

# Communication on Progress 2012



GN Store Nord A/S



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### About GN Store Nord

GN Store Nord has been helping people communicate since 1869 - initially as a telegraph company and today as a global market leader within hearing aids and hands free communication. GN Store Nord is the innovation leader in the field of sound processing through its two businesses GN ReSound and GN Netcom.

GN Store Nord's mission is to deliver state-of-the-art sound solutions that improve people's quality of life. Through the finest engineering the company develops groundbreaking technologies to set the future for communication and bring people the gift of improved hearing.

GN Store Nord's vision is to be the most innovative sound processing company in the world and offer superior sound solutions that make a real difference to people. GN Store Nord wants to be a world class workplace and give greater value to the shareholders through efficient commercialization of unique products while always acting in an ethical and responsible manner.

The products are marketed in more than 90 countries and as of December 31, 2012, GN Store Nord had around 4,750 employees in 34 countries. GN Store Nord is listed on NASDAQ OMX Copenhagen and member of the Large Cap Index and the OMXC20 Index.

For more information, visit [www.gn.com](http://www.gn.com)

The picture on the front page shows an on-stage live demonstration of a hearing aid fitting at the Chris Hani Baragwanath Hospital in the Soweto township of Johannesburg during the official launch of GN's hearing aid program in South Africa. Read more about the program on page 7.

### Membership of UN Global Compact

Member since: January 14, 2010

Number of employees: 4,750

Sector: Health Care Equipment and Electronics

Reporting date and period February 21, 2013

The report covers the period January 1, 2012 – December 31, 2012.

GN Store Nord's Communication On Progress (COP) is also available on [www.gn.com/csr](http://www.gn.com/csr) and is accounted for in the CSR section of the GN Store Nord Annual Report 2012.

## Statement of support from the Executive Management

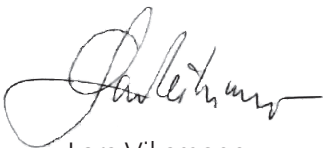
### We remain determined to make a difference

GN is a global company operating in more than 90 countries, and we are constantly expanding our global presence. We believe that part of being a global company is taking responsibility by proactively addressing the ethical, social and environmental challenges facing us when operating our business.

Sound is at the core of GN's business and is a critical element of people's lives. In GN we believe in continuous innovation and development of products that improve people's individual communication experience and quality of life. Every day we work to help people easily connect with each other and reclaim their ability to hear when they experience a hearing loss. We do this by delivering the best sound experience that technology allows.

All our work is based on the belief that through mutual respect and close cooperation we will achieve the best results for all parties. As a signatory to the UN Global Compact we wish to send a signal to all our stakeholders that we take our corporate responsibility seriously and take an active stand in implementing the ten principles of the UN Global Compact. One step we have taken this past year has been to launch the booklet "Responsible Sourcing". The booklet is yet another step in advancing our dialog with our suppliers and further emphasize our commitment to our Code of Conduct.

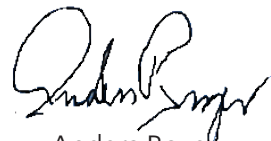
### Executive Management



Lars Viksmoen  
CEO GN ReSound



Mogens Elsberg  
CEO GN Netcom



Anders Boyer  
CFO GN Store Nord & GN ReSound

## CSR activities in 2012

### Employees

Our employees form the backbone of our businesses, and we employ people of all ages and gender, newly qualified or more experienced. In GN we believe that every individual, every team and the organization as a whole should have the ability to grow, learn and improve. Organizational development and competence build-up is key to our company. We believe that only through openness in communication, curiosity to new ideas and willingness to expand our knowledge base we can reach our goals as an organization and as individuals.

#### **Engaging employees to achieve our goals**

An engaged workforce is key to achieving our vision. In March 2012, GN conducted its annual Engagement Survey. The survey had a response rate of 85% for the entire Group and showed overall high levels of satisfaction and motivation as well as loyalty and commitment. In GN, we put strong emphasis on following up on the survey results, and we train our managers in how to follow up on the results and make action plans in their teams as well as ensure implementation.

#### **Leadership development program**

In every part of GN we need leaders who can manage teams, functions and operations in a global business environment that is becoming increasingly complex, and in which innovation, agility and partnerships are essential. Having excellent leaders at all levels that are able to create focus, engagement, cooperation and drive performance is an imperative to achieve our goals. In GN we strive to improve status quo by having programs where managers connect across all GN companies enabling leaders to broaden their network outside of their own business and function. Therefore GN offers leadership development programs for managers across the GN Group. The programs are designed to meet different levels of managerial experience and development needs. In 2012, more than 100 leaders participated in leadership development programs.

#### **Dietary advice program**

The well-being and health of our employees is important in order to secure high levels of job satisfaction. In 2011, GN gave its employees in the headquarters in Copenhagen the opportunity to participate in a voluntary dietary advice pilot program. The program turned out very successful and was repeated in 2012. Each attendee participated in a cycle of six individual consultations with a nutrition and health consultant. In these consultations, diet plans were tailored and life style advice was given according to individual wishes and needs. Feedback shows that all attendees were very satisfied with the program, and 80% of the participants experience an enhanced well-being after joining the program.

## Suppliers

We set the bar high when it comes to our business standards and interaction with suppliers. We profoundly believe that they play a significant role in ensuring our continued growth and success; an idea we wish to extend to the people who take part in the production of our products and services world-wide. At GN we stay committed to our Code of Conduct and we demand our suppliers to meet the standards as outlined in the Code of Conduct. We believe that the best results are created through clear expectations and cooperation, which require us to be in constant dialog with our suppliers. In 2012, we launched a responsible sourcing booklet stating our position on a number of issues covering business ethics, human rights, health & safety, child labor and the environment. The booklet also states our methods to assess our supplier's activities within these areas. We see this booklet as a tool in giving our business partners a clear understanding of our standards and expectations as well as encouraging dialog and collaboration towards a continuous sustainable growth.

As a way to follow up on our expectations with our suppliers and ensure a high level of cooperation and dialog we conduct a number of audits every year. In 2012, GN ReSound conducted 35 supplier audits and 20 assessments, which included visits with potential new suppliers. GN Netcom performed 32 audits with suppliers.

When issues in relation to our Code of Conduct emerge they will be treated as a non-conformity, and suppliers will be asked to provide an action plan to amend findings. Issues are being tracked and taken up on regular meetings with suppliers and are also part of our continuous dialog. We find that the general willingness from suppliers to correct issues is satisfactory. In GN ReSound audits can lead to reclassification of suppliers to lower or higher risk groups and in rare instances we may have to terminate cooperation. In 2012, one supplier was reclassified to a lower risk group, and two suppliers were reclassified to a higher risk group due to their performance within business standards. GN ReSound had to stop cooperation with one supplier who did not live up to the agreed terms of the Code of Conduct.



## Environment

Through our product development we think of unique ways to improve quality of life with superior technology. In addition, we put our minds to work to figure out ingenious methods of making our products incrementally more environmentally friendly. We are constantly examining the way we create our products, working to make the most of the raw materials we use and to design more sustainable products.

### **GN ReSound**

GN ReSound's products are developed under a highly regulated Quality System complying to ISO 13485 and FDA 21CFR 820 CGMP standards, which GN ReSound uses to control a number of product standards, including environmental aspects.

In 2012, GN ReSound started upgrading components and products to comply with the new RoHS 2 (Restriction of Hazardous Substances) directive starting to be applicable for the medical device industry in 2014 as well as with the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation.

The requirements (e.g. REACH) are changing from product level testing to testing and declaration of each individual component. This requires new systems to make material declarations easier and improve data quality. Amongst other activities in the project, GN ReSound has initiated a pilot project to explore suppliers' interest in participating in the BOMcheck (Bill of Material) system, which is a shared platform developed by the industry to make material declarations easier and improve data quality. With the BOMcheck system suppliers will only need to report their components once, and when manufacturers make a request, suppliers can pull out the data needed per product in one system.

### **GN Netcom**

Besides complying with requirements such as the RoHS directive and the REACH regulation, GN Netcom has also created its own list of 'Restricted and Banned Substances' – today more than 30 chemical substances are restricted from the production and final products. GN Netcom has moreover invested in its own environmental/RoHS testing facilities and now has a state of the art test lab where the standards and regulation work in this area is monitored closely.

### **Sustainable IT certification**

A headset is not just a headset. In order to provide long lasting and sustainable headsets to the market, the headsets need to be designed specifically to the end user and the use case.

GN Netcom ensures superior quality by producing its headsets under the certified ISO 14001 environmental management system. Furthermore, most GN Netcom headsets for professional work environments are TCO Certified. TCO Certified is an international third party sustainability certification for IT products that combines requirements for Corporate Social Responsibility at the manufacturing facilities, user safety and ergonomic design as well as minimal environmental impact for both the product and its production during the whole life cycle.

### **AC wall charger pilot project**

GN Netcom initiated a pilot project in early 2012 selling Jabra BT2045 headsets for mobile phones without the AC wall charger. The thoughts behind this project is that most customers already have a Micro USB cable to charge their headset or can charge it through their computer with a USB cable. Consumers seem receptive to the message that they can benefit the environment by avoiding the needless production of AC wall chargers. The opportunities within this field are to be further investigated and more products will be launched with separate packs without the AC wall charger.

## Society

### **GN Store Nord initiates hearing aid program in South Africa**

GN Store Nord joined the Clinton Global Initiative (CGI) as a member in 2011. Through CGI, GN and BroadReach Healthcare, a global healthcare solutions company, have committed to a partnership with the public sector in South Africa to secure hearing aids free of charge to impoverished people suffering from hearing impairment.

The roll out of the program, which entails the donation of 6,600 hearing aids, was initiated in the first half of 2012 when collaboration with key personnel of the public health departments of Gauteng and KwaZulu-Natal provinces was established.

In 2012, two of GN ReSound's senior audiologists performed on-site training of 65 South African audiologists from 41 health facilities across Gauteng and KwaZulu-Natal provinces. This has made the South African audiologists able to professionally fit the donated hearing aids onto the hearing impaired patients giving them full use of the devices. Professional fitting can improve the end user benefits and the motivation to wear the hearing aids. It also allows the end user to enjoy situations that they previously have been excluded from as a result of their hearing impairment. The aim of the training is also to build on the knowledge that the local audiologists already have, ensuring that the trained audiologists will be able to pass on their knowledge to other audiologists.

In addition to the donation of hearing aids and training of local audiologists, GN has also provided 10 laptops, fitting equipment and facilitated a one-off supply of 350,000 batteries, ensuring at least one year of free batteries for each hearing aid recipient.

On January 15, 2013, the program was officially launched at the Chris Hani Baragwanath Hospital in the Soweto township of Johannesburg. An on-stage live demonstration of a hearing aid fitting was carried out to give an impression of the work that local audiologists will be performing when working with the donated hearing aids.

**GN Netcom joins telemedicine project**

GN Netcom has joined a pilot project in telemedicine that will make life easier for people with diabetes. GN Netcom has donated 82 Jabra SPEAK™ 410 to the project where people with diabetes will test new technology. The project makes it possible for patients to report weight, blood sugar and blood pressure electronically as well as getting counseling and a check-up from health professionals via audio and video conferencing. The purpose of the participation is to demonstrate that everybody wins when using technology in the right way. Patients are enrolled in an eight month cycle which started in the summer 2012.

**GN Store Nord Foundation**

GN continues to support purposes of importance through the GN Store Nord Foundation in accordance with its mission. Examples of activities supported financially in 2012 are:

- deCibel (National association for children and young people with hearing impairment)
- Danish Deaf Sports Association
- Association for Danish deaf-blinds

**Other activities in 2012**

- Donation of food for the homeless in Copenhagen in August 2012
- Donation to the China Foundation for Disabled People under Hearing for the Future – China National Hearing Care Prevention and Treatment Program



## Other relevant CSR related activities in 2012

### **Whistleblower reporting system**

As part of ensuring high business standards GN welcomes any information about irregularities that might be observed. In order to make it easier to report a violation, GN is currently transferring the whistleblower hotline to Navex Global Compliance. The new whistleblower hotline will ensure that all employees and suppliers in the future will be able to report violations either by accessing the whistleblower report system through an internet access port or by calling the in-country-specific hotline number, 24 hours a day, all year around. The system is set up to handle reports in all major languages. The improved whistleblower system was launched in Denmark at the end of 2012 and will be launched in the remaining countries when the registration process with the local data protection authorities has been completed.

## CSR activities for 2013

GN Netcom aims to initiate a sustainability project in 2013. The focus will be on environmental efforts. As part of the project, a virtual project organization comprising employees from across the organization will be created to identify a framework to underpin GN Netcom's efforts in the environmental area.

Additionally, GN will evaluate its activities in relation to the hearing aid program in South Africa as well as continue its other activities in relation to employees, environment, suppliers and society.

### **Communication with stakeholders**

An important part of our CSR effort is to engage in a dialogue with our stakeholders as we believe dialogue is an important tool to help us achieve our goals.

You are welcome to contact GN Store Nord with CSR related questions or comments on [info@gn.com](mailto:info@gn.com).

