

Sustainability Report Financial Year 2019/20

Wonderful Sound for All



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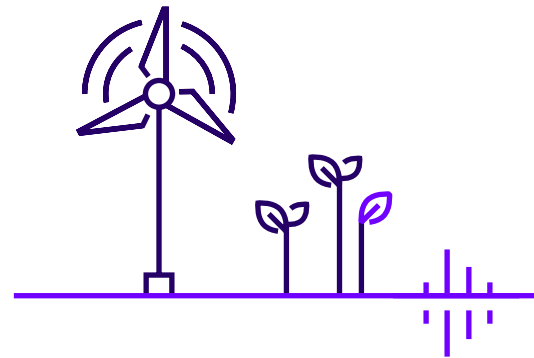
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WS Audiology joined UN
Global Compact in 2020



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Unlocking human
potential by
making **wonderful
sound** part of
everyone's life



WS Audiology is an ambitious company with a dedicated team of people all over the world who want to bring wonderful sound to all. That is our purpose, and it drives us in everything we do.

It is our goal to become an industry leader and with that ambition comes a lot of responsibility: for our people, their jobs, our strategy, our financial health, and the company culture. Today, that is no longer good enough.

To become a true leader, we must also lead in sustainability. We have set the objectives to become the most environmentally friendly hearing aid company, the most diverse hearing aid company and the hearing aid company that serves the most people, doing more than anyone else to realize our purpose.

Since the merger between Widex and Sivantos over two years ago, we have served over 5 million people

with hearing aids. We have now set the target to have served at least 20 million people with hearing aids by 2025.

An essential part of our sustainability strategy is to increase awareness, access, and affordability. Many people are not aware enough of the importance of good hearing, for their mental health for instance. And the stigma of wearing hearing aids sometimes holds them back, even if they are aware. We are already working on this by designing more attractive looking hearing aids. In many places in the world people have no access to hearing aids, while the need is very high. And for a lot of people hearing aids are not affordable. It is our ambition to change that in line with our purpose.

Another top priority is the environment. We are committed to increasing the share of renewable electricity and to be carbon neutral by 2025.

And we will continue to further diversity. Of course, diversity is meant in the broadest sense, but special attention will be given to gender diversity.

We are committed to the Ten Principles of the United Nations Global Compact (UNGC). We actively contribute to the UN Sustainable Goals (SDGs).

We have set clear ESG and sustainability goals. We have dedicated people. And we have an inspiring purpose. As CEO of WS Audiology I feel the responsibility on my shoulders to make this all happen. And I am grateful that the owners of WSA support and stimulate us to achieve our objectives as fast as possible.

We owe this to our customers, our people, our families, our children.

We must all change, and we must do it quickly. That is our commitment as WS Audiology, that is my personal commitment.

Eric Bernard

President and CEO
30 June 2021

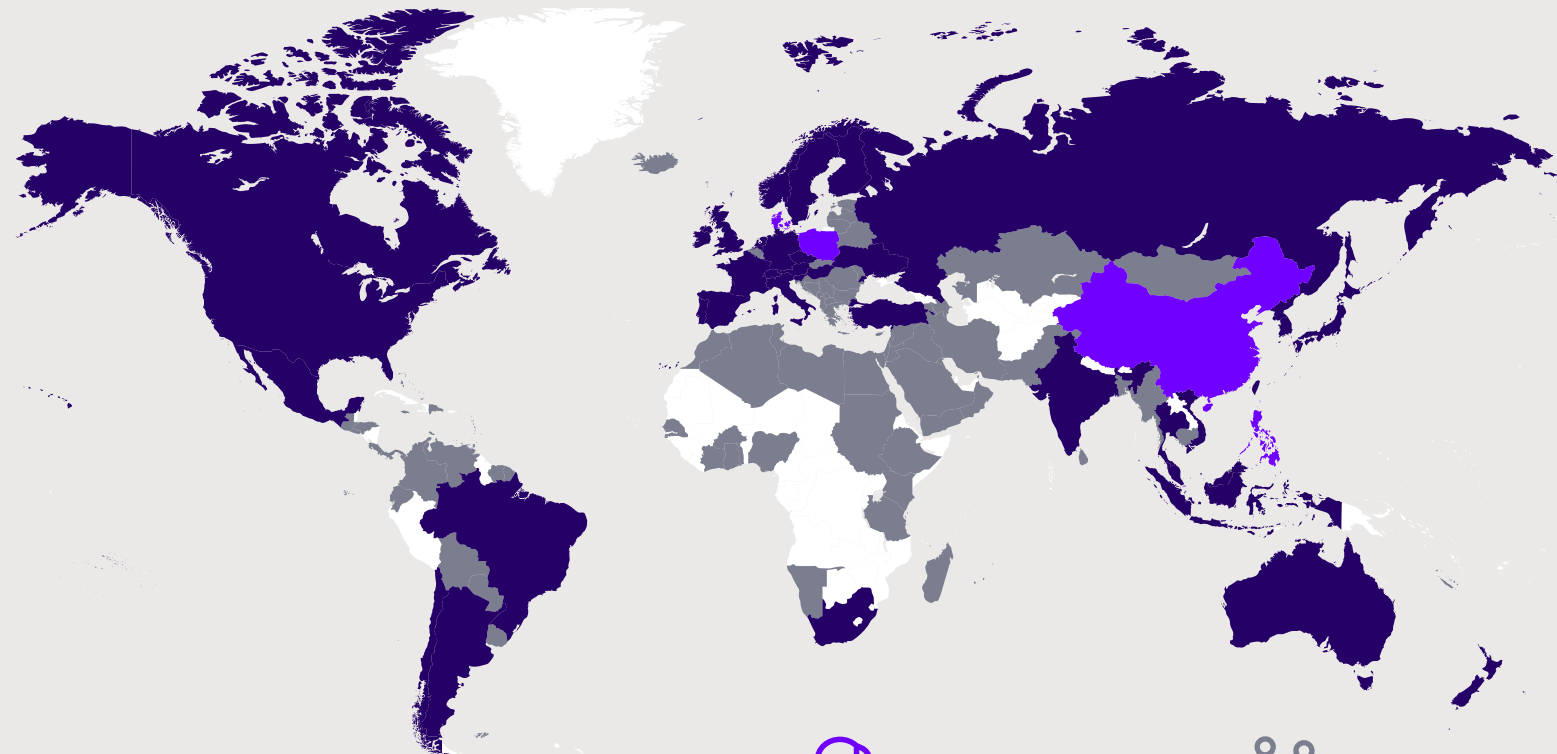


We have set clear ESG and sustainability goals. We have dedicated people. And we have an inspiring purpose. As CEO of WS Audiology I feel the responsibility on my shoulders to make this all happen.

At a glance

WS Audiology is a global leader in the hearing aid industry. **We help millions of people** regain and benefit from the miracle of hearing by designing and manufacturing innovative hearing aid devices and services. We improve people's health, well-being, and quality of life as we strive to unlock human potential by making wonderful sound part of everyone's life.

Through our global customer network of thousands of hearing care providers, as well as through our own retail, we help increase the awareness of hearing challenges and facilitate access to professional care.



WS Audiology is headquartered in Denmark and Singapore and has more than

11,000
employees in
43
countries.



Our
5

main production sites are in Denmark, Singapore, China, Poland and the Philippines.



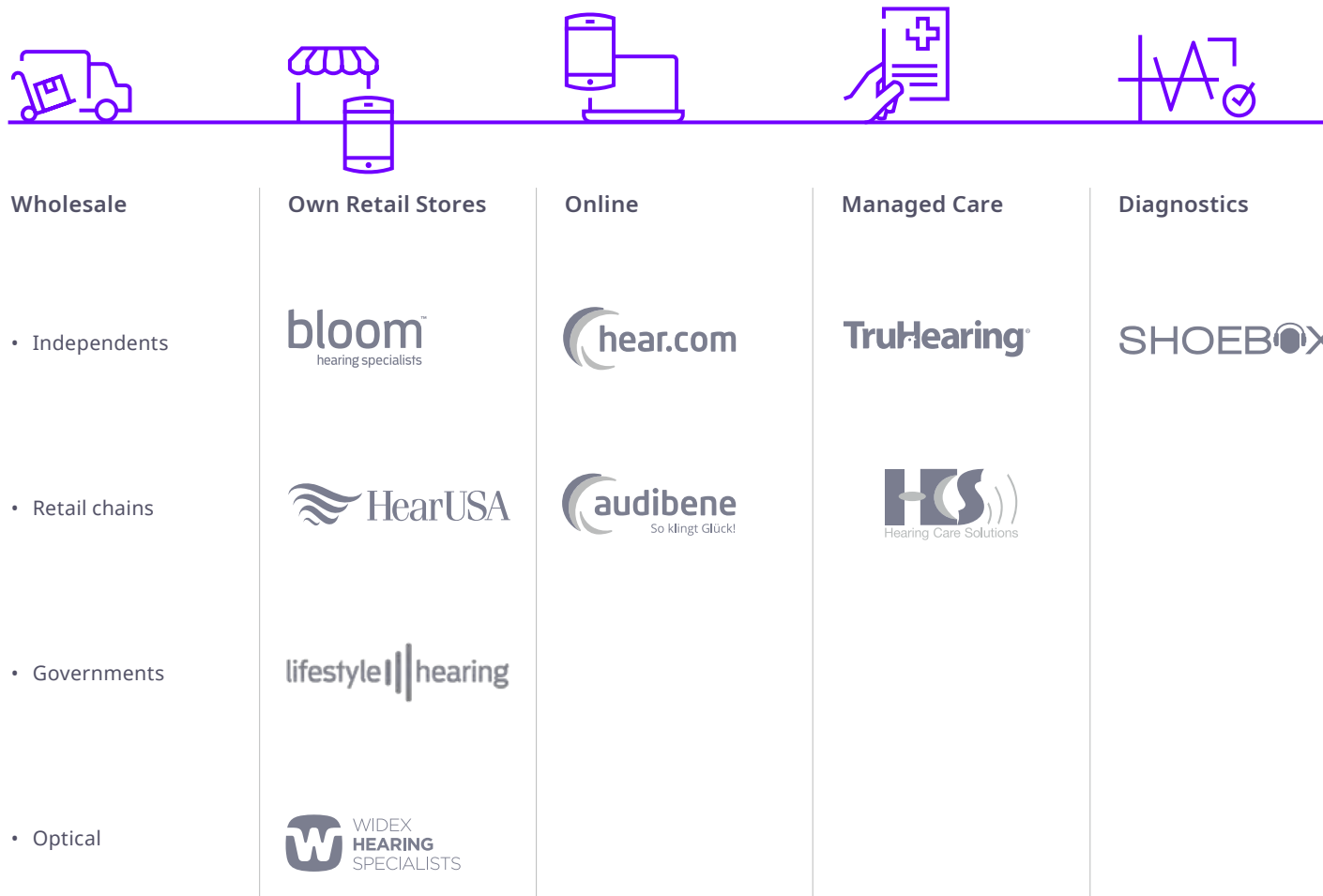
Since the inception of WSA until the end of the reporting year 2020, we have sold hearing aid devices to

3.9 million
of people in more than
130 countries.

- Countries with main production
- Countries with our presence
- Countries we serve with our hearing solutions

WSA Business Models

We have multiple, mutually reinforcing business models to support the hearing impaired and hearing care providers.



WSA Product Brands

Broad product portfolio, managed independently with clearly distinct value propositions



Sustainability strategy

Our sustainability strategy is
driven by impact



**3.9
million**

people with hearing loss
were served with our
hearing aids since the
inception of WSA to the
end of the reporting year
2020.

See page 42 for account-
ing principles.

We strive to make wonderful sound part of everyone's life and contribute to the health and well-being of millions of people while growing our business. We aim to reduce inequality by ensuring access to affordable hearing care. Moreover, we raise awareness of hearing health as a global challenge and break down the stigma around wearing hearing aids.

We are committed to creating a positive impact for all employees of WS Audiology. After establishing WS Audiology through a merger of two companies, we embarked on a culture journey to define our core values, and it is crystal clear that diversity and inclusion are key for us to be successful.

We want to minimize our negative impact on the environment by reducing energy and resource consumption, waste generation and overall CO₂ emissions.



Wind turbine at our
HQ in Lyngø, Denmark

Sustainability goals

We actively contribute to the following Sustainable Development Goals (SDG) and specific targets:



Goal 1: Awareness



We make people aware of hearing health and hearing solutions that fit personal needs.

Goal 2: Accessibility



We make it easy to get hearing solutions wherever people are.

Goal 3: Affordability



We bring relevant hearing solutions to all people, through technology and commercial innovation.

Goal 4: Diversity & inclusion



We foster the inclusion of people with diverse views, opinions, and backgrounds.

Goal 5: Environment



We take care of the planet we live on, and we therefore evolve towards circular business models.

Responsible business

Sustainability is in everything we do

We continue to ensure responsible business conduct. We make sure we are compliant with laws and have special attention for human rights, labor rights, and anti-corruption.

Employee engagement



We ensure a high workplace satisfaction and actively engaged employees, while reducing employee turnover.

Talent attraction, development, and retention



We attract, develop, and retain the talents who are the key drivers to deliver on our purpose.

Human rights & labor rights



We respect human rights. This is fundamental to our way of doing business.

Supplier code of conduct and due diligence



We ensure our suppliers live up to our expectations related to environment, human rights, labor rights and business ethics.

Business ethics & anti-corruption





We are committed to working against corruption in all its forms, by always acting professionally, fairly and with integrity.

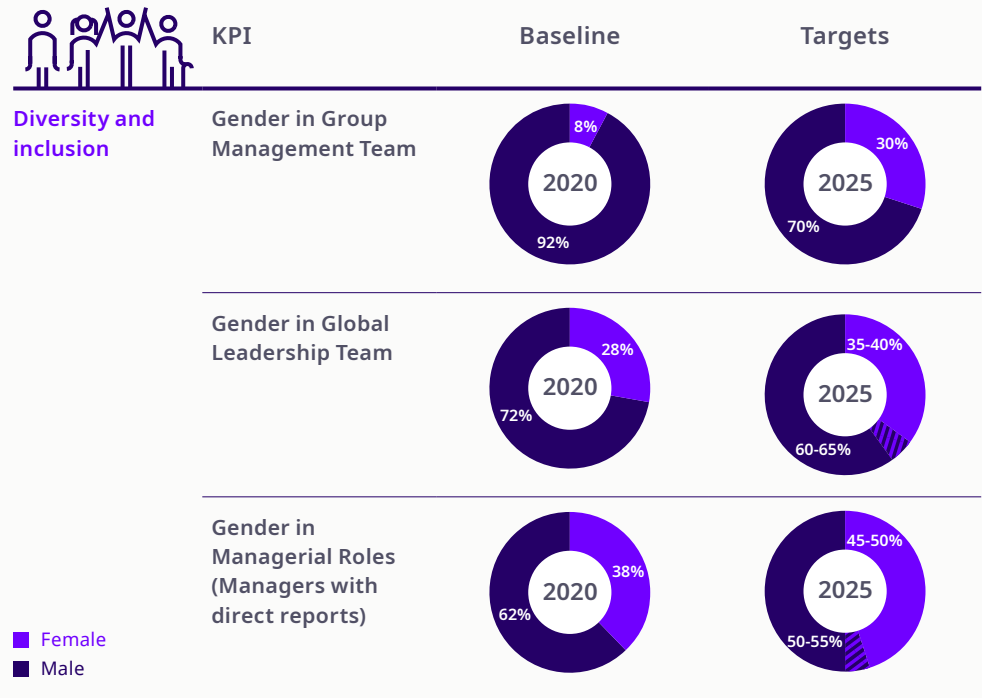
Governance & accountability



We set up a strong sustainability governance to ensure the sustainability programs are anchored in the organization.

Sustainability targets and highlights

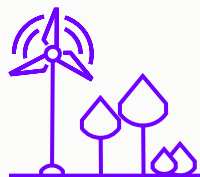
 	KPI	Baseline Accumulated number	Targets Accumulated number
Awareness	Additional people that become aware of hearing loss through Shoebox online and offline screening	1.1 million (by 2020)	500 million (by 2030)
Accessibility	People served with hearing devices	3.9 million (by 2020)	20 million (by 2025)
Affordability	People served with affordable hearing devices	725,000 (by 2020)	4 million (by 2025)



See page 42 for accounting principles.

Sustainability targets and highlights

	KPI	Baseline	Targets
Reduce greenhouse gas emission	Share of renewable electricity directly consumed by WSA	16% (2020)	100% (2025)
	GHG emission scope 1 (CO ₂ -eq t)	6,809 (2020)	Carbon neutral in our own operation (2025)
	GHG emission scope 2 location based (CO ₂ -eq t)	13,335 (2020)	Carbon neutral in our own operation (2025)
	GHG emission scope 3 (CO ₂ -eq t)	463,400 (2020)	Set science-based target across all scopes (2023)

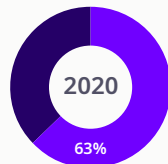


Circular economy and clean production

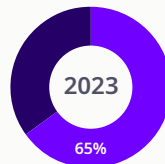
KPI

Reused components of returned hearing devices to repair hearing devices

Baseline



Targets



- Reused components
- Non-reused components



Human Rights

KPI

Human rights due diligence

Baseline

No human rights violation

Targets

Fully align management system with UNGP (2023)

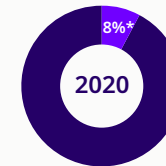


Supplier code of conduct and due diligence

KPI

Percentage of high-risk suppliers audited

Baseline



Targets



* Number of audits reduced significantly comparing to previous year due to COVID-19 travel restrictions.

Create positive impact

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We work to raise awareness of hearing loss and provide pioneering technology and services that encourage and enable more people to live a better life.

Maarten Barmantlo,
Chief Marketing Officer

Raising **awareness** and breaking barriers

According to the World Health Organization (WHO), the majority of people suffering from disabling hearing loss are not equipped with hearing aids

By 2050, WHO projects that 1 in 4 people will be living with some degree of hearing loss. Yet, many people are not aware of their hearing loss. Through our online platforms, we make hearing tests available to people, wherever they are.

Shoebbox portable cloud-based solutions allow people to take tests virtually anywhere. This solution was originally designed to serve remote areas and continues to enable hearing testing during the COVID-19 crisis.

We also work to provide hearing aids that fit with personal needs and styles of people who suffer from hearing loss but are limited from accessing care for their condition due to lack of accurate information and stigmatizing attitudes to ear diseases and hearing loss. We continue to develop and launch hearing aids that break down the stigma and make hearing care acceptable for more people.

Goal 1:

Awareness



Goal 2:

Accessibility



Signia is about iconic innovation, challenging the status quo, consumer excitement, empowerment, and inclusion. We want to make sure that nobody feels left out when they look for a hearing solution that fits with their unique needs and styles.”

Samy Lauriette,

VP and Global Head of Brand Signia





Widex Moment provides the purest, most natural, and undistorted sound ever heard in a hearing aid.



Signia Styletto X comes with an award-winning uniquely stylish design*. The world's first hearing aids with acoustic-motion sensors enable people to hear clearly wherever they go and be an active part of every conversation.



Signia Silk X is nearly invisible in the ear for complete discretion. It is one of the world's smallest hearing aids and an ideal hearing solution for people who value discretion above all.



To maximize satisfaction with hearing aids, Widex believes that even when listening through a hearing aid the sound must be as natural and un-changed as possible. This dedication to sound is seen in our rich heritage of delivering the ultimate sound quality.”

Wibke Madsen,
VP and Global Head of Brand Widex

* Red Dot Design Award 2019 for Styletto Connect, iF Design Award 2019 for Signia Styletto

Move towards our ambition of bringing wonderful sound for **All**



1.1 million

people become aware of hearing loss through Shoebox online and offline screening, in addition to the people whose hearing is screened in our retail shops, since the launch of Shoebox screening tools until end of the reporting year 2020.



725,000
people served with affordable hearing aids since the inception of WSA until the end of the reporting year 2020.

See page 42 for accounting principles.

Goal 1:
Awareness

Goal 2:
Accessibility

Innovation for all markets

Goal 3: Affordability



With an entrepreneurial mindset, we challenge the status quo to improve people's lives around the world, and we always aspire to be at the forefront of innovation in every sense.

WS Audiology has the ambition to bring relevant hearing solutions to all people, through technology and commercial innovation. We continue to develop excellent hearing instruments with innovative features and fantastic sound quality for everybody.

We have the industry's strongest R&D team with over 900 employees. The team has already delivered a wealth of new platforms, form factors and designs resulting in a portfolio of 210 affordable products. And we continue to develop affordable hearing aids to meet the needs of people all over the world.

Moreover, we innovate beyond the product. Through commercial innovation, we bring complete and affordable hearing solutions to new markets.

We have served more than 800,000 people in China, India, Southeast Asia, South America, Eastern Europe, Middle East, and Africa with our hearing aids during the past year. We will continue to innovate to bring wonderful sound to all.



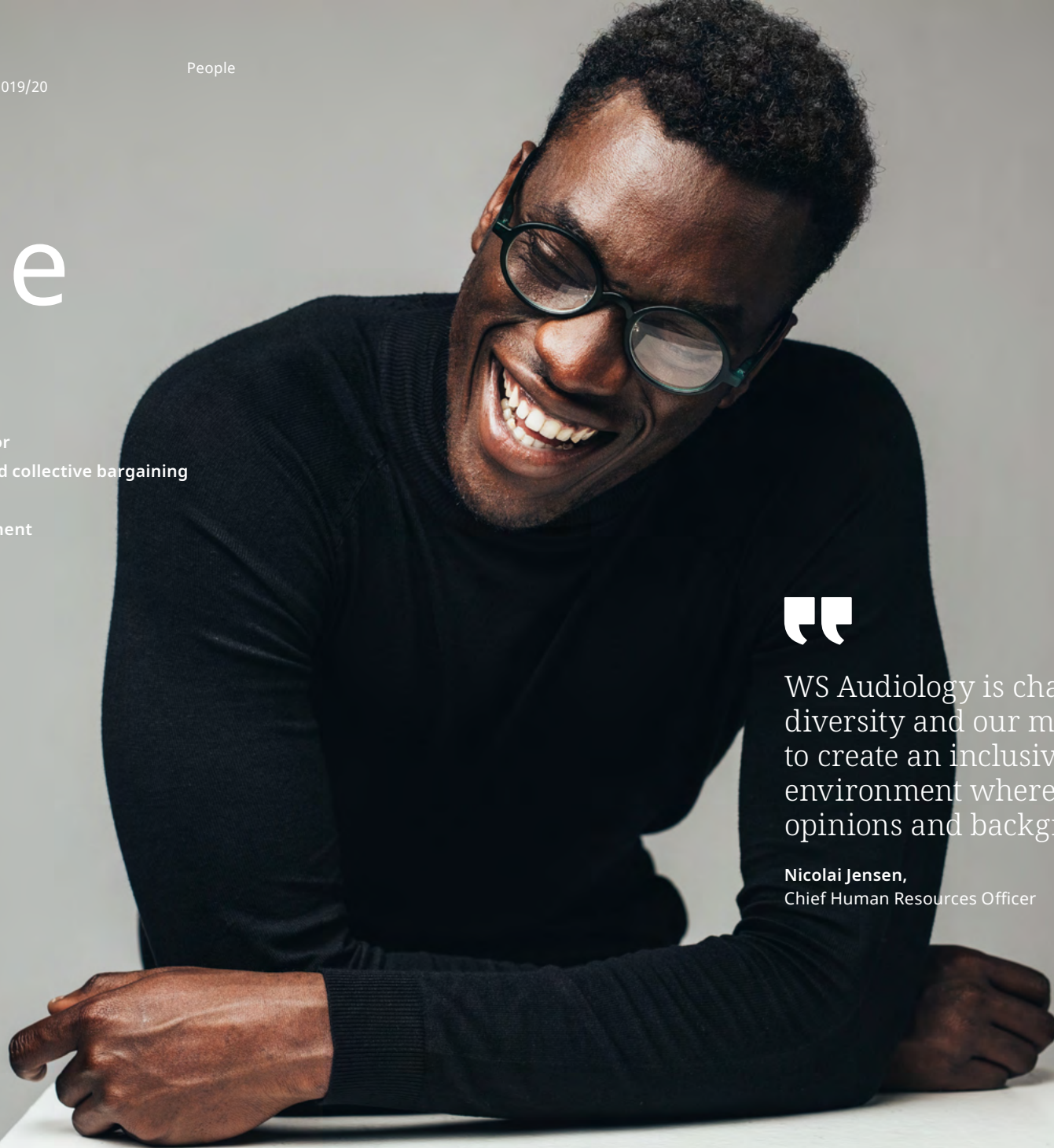
People

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WS Audiology is characterized by diversity and our mutual commitment to create an inclusive working environment where diverse views, opinions and backgrounds are valued.

Nicolai Jensen,
Chief Human Resources Officer





People

We recognize that we are responsible for the impact of our business activities on our employees, collaboration partners and the people in the communities where we operate.

Our [Code of Conduct](#) reflects our belief that respecting human rights is fundamental to doing business. We support the ten principles of the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, and the principles defined within the International Labor Organization Core Conventions.

We are aware of the risks of human rights violations across our value chain and act on this responsibility by exercising our influence to promote and protect the human rights of all those we work with. We continue to monitor and mitigate any labor rights risks through complying with national legislation, having open and honest relationships with employees, and respecting their right to be informed, heard and to voice their concerns in an open and transparent manner.



72

unique nationalities
are represented
among our employees

Diversity & Inclusion

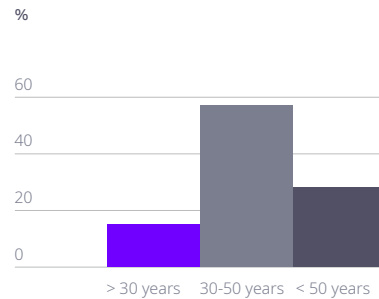
We have a diverse group of employees in terms of nationality and age. 72 unique nationalities are represented among more than 11,000 employees, and the age distribution is varied with 15% of our employees being below the age of 30, 57% between the age of 30-50 and 28% above the age of 50.

Our diversity enables us to better understand and serve our customer base, and we are committed to creating an inclusive working environment where diverse views, opinions and backgrounds are valued.

In 2020, we launched WS Audiology Team for Inclusion, Diversity, and Equality (TIDE) in our US organization. 11 colleagues were selected by a committee to be the first members of the TIDE Council, which steers our efforts to further improve inclusion.

Our Group Management is comprised of 13 members representing 9 nationalities with an 8% share of women by end of FY19-20. The share of women in Group Management and other managerial positions across the Group is not at the desired level. We focus on ensuring that gender diversity is promoted and endeavor to have several options in terms of gender and nationality when candidates are proposed, especially when we hire for leadership positions. In addition, we ensure that the compo-

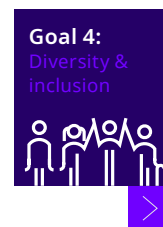
Diverse group of employees



sition of gender and nationality at leadership courses is monitored and calibrated.

The Board of Directors currently consists of ten members. In 2019, we set a target of having two female members of the Board of Directors by 2022. In 2020, Karen Prange joined the Board of Directors, and in 2021, Malou Aamund was appointed as well.

In September 2020, we launched our Group Harassment Free Policy. It demonstrates our commitment to providing a safe environment for all employees, free from intimidation on any ground and from harassment at work. We keep our grievance mechanism open to any complaints related to harassment, and we seek anonymous input through engagement surveys.



We foster the inclusion of people with diverse views, opinions, and backgrounds.



Employee engagement

We want to ensure high workplace satisfaction and actively engaged employees, while reducing employee turnover.

In October 2019, we completed the first WSA employee engagement survey facilitated by the Great Place to Work Institute®. It surveyed all employees in the merged company with a response rate of 87%. Employ-

ees were asked for their feedback on three key relationships that make a Great Place to Work®: Management, Employee and Job. These were measured on Credibility, Respect, Fairness, Pride and Camaraderie. WS Audiology's overall score was 65%, and in six countries, we attained a Trust Index® of more than 70% to be certified as a Great Place to Work®.

Child labor and forced labor

The risk of child labor and forced labor in our own operation is low as we deploy thorough hiring procedures, ensuring that we have no child labor or any forms of forced and compulsory labor in WSA.

The risk of child labor and forced labor in our supply chain is relatively higher than in our own operation. Please read how we manage the risk through our supply chain due diligence on page 30.

Health and safety

WS Audiology is committed to providing safe and healthy working conditions for our employees, contractors, and visitors, and systematically eliminating hazards and reducing risks as emphasized in our [Environmental, Health & Safety Policy](#).

We have established a management system in accordance with OHSAS 18001 at our manufacturing sites in Singapore, China, Poland, and Denmark, covering the design and production of hearing aids and their components.

Freedom of association and collective bargaining

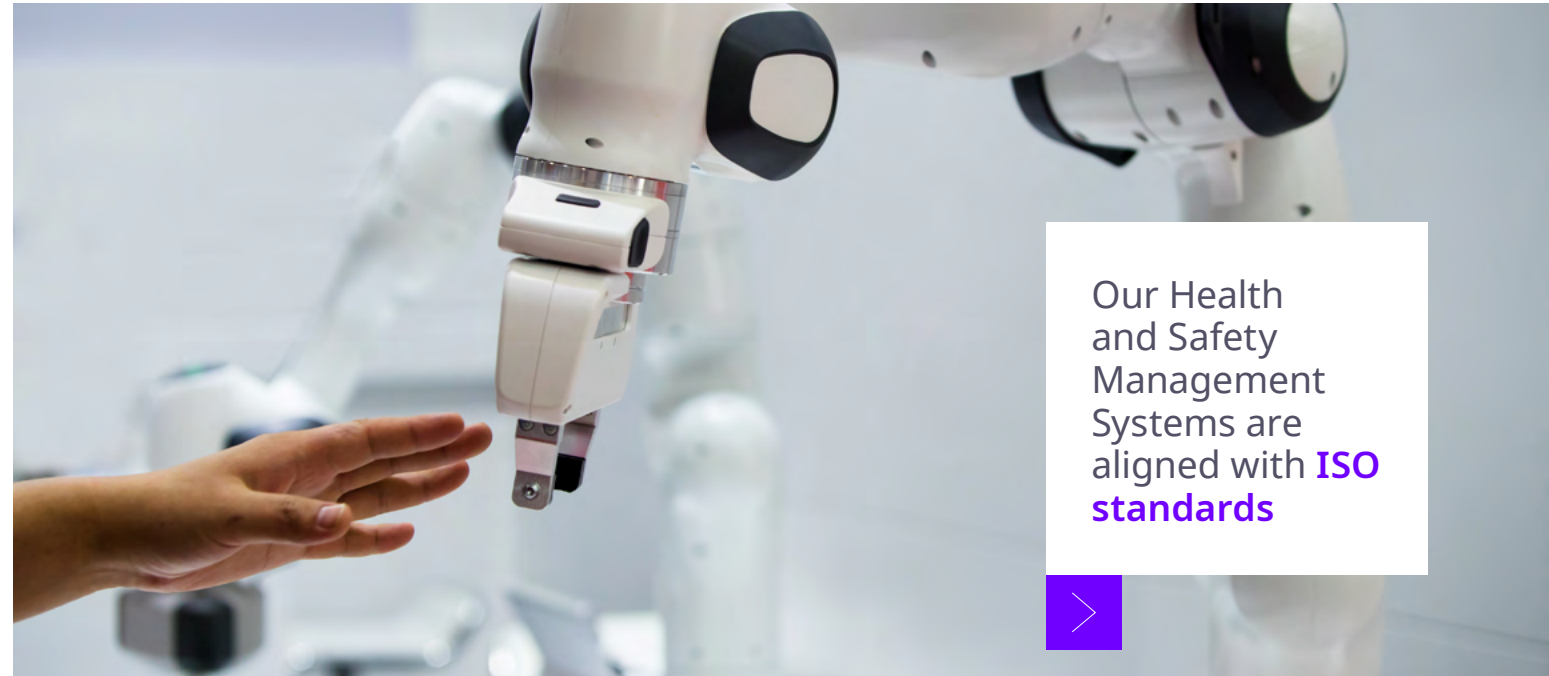
We respect our employees' freedom of association and their rights to collective bargaining also in countries of operation where these rights are not inherent. The employee representatives in workers councils in selected countries continue to facilitate the dialogue between the company and employees regarding employment conditions.



of employees are covered by collective bargaining agreements.

Human rights impact assessment

We will invite external independent human rights experts to conduct a human rights impact assessment of WS Audiology in 2021. This will help us to validate our management approach on human rights topics and identify areas to drive continuous improvements.



Our Health and Safety Management Systems are aligned with **ISO standards**



Local community engagement

Helping others fully participate in life again is a great motivation for many of the employees who work for us.

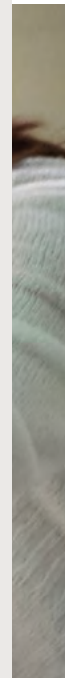
We adhere to an “every-step-counts” approach and encourage all employees to participate in any activity that makes a positive difference. We have a broad scope of engagement that has been driven by the passion of our people.



CASE

Long-term cooperation with Lions Club

We work with the German Lions on the “Help for Little Ears” project, providing people in need with hearing aids and a chance to live independently. Through the project, implemented by the Lions Club Kelkheim, around 30,000 hearing aids from WS Audiology and other manufacturers have already been fitted to patients in many parts of the world. The hearing aids are passed on to charitable aid organizations for suitable projects. On-site specialists adapt the devices to the patients individually.



CASE

Disaster relief in Lebanon

On 4 August 2020, a terrifying explosion ripped through the heart of Beirut, killing around two hundred people, injuring thousands, and damaging the hearing of many. WS Audiology donated 100 Widex Dream hearing aids to Lebanon through one of our local distributors to help those in need.



Planet

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We want to be the best in servicing our end-users and partners, while simultaneously caring for our planet by reducing emissions, raw material consumption and re-using as many components as possible.

Roberto Di Fiore,
Chief Operation Officer



Planet

Our environmental and climate impact is mainly related to material consumption for manufacturing our products, waste from our operations and packaging, electronic waste generated when our products are replaced as well as overall greenhouse gas emissions. Even though our products are small and energy consumption is limited, we still endeavor to improve resource efficiency and minimize our impact.

Our [Environmental, Health & Safety Policy](#) underlines our commitment to ensuring that our product life cycle contributes to a sustainable future by continuously reducing our impact on the environment and climate.

Goal 5:
Environment



Clean Production

Our main production sites in Singapore, China, Poland, and the Philippines have implemented environmental management systems according to ISO standards. Our production site in Denmark is currently in the process of being certified.

We monitor relevant laws and regulation to ensure compliance and work to continuously reduce water and energy consumption as well as waste generation. The effectiveness of our environmental management system is reviewed by management and through internal and external audits.

We ensure that hazardous waste is collected and disposed of in accordance with applicable regulation, and we continuously improve the data

quality pertaining to non-hazardous waste and work to increase the recycling rate.

The production of hearing aids is not intensive in terms of energy or water consumption. However, we are committed to reducing energy consumption and increasing the use of renewable energy.

One of our two headquarters, just outside Copenhagen in Lyngø, was designed to impact the surrounding environment as little as possible. The building has a geothermal system that uses groundwater as a heat reservoir to store heating and cooling for an entire year's consumption. A windmill rises above the headquarters, delivering excess energy to the electricity grid. The building is carbon neutral.



We are happy to see that our employees are becoming increasingly aware of the environmental impact of what we do, since our manufacturing was certified in accordance with ISO 14001.

Wilson Zheng,
Global EHS Officer



Our Environmental Management Systems are aligned with **ISO standards**

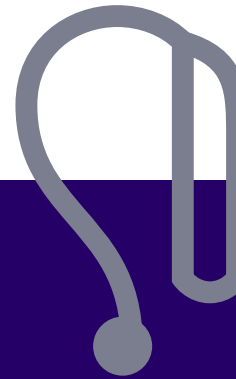
Product design

WS Audiology has always been a pioneer in hearing aid technology and the inventor of many world firsts – especially in the field of rechargeable hearing solutions, which save hundreds of batteries for one hearing aid user.

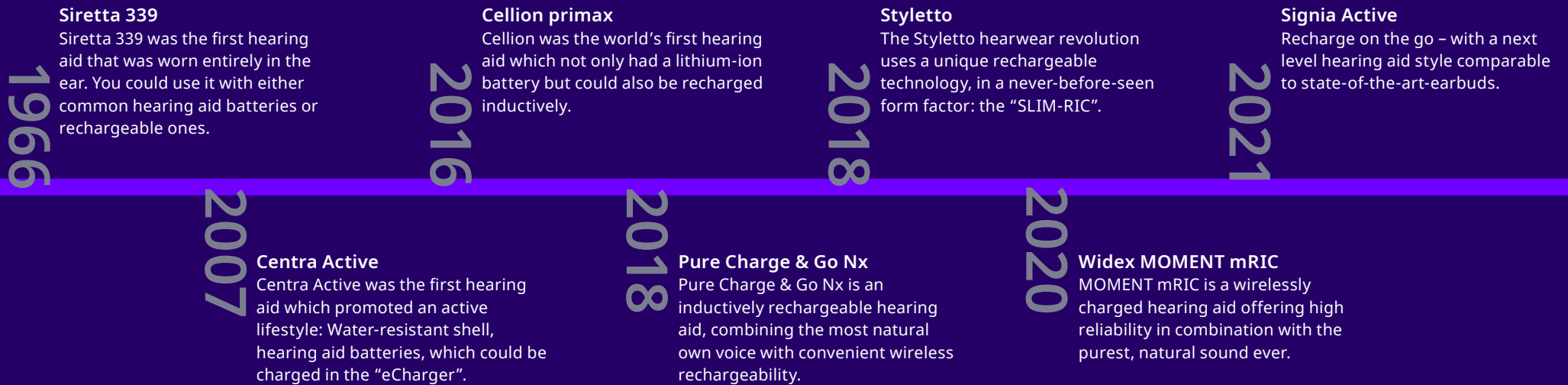


30%

Share of rechargeable hearing aids sold in FY19-20



But the **history** of our rechargeable hearing aids is much longer:

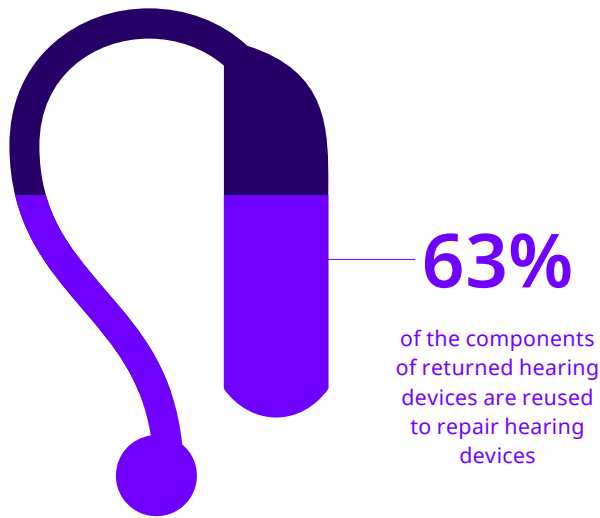


Circular business model

We are committed to transitioning to a circular business model re-using materials to the extent possible.

63% of the components of returned hearing devices are reused to repair hearing devices. All reused parts have been thoroughly tested. We respect applicable regulatory frameworks where some do not allow for 100% re-usage.

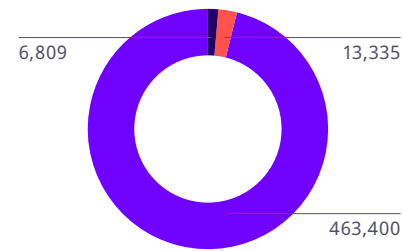
The remaining parts are sent for recycling.



Greenhouse gas emissions

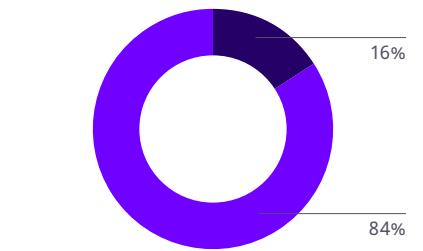
We are working to improve our energy efficiency and reduce our greenhouse gas emissions, and in 2020, we assessed WS Audiology Group's greenhouse gas emissions. The data confirm that the emissions of our own operation (scope 1 and 2) are limited, while most of the emissions are in the value chain (scope 3).

Total emissions – Scope 1, 2, & 3 (tCO₂e)



- Scope 1
- Scope 2
- Scope 3

% share of Renewable Electricity



- % of Renewable electricity
- % of Non-renewable electricity

Our Climate Targets

We have committed to set climate targets in line with limiting the global temperature rise to 1.5°C. We have the ambition to achieve 100% renewable electricity directly consumed by the Company and to be carbon neutral in our own operations by 2025.



Set science-based target across all scopes (2023)



100% Renewable electricity directly consumed (2025)



Carbon neutral in our own operation (2025)

Business ethics and compliance

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We adhere to strict business ethics principles and work closely with our suppliers to ensure compliance with comprehensive regulatory demands as a medical device company.

Dawn Seah,
Chief Legal Officer

Business ethics

We are building a true global leader in our industry on a foundation of healthy business ethics and a well-structured approach to compliance across our Group.



We take a zero-tolerance approach to corruption, including fraud and bribery.

Anti-corruption

We are committed to working against corruption in all its forms, by always acting professionally, fairly and with integrity.

We take a zero-tolerance approach to corruption, including fraud and bribery. This commitment and zero-tolerance approach are entrenched in our [Code of Conduct](#) ("Code"), which guides the organization and employees in conducting their day-to-day business.

Anti-corruption considerations are an integral part of our business partner handling process, and we continue to ensure that our partners acknowledge and respect their responsibility when doing business with us.

The main risks related to our activities include employees' and

business partners' violation of our anti-corruption commitment and the resulting potential legal and financial consequences. We have established multiple measures, such as vetting of all suppliers and ad-hoc evaluations, to ensure that there is zero tolerance of any corrupt behavior in our business.

Our Code, internal policies and trainings set the basis for our system, which is designed to prevent, detect, and respond to potential violations of anti-corruption and bribery regulations. All employees at WS Audiology must read and become familiar with our Code, as its principles need to be a part of their daily work. Employees who are required to deal with customers, government-related bodies and other relevant stakeholders are provided with regular additional training.



Anti-competitive behavior

We adhere to antitrust laws and ensure fair competition.

We achieve our market position through the outstanding quality of our products as well as our performance. We make sure that we do not discuss any antitrust-relevant information with competitors, suppliers, or customers. Further, we do not participate in any discussions or

enter into agreements with competitors that could result in a restriction of competition. We do not use our position in the market to discriminate against others through unfair business practices. In addition, our Ethical Guidelines in Competitive Intelligence governs us when collecting information about competitors in an ethical manner. Our approach is aligned with SCIP*.

* Strategic & Competitive Intelligence Professionals (SCIP)
<https://www.scip.org/page/Ethical-Intelligence>

Grievance Mechanism

We are committed to fostering an environment where our employees can ask questions and raise issues or concerns about business ethics and other topics without fear of retaliation.

Employees can raise concerns to their managers, Legal Compliance Advisor, Regional Compliance Officer, Human Resource Department. Employees, and third parties can raise concerns to tell-us@wsa.com and/or an external Ombudsman anonymously.

We follow up on every reported violation with internal compliance investigations when justified by supporting evidence. Upon completion of an investigation, we propose solutions for any identified issues and ensure they are carried out. We also respond to incidents of employee misconduct with appropriate disciplinary action.

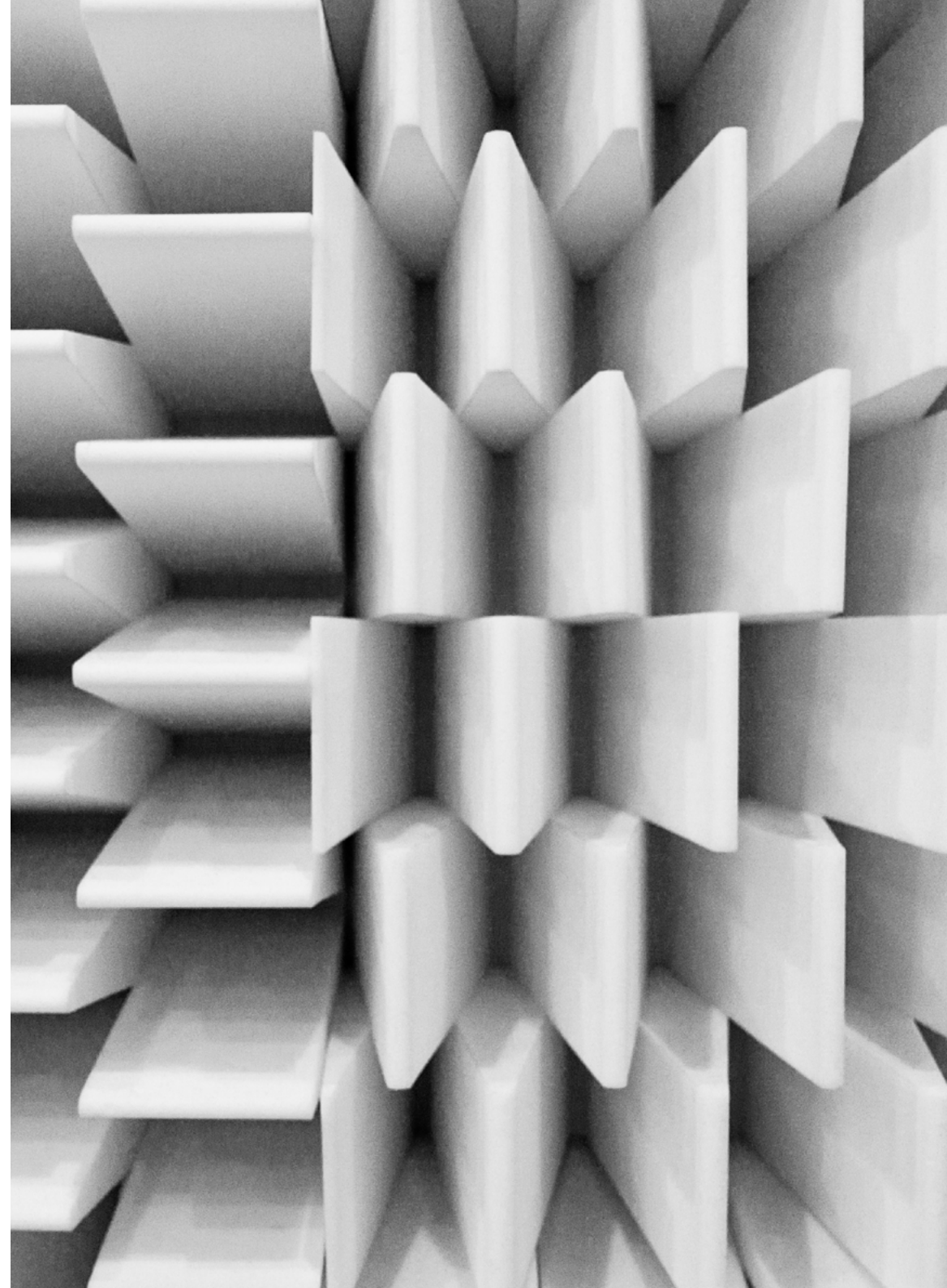


We have a policy of “zero tolerance” for retaliation. Employees can report issues and concerns in good faith without fear of the consequences.

The Ombudsman investigates every reported matter. If there is any suspicion of violation, especially of criminal nature or in defiance of our Code, the reports will be forwarded to the Group so that we can start investigations immediately. The identity of the informant will not be revealed.

All emails and reporting are always kept confidential to the extent permitted by law and will only be shared on a need-to-know basis with the required person(s) who shall investigate and/or decide on the reported possible violation.

We have a policy of “zero tolerance” for retaliation. Employees can report issues and concerns in good faith without fear of the consequences.





Supplier code of conduct and due diligence

Our supply chain

Our supply chain consists of direct material suppliers and indirect suppliers. The direct material suppliers provide us with batteries, plastics, packaging, components, etc. Indirect suppliers include real estate, facility management, and other service providers.

Our main suppliers are located in Europe, North America, and Asia.

Our Code of Conduct for Suppliers

As reflected in our Code of Conduct, we recognize a range of operational and reputational risks in our supply chain, and we refrain from working with third parties that do not share our commitment to integrity.

The [WS Audiology Code of Conduct for Suppliers](#) reflects our internal values and the expectations of external stakeholders, such as customers, regulators, investors, and the public.

We find business relationships are more productive and effective when they are built on trust, mutual respect, and common values, and seek relationships with suppliers who share our vision.

Risk assessment and supplier due diligence

As part of our sourcing procedure, all potential suppliers that enter tenders must sign the Code of Conduct for Suppliers.

Based on the environmental, social, and governance risks of the countries in which we do business, we concluded that most of our suppliers are of low risk.

We conduct due diligence procedures to evaluate the qualifications and reputation of suppliers and avoid working with suppliers whose standards are incompatible with our Code. Our Supplier Quality Management team audits key suppliers

every second year. Due to travel restrictions during the outbreak of COVID-19, we conducted 3 Supplier Code of Conduct audits in the financial year 2019-2020, whereas we conducted 10 audits in the financial year 2018-2019. Non-compliance was not observed during any of the audits in the financial year 2019-2020 or the prior financial year.

Third party auditors have been appointed to support in auditing high risk suppliers starting from the financial year 2020-2021. The Supplier Quality Management team will continue to audit selected low-risk suppliers to validate the risk threshold.

Read more [WSA UK Modern Slavery Act Statement FY19-20](#).

Product safety, marketing, and labelling

As a medical device company, we understand that product safety must never be compromised as errors in our hearing aids or other devices could lead to significant and potentially life-long damages to our consumers. It is equally important that our consumers get the right information that allows them to use our hearing aids safely.



Our quality management systems in main manufacturing sites are **ISO 13485 certified**.

Product safety

Our [quality policy](#) outlines our commitment to high quality and safe hearing solutions.

WS Audiology's product risk management procedure is certified according to ISO 14971. We are committed to minimizing the residual risks as far as reasonably possible to avoid serious injuries.

Our ISO 13485 certified multi-site Quality Management Systems (QMS) allows global governance and local adaptations to ensure efficient quality management throughout WS Audiology Group.

In addition, by implementing our Product Related Environmental Protection (PREP) procedure, we comply with all legal environmental obligations such as ROHS and REACH, and safeguard consumer health. This is achieved through systematic screening of substances of concern and ensuring that none of them are included in the parts and components delivered by suppliers. All relevant employees are trained to strictly follow the PREP procedure.

Our products are registered according to local regulations. We continuously survey requirements and take

them into consideration when we develop new products.

- Our manufacturing sites in China, Denmark, Germany, the US, and Singapore have all successfully passed the US Food and Drug Administration (FDA) audit inspections since 2018.
- WS Audiology was the first hearing aid manufacturing company that was successfully audited under the EU's new Medical Device Regulation (MDR) and received the new certificates in Q1/2020.

Our post market surveillance system enables us to follow and manage complaints. In case of safety issues, we have a procedure to report to authorities, and if necessary, call back products. Valuable information is fed into the product risk management procedure.

Health and safety impacts are assessed for improvement for all our product categories.

Marketing and labelling

To ensure the veracity of marketing claims, we maintain a claim management practice that establishes the claim type and required data substantiation. Each claim and supporting substantiation are listed in a platform evidence document. Furthermore, each product launch is documented with a Clinical Evaluation.

We ensure that the product safety manual for each product is included in the package to every consumer who purchases our hearing devices.

We have zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling.



Data **privacy** and cyber **security**

WS Audiology is committed to protecting personal data of our customers and digital assets of the company.

Data privacy

We strive to foster a corporate culture of responsibility, respect and trust for personal data and the privacy rights of individuals by complying with all applicable laws wherever we do business.

This is vital to our continued success in an increasingly regulated global marketplace and reflective of our commitment to conduct business in accordance with the highest legal and ethical standards.

WS Audiology ensures through processes, policies, and employees that personal data are collected, stored, handled, disclosed, protected, secured, and destroyed properly and according to good data protection practices. Individuals exercising their rights to rectify, change or

be informed about what data WS Audiology processes from and about them can exercise those rights in compliance with legal and regulatory requirements.

WS Audiology routinely reviews, evaluates, and revises these policies and standards where necessary to address changes to the regulatory environment.

Cyber security

We track developments in the cyber threat landscape and update our control environment to keep abreast of the rapidly evolving cyber risks.

We have developed a cyber security roadmap based on widely used security standards to provide the breadth of the control coverage.

We engage external subject matter experts to validate our cyber security setup and control, and we have implemented 24x7 cyber security monitoring practice and processes.

In the reporting period, we delivered a general security awareness training to more than 5,000 employees via our e-learning platform, and further increased the regularity of our phishing simulation exercises to educate our employees on the identification and response to phishing attacks and malicious spams.

We continue to invest in modern security solutions to stay ahead in the cyber arms race.

Governance and Materiality Assessment

34 Governance

35 Materiality Assessment and Stakeholder Engagement



With more than 900 R&D employees, we always aspire to be at the forefront of innovation, develop unique solutions for unmet needs, and challenge the status quo to improve people's lives around the world.

Stefan Menzl
Chief Research and Development Officer



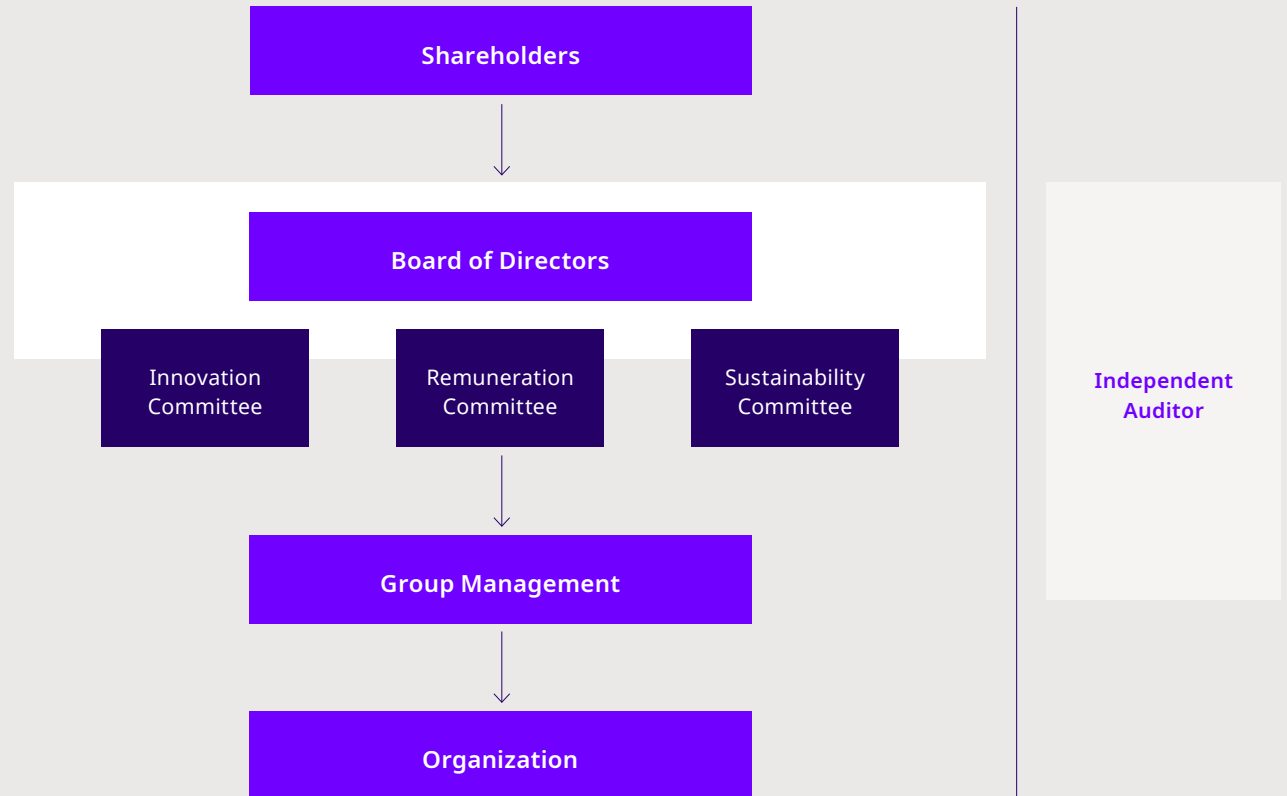
Governance

Our Sustainability Committee is responsible for decision-making on sustainability topics. It consists of 6 members of Group Management, including our CEO.

Each material sustainability topic is owned by the member of Group Management of the respective global function and anchored with a dedicated manager or steering committee within that global function. Our Global Head of Sustainability is the overall sustainability program manager.

The whole Board of Directors reviews economic, environmental, and social topics and their impacts, risks, and opportunities through a materiality assessment every second year. Moreover, the Board of Directors reviews the sustainability strategy and ESG performances twice a year. One Board of Directors member is dedicated to be responsible for economic, environmental, and social topics. This member reviews the sustainability strategy and ESG Performances once a month and reviews the sustainability report.

Corporate Governance Structure



Materiality Assessment and Stakeholder Engagement

We value the inputs and expectations from stakeholders on WS Audiology's sustainability performance. Besides an ongoing dialogue with our stakeholders, we conduct materiality assessments every second year to ensure that stakeholder expectations are considered as part of our sustainability approach.

Materiality Assessment Steps

Step 1 – Identify and group sustainability topics based on

- Sustainable Development Goals,
- Topics and future challenges for the sector reported by peers, competitors, and NGOs,
- Relevant laws and regulations,
- Reporting standards, incl. GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board).

Step 2 – Assess importance of each sustainability topic

Each sustainability topic is evaluated according to the importance for our business and our stakeholders.

A topic is considered important to WS Audiology if it has a direct impact on the financial performance of the Group; if it represents risks or opportunities for WS Audiology; or if our business has a significant effect on the topic.

A topic is important to stakeholders if WS Audiology's performance on the topic has a significant impact on the stakeholders.

Step 3 – Prioritize material topics
Group Management, selected employees, customers, and suppliers are engaged and provide their input to the materiality assessment. The result reflects the collective input. WSA's Board of Directors review the results of the materiality assessment.



Sustainability topics that are important to WSA and its stakeholders

Our materiality assessment results guide the sustainability topics we disclose in this report.

Customers' main concerns are product safety, access to hearing care, awareness of hearing health, human rights, and the supply chain code of conduct and due diligence.

To our **own employees**, innovation and product design, diversity and inclusion, employee engagement, talent attraction, development and retention are of high priority.

Our suppliers put focus on product safety and the supply chain code of conduct and due diligence

Our group management's view is aligned with our customers, employees, and suppliers.

Concerns and priorities raised by stakeholders are addressed and progresses are disclosed in this report. We keep monitoring the topics that are not defined as material but might become more important moving forward.



Material topics

Create positive impact

- 1 Awareness of hearing health
- 2 Affordability
- 3 Access to hearing care

People

- 4 Diversity & Inclusion
- 5 Employee engagement
- 6 Talent attraction, development and retention
- 7 Human rights & labor rights

Planet

- 8 Circular economy and clean production
- 9 Climate action
- 10 Environment - Innovation & Product design

Business Ethics and Compliance

- 11 Business ethics & anti-corruption
- 12 Supplier code of conduct and due diligence
- 13 Product safety
- 14 Ethical marketing
- 15 Anti-trust / anti-competition
- 16 Data privacy & Cyber security

Governance

- 17 Governance & accountability

Our contribution to the **SDGs**

Next to the 5 sustainability goals we have selected ourselves, we also strongly support the following SDG targets:

SDG 3

Target 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.

SDG 5

Target 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.

SDG 8

Target 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.

Target 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

SDG 12

Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

Target 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle.

Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

SDG 13

Target 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.




























Membership Associations



Partnerships for maximizing our impact

Through membership association and partnership with industry peers, we maximize our impact on society.

	Germany	Bundesverband der Hörsysteme-Industrie (BVHI)		Poland	TECHNOMED (Association of Medical Devices Manufacturers)
	France	Audition Solidarité			Polish Association of Hearing Care professionals (PSPS)
	Canada	Hearing Industry Association of Canada		Hungary	National Association of Hearing Aid Manufacturers' Representatives and Distributors
	United Kingdom	The British Irish Hearing Instrument Manufacturers Association (BIHIMA)			Distributors for Health Alliance
	Denmark	Leverandørforeningen for høreapparater		South Africa	South African Medical Technology Industry Association (SAMEDI)
	Sweden	Svensk Hörsel		Argentina	Argentine Chamber of Supplies, Implantables and Medical Equipment (CADIEM)
	Norway	Melanor		Mexico	Mexico City Services and Tourism Chamber of Commerce
	Belgium	Bemedtech			Organización Mexicana de la Audición S.C. (OMA)
	Netherlands	GAIN		Slovenia	Chamber of commerce section of medical device dealers
	Italy	Confindustria Dispositivi Medici (Industry association)		Japan	JAHIMA, JHID
		Danish Business Club Italy (Danish Embassy in Rome)		Australia	Hearing Care Industry Association (HCIA)
	Portugal	Associação Portuguesa de dispositivos Médicos (APORMED)		India	Hearing Aid Association India
	Swiss	Hearing System Manufacturers (HSM)		Europe	European Hearing Instrument Manufacturers Association (EHIMA)
		Swiss Medtech		USA	Hearing Industries Association
	Turkey	Turkish Hearing Aids Manufacturers and Importers Association			
	Russia	SurdoAlliance			

Factbook

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- 53 Assurance letter by third party



ESG Performance

Environmental Performance

	Unit	Targets	FY19-20
Clean production			
Hazardous waste	kg		33,894
Hazardous waste sent for incineration (mass burn)	%		34%
Hazardous waste sent for other disposal method	%		66%
Non-hazardous waste	kg		549,208
Water consumption	ton		24,947
Energy consumption			
Total energy consumption	MWh		61,051
Fuel consumption	MWh		23,434
Electricity, heating, and cooling consumption	MWh		37,617
Share of renewable electricity	%	100% (2025)	16%

Accounting principles

Hazardous waste – The hazardous waste includes both solid and liquid hazardous waste generated in main production sites: Denmark, Poland, Singapore, China, and Philippines. Hazardous wastes are chemical substances are classified as hazardous based on the MSDS card information. The quantity of the hazardous waste is based on the forwarding notes to the authorized vendor. Hazardous waste data in WSA's Annual Report 2020 did not include data from our

site in the Philippines, because data were not available at the time.

Hazardous waste sent for incineration (mass burn) – The chemical substances incinerated or used as fuels. This includes solid hazardous waste (e.g. electronic/electric parts containing hazardous substances).

Hazardous waste sent for other disposal method – Neutralization processes (disassembly, composting, distillation,

transformation) which as a result produce non-hazardous substances or materials.

Non-hazardous waste - Volume of solid non-hazardous waste from production activities in main production sites. The quantity of the hazardous waste in Poland, Denmark, Singapore, and Philippines are based on the forwarding notes to the authorized vendor. The quantity of the non-hazardous waste from site in China will be included in FY20-21 report and onwards.

Water consumption – Overall usage based on water billing information or own counters. Water consumption data from Philippines will be included in FY20-21 report and onwards.

Total energy consumption – Total energy consumption includes fuel, electricity, district heating and cooling consumed on sites that WSA has operational control.

The energy consumption data cover more than 1,000 WSA sites, including more than 100 non-retail sites and more than 900 retail shops. Significant amount of the data is calculated based on actual consumption data

and actual site size (floor area). About 10-20% of the consumption is extrapolated based on estimated store size. These stores are mainly located in Japan, Australia, Hungary, Portugal, Netherland, and UK.

Fuel consumption – This includes natural gas, fuel used by company fleet, and diesel. Company fleet that are owned or controlled by WSA, used for transportation and business trips are in scope. The leased cars that are paid by WSA but used by employees for commute are not in scope. About 50% of the consumption is extrapolated based on estimated site size or fuel consumption by company cars.

Electricity, heating, and cooling consumption – This includes electricity, district heating and cooling consumption.

Share of renewable electricity – This is calculated as renewable electricity consumption divided by total electricity consumption.

Environmental Performance

	Unit	Targets	FY19-20
Greenhouse gas (GHG) emission			
Scope 1 GHG emission	CO ₂ -eq t	Carbon neutral (2025)	6,809
Scope 2 GHG emission (location based)	CO ₂ -eq t	Carbon neutral (2025)	13,335
Scope 2 GHG emission (market based)	CO ₂ -eq t	Carbon neutral (2025)	13,372
Scope 3 GHG emission	CO ₂ -eq t	Set science-based target across all scopes (2023)	463,400

Accounting principles

Greenhouse gas emission – This GHG inventory was compiled in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol. The organizational boundary applied to consolidate WS Audiology's emissions was the operation control approach. No sites have been excluded from the inventory boundary over the reporting period FY19-20.

More than 1,000 WSA sites are in scope based on the operation control approach. This includes more than 100 non-retail sites and more than 900 retail shops. Significant amount of the emission is calculated based on actual consumption data and actual site size (floor area). About 10% of scope 1 and 2

emission is extrapolated based on estimated store size. These stores are mainly located in Japan, Australia, Hungary, Portugal, Netherland, and UK.

Scope 1 GHG emission – Activity data and emissions include on-site stationary combustion of fossil fuel burning equipment (e.g., heating boilers) or process-based emissions (e.g. back-up electricity generators), company-owned or leased vehicles for business trips. Fugitive emissions associated with the use of HVAC equipment are included here

Scope 2 GHG emission (location based) – Following the Scope 2 Guidance from the

GHG Protocol, WSA uses the national or regional emission factors for indirect (Scope 2) emissions defined by the following methods in each relative geography where WSA operates:

- International Energy Agency (IEA) CO₂ Emissions from Fuel Combustion
- For US sites: US EPA Emissions & Generation Resource Integrated Database (eGRID)
- For UK sites: Department for Environment, Food & Rural Affairs (DEFRA) conversion factors

Scope 2 GHG emission (market based) – Based on the latest available emission factors, published by the electricity supplier(s), relating specifically to the carbon intensity of the electricity procured.

- Market-based emission factors for the reporting year 2019-20 were collected by external consultant, along with supporting evidence (such as Energy Attribute Certificates, supplier invoices, etc.) and checked against quality criteria as described in the GHG Protocol

Standard requirements for Scope 2 reporting.

Scope 3 GHG emission – Estimated for the purpose of materiality assessment using the Quantis Tool, linking input data on company activities and expenditures to a combination of economic input-output and process life cycle inventory data. We will conduct detailed scope 3 assessment as the next step.

Due to the nature of WSA's operation, only three greenhouse gases are considered to be released in significant quantities for tracking; CO₂, CH₄, and N₂O. Global warming potentials (GWPs) are taken from the Intergovernmental Panel on Climate Change (IPCC) IPCC Fifth Assessment Report (AR5) using 100-year values. For the current inventory the latest (AR5) values are being used. CO₂ GWP 1, CH₄ GWP 28, N₂O GWP 265.

FY19-20 is the base year for future reporting and target setting. The consumption and spend data of FY19-20 across the group is the best available data after the establishment of WS Audiology.

² <https://quantis-suite.com/Scope-3-Evaluator/>

Social Performance

Creating positive impact

	Unit	Accumulative targets	Accumulative number by FY19-20	FY19-20
Awareness				
Additional people that become aware of hearing loss through Shoebox online and offline screening	Number	500 million (2030)	1.1 million	204,000
Accessibility				
People served with hearing devices	Number	20 million (2025)	3.9 million	2.2 million
Affordability				
People served with affordable hearing devices	Number	4 million (2025)	725,000	390,000

Accounting principles

Awareness – Shoebox' online and offline screening tools capture the number of screening tests completed. Each test is counted for one person. The accumulative number of people tested is counted since the launch of the Shoebox tool in May 2020.

Accessibility – Number of people served is calculated based on hearing devices sales volume and binaural rate. The accumulative number of people served is counted since the inception of WSA in March 2019.

Affordable hearing devices – Number of people served with products of the basic segment and (future) lower price points are considered as our affordable hearing devices. Basic segment is the entry-level segment in the global WS Audiology product portfolio. The number is calculated based on basic segment hearing devices sales volume and binaural rate. The accumulative number of people served with affordable hearing aids is counted since the inception of WSA in March 2019.

People

	Unit	Targets	FY19-20
Diversity and inclusion			
Gender in Board of Directors	% of female	20% (2022)	13%
Gender in Group Management Team	% of female	30% (2025)	8%
Gender in Global Leadership Team	% of female	35-40% (2025)	28%
Gender in managerial roles	% of female	45-50% (2025)	38%
Gender in all employees	% of female		57%
Unique nationality in Group Management Team	Number		9
Employee engagement			
Employee engagement	%	80% (2025)	65%
Talent attraction, development and retention			
Total employee turnover	%	12% (2025)	18%
Total voluntary employee turnover	%	6% (2025)	9%
Health and Safety			
Recordable work-related injuries	Number	0 (target for every year)	10
Fatalities	Number	0 (target for every year)	0

Accounting principles

Board of Directors - the highest governance body of WS Audiology.

Group Management Team – Consists of Group CEO, CXOs and SVPs.

Global Leadership Team – Consists of direct reports to CXOs of grade Directors and Above, Country GM/CEO/MD and Country CFOs.

Managerial Roles – Consists of all managers with direct reports.

All employees – Consists of all employees including operators, retail employees and white collars. Only employees with a permanent working contract will be included.

Unique nationality in Group Management Team – number of unique nationalities among all Group Management members by end of FY19-20. Data in WSA’s Annual Report (8) showed year average.

Employee engagement – Employee Engagement score is a computed score based on the key drivers of engagement defined by the selected engagement platform. The % is the result of the engagement survey that reflects how engaged the employees are. The exact method of generating the % is managed by engagement survey vendor.

Total employee turnover – Total number of employees who left WS Audiology within a 12-months period / Total running average of employees. Total running average of employees is defined as the average of monthly headcount numbers as at the last day of every month.

Total voluntary employee turnover – Total number of employees who left WS Audiology within a 12-months period voluntarily / Total running average of employees. Voluntary leavers are defined as employees who resigned from WS Audiology.

Recordable work-related injuries – Data is consolidated from production sites in Denmark, Singapore, China, and Poland. Data from Philippines will be included in FY20-21 report and onwards. Any work-related injury that results in any one of the following, is considered recordable: 1) Days away from work (lost day cases), 2) Restricted work or transfer to another job, and 3) Medical treatment beyond first aid, loss of consciousness, or diagnosis as a significant injury or illness by a physician or other licensed health care professional. Recordable injury accident data in WSA’s Annual Report 2020 did not include data from our site in Denmark. With the introduction of GRI standards we have harmonized the definition of recordable injury accidents across our main manufacturing sites, resulting in adding 2 cases from our Denmark site in this sustainability report.

Fatality - Number of victims of fatal accident at work. Data is consolidated from the whole company.

Governance

	Unit	Targets	FY19-20
Supplier Code of Conduct and due diligence			
Suppliers audited for their social, environmental and ethical management systems and performances	Number	12 (2021)	3*
Suppliers with significant social, environmental, or ethical non-compliance	Number		0
Suppliers establish improvement plans to rectify non-compliance	Number		0
Business ethics & anti-corruption			
Substantiated breaches of corruption or bribery incident	Number		0

Accounting principles

Supplier Code of Conduct and due diligence – Number of suppliers that are audited against WSA Code of Conduct. The scope of audit includes human rights, labor rights, environment, and anti-corruption. The audits are conducted by Supplier Quality Management team before FY19-20.

Suppliers with significant social, environmental, or ethical non-compliance – Based on the Code of

Conduct audits, the suppliers with significant non-compliances.

Suppliers establish improvement plans to rectify non-compliance – Supplier with significant non-compliances are either terminated or put on improvement plans to rectify the non-compliances.

Substantiated breaches of corruption or bribery incident – Number of corruption or bribery incidents that are substantiated.

* Number of audits reduced significantly comparing to previous year (10) due to COVID-19 travel restrictions.

Certification

We have an integrated management system for quality, health and safety, and environment.

Site	FY18-19	FY19-20
China	ISO 14001 OHSAS 18001	ISO 14001 OHSAS 18001
Singapore	ISO 14001 OHSAS 18001	ISO 14001 OHSAS 18001
Poland	ISO 14001 OHSAS 18001	ISO 14001 OHSAS 18001
Denmark	Not certified	Not certified
Philippines	ISO 14001	ISO 14001



GRI index sheet

Disclosure Number	Aspect	Chapter in Sustainability report or comments
Organizational profile		
102-1	Name of the organization	p1
102-2	Activities, brands, products, and services	p7
102-3	Location of headquarters	Lynge Denmark
102-4	Location of operations	p6
102-5	Ownership and legal form	Privately held stock corporation
102-6	Markets served	p6
102-7	Scale of the organization	WS Audiology Annual Report 2020
102-8	Information on employees and other workers	<p>WS Audiology Group employs 11,206 employees across all entities and countries. The following breakdown data excludes Audibene, TruHearing, Comunicare and Shoebox.</p> <p>3 main regions - Asia Pacific, US, and EMEA, Latam and Canada. We employed 3,255 employees in APAC (99.8% permanent and 0.2% temporary), 1,645 employees in US (99.9% permanent and 0.1% temporary) and 4,408 employees in EMEA-LA-CA (97.4% permanent and 2.6% temporary).</p> <p>3 main groups of employees - White Collars (69%), Manufacturing Operators (14%) and Retail Employees (17%).</p> <p>9,183 permanent employees, incl. 42% male and 58% female. 125 temporary employees, incl. 62% male and 38% female. 8,582 full time employees, incl. 44% male and 56% female. 726 part time employees, incl. 23% male and 77% female.</p>

Disclosure Number	Aspect	Chapter in Sustainability report or comments
102-9	Supply chain	p30
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	Not applicable
102-12	External initiatives	p5
102-13	Membership of associations	p38
Strategy		
102-14	Statement from senior decision-maker	p5
102-15	Key impacts, risks, and opportunities	p35-36
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	WS Audiology values are being defined and will be published in the Sustainability Report covering the financial year 2020/2021.
102-17	Mechanisms for advice and concerns about ethics	p29
Governance		
102-18	Governance structure	p34
102-19	Delegating authority	p34
102-20	Executive-level responsibility for economic, environmental, and social topics	Chief Quality and Regulatory Affairs Officer is overall responsible for Sustainability (incl. economic, environmental, and social topics). This role reports directly to the President and CEO.

Disclosure Number	Aspect	Chapter in Sustainability report or comments
102-21	Consulting stakeholders on economic, environmental, and social topics	p35-36
102-22	Composition of the highest governance body and its committees	As of 30 September 2020, the Board of Directors consisted of 8 members, including 6 independent board members, 1 female member. Average tenure was 17 months. 7 members of the age group of 30-60. 1 member of the age group above 60. No directors represent other under-represented social groups. The members are competent in advising WSA on economic, environmental, and social topics, based on their current and previous experience. One member of the Board of Directors closely guides WS Audiology on sustainability.
102-23	Chair of the highest governance body	Chair of the WSA Board of Directors is independent and not a member of WSA Group Management.
102-24	Nominating and selecting the highest governance body	The members of the Board of Directors are chosen based on their experience and qualifications as well as diversity regarding nationality and gender mix.
102-25	Conflicts of interest	Conflict of Interest Policy. A process has been established for the highest governance body to ensure that conflicts of interest are avoided. Each WS Audiology employee has a duty to make business decisions in the interest of WS Audiology and not be influenced by their own personal interests. For senior employees, the disclosure will be done on an annual basis. Conflicts of interest for senior employees are disclosed to Group Management and/or the Board of Directors.
102-26	Role of highest governance body in setting purpose, values, and strategy	p34
102-27	Collective knowledge of highest governance body	No measures
102-28	Evaluating the highest governance body's performance	No evaluation

Disclosure Number	Aspect	Chapter in Sustainability report or comments
102-29	Identifying and managing economic, environmental, and social impacts	p34
102-30	Effectiveness of risk management processes	p34
102-31	Review of economic, environmental, and social topics	p34
102-32	Highest governance body's role in sustainability reporting	p34
102-33	Communicating critical concerns	p34
102-34	Nature and total number of critical concerns	None
102-35	Remuneration policies	We reward our employees in accordance with market benchmarks, seniority levels and role. Employee remuneration packages are made up of different components including fixed salary, allowances, commissions, short term incentives (based on individual and company performance) and long-term incentives. WS Audiology adheres to the local statutory contribution for each employee. We follow a strict remuneration process where 2-level approvals are required for salary changes (known as the 4 eyes principle). For senior executives, salary is approved via the remuneration committee (REMCO), which comprises of the selected board members. For the Global Leadership Team (GLT), salary changes are approved by the Chief HR Officer and the President and CEO. WS Audiology makes use of salary grading/evolution to ensure that we are on par with market conditions to attract the best talents in our competitive environment. The grading/evaluation exercises are supported and based on the Mercer Salary Grading framework. In addition to compensation, our employees also enjoy a wide variety of benefits including medical, hospitalization, screenings, as well as subsidies such as hearing aids for themselves and their immediate family members. See WS Audiology Annual Report 2020 for more information.

Disclosure Number	Aspect	Chapter in Sustainability report or comments
102-36	Process for determining remuneration	See 102-35
102-37	Stakeholders' involvement in remuneration	See 102-35
102-38	Annual total compensation ratio	Data not for disclosure.
102-39	Percentage increase in annual total compensation ratio	Data not for disclosure.

Stakeholder engagement

102-40	List of stakeholder groups	p35-36
102-41	Collective bargaining agreements	15% of all employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	p35-36
102-43	Approach to stakeholder engagement	p35
102-44	Key topics and concerns raised	p36

Reporting practice

102-45	Entities included in the consolidated financial statements	WS Audiology Annual Report for the financial year 2019-2020, page 93-97.
102-46	Defining report content and topic boundaries	The reporting content and topic is defined based on materiality assessment.
102-47	List of material topics	p36
102-48	Restatements of information	Not applicable. This is the first Sustainability Report of WS Audiology.
102-49	Changes in reporting	Not applicable. This is the first Sustainability Report of WS Audiology.
102-50	Reporting period	1st October 2019 to 30st September 2020
102-51	Date of most recent report	Not applicable. This is the first Sustainability Report of WS Audiology.
102-52	Reporting cycle	Annually

Disclosure Number	Aspect	Chapter in Sustainability report or comments
102-53	Contact point for questions regarding the report	Please call +45 44 35 56 00 and be directed to Sustainability Team
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	GRI content index
102-56	External assurance	Deloitte is appointed to conduct the third-party assurance for this report. Deloitte is also the assurance provider for WSA's financial report. See page 53 for assurance letter.

GRI 205: Anti-corruption 2016

103-1	Explanation of the material topic and its boundary	p28
103-2	The management approach and its components	p28
103-3	Evaluation of the management approach	For the last financial year, there has not been any substantiated breaches of corruption or bribery incidents. No reports were made to the Ombudsman on corruption or bribery incidents in the last financial year.
205-3	Confirmed incidents of corruption and actions taken	Zero incidents.

GRI 206: Anti-competitive behavior 2016

103-1	Explanation of the material topic and its boundary	p28
103-2	The management approach and its components	p28
103-3	Evaluation of the management approach	For the last financial year, there has not been any substantiated breaches of corruption or bribery incidents. No reports were made to the Ombudsman on corruption or bribery incidents in the last financial year.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions pending or completed.

Disclosure Number	Aspect	Chapter in Sustainability report or comments
GRI 302: Energy 2016		
103-1	Explanation of the material topic and its boundary	p24
103-2	The management approach and its components	p24
103-3	Evaluation of the management approach	p40, p44 We evaluate the management approach of material topics through quantified KPIs and internal audits or reviews.
302-1	Energy consumption within the organization	p40
GRI 305: Emissions 2016		
103-1	Explanation of the material topic and its boundary	p26
103-2	The management approach and its components	p26
103-3	Evaluation of the management approach	p41, p44
305-1	Direct (Scope 1) GHG emissions	p41
305-2	Energy indirect (Scope 2) GHG	p41
305-3	Other indirect (Scope 3) GHG emissions	p41
GRI 306: Waste 2020		
103-1	Explanation of the material topic and its boundary	p24
103-2	The management approach and its components	p24
103-3	Evaluation of the management approach	p24, p40, p44

Disclosure Number	Aspect	Chapter in Sustainability report or comments
306-1	Waste generation and significant waste-related impacts	The waste from our own operation includes waste from production, packaging waste from goods received, and living waste. The downstream packaging waste is also a material topic for us.
306-2	Management of significant waste-related impacts	WS Audiology gradually implements the concept of lean production in the production process to control the amount of waste. We monitor waste production every month, identify abnormal data in time and take control measures. Qualified waste disposal suppliers handles our waste legally. p26
306-3	Waste generated	p40
GRI 307: Environmental compliance 2016		
103-1	Explanation of the material topic and its boundary	p24
103-2	The management approach and its components	p24
103-3	Evaluation of the management approach	p24, p40, p44
307-1	Non-compliance with environmental laws and regulations	None
GRI 308: Supplier environmental assessment 2016		
103-1	Explanation of the material topic and its boundary	p30
103-2	The management approach and its components	p30
103-3	Evaluation of the management approach	p43
308-2	Negative environmental impacts in the supply chain and actions taken	p30

Disclosure Number	Aspect	Chapter in Sustainability report or comments
GRI 401: Employment 2016		
103-1	Explanation of the material topic and its boundary	p18
103-2	The management approach and its components	p18
103-3	Evaluation of the management approach	p42
401-1	New employee hires and employee turnover	<p>WS Audiology hired a total of 1,012 employees in the reporting period of which 62% are female and 38% are male.</p> <p>The regional breakdown and age group breakdown of the new hires are similar to the Group distribution.</p> <p>WS Audiology has a total annualized attrition rate of 18.5% of which voluntary attrition rate stands at 9.2% over a 12 months period. A total of 1,458 employees had left WS Audiology over the 12 months period.</p>
GRI 403: Occupational health and safety 2018		
103-1	Explanation of the material topic and its boundary	p20
103-2	The management approach and its components	p20
103-3	Evaluation of the management approach	p42
403-1	Occupational health and safety management system	p20
403-2	Hazard identification, risk assessment, and incident investigation	<p>WS Audiology established the SOP of "EH&S Aspects Impacts and Hazards Risks Assessment" to systematically identify and assess risks in the workplace. The SOP is reviewed at least once a year, and relevant training is carried out to ensure that the evaluators have the relevant competence. In addition, employees are encouraged to report Near Miss incidents at work to identify risks in a wider scope. Our SOP follows ISO 14001 and OHSAS 18001.</p>

Disclosure Number	Aspect	Chapter in Sustainability report or comments
403-3	Occupational health services	WS Audiology has established a risk identification and evaluation system to determine the major risks and control measures.
403-4	Worker participation, consultation, and communication on occupational health and safety	WS Audiology has implemented the EHS management system by establishing an EHS committee, electing/appointing employee representatives, holding regular EHS committee meetings, communicating EHS related information, and ensuring consultation and participation of workers
403-5	Worker training on occupational health and safety	WS Audiology organizes a variety of training programs to ensure that employees are aware of the risks and precautions associated with their jobs, as well as emergency response actions.
403-6	Promotion of worker health	In addition to the basic and mandatory medical insurance, WS Audiology also purchases additional commercial insurance for its employees to provide additional protection for their physical and mental health.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Potential fire hazards can cause significant negative occupational health and safety impacts. WS Audiology protects employees against these risks by setting up fire alarm systems and organizing relevant training and drills.
403-9	Work-related injuries	p42
GRI 405: Diversity and equal opportunity 2016		
103-1	Explanation of the material topic and its boundary	p19
103-2	The management approach and its components	p19
103-3	Evaluation of the management approach	p42
405-1	Diversity of governance bodies and employees	p42. Refer to 102-22 (p46)

Disclosure Number	Aspect	Chapter in Sustainability report or comments
GRI 406: Non-discrimination 2016		
103-1	Explanation of the material topic and its boundary	Own operation and supply chain.
103-2	The management approach and its components	We are committed to non-discrimination and we expect our suppliers to do the same. This is included in our company policies. Our employees can raise complaints through our grievance mechanism.
103-3	Evaluation of the management approach	We evaluate the management of the discrimination topic through employee engagement surveys. Supplier's compliance is evaluated through audits.
406-1	Incidents of discrimination and corrective actions taken	No legal actions or complaint registered with WS Audiology or competent authorities through a formal process including WS Audiology grievance mechanism.
GRI 407: Freedom of association and collective bargaining 2016		
103-1	Explanation of the material topic and its boundary	p20
103-2	The management approach and its components	p20
103-3	Evaluation of the management approach	p20 - human rights impact assessment planned
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of association and collective bargaining. No particular WSA site or supplier is identified as of significant risk of violating workers' rights to exercise freedom of association or collective bargaining.
GRI 408: Child labor 2016		
103-1	Explanation of the material topic and its boundary	p20
103-2	The management approach and its components	p20
103-3	Evaluation of the management approach	p20 - human rights impact assessment planned

Disclosure Number	Aspect	Chapter in Sustainability report or comments
408-1	Operations and suppliers at significant risk for incidents of child labor	Child labor and forced labor Supplier code of conduct and due diligence
GRI 409: Forced or compulsory labor 2016		
103-1	Explanation of the material topic and its boundary	p20
103-2	The management approach and its components	p20
103-3	Evaluation of the management approach	p20 - human rights impact assessment planned
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p20, p30 WSA UK Modern Slavery Act Statement FY19-20
GRI 412: Human rights assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	p20
412-2	Employee training on human rights policies or procedures	Human rights training is planned as a part of the WS Audiology Code of Conduct training in the financial year 2020/2021.
GRI 413: Local communities 2016		
103-1	Explanation of the material topic and its boundary	p21
103-2	The management approach and its components	p21
103-3	Evaluation of the management approach	Our communication department evaluates the quality of local community engagement activities and communicates high quality engagement stories to encourage other colleagues.
413-2	Operations with significant actual and potential negative impacts on local communities	Our operation is located in commercial buildings, with very limited negative impact on local communities, i.e. no human rights (incl. land rights) violation. Water is sourced from municipality water systems, wastes are handled by qualified vendors, and see more about GHG emission on page 26.

Disclosure Number	Aspect	Chapter in Sustainability report or comments
GRI 414: Supplier social assessment 2016		
103-1	Explanation of the material topic and its boundary	p30
103-2	The management approach and its components	p30
103-3	Evaluation of the management approach	p43
414-2	Negative social impacts in the supply chain and actions taken	p43
GRI 416: Customer health and safety 2016		
103-1	Explanation of the material topic and its boundary	p31
103-2	The management approach and its components	p31
103-3	Evaluation of the management approach	p31
416-1	Assessment of the health and safety impacts of product and service categories	100%
GRI 417: Marketing and labeling 2016		
103-1	Explanation of the material topic and its boundary	p31
103-2	The management approach and its components	p31
103-3	Evaluation of the management approach	p31
417-2	Incidents of non-compliance concerning product and service information and labeling	p31

Disclosure Number	Aspect	Chapter in Sustainability report or comments
GRI 418: Customer privacy 2016		
103-1	Explanation of the material topic and its boundary	p32
103-2	The management approach and its components	p32
103-3	Evaluation of the management approach	p32
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	WS Audiology has not recorded non-compliance with data privacy regulations, and no fines have been imposed on WS Audiology.
GRI 419: Socioeconomic compliance 2016		
103-1	Explanation of the material topic and its boundary	p5
103-2	The management approach and its components	p8
103-3	Evaluation of the management approach	p40-44
419-1	Non-compliance with laws and regulations in the social and economic area	WS Audiology has not recorded non-compliance with regulations in the social and economic area, and no fines have been imposed on WS Audiology.

Independent Auditor's Assurance Report

To the Management and stakeholders of WS Audiology

We have reviewed WS Audiology's Sustainability Report 2019/20 ('the Report'), covering global activities from 1 October 2019 to 30 September 2020, to provide limited assurance that:

- The ESG performance data on page 40-44 in the Report have been stated in accordance with the criteria defined by WS Audiology's accounting principles.
- The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Reporting Standards (Core Level).
- The Report has been prepared in accordance with the requirements of the UN Global Compact Communication on Progress Policy.

We express a conclusion providing limited assurance.

Management's responsibility

The Management of WS Audiology is responsible for collecting, analysing, aggregating and presenting the information in the Report, ensuring that data is free from material misstatement, whether due to fraud or error. WS Audiology's non-financial accounting principles contain Management's defined reporting scope for each data type. The criteria for the accounting principles can be found on page 40-44 of the Report.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the ESG performance data on page 40-44 in the Report. Furthermore, our responsibility is to review whether WS Audiology has aligned its reporting with the Global Reporting Initiative (GRI) Reporting Standards Core Level and the UN Global Compact Communication on Progress Policy. We have conducted our work in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements

under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionsselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR-Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed our review from April to June 2021. Our work has included interviews with key functions in WS Audiology, inquiries regarding procedures and methods to ensure that selected ESG data and information have been incorporated in accordance with the accounting principles. We have assessed processes, systems and controls for gathering, consolidating and aggregating ESG data at Group level, and we have performed analytical review procedures and tested ESG data prepared at Group level against underlying documentation. We have reviewed the reported data (some measured, some calculated and

some estimated) as well as evaluated and given feedback on the reliability and validity of the underlying sources, especially of estimated data. We have evaluated the overall presentation of the Report, including the consistency of information. Finally, we have reviewed the Report for adherence to the requirements of the UN Global Compact Communication on Progress Policy, and we have reviewed the Report for adherence to the GRI principles for defining report content and ensuring report

quality as well as the GRI Standards disclosure requirements.

We have not performed site visits, nor have we performed any assurance procedures on economic or financial data or on certain data models supplied to WS Audiology (e.g. for scope 3 emissions) or on forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

Conclusion

Based on our work, nothing has come to our attention causing us not to believe that:

- the ESG performance data subject to our review have been stated in accordance with the criteria defined in the accounting principles. Certain environmental data are based on estimates, as stated in the Report, and the company is working towards reducing the

amount of estimated data in future reports.

- the Report has been prepared in accordance with the Global Reporting Initiative (GRI) Reporting Standards (Core Level).
- the Report has been prepared in accordance with the requirements of the UN Global Compact Communication on Progress Policy.

Copenhagen, 29th June 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Nikolaj Thomsen
State-Authorised Public Accountant
MNE-no. mne33276

Helena Barton
Partner, ESG and Lead Reviewer



To become a true leader, we must also lead in sustainability. We have set the objectives to become the most environmentally friendly hearing aid company, the most diverse hearing aid company and the hearing aid company that serves the most people, doing more than anyone else to realize our purpose.

Eric Bernard
President and CEO