possible. Although 2020 was characterized by wide use of smart-working and a significant reduction in business travel due to the restrictions imposed to mitigate the pandemic, heating, air-conditioning and lighting still accounted for the largest share of the Group's energy consumption. During the year, approximately 27 GWh of electricity was consumed, down by approximately 14% compared with 2019. The headquarters recorded electricity consumption of approximately 5 GWh, of which 23% was certified as coming from renewable energy sources. The direct shops contributed a further 22 GWh, again making a significant contribution to the share of electricity certified as coming from renewable sources (29%).

As regards the consumption of other heating-related fuels in the headquarters and direct shops, around 26,000 GJ were consumed in 2020, mainly due to the consumption of natural gas (95%) and, to a lesser extent, fuel oil (5%). The consumption of diesel and petrol connected with the Group's car fleet was substantially lower than in 2019 (-34%) due to the travel restrictions introduced to contain the pandemic.

~28%

OF THE ELECTRICITY PURCHASED COMES FROM RENEWABLE SOURCES

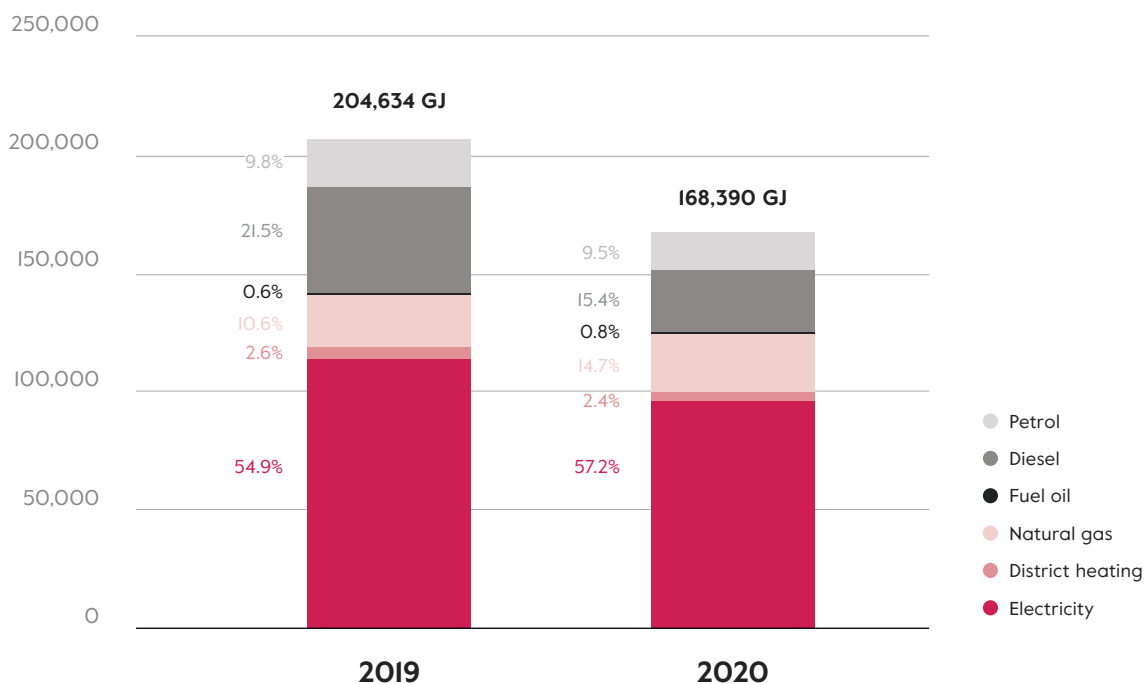
-14%

ELECTRICITY CONSUMPTION COMPARED WITH 2019

-34%

DIESEL AND PETROL CONSUMPTION OF THE CAR FLEET

ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ)



For some years, we have also been committed to measuring the environmental impact of our activities, including in terms of direct and indirect emissions of greenhouse gases. These include both emissions directly caused by the Group's activities (Scope 1), resulting from fuel consumption for the heating of the headquarters and direct shops, from fuel consumption for the company's car fleet, and from the cooling gases used in air-conditioning systems, and indirect emissions resulting from the consumption of electricity and heat purchased externally (Scope 2)²⁷, as well as indirect emissions due to business travel by employees (Scope 3).

In particular, direct (Scope 1) greenhouse gas emissions decreased by 31% in 2020 compared with 2019, mainly due to the reduction in the consumption of the company's car fleet. Indirect emissions (Scope 2 – Location-based), accounting for 63% of total emissions, also decreased by 18% compared with the previous year, in line with the decline in the share of electricity consumed. Finally, a similar trend is also seen for emissions linked to business travel (Scope 3), which decreased significantly (-80%) compared with 2019, again mainly due to the health emergency.

-35%

**TOTAL CO_{2e}
EMISSIONS
COMPARED WITH
2019**

GREENHOUSE GAS EMISSIONS IN 2020 (TONS OF CO_{2e})



Despite the low impact of our business activities in terms of waste generation, we continued to ensure proper management of the waste produced in our headquarters and direct shops in order to assess possible reduction strategies. As every year, we measured the quantity of waste produced by our headquarters, mainly paper, plastic, electrical equipment and printer toner, which in 2020 amounted to approximately 309 tons for the headquarters, down by 18% from 2019.

-18%

**WASTE GENERATED
BY THE
HEADQUARTERS
COMPARED WITH
2019**

27 - As required by the reporting standards used (GRI Sustainability Reporting Standards), two different approaches to the calculation of Scope 2 indirect emissions are presented: "Location-based" and "Market-based". The "Location-based" approach involves the use of average emission factors relating to the specific national electricity generation mixes. The "Market-based" approach allows to exclude the electricity and heat purchased from renewable sources and certified by Guarantees of Origin, as well as the use, as an emission factor, of the national "residual mix", where available.

Looking at the entire value chain, our business also offers us many opportunities in terms of prevention of waste production and disposal. Thanks to the sale and use of rechargeable hearing aids, from 2018 to 2020 we contributed to the saving of approx 74 million batteries that would otherwise have been used by customers, of which over 33 million were saved as a result of the rechargeable devices sold in 2020 alone²⁸. As formalized in our Sustainability Plan, these positive impacts will become more and more substantial in the coming years as the use of rechargeable solutions becomes increasingly widespread among our customers.

~74 mln

BATTERIES SAVED THROUGH THE SALE OF RECHARGEABLE HEARING AIDS

Among the measures to promote the circular economy, in addition to the initiatives launched in the headquarters, it should also be noted that some Countries, including the Netherlands, are gradually providing the shops with collection points for the batteries used by customers in their non-rechargeable hearing aids, to ensure that they are properly recycled.



28 - The quantity of saved batteries is estimated on the basis of the number of rechargeable devices sold and in circulation, the average quantity of batteries used annually by a non-rechargeable device, and an average device's life of 5 years.

ANNEX

MAIN STAKEHOLDER ENGAGEMENT ACTIVITIES

The table below shows the main stakeholder engagement activities carried out in 2020. The activities are explained according to engagement channels used, any concerns raised and related Amplifon responses. In addition to these activities, as explained in the Reading guide, since 2018 we have been engaging with certain categories of stakeholders for the prioritization of our material topics, in order to integrate their expectations with regard to Amplifon in this area (for more details, please refer to the “Materiality Analysis” section).

Stakeholder	Type of engagement activity
Hearing impaired	Quantitative and qualitative market research (focus groups, one-to-one, telephone and online interviews), usability tests, customer satisfaction surveys and customer experience feedback surveys (paper questionnaire, call center, e-mail, SMS)
Employees	Internal feedback sharing programs (One Amplifon, Leadership Touchpoint, Townhall, global functional conferences), Global Engagement Survey, anytime and continuous feedback in individual performance reviews, area meetings and store visits, Global Internal Communication Framework, updates on global projects and initiatives
Franchisees, agents and affiliates ²⁹	Focus groups, Global Engagement Surveys, annual summits
Shareholders, investors and financial community	Conference calls on results, participation in roadshows and industry conferences through one-to-one and group meetings with institutional investors, company visits by analysts and investors, sharing of feedback with ESG rating agencies and sustainability-conscious investors
Hearing aid manufacturers ³⁰	Business review meetings, discussion during the definition of terms and conditions for new contracts, partnerships
Suppliers ³⁰	One-to-one meetings, site visits, participation in speaking opportunities organized by suppliers, partnerships
Regulatory authorities	Dialog with institutions and participation in working groups, periodic consultations and joint projects
Industry and consumer associations	Focus groups, seminars, conferences, public presentations and joint projects
Health care system	Surveys, meetings with health agencies (EU, WHO)
Headhunters and universities	Collaboration in research projects, university events, offers of internships and partnerships with universities
Media/influencers	Press releases, conference calls, social media, media conferences, interviews, participation in speaking opportunities

29 - Engagement with franchisees, agents (such as “autogestori” [self-managers] in Italy and Spain) and affiliates takes place only at local level due to the specific features of the business in each country.

Topics/concerns raised by stakeholders	Amplifon's response
<ul style="list-style-type: none"> Enhancing the customer experience at each touchpoint with Amplifon, both physical and virtual Obtaining a better understanding of the features of the products and of the hearing solution selection process in order to reap the maximum benefit Reducing the social stigma associated with hearing loss and providing a clear explanation of the consequences linked to untreated hearing loss Helping influencers in supporting friends and relatives with hearing difficulties 	<ul style="list-style-type: none"> Continuous improvements to the Amplifon App in terms of usability and accessibility Development of a new communication approach aimed at fighting the stigma associated with hearing loss Planning of a set of improvement actions in terms of customer experience (products, services, physical and digital touchpoints)
<ul style="list-style-type: none"> Ensuring a One Employee Experience at Group level Strengthening the search for resources in key areas such as marketing, digital, CRM and retail Internal feedback Professional growth and skills development Recognition and reward Quality of work, in terms of process simplification and harmonization 	<ul style="list-style-type: none"> Implementation of the You@Amplifon people management program Strengthening of the global attraction and retention strategy and Employee Value Proposition Digital Amplifon Global Onboarding program (DaGO) Enhancement of the training offer for Talent Development and implementation of Ampli Academy Leadership Development programs New Performance Development Review process Migration of HR processes on a single integrated cloud platform Continuous improvement of Intranet functionality and roll-out in the main countries
<ul style="list-style-type: none"> Quality of work Professional training and development 	<ul style="list-style-type: none"> Continuous improvement of the training offer Recognition and reward program
<ul style="list-style-type: none"> Transparency of financial information Business performance Possible impacts of regulatory changes on the achievement of strategic goals Continuous updates on key events of the strategy (e.g. acquisitions, Amplifon Product Experience) Progressive integration of sustainability into the business strategy 	<ul style="list-style-type: none"> Updates about the latest events in presentations to investors and during conference calls on results Progressive improvement of the Corporate website, including more information on sustainability Setting of sustainability goals and targets
<ul style="list-style-type: none"> Market, industry and technological trends Possible impacts of regulatory changes Development process of the Amplifon multichannel ecosystem 	<ul style="list-style-type: none"> Sharing of insights about market and customers Sharing of insights about the development of the Amplifon multichannel ecosystem
<ul style="list-style-type: none"> Future development of the business Adoption of new technologies 	<ul style="list-style-type: none"> Sharing of mutual interests, as well as information about commercial activities and customers Joint projects (e.g. Amplifon App)
<ul style="list-style-type: none"> Promotion of quality and sustainability in the industry and accessibility of hearing solutions 	<ul style="list-style-type: none"> Development of joint actions in collaboration with consumer and industry associations Sharing of information on industry-specific issues
<ul style="list-style-type: none"> Raising awareness about hearing care Increasing customer satisfaction 	<ul style="list-style-type: none"> Collaboration in research projects Development of joint actions Entry into EHIMA (European Hearing Instrument Manufacturers Association)
<ul style="list-style-type: none"> Need to improve accessibility of hearing solutions Raising awareness about hearing care 	<ul style="list-style-type: none"> Participation in awareness-raising campaigns Awareness-raising activities aimed at ENT professionals
<ul style="list-style-type: none"> Ensuring that research activities are based on clinical evidence Bringing young people closer to the world of work with concrete activities 	<ul style="list-style-type: none"> Joint participation in research projects Funding of scholarships Global partnerships with student associations and universities
<ul style="list-style-type: none"> Up-to-date information on the business and business performance New technologies for customers and employees Amplifon's social role and raising of awareness among young people with regard to hearing care 	<ul style="list-style-type: none"> Involvement of top management in speaking opportunities and interviews Top management positioning on social media Participation in events (e.g. CSR & Social Innovation Fair) Promotion of the "Ci Sentiamo Dopo" app for noise measurements

30 - Engagement with hearing aid manufacturers and major suppliers takes place mainly at Corporate level, as the relationship with these stakeholders is managed through the Procurement & Supply Chain function.

MAIN NON-FINANCIAL RISKS

In order to provide comprehensive information to stakeholders, as well as to ensure compliance with Italian Legislative Decree no. 254/2016, the table below summarizes the potential non-financial risks identified by Amplifon

Material topics	Identification of risk	Description of risk
Attraction and retention of key resources	Potential risk linked to difficulty in hiring and/or lack of adequate and qualified personnel in the stores, in back-office functions and in key managerial roles	Shortage of hearing care specialists and the risk that they could join competitors may affect Amplifon's organic growth. Lack of technical skills among store personnel and in back-office functions may lead to inefficiencies in the Group's operations and in ensuring the talent pipeline necessary to support the business objectives. In addition, unavailability of adequate managerial personnel to satisfy succession plans for key roles may affect Amplifon's growth dynamics
Employees' health and safety	Potential risk linked to non-compliance with health and safety regulations	Non-compliance with health and safety regulations regarding workplace conditions, inconsistent with the company's Acting Responsibly value, may lead to monetary sanctions, as well as to a lack of accident prevention actions and risks to employees' health and safety (including with respect to the spread of Covid-19)
Anti-corruption	Potential risks linked to crimes of corruption	The possibility of personnel committing illegal acts or violating internal rules may lead to monetary sanctions or disqualifications, as well as reputational damage. Corruption or bribery may occur in the public sphere (public institutions, medical community) or the private sphere (suppliers, other third parties)
Energy efficiency	Potential risk linked to low control over the Group's energy consumption	Lack of energy efficiency strategies, as well as lack of preparation for meeting future stricter energy efficiency requirements, may cause an increase in operating costs and a higher environmental impact
Awareness-raising and education	Potential risk linked to incorrect or insufficiently transparent information with respect to marketing campaigns and institutional communication	The provision of unclear, incorrect or non-compliant information, both through marketing and institutional communication channels and through sales personnel, may lead to reputational damage and sanctions. There may also be difficulties in adapting communication content and channels to diverse and evolving audiences. The publication of content by unauthorized personnel could also occur
Customer privacy and data protection	Potential risk linked to deficiencies in the system for protecting customers' personal data and information	Non-compliance with regulatory requirements on data privacy may lead to monetary sanctions. Data losses and breaches of IT systems may also lead to operational and reputational damage
Product and service availability	Potential risks linked to difficulties for customers in accessing Amplifon's services	Poor network coverage or inaccessibility of stores for older people may have an impact on the penetration of the services offered by Amplifon
Contribution to community well-being	Potential risk linked to the lack of a harmonious and effective investment plan for the community	The lack of a global community investment plan may have consequences for the effectiveness of the investments, resulting in a reduced benefit for the community and a lost opportunity for Amplifon
Customer safety	Potential risk linked to deficiencies in safety measures for customers	Non-compliance with product and labeling regulations, incorrect application or improper use of hearing aids, possible product defects and non-compliance of stores with health and safety legislation (including in relation to the spread of Covid-19) may entail risks to the health and safety of customers, monetary sanctions and reputational damage
Business ethics and fair competition	Potential risk linked to the occurrence of unethical business practices and unfair competition	Non-compliance with legislation, the Code of Ethics and internal procedures by Amplifon's employees may lead to monetary sanctions and reputational damage

31 - The main risks identified for the three material topics most closely related to Amplifon's business ("Regulatory framework", "Long-term resilience and profitability" and "Product and service innovation, quality and customization"), mostly linked to the economic sphere, are described in the Report on Operations as at December 31st, 2020 in the 2020 Annual Report ("Risk management" section).

throughout its value chain, as well as the main ways in which those risks are managed, with reference to the main material topics³¹, including those linked to the aspects expressly cited by Legislative Decree no. 254/2016. In addition to the above, it should be noted that Amplifon's Sustainability Policy since 2018 represents a preliminary response in terms of commitment and management of related risks for all the material topics.

Response to risk/Management approach

- Intensification of employer branding activities
 - Intensification of partnerships with universities, internships and attraction and acquisition activities
 - Implementation of the "Make More Possible" Employee Value Proposition at global level
 - Global Engagement Survey
 - Strengthening of training programs and platforms relating to the Leadership Model (Ampli Academy) and ongoing investment in training hearing care specialists
 - Introduction of "talent mapping" processes for the development of succession plans- Expansion of the Leadership Program proposal for professional growth
 - Implementation of the Performance Development Review (PDR) process
 - Recognition of and investment in top performers and talents
-
- Compliance with local and regional laws and regulations in relation to employees' health and safety through the constitution of internal committees, the identification of responsible persons in this area and the implementation of local procedures
 - Establishment and continuous updating of specific regulatory protocols concerning measures to combat the spread of Covid-19, consistent with the regulatory provisions and constantly updated in relation to the evolution of the pandemic
-
- Adoption of 231 Model in Italy and related supervision, maintenance and updating activities
 - Group Anti-Corruption Policy
 - Group Whistleblowing Policy (approved in 2020) and related reporting channels (introduction in progress by the countries)
 - Code of Ethics and "corporate culture" programs
 - Training and communication activities
-
- Training delivered to local contacts in relation to the reporting of environmental data³²
 - Adoption of the Sustainability Policy³²
 - Study of measures and initiatives for energy efficiency in offices and stores (e.g. through the use of LED lighting)
 - Progressive purchase of electricity from renewable sources certified by Guarantees of Origin for offices and direct stores
-
- Implementation of a Global Press Book and of Country and Corporate editorial meetings through the Weekly & Monthly Newsroom mechanism
 - Group Policy concerning the review and approval of marketing content
 - Investment in a multichannel approach and an integrated communication strategy
 - Amplifon 360 Experience to provide all customers with more information and better understanding during the customer journey
 - Training of hearing care specialists
 - Support for research in order to disseminate information based on clinical evidence
 - Investment in IT security systems
-
- Compliance with the GDPR (General Data Protection Regulation) in the EU States in which Amplifon operates, and with local regulations in other geographical areas- Establishment of an internal cybersecurity committee
 - Investment in cybersecurity and IT security systems
 - Strengthening of the protection of the corporate network using monitoring tools with AI
 - Training and awareness-raising activities
-
- Free hearing tests
 - Investment in expansion of the network
 - Introduction of technologically advanced products and services that can interact with the customer at any time via the Amplifon App
 - Scaling-up of services offered remotely such as telephone support, home collection for repairs and online battery sales
-
- Launch of the "We Care" program and consequent improvement of the reporting process, as well as internal and external communication, in relation to local social initiatives
 - Support to the Amplifon Foundation, the Miracle-Ear Foundation and the GAES Solidaria Foundation
-
- Close cooperation with suppliers
 - Training of hearing care specialists both on products and on the Amplifon App
 - Monitoring of regulatory changes
 - Insurance coverage
 - ISO 9001 and ISO 13485:2016 certifications (Italy)
 - Compliance with local and regional laws and regulations relating to health and safety
 - Introduction of procedures for adapting to the new Medical Devices Regulation (EU) 2017/745
 - Establishment and continuous updating of specific regulatory protocols concerning measures to combat the spread of Covid-19, consistent with the regulatory provisions and constantly updated in relation to the evolution of the pandemic
-
- Adoption of 231 Model in Italy and related supervision, maintenance and updating activities
 - Group Anti-Corruption Policy
 - Group Whistleblowing Policy (approved in 2020) and related reporting channels (introduction in progress by the countries)
 - Code of Ethics and "corporate culture" programs
 - Training and communication activities
 - Group Policy concerning the review and approval of content for marketing campaigns
 - Crisis communication management manual

32 - These initiatives, while they do not represent a real response to the risk in this case, should be considered as preparatory to the implementation of the initiatives already identified as responses to the risk but not yet implemented. The Sustainability Policy itself represents a first formalization of the areas of commitment to be managed.

PERFORMANCE INDICATORS

> CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS³³ AS AT DECEMBER 31, 2020

Role	Name	Executive	Independent ³⁴	C.C.R.S. ³⁵	C.R.N. ³⁶	Gender	Nationality	Year of birth	Year of first appointment
Chairperson	Susan Carol Holland			•	•	•	Italian	1956	2001
CEO	Enrico Vita	•				•	Italian	1969	2015
Director	Andrea Casalini		•		•	•	Italian	1962	2016
Director	Alessandro Cortesi³⁷		•	•		•	Italian	1962	2016
Director	Maurizio Costa		•		•	•	Italian	1948	2007
Director	Laura Donnini		•	•		•	Italian	1963	2016
Director	Maria Patrizia Grieco		•		•	•	Italian	1952	2016
Director	Lorenzo Pozza		•	•		•	Italian	1966	2016
Director	Giovanni Tamburi					•	Italian	1954	2013

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS³⁸ AS AT DECEMBER 31, 2020

Role	Name
Chairperson	Raffaella Pagani³⁹
Standing auditor	Maria Stella Brena
Standing auditor	Emilio Fano
Alternate auditor	Alessandro Grange³⁹
Alternate auditor	Claudia Mezzabotta

33 - The current Board of Directors was appointed by the Shareholders' Meeting held on April 17, 2019 and will remain in office until the approval of the financial statements as at December 31, 2021.

34 - Directors who declare that they qualify as independent as defined under current law and in the Corporate Governance Code of Italian Stock Exchange.

35 - C.C.R.S.: Members of the Risk, Control and Sustainability Committee.

36 - C.R.N.: Members of the Remuneration and Appointments Committee.

37 - Director appointed from the minority list.

38 - The current Board of Statutory Auditors was appointed at the Shareholders' Meeting held on April 30, 2018 and will remain in office until the approval of the financial statements as at December 31, 2020.

39 - Members of the Board of Statutory Auditors appointed from the minority list.

MEMBERS OF THE RISK, CONTROL AND SUSTAINABILITY COMMITTEE AS AT DECEMBER 31, 2020

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

MEMBERS OF THE REMUNERATION AND APPOINTMENTS COMMITTEE AS AT DECEMBER 31, 2020

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

MEMBERS OF THE RELATED PARTIES TRANSACTIONS COMMITTEE AS AT DECEMBER 31, 2020

Role	Name
Chairperson	Andrea Casalini
Member	Laura Donnini
Member	Alessandro Cortesi

COMPOSITION OF THE SUPERVISORY BOARD AS AT DECEMBER 31, 2020

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

LEAD INDEPENDENT DIRECTOR

Lorenzo Pozza

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

Gabriele Galli

SECRETARY OF THE BOARD OF DIRECTORS

Luigi Colombo

EXTERNAL AUDITORS

KPMG S.p.A.

> ECONOMIC DISCLOSURES

ECONOMIC VALUE GENERATED AND DISTRIBUTED⁴⁰

Direct economic value generated and distributed (thousands of euros)	2018*	2019*	2019**	2020**
Economic value generated by the Company	1,367,614	1,737,751	1,737,751	1,572,836
Revenues ⁴¹	1,367,614	1,737,751	1,737,751	1,572,836
Economic value distributed by the Company	1,206,891	1,547,033	1,455,249	1,262,977
Operating costs	697,035	879,479	792,026	697,828
To employees (wages and benefits)	430,271	567,326	562,996	493,493
To providers of capital	37,274	45,070	45,070	17,335
- of which dividends	24,079	30,939	30,939	-
- of which interest paid to providers of capital	13,195	14,131	14,131	17,335
To the Public Administration	41,406	53,564	53,564	52,728
- of which current income taxes	36,364	47,332	47,332	47,386
- of which other corporate taxes and penalties	5,042	6,086	6,233	5,342
To the community	905	1,593	1,593	1,593
Economic value retained by the Company	160,722	190,718	282,502	309,859

* Figures not prepared in accordance with the new IFRS 16 accounting standard.

** Figures prepared in accordance with the new IFRS 16 accounting standard.

40 - It should be noted that the figures for 2019 (second column) and 2020 presented in the table "Economic value generated and distributed" are prepared in accordance with the IFRS 16 accounting standard, and therefore operating costs are affected by the impact of the lower lease liabilities due to the introduction of IFRS 16, which sets out the recognition of the right of use of the leased assets under non-current assets which fall within the scope of the principle and the recognition under liabilities of the related financial liability.

40 - Revenues differ from the value reported in the 2020 Consolidated Financial Statements because they refer to revenues from sales and services plus other income.

DISTRIBUTION NETWORK BY COUNTRY AS AT DECEMBER 31, 2020

Country	Brand	Corporate shops	Store-in-stores & corners	Franchisees	Affiliates		
Italy	Amplifon	694	3.241				
France	Amplifon	577	125				
Spain	GAES	573	151	9			
Germany	Amplifon	535					
the Netherlands	Beter Horen	165	50				
UK & Ireland	Amplifon	125	74				
Switzerland	Amplifon	99				EMEA	
Belgium & Luxembourg	Amplifon	92	51	10			
Hungary	Amplifon	79					
Portugal	Minisom	65	99				
Poland	Amplifon	62					
Egypt	Amplifon	30					
Israel	Medtechnica Orthophone	24			49		
USA	Miracle-Ear & Elite Hearing Network	167		1,328	1,931		AMERICAS
Canada	Amplifon	69					
Argentina	GAES	20		5			
Chile	GAES	31					
Colombia	GAES	8		2			
Ecuador	GAES	16		5			
Mexico	GAES	12		4			
Panama	GAES	2					
Australia	Amplifon ⁴² & Attune	258	144			APAC	
New Zealand	Bay Audiology & Dilworth	111	25				
India	Amplifon	78	145				
China	Amplifon	54					
Total		3,946	4,105	1,363	1,980		

42 - The brand was previously National Hearing Care.

> SOCIAL DISCLOSURES

EMPLOYEES⁴³ BY PROFESSIONAL CATEGORY AND GEOGRAPHICAL AREA AS AT DECEMBER 31

Totale Gruppo (N. dipendenti)	EMEA ⁴⁴			AMERICAS			APAC			CORPORATE			GROUP		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Hearing care specialists (qualified by law/certified)	2,713	3,746	3,726	92	234	246	688	822	932	0	0	0	3,493	4,802	4,904
Hearing care specialists (apprentices or equivalent)	443	480	421	5	9	17	0	0	10	0	0	0	448	489	448
Other shop personnel	2,088	2,336	2,423	176	275	216	626	636	670	0	0	0	2,890	3,247	3,309
Area managers	164	219	249	18	20	18	58	46	42	0	0	0	240	285	309
Total field force	5,408	6,781	6,819	291	538	497	1,372	1,504	1,654	0	0	0	7,071	8,823	8,970
Executives	0	0	0	1	1	1	1	1	1	8	10	10	10	12	12
Directors	54	71	78	9	20	12	19	28	31	28	32	33	110	151	154
Managers	155	204	202	64	67	48	47	51	55	45	59	68	311	381	373
Professionals	727	925	958	100	217	282	368	437	454	40	49	62	1,235	1,628	1,756
Total back office	936	1,200	1,238	174	305	343	435	517	541	121	150	173	1,666	2,172	2,295
Total employees	6,344	7,981	8,057	465	843	840	1,807	2,021	2,195	121	150	173	8,737	10,995	11,265

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AS AT DECEMBER 31

Total Group	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Total men	2,492	28.5%	3,141	28.6%	3,166	28.1%
Total women	6,245	71.5%	7,854	71.4%	8,099	71.9%
Total employees	8,737	100.0%	10,995	100.0%	11,265	100.0%

43 - The figures for employees as at December 31st, 2020 include the employees of the company Otohub s.r.l. (Italy), in contrast to the 2019 and 2019 figures, where this company was excluded from the reporting scope.

43 - Employees in back office functions responsible for centralized management covering the EMEA region are included under Corporate.

Field force	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Total field force	7,071	80.9%	8,823	80.2%	8,970	79.6%
Men	1,831	21.0%	2,217	20.2%	2,177	19.3%
Women	5,240	60.0%	6,606	60.1%	6,793	60.3%
Hearing care specialists (qualified by law/certified)	3,493	40.0%	4,802	43.7%	4,904	43.5%
Men	1,248	14.3%	1,557	14.2%	1,542	13.7%
Women	2,245	25.7%	3,245	29.5%	3,362	29.8%
Hearing care specialists (apprentices or equivalent)	448	5.1%	489	4.4%	448	4.0%
Men	167	1.9%	182	1.7%	174	1.5%
Women	281	3.2%	307	2.8%	274	2.4%
Other shop personnel	2,890	33.1%	3,247	29.5%	3,309	29.4%
Men	264	3.0%	293	2.7%	253	2.2%
Women	2,626	30.1%	2,954	26.9%	3,056	27.1%
Area managers	240	2.7%	285	2.6%	309	2.7%
Men	152	1.7%	185	1.7%	208	1.8%
Women	88	1.0%	100	0.9%	101	0.9%

Back office	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Total back office	1,666	19.1%	2,172	19.8%	2,295	20.4%
Men	661	7.6%	924	8.4%	989	8.8%
Women	1,005	11.5%	1,248	11.4%	1,306	11.6%
Executives	10	0.1%	12	0.1%	12	0.1%
Men	9	0.1%	11	0.1%	10	0.1%
Women	1	0.0%	1	0.0%	2	0.0%
Directors	110	1.3%	151	1.4%	154	1.4%
Men	78	0.9%	107	1.0%	106	0.9%
Women	32	0.4%	44	0.4%	48	0.4%
Managers	311	3.6%	381	3.5%	373	3.3%
Men	165	1.9%	196	1.8%	210	1.9%
Women	146	1.7%	185	1.7%	163	1.4%
Professionals	1,235	14.1%	1,628	14.8%	1,756	15.6%
Men	409	4.7%	610	5.5%	663	5.9%
Women	826	9.5%	1,018	9.3%	1,093	9.7%

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP AS AT DECEMBER 31

Total Group	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Total <30	2,244	25.7%	2,532	23.0%	2,400	21.3%
Total 30-50	4,585	52.5%	6,088	55.4%	6,466	57.4%
Total >50	1,908	21.8%	2,375	21.6%	2,399	21.3%
Total employees	8,737	100.0%	10,995	100.0%	11,265	100.0%

Field force	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Total field force	7,071	80.9%	8,823	80.2%	8,970	79.6%
<30	1,944	22.3%	2,170	19.7%	2,037	18.1%
30-50	3,609	41.3%	4,782	43.5%	5,045	44.8%
>50	1,518	17.4%	1,871	17.0%	1,888	16.8%
Hearing care specialists (qualified by law/certified)	3,493	40.0%	4,802	43.7%	4,904	43.5%
<30	1,101	12.6%	1,341	12.2%	1,263	11.2%
30-50	1,848	21.2%	2,710	24.6%	2,873	25.5%
>50	544	6.2%	751	6.8%	768	6.8%
Hearing care specialists (apprentices or equivalent)	448	5.1%	489	4.4%	448	4.0%
<30	339	3.9%	342	3.1%	301	2.7%
30-50	94	1.1%	127	1.2%	133	1.2%
>50	15	0.2%	20	0.2%	14	0.1%
Other shop personnel	2,890	33.1%	3,247	29.5%	3,309	29.4%
<30	488	5.6%	479	4.4%	464	4.1%
30-50	1,496	17.1%	1,728	15.7%	1,812	16.1%
>50	906	10.4%	1,040	9.5%	1,033	9.2%
Area managers	240	2.7%	285	2.6%	309	2.7%
<30	16	0.2%	8	0.1%	9	0.1%
30-50	171	2.0%	217	2.0%	227	2.0%
>50	53	0.6%	60	0.5%	73	0.6%

Back office	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Total back office	1,666	19.1%	2,172	19.8%	2,295	20.4%
<30	300	3.4%	362	3.3%	363	3.2%
30-50	976	11.2%	1,306	11.9%	1,421	12.6%
>50	390	4.5%	504	4.6%	511	4.5%
Executives	10	0.1%	12	0.1%	12	0.1%
<30	0	0.0%	0	0.0%	0	0.0%
30-50	9	0.1%	10	0.1%	8	0.1%
>50	1	0.0%	2	0.0%	4	0.0%
Directors	110	1.3%	151	1.4%	154	1.4%
<30	0	0.0%	0	0.0%	0	0.0%
30-50	84	1.0%	120	1.1%	125	1.1%
>50	26	0.3%	31	0.3%	29	0.3%
Managers	311	3.6%	381	3.5%	373	3.3%
<30	8	0.1%	12	0.1%	11	0.1%
30-50	240	2.7%	291	2.6%	301	2.7%
>50	63	0.7%	78	0.7%	61	0.5%
Professionals	1,235	14.1%	1,628	14.8%	1,756	15.6%
<30	292	3.3%	350	3.2%	352	3.1%
30-50	643	7.4%	885	8.0%	987	8.8%
>50	300	3.4%	393	3.6%	417	3.7%

EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT, GENDER AND GEOGRAPHICAL AREA AS AT DECEMBER 31

Total Group (No. of employees)	EMEA			AMERICAS			APAC			CORPORATE			GROUP		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Permanent contract	5,598	7,018	7,073	464	841	839	1,759	1,878	2,007	119	149	173	7,940	9,886	10,092
Men	1,568	1,947	1,955	120	228	233	484	534	560	70	89	107	2,242	2,798	2,855
Women	4,030	5,071	5,118	344	613	606	1,275	1,344	1,447	49	60	66	5,698	7,088	7,237
Fixed term contract	746	963	984	1	2	1	48	143	188	2	1	0	797	1,109	1,173
Men	241	328	302	1	2	0	6	13	9	2	0	0	250	343	311
Women	505	635	682	0	0	1	42	130	179	0	1	0	547	766	862
Total employees	6,344	7,981	8,057	465	843	840	1,807	2,021	2,195	121	150	173	8,737	10,995	11,265

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER AS AT DECEMBER 31

Total Group (No. of employees)	2018	2019	2020
Full-time	6,285	7,782	8,224
Men	2,242	2,726	2,816
Women	4,043	5,056	5,408
Part-time	2,452	3,213	3,041
Men	250	415	350
Women	2,202	2,798	2,691
Total employees	8,737	10,995	11,265

WORK-RELATED INJURY RATES⁴⁵

Total Group	2018	2019	2020
Number of high-consequence work-related injuries	3	1	0
Total number of recordable work-related injuries	32	103	76
Total worked hours	13,874,309	16,795,749	15,762,658
Rate of high-consequence work-related injuries	0.22	0.06	0
Rate of total recordable work-related injuries	2.31	6.13	4.82

45 - The figures relating to work-related injury rates in 2020 include the 11 employees of the company Otohuh s.r.l. (Italy), in contrast to the 2019 and 2018 figures, where this company was excluded from the reporting scope. More details on how injury rates are calculated can be found in the Note on Methodology.

HOURS OF TRAINING DELIVERED TO EMPLOYEES BY PROFESSIONAL CATEGORY⁴⁶

Total Group	2018		2019		2020	
	Total training hours	Average training hours	Total training hours	Average training hours	Total training hours	Average training hours
Hearing care specialists (qualified by law/certified)	112,005	32.1	156,919	32.7	104,288	21.3
Hearing care specialists (apprentices or equivalent)	54,735	122.2	42,962	87.9	50,438	112.6
Other shop personnel	70,932	24.5	78,392	24.1	57,711	17.4
Area managers	8,542	35.6	6,480	22.7	5,690	18.4
Total field force	246,213	34.8	284,753	32.3	218,127	24.3
Executives	160	16.0	195	16.3	28	2.3
Directors	1,672	15.2	2,547	16.9	1,481	9.7
Managers	5,224	16.8	7,293	19.1	5,314	14.3
Professionals	13,043	10.6	27,914	17.1	22,736	13.0
Total back office	20,099	12.1	37,948	17.5	29,559	12.9
Total training hours to employees	266,313	30.5	322,701	29.3	247,686	22.0

PERCENTAGE OF EMPLOYEES RECEIVING A PERFORMANCE REVIEW⁴⁷

Total Group	2018		2019		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Hearing care specialists (qualified by law/certified)	3,323	95.1%	3,272	68.1%	4,252	86.7%
Hearing care specialists (apprentices or equivalent)	399	89.1%	231	47.2%	236	52.7%
Other shop personnel	2,765	95.7%	2,493	76.8%	3,016	91.1%
Area managers	227	94.6%	271	95.1%	274	88.7%
Total field force	6,714	95.0%	6,267	71.0%	7,778	86.7%
Executives	10	100.0%	11	91.7%	12	100.0%
Directors	101	91.8%	124	82.1%	136	89.5%
Managers	299	96.1%	321	84.3%	321	86.3%
Professionals	1,174	95.1%	1,304	80.1%	1,303	74.5%
Total back office	1,584	95.1%	1,760	81.0%	1,772	77.6%
Total employees	8,298	95.0%	8,027	73.0%	9,550	84.9%
Men	2,403	96.4%	2,492	79.3%	2,557	81.0%
Women	5,895	94.4%	5,535	70.5%	6,993	86.4%

46 - The figures relating to training do not include the 11 employees of the company Otohuh s.r.l. (Italy).

47 - The performance review is carried out based on the results achieved in the previous year, and consequently the related figures are reported in the reporting period of this Non-financial Statement. The figures relating to performance reviews do not include the 11 employees of the company Otohuh s.r.l. (Italy).

ENVIRONMENTAL DISCLOSURES⁴⁸

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Energy consumptions by type (GJ)	HEADQUARTERS			DIRECT STORES			GROUP
	2018	2019	2020	2018	2019	2020	2020
Direct energy consumptions from non-renewable sources	59,709	68,123	46,969	22,367	18,884	21,095	68,064
Natural gas	7,933	4,052	4,843	21,320	17,757	19,898	24,741
Fuel oil	103	120	109	1,047	1,127	1,197	1,306
Diesel (car fleet - HQs only)	38,462	43,948	25,981	-	-	-	25,981
Petrol (car fleet - HQs only)	13,211	20,004	16,036	-	-	-	16,036
Indirect energy consumptions	13,967	24,617	20,302	73,572	93,011	80,024	100,326
Electricity purchased from renewable sources	1,221	7,370	3,713	14,513	37,114	22,985	26,698
Electricity purchased from non-renewable sources	12,366	12,040	12,697	59,059	55,846	56,963	69,660
District heating	380	5,207	3,892	-	50	76	3,968
Total energy consumptions	73,676	92,740	67,271	95,940	111,894	101,119	168,390

GREENHOUSE GAS EMISSIONS

Direct emissions – Scope 1 (tons of CO _{2e})	2018	2019	2020
From fuels used for the car fleet	4,085	4,736	2,839
From fuels used for heating in headquarters	410	229	255
From fuels used for heating in direct stores	1,154	1,043	1,098
From refrigerant gases used for cooling systems in headquarters and stores	531	271	143
Total	6,180	6,279	4,335

Indirect emissions – Scope 2 (tons of CO _{2e})	2018	2019	2020
From electricity purchased for headquarters (Location-based)	1,598	2,063	1,634
From electricity purchased for headquarters (Market-based)	1,709	1,732	1,577
From electricity purchased for direct stores (Location-based)	6,901	8,550	7,065
From electricity purchased for direct stores (Market-based)	5,615	4,983	4,863
From district heating for headquarters	20	255	187
From district heating for direct stores	-	2	4
Total (Location-based)	8,519	10,870	8,890
Total (Market-based)	7,343	6,972	6,631

48 - More details about the calculation methods, any estimates and the conversion and emission factors used can be found in the Note on methodology.

Other indirect emissions – Scope 3 (tons of CO _{2e})	2018	2019	2020
From business travel by airplane ⁴⁹	1,941	4,624	925
From business travel by train	90	115	50
From business travel by car (rental)	126	131	19
Total	2,157	4,871	994

WASTE GENERATED AND DISPOSED WITHIN THE HEADQUARTERS⁵⁰

Rifiuti prodotti per categoria (kg)	2018	2019	2020
Hazardous waste	67,544	43,146	20,350
Electrical and electronic equipment			14,617
Printer toner			103
Other waste			5,630
Non-hazardous waste	150,615	333,301	288,333
Paper			140,849
Plastic			20,445
Organic fraction			13,599
Electrical and electronic equipment			1,858
Printer toner			890
Other waste			110,692
Total	218,159	376,447	308,683

49 - Since 2019, emissions caused by air travel have been monitored by distinguishing between the different classes of flights, i.e. between Economy, Premium Economy, Business and First Class, for which different emission factors have been applied.

50 - The figures relating to waste generated do not include the headquarters of Germany and Poland, as this data could not be obtained. The breakdown of waste by category is available only from 2020 onwards.

NOTE ON METHODOLOGY

This Sustainability Report (the “Report”) constitutes Amplifon’s Consolidated Non-Financial Statement (the “Non-Financial Statement”) drawn up in accordance with Articles 3 and 4 of Legislative Decree no. 254 of December 31, 2016 (“L.D. 254/2016” or the “Decree”) and subsequent amendments or additions thereto in implementation of Directive 2014/95/EU. The Group made up of Amplifon S.p.A. (the “Parent Company”) and its subsidiaries (collectively “Amplifon”, “Group” or “Company”) falls within the scope of application of the Decree, and therefore this document sets out the main policies applied by the company, the management models, the main activities carried out and the results achieved by the Group during 2020 in relation to the topics expressly cited by the Decree (environmental, social, employee matters, active and passive anti-corruption and respect for human rights), as well as the main identified risks related to the above-mentioned topics.

The content of the Report was prepared on the basis of the results of the materiality analysis carried out in 2020 and presented to the Risk, Control and Sustainability Committee on December 10, 2020, which made it possible to identify the main non-financial aspects considered to be material both for the Group and for its stakeholders. The definition of the content of the Report and the related indicators was based on the principles of materiality, stakeholder inclusion, completeness of data and the sustainability context of the Group. With regard to the quality of the reported information and indicators, the principles of accuracy, balance, clarity, comparability, reliability and timeliness were followed. Each material topic is related to a specific area of sustainability commitment defined by the Group's Sustainability Policy, in order to facilitate the understanding of the progress made by Amplifon in each of the four areas of commitment.

It should be noted that certain non-financial topics cited in the scopes of Legislative Decree no. 254/2016, i.e. “Social practices and human rights along the supply chain” and “Water management”, were not considered material and are therefore not reported in this document. However:

- The aspects relating to respect for human rights are addressed by the Group in the ethical and responsible management of relations with its employees, collaborators and suppliers, in accordance with the principles and values set out in the Code of Ethics and the Group's Sustainability Policy and in full compliance with the Universal Declaration of Human Rights and the International Labor Organization Conventions on fundamental human rights.
- In view of the specific business model and the lack of any type of production activity, Amplifon's activities do not involve significant water consumption, and therefore no reporting on this topic is provided in this document.

Other topics such as “Waste management”, “Climate change” and “Equal opportunities and non-discrimination”, while not considered material, are nevertheless covered in this document in accordance with the adopted reporting standard:

- The “Waste management” topic is covered by reporting the quantity of waste generated by Amplifon’s headquarters, although this is not very significant in the light of Amplifon’s business model.
- Information relating to “Climate change” is covered by Amplifon in its treatment of the “Energy efficiency” topic, by reporting the main greenhouse-gas emissions generated by the Group’s energy consumption. It should also be noted that Amplifon, in view of its activities and business model, does not have any significant exposure to particular environmental risks related to climate change.
- The “Equal opportunity and non-discrimination” topic is dealt with in terms of the Group’s commitment, and is supported by the disclosure of the main workforce diversity indicators provided for by the reporting standard.

With a view to greater transparency of information, a qualitative description of Amplifon’s tax strategy is provided in relation to the “Tax” topic, even though this did not emerge as a material topic.

The 2020 Non-Financial Statement has been prepared according to the “GRI Sustainability Reporting Standards” published in 2016 by the Global Reporting Initiative (GRI), based on the “in accordance – core” option. It should also be noted that as regards GRI Standards 403 (Occupational Health and

Safety) and 306 (Waste), Amplifon has adopted the most up-to-date versions issued in 2018 and 2020 respectively. Annexed to this document is the table of GRI standards which serves as an aid to navigation (GRI Content Index).

Consistent with one of the two options provided for by Article 5 of the Decree, this Non-Financial Statement constitutes a separate report. However, as mentioned in the text of this document through specific notes, more details about some policies, management models and main identified risks are also included in the Report on Operations as at December 31st, 2020 of the 2020 Annual Report, in the Report on Corporate Governance and Ownership Structure at 31 December, 2020, and in the Remuneration Report 2021.

The Non-Financial Statement is published annually. The Non-Financial Statement is also available on the Group's corporate website, in the Sustainability section.

REPORTING SCOPE

To the extent necessary to ensure an understanding of the company's activity, performance and results, as well as its impacts in relation to the main non-financial topics, this document describes the sustainability initiatives and the main results in terms of performance achieved during the financial year 2020 (reporting period: from January 1, 2020 to December 31, 2020). If available, for comparative purposes and in order to allow an assessment of the performance trends for the Group's activities, the data for the previous two financial years are also given in the "Performance indicators" section of the Annex. Where relevant, information is also included about initiatives undertaken in previous years but applicable in 2020, as well as events of particular interest for 2021 already known at the date of completion of this Non-Financial Statement.

The reporting scope for economic and non-financial information is the same as for the Consolidated Financial Statements, and therefore covers the companies belonging to the Amplifon Group as at December 31, 2020 consolidated using the line-by-line method within the Group's 2020 Consolidated Financial Statements. However, while this provides a true understanding of the Group's activities, it should be noted that:

- Amplifon Cell (Malta), Amplifon South America Holding LTDA (Brazil), Amplifon Rete (Italy), Otohuh Australasia Pty Ltd (Australia) and Otohuh Unit Trust (Australia) are not included in the reporting scope inasmuch as they are either companies in the process of liquidation, or non-operational companies, or companies with no associated employees or facilities such as offices or points of sale.
- The new companies that have become part of the consolidation scope following the acquisition of PJC investments in the US at the end of December 2020 (ME Flagship LCC, METX LLC, METAMPA LLC, MEFL LLC, MENM LLC) are not included in the 2020 reporting scope.
- In keeping with previous reporting periods, the scope of information and data related to environmental aspects (energy consumption, greenhouse gas emissions, waste disposal) only includes sites, offices and those stores that are directly operated by the Group, excluding stores that are not directly operated by Amplifon. Furthermore, Amplifon Middle East SAE (Egypt), a company which, due to its dimensions does not have an effect on a general understanding of Amplifon's environmental impact is not included in the scope of environmental data for 2020 and neither is Entzumena SLU (Spain), as a company that was acquired in November 2020.

In compliance with the reporting standard used and the provisions of Legislative Decree no. 254/16, these and any other minor limitations of scope are expressly indicated in the document, in correspondence with the numerical tables and the GRI Content Index. The ownership structure did not change significantly within the scope and reporting period considered. However, for any further information regarding changes in the Group's scope and ownership structure during the year, please refer to the Report on Operations as at December 31 of the 2020 Annual Report and the Report on Corporate Governance and Ownership Structure at 31 December, 2020.

REPORTING PROCESS AND CALCULATION CRITERIA

The definition of the content of the 2020 Non-Financial Statement involved all the key Company functions, who worked in close collaboration and under the coordination of the Investor Relations team.

The performance indicators were selected on the basis of the materiality analysis and gathered according to a process of data and information collection, aggregation and communication at Group level, tracked in a specific non-financial reporting Manual aimed at standardizing the process of non-financial data collection and validation.

To obtain a true representation of performance and ensure the reliability of the data, the use of estimates has been limited as far as possible. Where present, these are based on the best available methodologies and suitably highlighted.

With regard to the calculation criteria:

- For the environmental data, conservative estimates have been used where data is not available. In particular, with regard to consumption by direct stores, where data was not available at the time of the completion of the document, the consumption has been estimated based on the average consumption of other stores in the same country, weighted, where possible, in proportion to the surface areas of the stores concerned;
- Data on electricity from renewable sources includes self-produced energy from renewable sources, if any, and the energy purchased from the grid and certified as coming from renewable sources according to the instruments envisaged by the different regulatory frameworks;
- Emissions have been calculated in terms of CO₂ equivalent using the following emission factors:
 - Direct (Scope I) emissions: for emissions connected with heating, air-conditioning refrigerant gases and the company's car fleet, the emission factors taken from the UK Department for Environment, Food & Rural Affairs (Defra) database have been used for 2018, 2019 and 2020;
 - Indirect (Scope II) emissions: for electricity purchased from the national grid, the emission factors developed by Terna ("Terna international comparisons on Enerdata figures") in relation to the different countries in which Amplifon operates have been used for the Location-based approach with reference to the 2017 and 2018 data. With regard to the Market-based approach, the Residual Mix factors published by the Association of Issuing Bodies in 2018 and 2019 have been used for European countries, while the factors published by the Center for Resource Solutions ("Green-e Energy Residual Mix Emissions Rates" and related updates for 2018, 2019 and 2020) have been used for the USA and Canada. For those Countries whose Residual Mix factors were not publicly available from accredited sources at the time of the drafting of the document, the same emission factors applied for the Location-based approach have been used. Finally, for the calculation of emissions related to district heating, the emission factor developed by Defra for natural gas production has been used;
 - Indirect (Scope III) emissions: for emissions connected with business travel by air, train and car, the emission factors taken from the Defra databases have been used for 2018, 2019 and 2020.
- For the calculation of the total weight of hazardous waste, the legislative frameworks of the individual Countries have been taken into consideration. Non-hazardous waste is typically waste deriving from office activities carried out at headquarters.
- The indices relating to health and safety, i.e. the injury rates of total recordable work-related injuries and high-consequence work-related injuries, refer to employees only and have been calculated in accordance with the provisions of the GRI Sustainability Reporting Standards, namely as a ratio between the number of injuries and the hours worked, using a multiplier of 1,000,000.

APPROVAL AND ASSURANCE

This Statement was presented for review and evaluation by the Risk, Control and Sustainability Committee on February 26th 2021 and subsequently approved by the Board of Directors of Amplifon S.p.A. on March 3rd, 2021.

This Statement has been subjected to a limited assurance engagement, in accordance with the criteria indicated by ISAE 3000 (Revised), by KPMG S.p.A., which in a separate report makes a declaration regarding the conformity of the information provided pursuant to Article 3, paragraph 10 of Legislative Decree no. 254/2016. The audit was conducted in accordance with the procedures outlined in the “External Auditors’ Report” annexed to this document.

CONTACTS

For any information relating to Amplifon’s Sustainability Report, please use the following contact details:

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GRI CONTENT INDEX

The following table shows a reconciliation between Amplifon’s material topics, the GRI Standards reported on in this document and the areas referred to in Legislative Decree no. 254/2016. Also reported are the entities capable of producing an impact with respect to each topic, both internal and external to the Group (material topic boundary), as well as any boundary limitations in the reporting of topics, without compromising the representativeness of the disclosure with respect to what is required by Legislative Decree no. 254/2016.

Material Topics	GRI Standards	Scope of Leg. Dec. 254/2016
Long-term resilience and profitability	GRI 201 Economic performance (2016)	-
Product and service innovation, quality and customization	-	-
Awareness-raising and education	-	Social aspects
Customer safety	GRI 416 Customer Health and Safety (2016)	Social aspects
Attraction and retention of key resources	GRI 401 Employment (2016)	Personnel management and respect of human rights
	GRI 404 Training and Education (2016)	Personnel management
Product and service availability	-	Social aspects
Anti-corruption	GRI 205 Anti-corruption (2016)	Anti-corruption
Employees’ health and safety	GRI 403 Occupational Health and Safety (2018)	Personnel management
Customer privacy and data protection	GRI 418 Customer Privacy (2016)	Social aspects
Contribution to community well-being	-	Social aspects
Regulatory framework	GRI 415 Public Policy (2016)	Social aspects
	GRI 419 Socioeconomic Compliance (2016)	Social aspects
	GRI 417 Marketing and Labeling (2016)	Social aspects
Business ethics and fair competition	GRI 206 Anti-competitive Behavior (2016)	Social aspects
	GRI 307 Environmental Compliance (2016)	Social aspects
Energy efficiency	GRI 302 Energy (2016)	Environmental aspects
-	GRI 405 Diversity and Equal Opportunity (2016)	Personnel management
-	GRI 305 Emissions (2016)	Environmental aspects
-	GRI 306 Waste (2020)	Environmental aspects

51 - The limitations on the reporting of material topics with respect to the external boundary are due to limited access to third-party information.

MATERIAL TOPIC BOUNDARY		LIMITATION OF BOUNDARY	
Internal	External	Internal	External ⁵¹
Group	-	-	-
Group	-	-	-
Group	-	-	-
Group	Hearing aid manufacturers; franchisees; corporate shops on commission	-	Partial coverage for manufacturers
Group	Franchisees; corporate shops on commission	-	No coverage for franchisees
Group	Franchisees; corporate shops on commission	Otohub s.r.l (Italy) excluded from reporting	No coverage for franchisees
Group	-	-	-
Group	-	-	-
Group	Hearing aid manufacturers; franchisees; corporate shops on commission	Corporate shops in Germany excluded from reporting	No coverage for hearing aid manufacturers or non-payroll collaborators
Group	-	-	-
Group	-	-	-
Group	-	-	-
Group	Hearing aid manufacturers	-	Partial coverage for hearing aid manufacturers
Group	-	-	-
Group	-	-	-
Group	Hearing aid manufacturers; franchisees; corporate shops on commission	Amplifon Middle East SAE (Egypt) and Entzumena SLU (Spain) excluded from reporting	No coverage for equipment manufacturers or for stores not managed directly by Amplifon
Group	Franchisees; corporate shops on commission	-	No coverage for franchisees
Group	Hearing aid manufacturers; franchisees; corporate shops on commission	Amplifon Middle East SAE (Egypt) and Entzumena SLU (Spain) excluded from reporting	No coverage for equipment manufacturers or for stores not managed directly by Amplifon
Group	Hearing aid manufacturers; franchisees; corporate shops on commission	Corporate shops excluded from reporting; Amplifon Middle East SAE (Egypt), Entzumena SLU (Spain), Amplifon Deutschland GmbH (Germany) and Amplifon Poland Sp. z o.o. (Poland) excluded from reporting	No coverage for equipment manufacturers or for stores not managed directly by Amplifon

In accordance with the “GRI Sustainability Reporting Standards” based on the “in accordance – Core” option, the following table shows the GRI Standards reported in this document and the related Disclosures. Each Disclosure is provided with a reference to the section of the Non-Financial Statement where it can be found, or to other publicly available sources that can be referred to.

GRI 102: GENERAL DISCLOSURES

Disclosure	Description	Reference	Notes and/or omissions
Organizational profile			
102-1	Name of the organization	p.133	
102-2	Activities, brands, products and services	p. 20-23, 40-45	
102-3	Location of headquarters	p.133	
102-4	Location of operations	p.19,121	
102-5	Ownership and legal form	p. 24, p.5 of the Report on Corporate Governance and Ownership Structure at 31 December, 2020	
102-6	Markets served	p. 19, 22, 23, 121	
102-7	Scale of the organization	p. 12,19, 28-31, 21	
102-8	Information on employees and other workers	p. 56-58, 122-126	
102-9	Supply chain	p. 104-107	
102-10	Significant changes to the organization and its supply chain	p. 21, 131, 132	
102-11	Precautionary Principle or approach	p. 26, 27, 116, 17	
102-12	External initiatives	Amplifon is not currently supporting any international initiatives	
102-13	Membership of associations	Amplifon is a member of several national industry associations, such as HIA (Hearing Industry Association) in the USA, HClA (Hearing Care Industry Association) in Australia, and NHCA (National Hearing Conservation Association) and SYNEA (Syndicat National des Entreprises de l’Audition) in Europe. Since 2019, Amplifon has also been a member of EHIMA (European Hearing Instrument Manufacturers Association)	
Strategy			
102-14	Statement from senior decision-maker	p. 4, 5	
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	p. 16, 17, 32, 33, 98, 99	
Governance			
102-18	Governance structure	p. 24, 25, 118, 119	
Stakeholder engagement			
102-40	List of stakeholder groups	p. 7	
102-41	Collective bargaining agreements	p. 58	
102-42	Identifying and selecting stakeholders	p. 7	
102-43	Approach to stakeholder engagement	p. 7, 8, 114, 115	
102-44	Key topics and concerns raised	p. 10, 114, 115	

Disclosure	Description	Reference	Notes and/or omissions
Reporting practice			
102-45	Entities included in the consolidated financial statements	p. 131	
102-46	Defining report content and topic Boundaries	p. 8, 130, 134, 135	
102-47	List of material topics	p. 9, 134	
102-48	Restatement of information	p. 130-133	
102-49	Changes in reporting	p. 130-133	
102-50	Reporting period	p. 131	
102-51	Date of most recent report		March 2020
102-52	Reporting cycle	p. 131	
102-53	Contact point for questions regarding the report	p. 133	
102-54	Claims of reporting in accordance with the GRI Standards	p. 131	
102-55	GRI content index	p. 136-142	
102-56	External assurance	p. 143-147	

GRI 200: ECONOMIC DISCLOSURES

Disclosure	Description	Reference	Notes and/or omissions
Economic performance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 28-31	
103-3	Evaluation of the management approach	p. 28-31	
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	p. 28, 29, 120	
Anti-corruption			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 102, 103	
103-3	Evaluation of the management approach	p. 102, 103	
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken		In the three-year period 2018- 2020, no corruption cases occurred, testifying to the effectiveness of the prevention systems in place and the solid corporate culture
Anti-competitive behavior			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p.101	
103-3	Evaluation of the management approach	p.101	
GRI 206: Anti-competitive Behavior (2016)			
206-1	Legal actions for anti-competitive behavior, antitrust and monopoly practices		In the three-year period 2018-2020, the Company was not involved in any significant legal proceedings in relation to unfair competition, testifying to the solid company culture that demonstrates the company's respect for the market in which it operates

GRI 300: ENVIRONMENTAL DISCLOSURES

Disclosure	Description	Reference	Notes and/or omissions
Energy			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 108, 109	
103-3	Evaluation of the management approach	p. 108, 109	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	p. 109, 128	
Emissions			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 108, 110	
103-3	Evaluation of the management approach	p. 108, 110	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	p. 110, 128	
305-2	Indirect (Scope 2) GHG emissions	p. 110, 128	
305-3	Other indirect (Scope 3) GHG emissions	p. 110, 129	
Waste			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 110, 111	
103-3	Evaluation of the management approach	p. 110, 111	
GRI 306: Management Approach (2020)			
306-1	Waste generation and significant waste-related impacts	p. 110, 111	
306-2	Management of significant waste-related impacts	p. 110, 111	
GRI 306: Waste (2020)			
306-3	Waste generated	p. 110, 129	
Environmental compliance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 98, 108	
103-3	Evaluation of the management approach	p. 98, 108	
GRI 307: Environmental Compliance (2016)			
307-1	Non-compliance with environmental laws and regulations		In the three-year period 2018-2020, no significant penalties in relation to non-compliance with the provisions of environmental laws and regulations were recorded

GRI 400 SOCIAL DISCLOSURES

Disclosure	Description	Reference	Notes and/or omissions
Employment			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 54, 55, 58, 59, 66-69	
103-3	Evaluation of the management approach	p. 54, 55, 58, 59, 66-69	
GRI 401: Employment (2016)			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 68	
Occupational health and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 70-72	
103-3	Evaluation of the management approach	p. 70-72	
GRI 403: Management Approach (2018)			
403-1	Occupational health and safety management system	p. 70-72	
403-2	Hazard identification, risk assessment, and incident investigation	p. 70-72	
403-3	Occupational health services		Given the limited extent of the risks to which Amplifon's employees are exposed in terms of health and safety, the Company does not consider this Disclosure to be applicable. These aspects are managed in accordance with the provisions of the legislative systems of the countries in which the Group operates
403-4	Worker participation, consultation, and communication on occupational health and safety		Given the limited extent of the risks to which Amplifon's employees are exposed in terms of health and safety, the Company does not consider this Disclosure to be applicable. These aspects are managed in accordance with the provisions of the legislative systems of the countries in which the Group operates
403-5	Worker training on occupational health and safety	p. 70-72	
403-6	Promotion of worker health	p. 68, 70-72	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Given the limited extent of the impacts in terms of health and safety linked to Amplifon's business relationships, the Company does not consider this Disclosure to be applicable. These aspects are managed in accordance with the provisions of the legislative systems of the countries in which the Group operates
GRI 403: Occupational Health and Safety (2018)			
403-9	Work-related injuries	p. 71,126	No information is available about workforce not on payroll
403-10	Work-related ill health	p. 71	No information is available about workforce not on payroll

Disclosure	Description	Reference	Notes and/or omissions
Training and education			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 62-64	
103-3	Evaluation of the management approach	p. 62-64	
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	p. 64, 127	For some countries, hours of training by gender have been estimated, as new management systems are still in the process of being implemented
404-2	Programs for upgrading employee skills and transition assistance programs	p. 64, 65	
404-3	Percentage of employees receiving regular performance and career development reviews	p. 67, 127	
Diversity and equal opportunity			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 24, 25, 57-59	
103-3	Evaluation of the management approach	p. 24, 25, 57-59	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversità negli organi di governo e tra i dipendenti	p. 24, 25, 57, 58, 118, 119, 122-125	
Public policy			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 94-103	
103-3	Evaluation of the management approach	p. 94-103	
GRI 415: Public Policy (2016)			
415-1	Political contributions		In the three-year period 2018-2020, Amplifon did not make any contributions to individual lawmakers, parties or committees. In the same period, Amplifon (USA) entered into a contract with advocacy firms in the United States to support the principles of safety, effectiveness and availability in policies on hearing care in the country; these activities have been fully disclosed in compliance with the US Lobbying Disclosure Act.
Customer health and safety			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 48, 49	
103-3	Evaluation of the management approach	p. 48, 49	
GRI 416: Customer Health and Safety (2016)			

Disclosure	Description	Reference	Notes and/or omissions
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		In the three-year period 2018-2020, no incidents of product recall or of non-compliance with the regulations in force or with the voluntary codes adopted with regard to the safety of the products and services offered were recorded. There were also no cases of customer complaints relating to malfunctions of the Amplifon App that might put the user's health at risk
Marketing and labeling			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 48, 49, 94-96, 101, 105	
103-3	Evaluation of the management approach	p. 48, 49, 94-96, 101, 105	
GRI 417: Marketing and Labeling (2016)			
417-1	Requirements for product and service information and labeling	p. 48, 49, 94-96, 101	
417-2	Incidents of non-compliance concerning product and service information and labeling		In the three-year period 2018-2020, no significant reports concerning product and service information and labeling were received
417-3	Incidents of non-compliance concerning marketing communications		In the three-year period 2018-2020, no significant reports concerning commercial and marketing communications were received
Customer privacy			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 50, 51	
103-3	Evaluation of the management approach	p. 50, 51	
GRI 418: Customer Privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 51	
Socioeconomic compliance			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 98-103	
103-3	Evaluation of the management approach	p. 98-103	
GRI 419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area		In the three-year period 2018-2020, no significant sanctions for non-compliance with laws and regulations in the social and economic area were recorded

Amplifon material topics not covered by specific GRI Standards

Disclosure	Description	Reference	Notes and/or omissions
Awareness-raising and education			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 78-81, 88-90	
103-3	Evaluation of the management approach	p. 78-81, 88-90	
Product and service innovation, quality and customization			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 40-45	
103-3	Evaluation of the management approach	p. 40-45	
Product and service availability			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p.9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 46, 47	
103-3	Evaluation of the management approach	p. 46, 47	
Contribution to community well-being			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 9, 10, 130, 131, 134, 135	
103-2	The management approach and its components	p. 76, 77, 82-87	
103-3	Evaluation of the management approach	p. 76, 77, 82-87	



EXTERNAL AUDITOR'S REPORT



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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Regulation adopted with Consob Resolution no. 20267 of 18 January 2018

*To the board of directors of
Amplifon S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2020 consolidated non-financial statement of the Amplifon Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 3 March 2020 (the "NFS").

Responsibilities of the directors and board of statutory auditors

The directors of Amplifon S.p.A. (the "parent") are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.



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3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we held discussions with the management of the parent, Amplifon Iberica S.A. (Spain) and Amplifon Deutschland GmbH (Germany), which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 consolidated non-financial statement of the Amplifon Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.



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Other matters

The NFS presents the corresponding figures included in the 2018 consolidated non-financial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed an unqualified conclusion on 15 March 2019.

Milan, 16 March 2021

KPMG S.p.A.

(signed on the original)

Claudio Mariani
Director of Audit

Editorial Project Coordination
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