



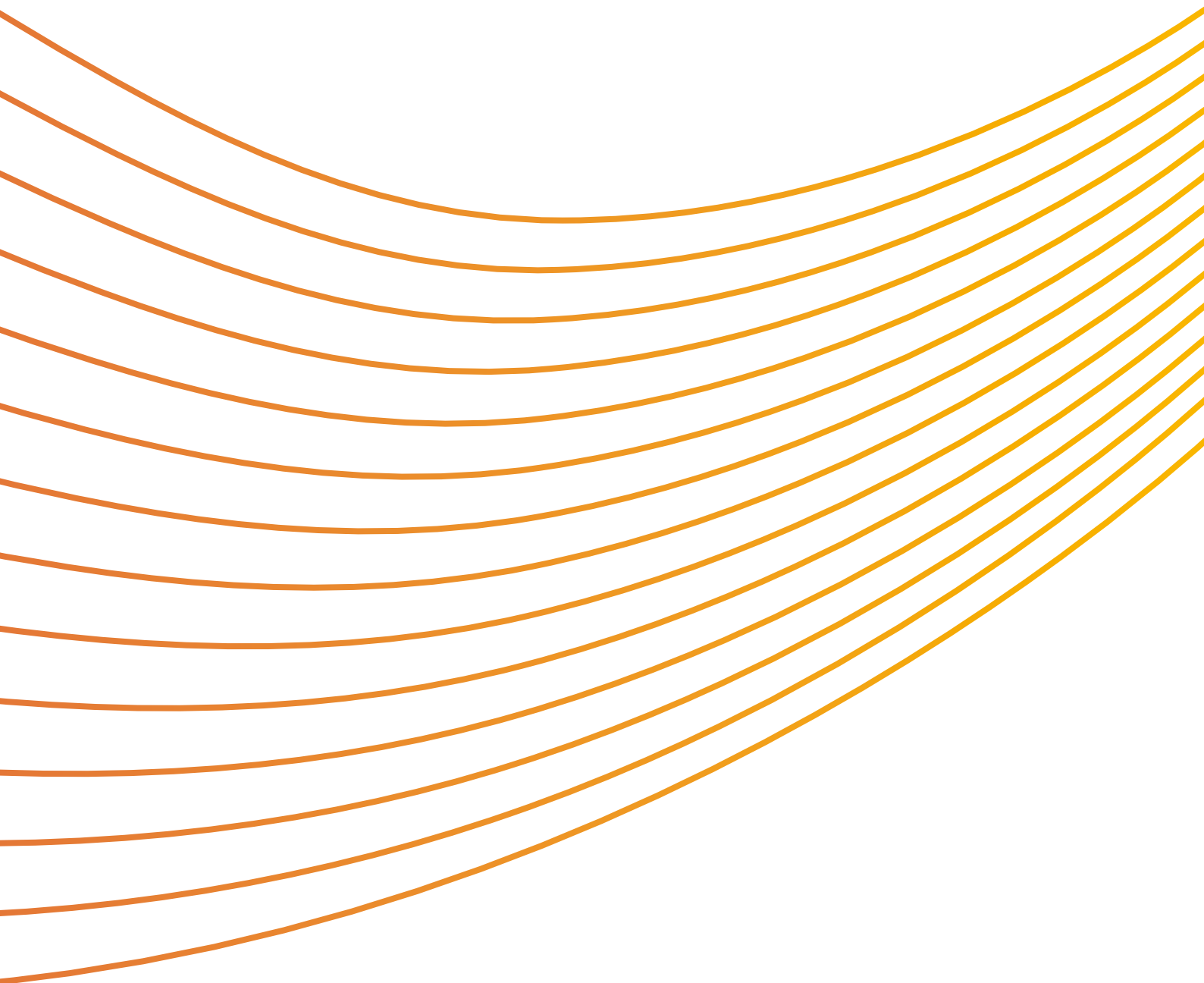
Sustainability Report 2016








Sustainability Report 2016



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Message to the readers

Dear Reader,

We are delighted to share with you our first Sustainability Report. We decided to set out on this path in 2016 because we firmly believe in growing a sustainable business and in meeting our stakeholders' needs. In our view, creating value means not only looking at profitability but also ensuring the Company will enjoy stable, long-term sustainable growth by enhancing the value of its key intangible assets. In this first report we aim to reflect our commitment towards corporate social responsibility issues and provide you with an understanding of the activities our Company puts in place in this regard.

It is vital that people can hear well throughout their entire lives since the social and economic impact of ignoring any hearing loss can be significant. As the global leader in hearing solutions and services, our key purpose is to improve the lives of millions of people across the world, allowing them to **hear, feel and live** all the emotions of sound. The relationship with the customer is at the very foundation of what we do and we constantly aim to strengthen this relationship further, whether through our values and brands, or by delivering superior care, innovative service and best-in-class solutions. As the global leader, we also aim to transform the way hearing healthcare is perceived worldwide, to lead a real cultural change in our industry, to increase community awareness and education, to enhance and promote research in the audiology and otology fields, and to deliver specific initiatives that actively contribute to community hearing care for the most vulnerable communities.

All the above is possible thanks to our people. They are the asset that makes our business tick and we are therefore constantly looking to **inspire, develop and reward** them. This year we have launched our first global engagement survey to better understand and meet our people's needs; we have ramped up our recruitment initiatives globally; we have invested over 400,000 hours in training; and we have rewarded our best talents – in all fields and at all levels - as we strongly believe in sharing the value created by our Company with the people who make it possible.



Finally, we are committed to best in class standards in the way we **behave, operate and compete**. We strive to follow the highest standards of ethical business conduct and integrity as well as taking the first steps in terms of responsibility towards the environment.

This report represents a first - albeit significant - step in our journey to becoming an even more sustainable company. In the years to come, we will strive to extend our commitment, publishing a sustainability report each year, implementing structured processes and policies to better monitor our performance, increasing the level of transparency of the information provided and setting clear goals for the medium-long term.

We hope that you will continue to follow us in this important journey, as we are sure that sustainability will become a key pillar in the future development of our Company.

Susan Carol Holland

Chairperson

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Enrico Vita

Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Enrico Vita'.

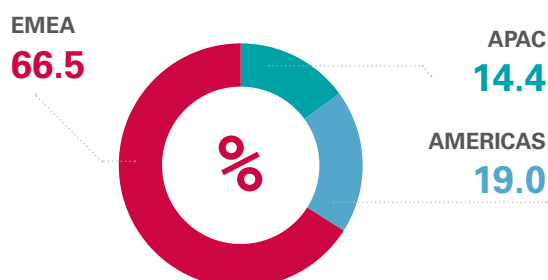
Amplifon at a glance

Amplifon, listed on the STAR segment of the Italian Stock Exchange since 2001, is the global leader in hearing solutions and services in terms of retail expertise, customization and consumer care. Through a network of approximately 9,500 points of sale, Amplifon is active in 22 countries across EMEA (Italy, France, the Netherlands, Germany, the UK, Ireland, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Egypt, Turkey, Poland and Israel), Americas (U.S.A., Canada and Brazil) and APAC (Australia, New Zealand and India).

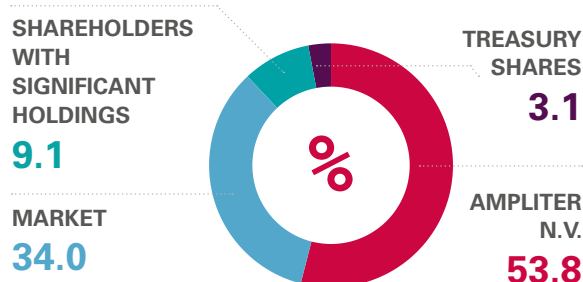
With more than 7,000 hearing care professionals, the Company is committed to delivering the highest quality of service and care, in order to achieve the best hearing experience for customers worldwide.



2016 revenues - €1,133m



Shareholder structure*



* The percentages refer to the share capital on December 31st, 2016 and to the shareholdings at the moment of the communication to Consob as provided for by the art. 120 of T.U.F..



9%

Market share



22

Countries



12,600

People



4,000

Direct points
of sale



3,700

Shop-in-shops
& corners



1,900

Affiliates

Distribution network - ~9,500 PoS

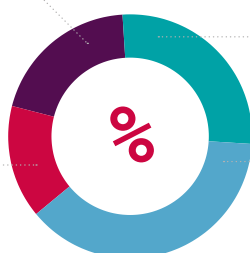
People - 7,204 employees

AFFILIATES
19.8

CORPORATE
SHOPS
26.7

FRANCHISEES
14.6

SIS &
CORNERS
38.9

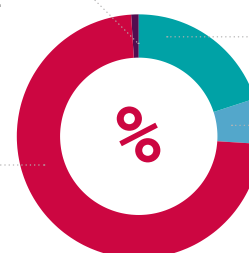


CORPORATE
1.1

APAC
20.1

EMEA
72.8

AMERICAS
6.0



2016 sustainability highlights



Commitment towards customers

1. **"Champions of Service in Italy"**
2. **New consumer websites** launched in 8 countries
3. **Amplifon's 360° experience** rolled out in 9 countries



Commitment towards employees

1. **+8% workforce increase**
2. **First engagement survey:**
 - response rate 88.4%
 - engagement index 80.3%
3. Almost **50 training hours per hearing care professional**



Commitment towards the hearing impaired community

1. **1,400 children and adults supported and 2,700 hearing solutions donated** through the Miracle-Ear Foundation
2. **"One day without sound"**: 150,000 sets of earplugs distributed in just one day



Commitment towards responsible business activity

1. Announcement of the new **"Anti-corruption program"**
2. **First CO₂ emissions estimation for Italy: 3,910 tCO₂** (scope 1 and scope 2)

The background of the entire page is a solid red color. Overlaid on this background are several thin, wavy, horizontal lines in a slightly darker shade of red. These lines originate from the left edge and curve gently towards the right, creating a sense of movement and depth. They are more densely packed in the upper half of the image and become more sparse towards the bottom.

Amplifon's first Sustainability Report

I. Amplifon's first Sustainability Report

In 2016, Amplifon strengthened its commitment to its stakeholders by publishing its first Sustainability Report. The report provides a comprehensive overview of the Company's corporate responsibility aims and shares the Company's latest thinking on sustainability and how it influences business activities.

The report also represents a first step towards compliance with the Italian Legislative Decree 254/2016 regarding the disclosure of non-financial and diversity information by certain large enterprises and groups, whose requirements will be compulsory from 2017. However, the report goes beyond those requirements to provide a more exhaustive breakdown of Amplifon's sustainability approach.

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

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

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

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

In drafting the 2016 Sustainability Report, the Company has had to refine existing data collection methods and gather information about processes and impacts that were not previously measured. As well as creating greater transparency, the implementation of a structured process for data collection has enabled Amplifon to better monitor its performances and will allow to set sustainable goals for the medium and long term.

1.1 Stakeholder engagement

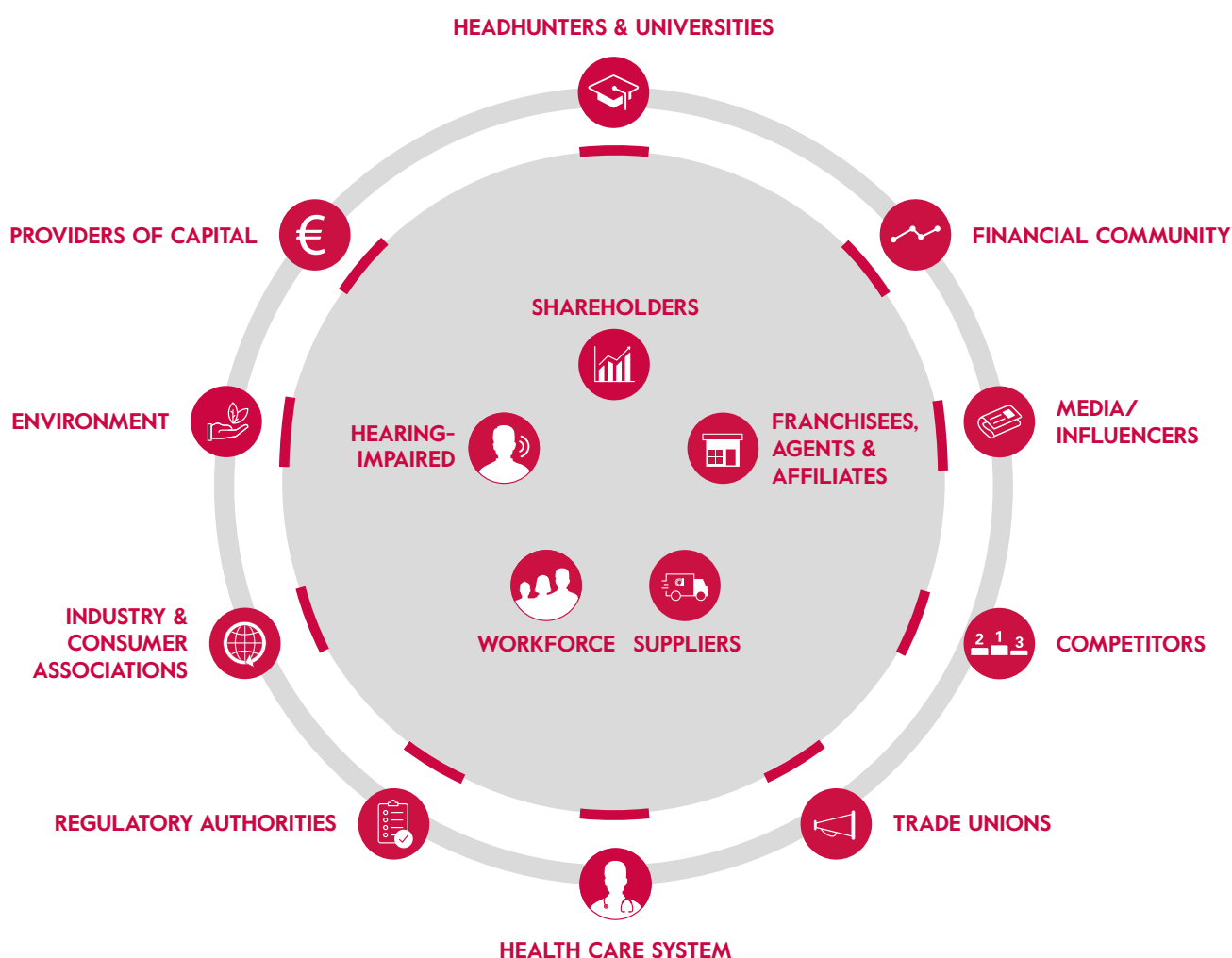
Amplifon operates in a dynamic international business environment, not only in terms of market trends but also in terms of the expectations of its complex spectrum of stakeholders. The dialogue with all its various stakeholders, which is based on the values of honesty, transparency and open dialogue,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

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

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

- dependence on Amplifon;
- influence on Amplifon.

Main stakeholders



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

Main engagement activities

Stakeholders	Engagement channels
Hearing-impaired	Customer satisfaction survey, AmpliBus, prevention initiatives
Workforce	Online employee engagement survey, face-to-face meetings with managers and the HR functions, training, company and business internal communication, offsite functional meetings
Franchisees, agents & affiliates	Annual summits, Charles Holland Award, online blog dedicated to the Miracle-Ear franchising network
Shareholders, investors and financial community	Analyst and investor company visits, results conference calls, participation in roadshows and industry conferences with one-on-one and group meetings with the financial community, constant update of the investor relations and governance sections of Amplifon's corporate website, Analyst & Investor Day
Medical community	Promotion of medical events, involvement of doctors in the development of new customer experience protocols
Industry and consumer associations	Joint actions, workshops, conferences, public presentations
Health care systems	Satisfaction survey, business review
Suppliers	One-on-one meetings, site visits, industry conferences
Head-hunters and universities	Face-to-face meetings, research projects, internships
Media/influencers	Performance updates, media releases, interviews with senior management

Amplifon takes advantage of several engagement channels in order to listen, inform and cooperate with its stakeholders.

Market research

Surveys are one key engagement channel, which the Company uses to collect feedback from different groups of stakeholders. In 2016, Amplifon launched its first Global Employee Engagement Survey, involving more than 7,000 people in 18 countries speaking 9 different languages. The aim of this survey is to gather employee opinions on the themes of 'achievement & development', 'caring & respect', 'trust & communication' and 'ownership & pride', and to use those opinions as a basis for making Amplifon an even more attractive place to work (for more details see Section 4.4).

Amplifon also uses surveys to collect customer opinions on the service offered by the Company. Since 2014, Amplifon has been developing a survey for the measurement of customer satisfaction that is standardized across all countries so as to provide the Company with sound and comparable results (for more details see Section 3.3).

Due to their high importance, Amplifon also monitors what ENTs (otolaryngologists) think about the Company, by carrying out market research and submitting quality questionnaires after congresses and courses organized by the Amplifon Centre for Research and Studies (for more details see Section 3.5).

Social media

Social media channels, in which the Company made significant investments in 2016, are another powerful tool for engaging with stakeholders. They are used as direct communication channels, both for meeting the information needs of a wide spectrum of stakeholders and for receiving reliable feedback.

For example, the Company uses technologies that monitor and manage social media sentiment, with direct requests being addressed to client service or other relevant Company functions for immediate resolution. Amplifon has also invested in the development of talent-focused social media channels in order to engage in direct dialogue with potential candidates, while communicating the attractiveness of the industry and the Company, and the professional growth opportunities within Amplifon's global network.

Consumer and career websites

2016 saw the launch of new consumer websites in the UK, Italy, Germany, the Netherlands, France, Portugal, Spain and the USA, together with another 14 websites dedicated exclusively to career opportunities. These sites optimize the user experience and seek to meet the needs of all users, from the most mature to the youngest, from the most active to those who only want more information or assistance. Significant resources, in terms of people and investments, are dedicated to enhancing the Company's online presence in order to better spread the brand's messages and corporate values, to provide updates and information on hearing health, and to foster preventive campaigns.

Engagement with franchisees, agents and affiliates

Paramount importance is given to engagement activities with franchisees, agents and affiliates. These include annual summits and ceremonies, such as the Charles Holland Awards, which celebrate the best performing stores (for more details Section 4.5).

Engagement with the financial community

Relationships with the financial community are based on transparency and thoroughness of information. Amplifon organizes conference calls with analysts and institutional investors for the release of its annual, half-year and quarterly results. On March 17th, 2016, Amplifon organized an Analyst & Investor Day, at its headquarters in Milan, where the management team shared with the financial community its strategies, business objectives, growth opportunities and aspirations for the three-year period 2016-2018. 2016 event attracted significant interest from the international financial community, with over 65 attendees and 35 participants via webcast. In 2016, the Company's Chief Executive Officer, Chief Financial Officer and Investor Relator organized several roadshows in the main global financial markets and attended numerous international healthcare and mid-cap conferences organized by primary institutions.

Engagement with the industry

In order to proactively participate in the development of new and more effective national and international regulations and standards, and to cooperate with other players in the hearing aid industry, Amplifon is engaged in several national industry associations, such as HIA (Hearing Industry Association) in the USA, HCIA (Hearing Care Industry Association) in Australia and NHCA (National Hearing Conservation Association) and SYNEA (Syndicat National des Entreprises de l'Audition) in Europe.

Economic value distributed to stakeholders

Amplifon creates value by contributing to the growth of the economic and social context in which it operates. Value creation begins with the development of stakeholder relationships and with the management and improvement of financial, productive, intellectual, human, social and relational assets. The value entails two strictly correlated dimensions: the value created for the organization itself and the value created for its stakeholders and the community in general. This aspect develops through

a wide range of activities, interactions and relations that add up to those activities - for example, sales to customers - that have a direct impact on the variations in financial capital. The concept of economic value distribution allows for an interpretation of the financial highlights contained in the "Annual Report and Consolidated Financial Statements" document from the perspective of the stakeholders as well as an understanding of the economic impacts of the Company. The calculation measures the value created by Amplifon in the year, its distribution among the Company's stakeholders and the value retained by the organization.

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

In 2016, the economic value distributed by Amplifon was around €1,019 million; the economic value generated was €1,135 million; and the retained economic value was around €115 million. The economic value generated, as shown in the table below, is broken down as follows:

- operating costs were equal to €604 million (+8.0% vs. 2015);
- employee wages and salaries accounted for €339 million (+7.8% against the previous year);
- payments to providers of capitals was around €27 million, thereof €9 million distributed to shareholders;
- payments to government was equal to €49 million (+11.7% vs. 2015);
- community investments were around €871,000 (+28.4% vs. 2015).

Economic value distributed

Direct economic value generated and distributed [thousands]	2015	2016
Economic value generated by the Company	€ 1,043,771	€ 1,135,035
Revenues*	€ 1,043,771	€ 1,135,035
Economic value distributed by the Company	€ 950,541	€ 1,019,802
Operating costs	€ 558,851	€ 603,704
Employee wages and benefits	€ 314,461	€ 338,868
Payments to providers of capital	€ 32,687	€ 27,298
- thereof dividends	€ 9,356	€ 9,427
- thereof interests paid to providers of loans	€ 23,337	€ 17,942
Payments to government	€ 43,857	€ 48,989
- thereof income taxes	€ 39,313	€ 44,257
- thereof other corporate taxes and penalties	€ 4,544	€ 4,732
Community investments	€ 678	€ 871
Economic value retained by the Company	€ 93,169	€ 115,233

* Revenues differ from the figure reported in the 2016 Consolidated Financial Statements as it refers to the Company revenues from sales and services plus other revenues.

1.2 Materiality assessment

As part of the process for defining the 2016 Sustainability Report contents, Amplifon carried out a materiality analysis in accordance with the GRI G4 Sustainability Reporting Guidelines. This analysis allowed the Company to map relevant sustainability topics, reflecting its economic, environmental and social impacts, and potentially influencing the decisions of the key stakeholders identified.

Preliminary analysis and relevant topics

The first step was to analyze various information sources in order to identify potentially relevant sustainability topics. The following information sources were considered:

- the results of a benchmarking analysis with non-financial reporting best practices and with players working in those industries comparable with Amplifon core business;
- the results of a sector-specific media analysis that covered news flow regarding Amplifon and industry “hot topics”;
- GRI G4 Sustainability Reporting Guidelines Sustainability Aspects;
- SASB (Sustainability Accounting Standard Board) Health Care Standards;
- information collected from different business divisions (HR, Legal, Risk Management, Procurement etc.);
- internal documents (such as the Code of Ethics);
- reports from industry and customer associations.

Almost 30 relevant sustainability topics were identified through this analysis.

Materiality of sustainability topics for Amplifon and its stakeholders

The next step was to prioritize the identified topics, which was achieved by holding management meetings in which their relevance to Amplifon and its stakeholders was carefully considered.

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

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

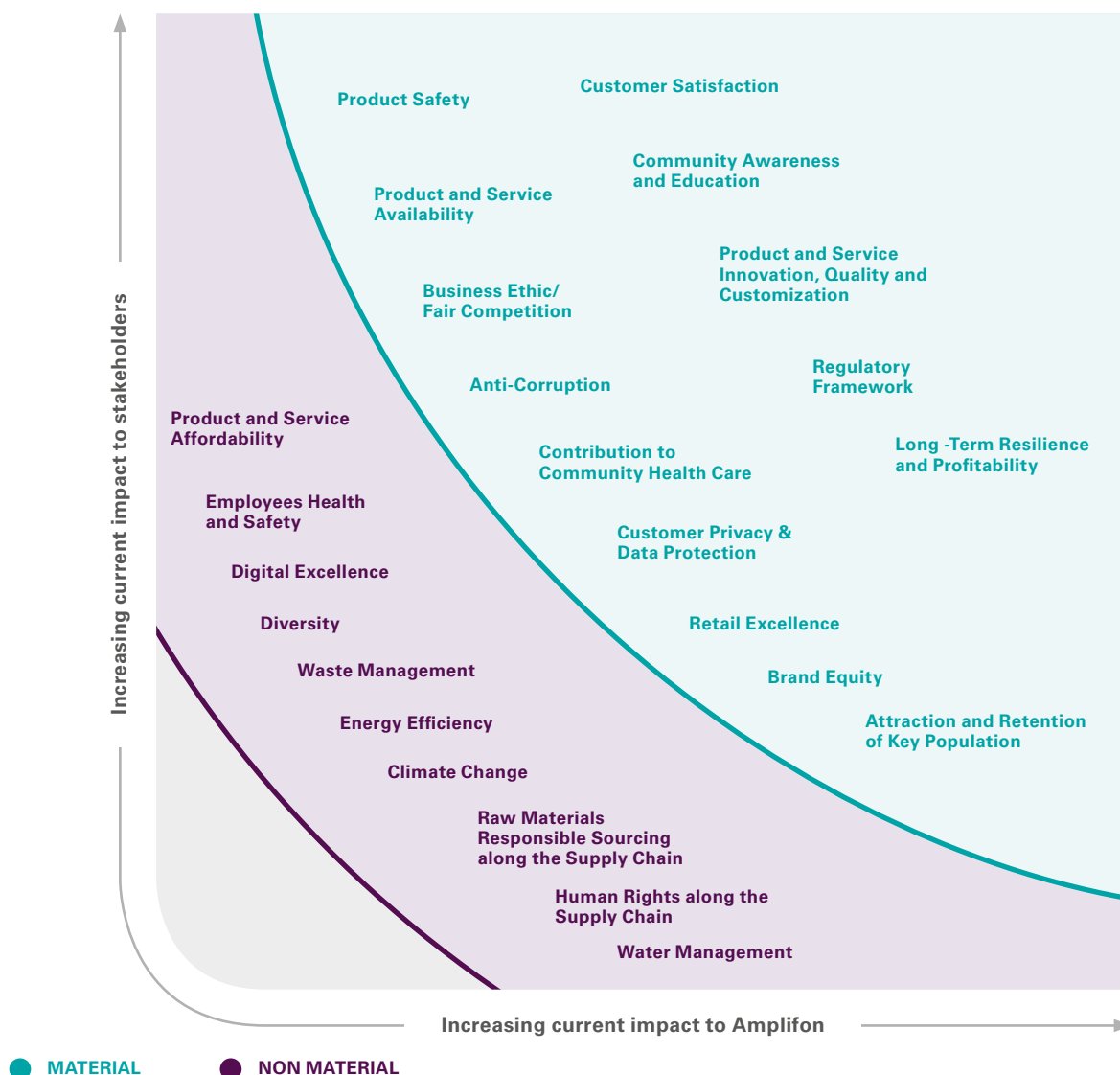
The relevance of each sustainability topic for the key stakeholders was assessed using the results of the preliminary analysis (benchmark and media analyses) and the top management’s own perceptions of stakeholders’ priorities. The preliminary analysis also enabled the Company to understand the importance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

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

Prioritization

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

Materiality assessment



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

The following results are particularly noteworthy:

- the topic of highest impact to Amplifon and its stakeholders in terms of materiality is customer satisfaction, which is related to other primary topics, such as product and service innovation, quality and customization, product and service availability, customer privacy and data protection and product safety;

- another topic of crucial importance is related to Amplifon's workforce: attraction and retention of key population;
- Amplifon's efforts towards the local communities it interacts with are reflected in two crucial topics: community awareness and education and contribution to healthcare community;
- lastly, both Amplifon and its stakeholders consider as material the topics regarding Amplifon's business ethics (such as anti-corruption, business ethic/fair competition, regulatory framework) and business sustainability (such as long-term resilience and profitability, retail excellence, brand equity).

In order to provide a comprehensive overview to stakeholders, as well as to be in compliance with the Italian Legislative Decree 254/2016 that is the coming into force from 2017, this report comprises a section dedicated to environmental topics, such as climate change, energy efficiency, water management.



Every day we work to improve people's quality of life bringing back the possibility of interacting with the world around them and the joy of hearing the full spectrum of everyday sounds.



Who we are

2. Who we are

2.1 Market scenario

Being able to hear is essential at any age as it allows people to connect with the world around them and to enjoy a full personal and social life. Although it is more common in the elderly due to the natural aging of cells, hearing loss can affect all age groups. Approximately 15% of the world's adult population has some degree of hearing loss. Of these people, the World Health Organization estimates that 360 million have a disabling hearing loss. This number is expected to double between 2030 and 2050 due to the increasing life expectancy of the global population.



HEARING LOSS

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

Reduced hearing ability is more common in older adults, with 1 in 3 people over 65 having some degree of hearing loss. However, it does affect all age groups, and younger people can also suffer hearing loss caused by acoustic trauma, genetic diseases and ear infections, as well as through the massive use of MP3s and smartphones, and loud music in discos and clubs.

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

Hearing loss is characterized by clear-cut symptoms:

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

Growth drivers

The global retail hearing aids market is expected to grow by around 4% in the next 3-5 years, largely driven by demographics. Other long-term socio-economic factors – such as baby boomers reaching retirement age and ever-increasing noise pollution – are further increasing the number of people that could benefit from hearing solutions, especially in North America and Europe, which represent by far the largest markets worldwide.

Demographics



As life expectancy increases, so does the elderly population, meaning a greater number of people could benefit from hearing solutions. There was a global increase of 5 years in life expectancy between 2000 and 2015.

Baby boomers



The generation born between 1945 and 1965 is entering the stage of life in which they are most susceptible to hearing loss. Every day in the US alone 10,000 people turn 65.

Noise pollution



Urbanization and the increased use of headphones are posing a threat to people's hearing. About 40% of Europeans is exposed to road traffic noise exceeding 55 dB and around 1.1 billion young people worldwide are at risk for noise-induced hearing loss due to unsafe listening practices.

Technological innovation



Hearing solutions & services are advancing rapidly in terms of functionality, aesthetics and service level, increasing customer satisfaction. In 2009 customer satisfaction in the sector was around 75% and in 2016 it rose to over 80%.

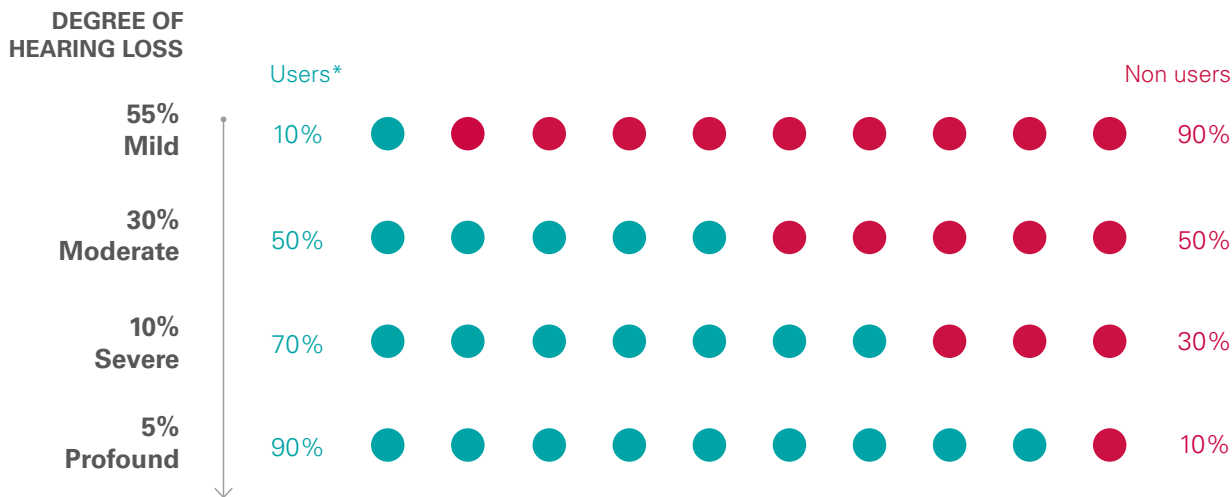
Wellness culture



The desire to live full and active lives is also increasing with seniors. Many health issues associated with hearing difficulties such as falling, cognitive decline and depression could be offset by hearing solutions.

Considering the serious consequences faced by people with untreated hearing loss (ranging from isolation and frailty to depression and cognitive decline), the overall hearing solution penetration rate in developed countries can definitely be improved. In Europe, for instance, only around 58% of people who get a medical prescription for hearing care actually go for it. Penetration in developing countries is far lower.

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



*People who adopt hearing solutions

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

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

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

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

2.2 Business model

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

Value chain



Business-to-consumer model

In EMEA and APAC¹, Amplifon mainly adopts a B2C business model, operating mostly through direct points of sale, which can be either corporate shops or shop-in-shops and corners.

- **Corporate shops** are direct points of sale managed either by Amplifon staff or by people working on behalf of the Company on a commission basis. Amplifon has 2,512 of these fully equipped shops, where customers get in direct contact with the Company.
- **Shop-in-shops and corners** are direct points of sale located in third-party premises (e.g. pharmacies, opticians and medical surgeries) that are visited by audiologists on a regular basis. They are very common in rural areas with low population rates. Customers for whom these outlets represent the first point of contact may be directed to a store when necessary. Amplifon's points-of-sale network consists of 3,667 shop-in-shops and corners.

Business-to-business model

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

Franchising (Miracle-Ear)

Franchising (Miracle-Ear): a network of retailers who run outlets under a franchising agreement and using Amplifon's Miracle-Ear brand. Such retailers benefit from a leading brand, advanced marketing tools and other value-added services provided by Amplifon. They purchase products exclusively from Amplifon and can make use of Service Centers as their first contact point with customers.

¹ For more information on Amplifon's regions, please refer to Section 2.3

Value-added buying group (Elite Hearing Network)

Value-added buying group (Elite Hearing Network): a buying group serving the independent market (audiologists, ENTs). These independent retailers, affiliates of the Elite Hearing Network, operate with their own brands, purchase products from Amplifon and benefit from favorable price conditions thanks to economies of scale. In addition, the Elite Hearing Network offers its affiliates a variety of support services.

Managed care business model

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

Strengths

Expertise model



Amplifon's hearing care professionals meet every person's needs by blending innovative technologies, scientific know-how with a personal approach.

Brands



Amplifon's strong brand portfolio allows the Company to be at the helm of a real cultural change in the industry, redefining the way customers feel about their hearing.

Global dimension



A unique global distribution network made of different types of points of sale allows Amplifon to always be close to our customers.

Pioneering



Amplifon is pioneer in adopting innovative technologies, developing proprietary services, tools and protocols, and in the way it interacts with its customers.

Employer of choice



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

Scientific leadership



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

2.3 Market presence and supply chain

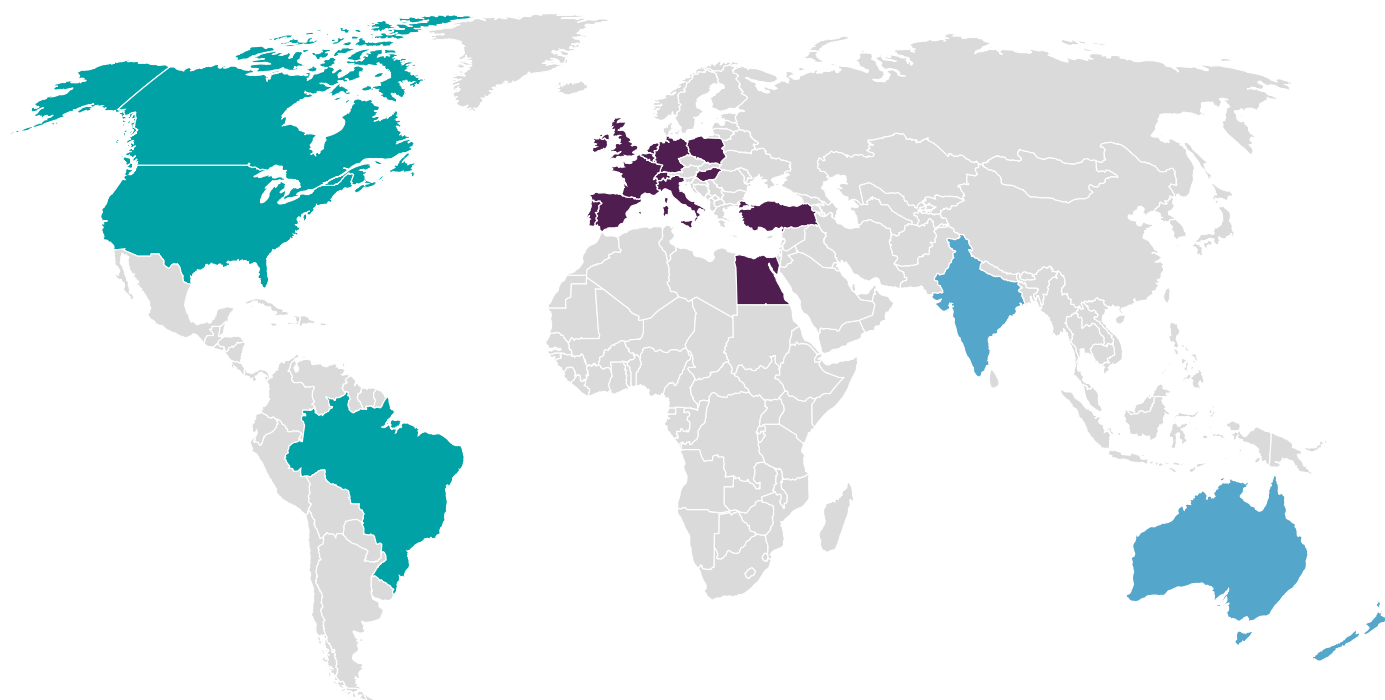
Amplifon operates under three regions (EMEA, APAC, Americas) and across five continents. It holds at least a top 3 position in all the key markets where it is active and is one of the fastest-growing businesses in the retail arena.

Amplifon presence

Americas

EMEA

APAC



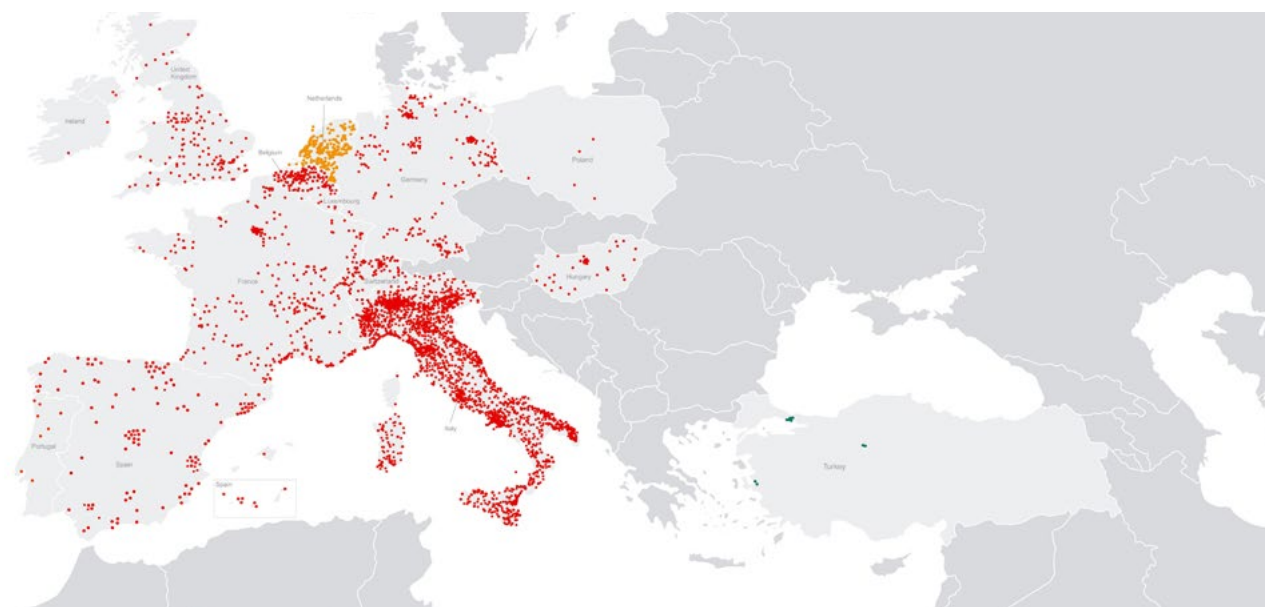
HEARING AIDS MARKET
~ 14.0 mln units

AMPLIFON
~ 1.0 mln units



EMEA

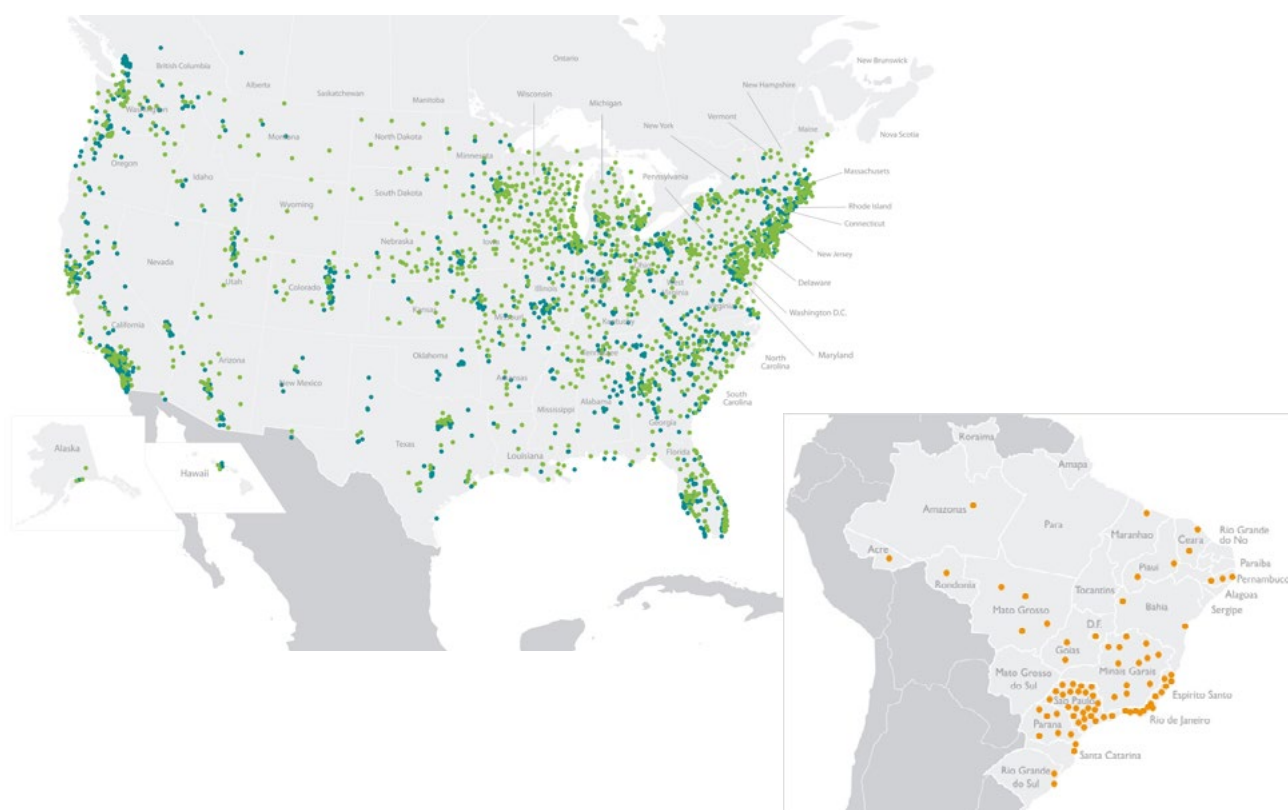
The EMEA region is a large and heterogeneous retail market consisting of 16 countries and characterized by different market structures, penetration rates and regulations. In this region, Amplifon adopts a unique business model, allowing the Company to replicate its best practice and efficiencies in its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



Country	Brand	Corporate shops	Shop-in-shops & corners	Franchisees	Network affiliates
Italy	Amplifon	571	3,024	-	-
France	Amplifon	418	87	-	-
The Netherlands	Beter Horen	170	50	-	-
Switzerland	Amplifon	84	-	-	-
Spain & Portugal	Amplifon	165	51	-	-
Germany	Amplifon	370	-	-	-
Belgium & Luxembourg	Amplifon	82	53	11	-
Hungary	Amplifon	61	-	-	-
Poland	Amplifon	57	1	-	-
UK & Ireland	Amplifon	134	53	-	-
Egypt	Amplifon	21	-	-	-
Turkey	Maxtone	20	-	-	-
Israel	Medtechnica Orthophone	20	-	-	42
Total		2,173	3,319	11	42

Americas

The Americas region comprises the USA (the largest retail market worldwide), Canada and Brazil. Amplifon is the market leader in the USA, with a network of over 1,300 franchisees and around 1,800 network affiliates. Miracle-Ear is the most recognized hearing care brand, thanks to a combination of the entrepreneurship of franchisees and Amplifon's strong support system. Elite Hearing Network is the largest network of independents with access to the widest product offering. Finally, the Company is a leading player in the managed hearing care market with its brand Amplifon Hearing Health Care.



Country	Brand	Corporate shops	Shop-in-shops & corners	Franchisees	Network affiliates
USA	Miracle-Ear	13	-	1,363	-
	Elite Hearing Network	-	-	-	1,824
Canada	Miracle-Ear	45	-	-	-
Brazil	Direito de Ouvir	1	108	5	-
Total		59	108	1,368	1,824

APAC

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



Country	Brand	Corporate shops	Shop-in-shops & corners	Franchisees	Network affiliates
Australia	National Hearing Care	154	85	-	-
New Zealand	Bay Audiology/Dilworth	81	25	-	-
India	Amplifon	45	130	-	-
Total		280	240	-	-

Supply chain management

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

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

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

Direct purchases

Procurement of hearing aid devices and related products

- Hearing aids
- Hearing aid accessories
- Hearing aid spare parts
- Batteries
- Ear molds
- Other products
- Services (i.e. hearing aid repairs)

Indirect purchases

Procurement of products and services not directly related to the hearing aid device

- Marketing & advertising
- Consultancy
- General expenses
- Information technology
- Rent expenses
- Logistic services

Manufacturers

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

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

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

Logistics

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

This differs from the logistics in EMEA, APAC, Brazil and Canada. Here, once the hearing profile and

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

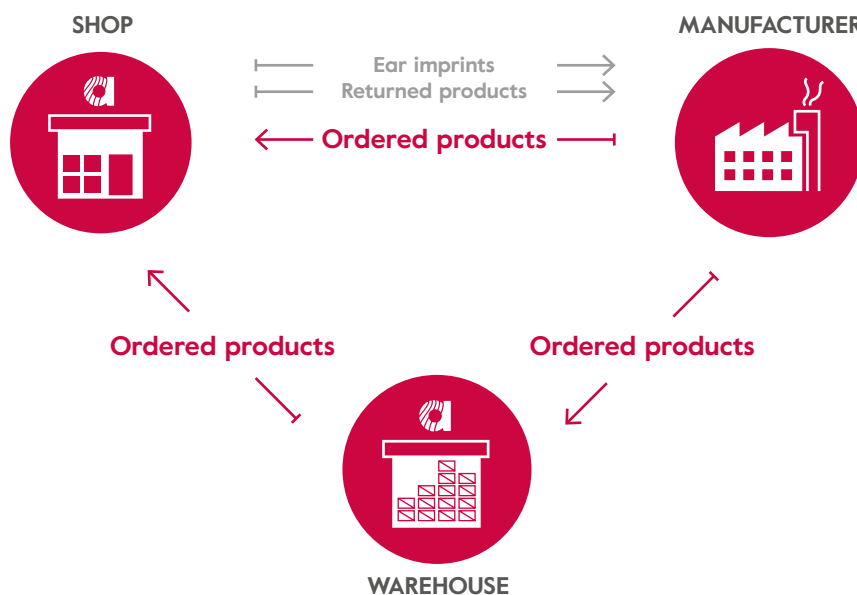
In this logistic framework, Amplifon is responsible for:

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

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

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

Amplifon logistics



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

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



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

2.4 Strategy

In 2016, Amplifon presented its strategic objectives and expectations for the 2016-2018 period to the financial community for the first time. The Company aims to further strengthen its global leadership position and deliver sustainable sales growth and margin expansion, by leveraging its unique business model. Amplifon's four main strategic pillars to offer outstanding services to customers are:

1. Strengthen market leadership

Clear and differentiated growth strategy, focused on core countries:

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

2. Marketing excellence

One of the most important objectives of Amplifon's strategy is to increase its market share by intensifying its marketing investments in order to:

- further develop its advanced digital/CRM strategy and promote its new brand identity, thus increasing brand awareness and brand equity;
- employ a multichannel approach to reach the population that does not currently use a hearing aid device, even if they should.

3. Innovative service model

To differentiate its services, the Company aims to promote innovation by leveraging the experience of its network of hearing care specialists and its unique know-how. A key part of this is the new Amplifon 360° customer experience, which has been recently launched in the EMEA region. This revolutionary service model and protocol go beyond the basic audiometric hearing test to fit a hearing aid and focus on understanding customers' specific needs and defining solutions to satisfy them.

4. Effective execution capability

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

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

2.5 Governance

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

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

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

On December 31st, 2016, the composition of the Board of Directors was as follows:

Board of Directors

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

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

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

Board of Statutory Auditors

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

On December 31st, 2016, the Committees and Supervisory Board established by Amplifon's Board of Directors were composed as follows.

Risk, Control & Sustainability Committee

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

Remuneration & Appointment Committee

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

Related Parties Transactions Committee

Role	Name
Chairperson	Andrea Casalini
Member	Laura Donnini
Member	Giovanni Tamburi

Supervisory Board

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

Lead Independent Director

Lorenzo Pozza

Head of Internal Audit

Paolo Tacciarìa

Executive responsible for financial reporting

Gabriele Galli*

Secretary of the Board of Directors

Luigi Colombo

External auditors

PricewaterhouseCoopers S.p.A.

* The Board of Directors during its meeting on February, 28th, 2017 appointed Gabriele Galli Executive responsible for financial reporting effective March 1st, 2017, date of his appointment as Chief Financial Officer. Until that date the office was covered by Ugo Giorcelli.

In 2016, as part of Amplifon's commitment towards sustainability, the Board of Directors resolved to attribute the supervision of corporate sustainability matters and interaction with all the stakeholders to the Risk and Control Committee, which has been concurrently renamed as the "Risk, Control and Sustainability Committee".

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

Amplifon addresses constant investments to the selection and training of its hearing care professionals, in addition to the implementation of increasingly sophisticated service protocols, communication, marketing and customer relationship management systems. That is why it is able to offer its customers great professionalism and a vast range of cutting edge solutions, thus ensuring a particularly positive experience in all touchpoints, be they shops, call centers or digital channels.



**a way
to hear, feel, live**

3. a way to hear, feel, live

3.1 A unique customer experience

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

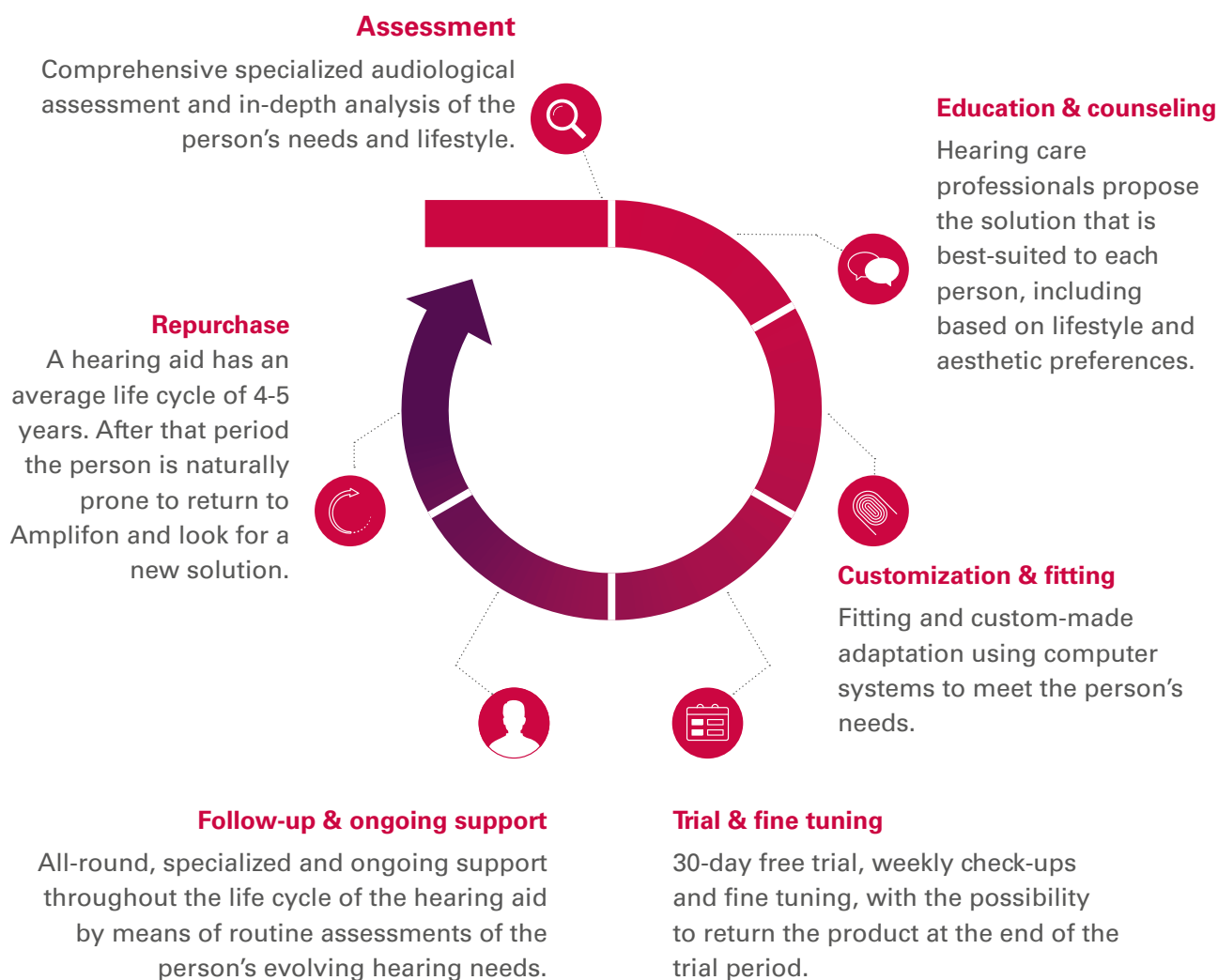
Besides being fully committed to delivering the best service, Amplifon is also deeply engaged in helping people with hearing loss and their families overcome the obstacles that prevent them seeking advice or help for their hearing. That is why Amplifon invests in its expanding distribution network of around 9,500 hearing centers in 22 countries. This widespread global network allows the Company to be always close to people with hearing loss making it easier for everyone, including people with reduced mobility, to reach out to quality hearing care. To make it even more accessible, shop windows are designed to reduce the anxiety normally associated with medical experiences and to put people at ease, ensuring that entering an Amplifon store becomes an entirely positive experience.

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

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

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

Service life cycle



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



3.2 Amplifon 360° experience

Amplifon strongly believes in providing customers with a thorough understanding of all steps in the journey to rediscover the joy of hearing, from hearing assessment to aftercare. With this purpose and by means of important investments in service innovation, user-friendly technologies and customer-oriented research, the Company developed the Amplifon 360° experience, launched in the EMEA region in 2016. This entails a strong customer involvement in the assessment process of the hearing profile and on the analysis of each individual's needs and lifestyle.

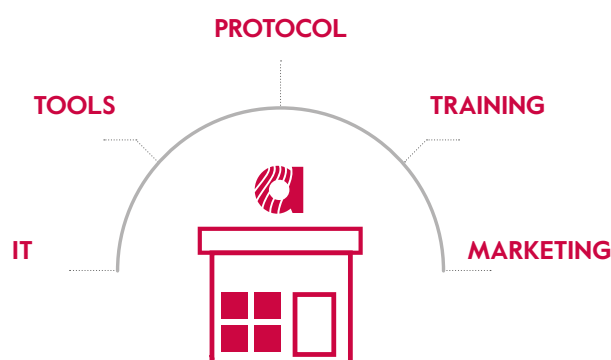
The path leading to the selection of a particular hearing solution is explained to customers on a step-by-step basis, supported by a front office IT system with a video interface shared by both the customer and the hearing care professional. The IT system and application protocol used by Amplifon staff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

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

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

In 2016, the Amplifon 360° experience was rolled out, either fully completed or ongoing, in the following EMEA countries: Belgium and Luxemburg; Spain and Portugal; Switzerland; France; Germany; Italy and the UK. The roll-out has led to a significant improvement in customers' comprehension of the hearing assessment process.

Proprietary service technology



Superior customer experience

Key features

Innovative approach to assess customer needs across multiple tests.

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

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

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

3.3 Customer satisfaction

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

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

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

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

The survey is managed through three main channels:

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

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

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

The survey, which is still in a pilot phase, has been launched in almost all countries and has also taken into account the Miracle-Ear network. 2016 results have been very positive in all touchpoints, showing an overall NPS (Net Promoter Score, a metric for the measurement of customer satisfaction) of more than 50 across 44,000 completed questionnaires.



BEST IN ITALY - CHAMPIONS OF SERVICE

For the second year in a row, Amplifon has been awarded the **"Gold Seal for Service"** in the hearing center category, ranking first in the **"Best in Italy - Champions of Service"** list. The Company has been the only one in its sector to receive this recognition.

The **"Best in Italy - Champions of Service"** survey, conducted by the German Institute for Quality and Finance in partnership with Goethe University in Frankfurt, is based on the assessment of more than 120,000 consumers of 75 companies in Italy across 70 different sectors.

3.4 Community awareness and education

Amplifon goes beyond the education of its own customers and strives to spread accurate information on hearing health and hearing loss prevention to the general public as well. Hearing, one of the most natural human experiences, is in fact a highly complex process, in which ears detect sound waves and convert them into electrical nerve impulses which are then sent to the brain for processing. It is important that people are aware of the delicacy of the hearing system, and undertake all the necessary measures to prevent behaviors that could result in partial or even total hearing loss. As hearing loss is often progressive and preventable, the key priority for Amplifon is to facilitate access to quality information, raise awareness on hearing health, and promote preventive education from an early age.

Prevention

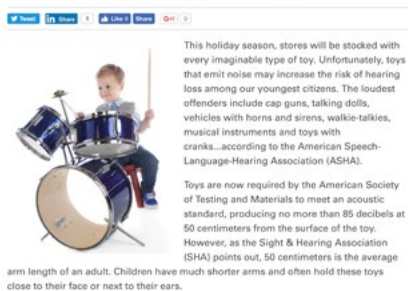
Amplifon engages in extensive prevention and education activities, reaching out to individuals of all ages through targeted communication channels and campaigns. With the aim of raising awareness around hearing health from a young age, Amplifon has developed a successful communication strategy, connecting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

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

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

Beware of toys that can harm kids' hearing

Posted by Amplifon Hearing Health Care on Dec 9, 2016 2:14:00 PM



Amplifon Hearing @AmplifonHearing · 8 apr 2016
Prevention tips: 7 ways to preserve your #hearing

Between the ages of 20 and 69, noise-induced hearing loss is the most common cause of hearing loss. Rule of thumb: If you're exposed to 85 or more decibels, wear earplugs or other hearing protection products. Hearing loss begins to occur at decibels of 85 and above.

- Turn down the volume.** An MP3 player at maximum volume delivers around 105 decibels. Set the volume at no more than 50%, and take frequent breaks from the ear buds or headphones.
- Keep cotton swabs out of the ear.** Swabs can actually push earwax deeper into the ear canal, muffling your hearing and possibly requiring medical attention if the wax becomes impacted.
- Maintain healthy blood sugar levels.** Researchers have found that hearing loss is twice as common in Americans with diabetes as it is in those who don't have diabetes. For people with pre-diabetes, the incidence of hearing loss is 30% higher.
- Save your blood pressure.** High blood pressure may put your hearing at risk by interfering with blood flow to the ears, according to Harvard.
- Watch your weight.** The Harvard Nurses' Health Study followed more than 68,000 women and found that those with a higher body mass index (BMI) or larger waist measurement were at an increased risk for hearing issues than those with a lower BMI.
- Use ear protection.** At loud events, wear earplugs or earmuffs to protect your hearing.
- Get a hearing check.** Regular hearing tests can help you catch hearing loss early and take steps to prevent further damage.



Five consequences of untreated hearing loss that you might not expect

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

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When you get sick, you see a doctor, especially if your condition is highly treatable. (Who wants to be sick?) But if you have a hearing loss, you might be tempted to avoid or delay seeking treatment. This is unfortunate. Besides missing sounds that add meaning to life, you may be putting yourself at risk for negative consequences you never envisioned.



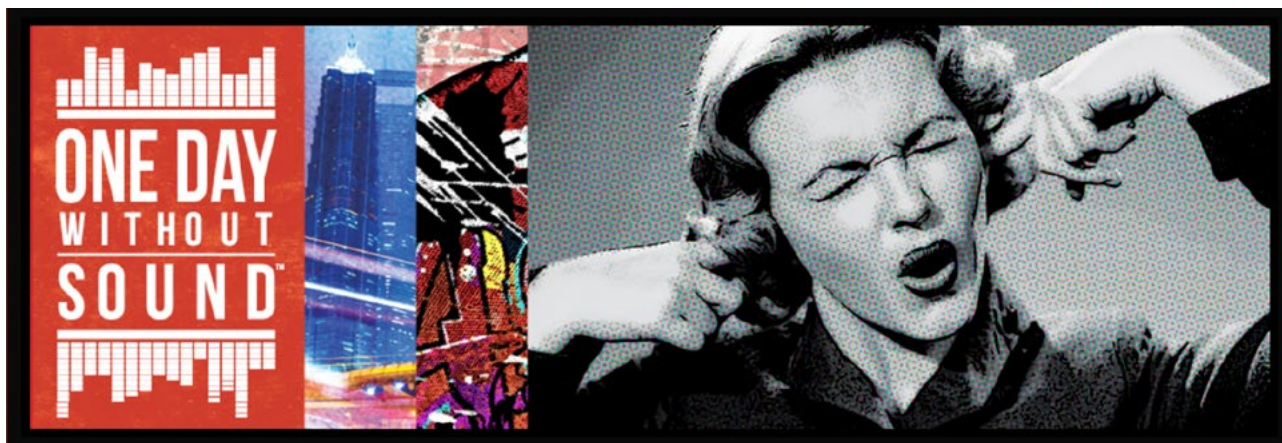
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- 5 surprising outdoor activities that could hurt your hearing
- Summer survival: 4 ways to prevent



Amplifon has made it a priority to collaborate with schools in order to advance its educational messages. In Italy, for example, during the International Students' Day on November 17th, 2016 Amplifon launched the *"There is no class for noise"* campaign, with the goal of raising awareness about the connection between too much noise and a reduced capacity to learn, a connection that is too often overlooked.



"THERE IS NO CLASS FOR NOISE": KEY FACTS

In Italian classrooms, noise often exceeds 70 decibels. This is due not only to the noise produced by students, which is amplified in buildings with inadequate acoustics, but also to the noise coming from outdoors. Around 12% of Italian schools are close to an airport, 9% are near motorways and 8% are only one kilometer away from an area with high levels of noise pollution.

Continuous exposure to noise can trigger the production of cortisol, and too much of this hormone compromises the function of the prefrontal cortex, which has a negative impact on short-term memory and the ability to reason, plan and control impulses. The stress caused by exposure to continuous background noise can also lower the level of dopamine, which can negatively affect memory and the ability to learn.

Amplifon has published a "7 ways" list to reduce noise in schools:

1. Avoid building schools in areas with high levels of noise pollution, near airports or motorways;
2. Incentivize the use of electronic blackboards;
3. Put felt pads underneath chairs and benches;
4. Use amplification systems or sound absorbing panels;
5. Prohibit the use of headphones and ear buds in classrooms;
6. Educate students on sound ecology;
7. Maintain a moderate tone of voice, without raising it to be heard over the classroom buzz.

Amplifon has also collaborated with Ecophon Saint-Gobain to test an innovative soundproof system at the Istituto Cavalieri in Milan that uses special sound-absorbing panes and a "decibel-eating" wall.

Awareness

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

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



SWITZERLAND AMPLIBUS - THE MOBILE HEARING TEST

AmpliBus is a creative initiative to bring Amplifon's messages closer to communities.

Since 2002, AmpliBus has been travelling all over Switzerland with several buses and audiometer booths, to raise public awareness on the importance of prevention and screening for hearing loss. Too often people find out about their hearing loss when it is too late. Thanks to the AmpliBus initiative, teams of hearing care professionals attend public events and visit populated areas, such as trade fairs, commercial centers and cities' main squares, where they perform free hearing tests without appointment, deliver a “hearing passport”, and inform each person on the next steps he or she should take. The AmpliBus is equipped with isolated audiometry cabins which allow for more precise tests in case further tests are required.



"A good hearing is synonymous with quality of life. Early hearing loss detection plays a key role in the success of treatment."

Christian Rutishauser, Amplifon Switzerland General Manager

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

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



3.5 Enhancing research

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

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

Conferences

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

In 2016, the CRS International Congress promoted by Amplifon in Valencia was dedicated to the effects of noise on people's health and its impacts on professional hearing care, as a follow-up to the consensus paper "Coping with noise" which was published in October 2015. 350 doctors from all over Europe took part in the conference, in which a panel of noise pollution experts addressed topics such as the effects of noise pollution on health, and strategies for improving understanding of this issue and for assessing and improving noise acceptance in people who wear hearing aids. The conference also gave Amplifon the opportunity to present its work and research on how professional hearing care can leverage the power of the human brain to cope with noise.



HOW PROFESSIONAL HEARING CARE CAN LEVERAGE THE POWER OF THE BRAIN TO COPE WITH NOISE

During the 9th CRS International Congress held in Valencia, Amplifon presented a study on the possibility of assessing all the main dimensions of hearing performance such as hearing soft sounds and understanding speech in different situations and conditions, especially in the presence of background noise, and on evaluating how people perceive these dimensions. The aim of the study was to overcome the limitations of the main test used to assess hearing performance - the audiogram - which measures only when a person starts perceiving a pure tone at different frequencies or, in other words, starts hearing the "bips".

66 people took part in the study: a group of normal hearing young adults, a group of hearing aid users and a matched control group. Firstly, Amplifon identified the comfortable level for running speech understanding on one ear, then added speech-weighted noise on the same ear and asked the subject to indicate the noise level at which they started missing words. Finally, both ears were exposed at the same noise level, while only presenting the running speech in one ear. This condition, called Binaural Masking Release for Running Speech, was proven to provide information on three different dimensions of hearing, namely central auditory processing, understanding speech in quiet and understanding speech in noise. It was also proven to have better test reliability than pure tone audiometry.

It is clear that, in order to make appropriate clinical decisions, it is necessary to consider all dimensions of hearing performance and to take into account how the individual perceives these various dimensions. This is why, along with hearing, which can be assessed with the audiogram, it is equally essential to consider the intelligibility of speech in noise and silence, the acceptability of noise, aspects of auditory processing in the central nervous system and aspects of cognitive capacity, such as working memory or short-term memory that is used to plan a task.

Course sponsorship

The CRS also supports the professional development of doctors and audiologists by collaborating with universities, through the sponsorship of courses and ENT learning programs at the local level. In Italy, the CRS offered ten courses in 2016, which were delivered by experienced national and international experts. Some of the topics addressed by these courses included: “The modern management of unipolar hypothyroidism”; “We face noise: updates in ENT and Audiology”; and “Hearing loss and curricular learning”.

Scholarships

Every year, the CRS offers ENT doctors and PhD students three scholarships worth €7,000 each to finance specific projects related to hearing health. In order to guarantee impartiality, the scholarships are assigned by an independent Scientific Committee composed of highly regarded academics. In 2016, the CRS financed the following projects:

- “Evaluation of the cochlear implant benefits in noise and silence environments attended by adult patients with evolving asymmetric bilateral deafness”;
- “Speech4Life - Enhancement of speech communication for the elderly in frequently attended environments”;
- “Auditory rehabilitation in the treatment of acoustic neuroma”

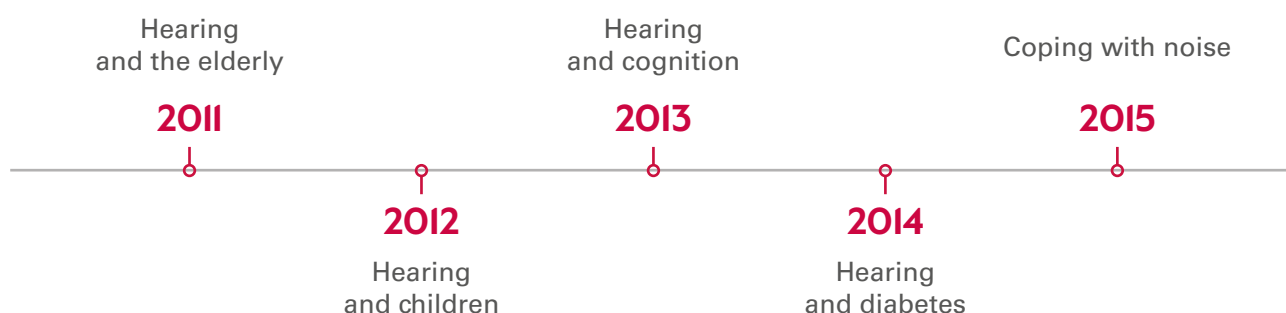
Library resources

In addition to the courses and conferences offered, the CRS supports the professional development of doctors and audiologists by providing access to one of the largest private libraries in the field of audiology and otorhinolaryngology, including the most important international journals in these sectors. A free bibliographical research service is available to physicians, with abstracts sent directly to applicants. In order to facilitate the exchange of information, the CRS aims to transform its library into an e-library.

Consensus papers

Amplifon also participates directly in the development and dissemination of scientific publications, through the publication of consensus papers. These are short scientific papers that are written for the general public and address specific hearing-related topics. Issued annually from 2012 to 2015 and bi-annually thereafter, they represent a key initiative in the quest for increased public awareness.

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





CONSENSUS PAPER: “COPING WITH NOISE”

In 2015, Amplifon and the CRS published a consensus paper resulting from a critical assessment of the data collected in a survey carried out by GfK Eurisko and promoted by the Company, based on responses from around 8,800 people in 11 countries. The study was designed to gather information about the relationship between noise exposure and its effects on people’s health, which range from impacts on hearing to repercussions for overall physical and psychological wellbeing. Survey results were discussed by experts during a roundtable conference and were supplemented by a review of recent scientific literature on the topic.

The consensus paper resulting from this study provides a ranking of global cities based on their noise pollution levels – the so-called Exposure Noise Pollution Index (ENPI). The ENPI was defined by considering the number and frequency of, and length of exposure to, unpleasant noises. The data collected indicates that, on average, 28% of the global population is exposed to excessive noise. The index, as laid out in the consensus paper, shows that the USA and Italy present a higher noise exposure average compared to other countries, while Germany and the Netherlands present the lowest levels of noise exposure.

3.6 Contribution to community healthcare

In line with its core expertise and strengths, Amplifon is deeply committed to improving the access of the most vulnerable communities to hearing care, and to sharing knowledge, resources and best practices on hearing services and solutions around the world.

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

The Gift of Sound™ Hearing Aid Program donates hearing aids to individuals and families in need. In 2016, 1,400 children and adults benefited from the support of the Foundation thanks to the commitment of 394 different stores, which donated 2,700 hearing aids. Since 1990, the Miracle-Ear Foundation has donated more than 13,000 hearing aids to over 7,500 individuals in the USA. Another program that owes much to the contribution of Amplifon’s customers is the Hear Again™ hearing aid recycling program, through which Miracle-Ear customers donate their no longer used hearing aids for recycling or reconditioning. In 2016, the number of recycled hearing aids grew by 28% compared to 2015.

The One Day Without Sound™ awareness campaign has become a keystone of the Foundation's prevention program. This event, which takes place on May 31st, is dedicated to helping individuals understand the difficulty of living with hearing loss, which is a particularly daunting challenge at school and in the workplace. During the One Day Without Sound™ campaign, participants are asked to wear earplugs to simulate a hearing deficit and directly experience what it is like to live without hearing. In just one day, 150,000 sets of earplugs were distributed throughout the USA, together with best practice recommendations for preventing hearing loss. Through earned media or pro bono advertisement, the Foundation was able to further promote its educational and prevention messages, reaching 1,237,357 people.



2016
key numbers



1,400
Children
and adults
supported



2,700
Hearing solutions
donated



+28%
Recycled hearing
aids compared to
2015



150,000
Hearing protection
kits distributed

Other Amplifon initiatives range from ad hoc programs in times of emergency to long-term engagement programs. In 2016, Amplifon Germany helped refugees sleeping in crowded and noisy locations such as town halls and gymnasiums by equipping them with hearing protection. In France and the Netherlands, meanwhile, two humanitarian initiatives provide life-changing support to children in Asia and Africa, thanks to Amplifon hearing care professionals who train local staff, disseminate preventive information, and bring hearing aid equipment donated by Amplifon and its customers. These are Amplifon France's "Amplicoeur" program, which is delivered in partnership with the non-profit organization *Les Enfants sourds du Cambodge*, and Amplifon Netherlands's partnership with the EarDrop Foundation.



AMPLICŒUR

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

Each year Amplifon donates €15,000 in order to finance audiologic material and hearing aids to provide treatment to marginalized children suffering from hearing loss and to provide the necessary training to local personnel. Amplifon's customers also contribute to the initiative by donating their no-longer-used hearing aids, which, upon reconditioning, have enabled nearly 2,000 children to discover the joy of hearing.





AMPLIFON NETHERLANDS' HUMANITARIAN ENGAGEMENT

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

More than 6,000 children have been treated thanks to the work of the Eardrop Foundation, and more than 500 local doctors, nurses, and clinical officers have been trained to provide the most necessary relief services and to recognize, prevent, and treat a large number of chronic ear infections in children in order to prevent deafness.

Amplifon Netherlands contributes to the work of the Eardrop Foundation by fundraising, collecting hearing aids donated by customers, and sending teams of hearing care professionals to train local staff on diagnostics and prevention activities.

Amplifon Netherlands' Humanitarian Engagement is also expressed by its employees: in 2016 some of them participated to the Marathon of Rotterdam and raised €4,000 that were donated to the Eardrop Foundation.



3.7 Amplifon's new brand identity

Considering all the efforts that Amplifon devotes to its customer and to the community in general, the Company felt an urge to help redefine the way people feel about their hearing and the way in which they are educated, involved and assisted. As the industry leader, Amplifon aims at leading a real cultural change, anticipating the needs of its increasingly younger and more connected customers and continuing to use innovative technologies and proprietary solutions to improve people's hearing experience.

Amplifon's innovative and pioneering nature is reflected in its new brand identity, logo and website, launched in 2016. These have been associated with a new brand line — Hear, feel, live — which underlines the commitment to giving back the joy of hearing to people so that they can enjoy a full life.

The new identity shifts the brand's focus from considering hearing loss as a problem to considering the myriad benefits provided by Amplifon's services. This shift involves a multichannel brand language, which combines traditional and digital media and is characterized by sound and behavioral elements. As part of the new identity, Amplifon's iconic "A" has been renovated, along with the brand's colors and graphics, which now reflect a sense of motion and innovation. The identity system also consists of an audio logo that introduces Amplifon through the sense of hearing.

The drivers of the new brand identity are:

1. The expertise of Amplifon's professionals: Amplifon wants its people to perceive the value and quality of the service offered;

2. Technological innovation: Amplifon wants to guarantee the best solutions available;
3. “Wow” experience: Amplifon wants to offer a tailor-made path to its customers thus fully satisfying them.

Amplifon has been increasing its brand awareness in many markets around the world through continuous investments in marketing and communication. In 2016, the Company launched TV campaigns for the first time in Spain, Germany and Australia, and renewed its TV communication approach in Italy, France and the USA with extremely positive results. The brand is the undisputed leader in the hearing solutions arena and enjoys a very high level of awareness, with peaks in the region of 90% in Italy, the USA and New Zealand, where the brand has a long history and tradition.



HOW AMPLIFON GETS CLOSER TO CONNECTED CUSTOMERS

CYCLE TRACKS

Amplifon has collaborated with Strava, mobile app for runners and cyclists, to create a platform that enables bike riders to turn their ride into a music track. Using information about distance travelled, speed, altitude and gradients, different looping sound clips are selected to form a track that accompanies the ride experience.



<http://amplifon.ie/sounds-of-street-view/>



<http://amplifon-cycle-tracks-live.azurewebsites.net/#making-of>

SOUNDS OF STREET VIEW

Sounds of Street View is a digital explorative sound experiment, which gives users a 3-dimensional sound experience in a Street View environment. Sounds are designed as ordinary Google Maps markers, with a specific sound rather than an image being assigned to each.

3.8 Digital dialogue and retail excellence

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

Amplifon's multichannel approach is aimed not only at securing business but also at strengthening relationships and providing accurate information. The Company uses technologies to monitor and

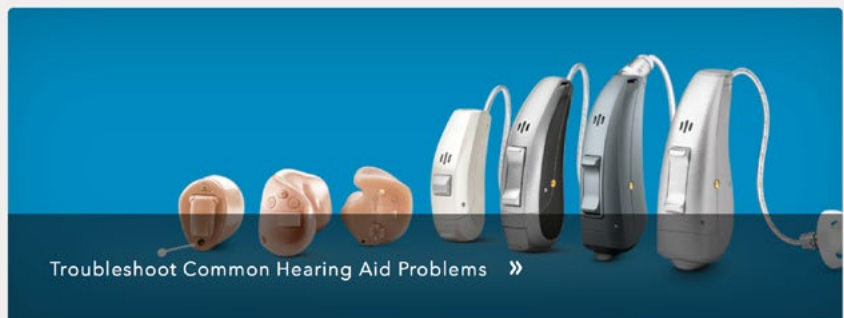
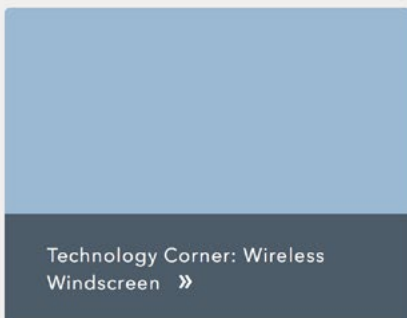
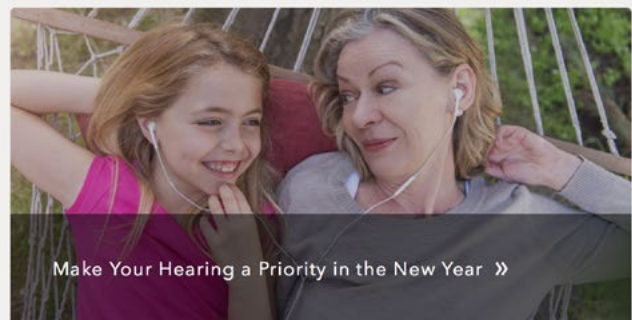
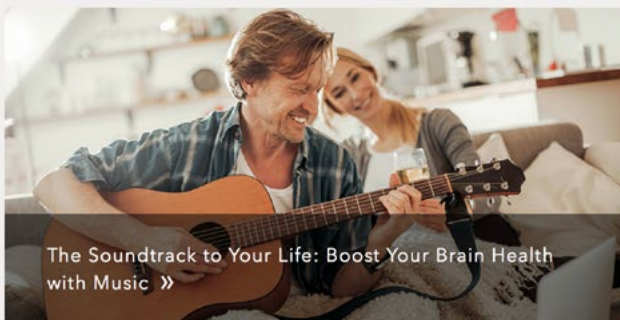
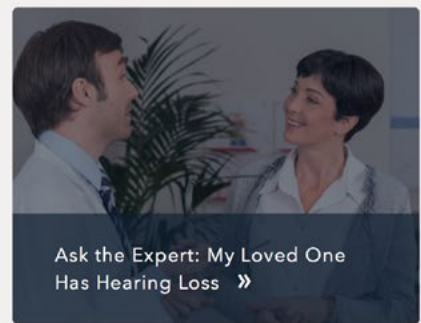
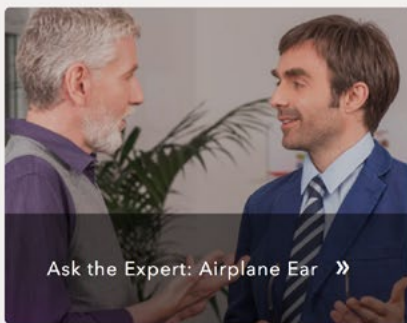
manage social media sentiment, with requests passed on to client service or other relevant Company functions to address the signals collected online.

2016 saw the launch of new consumer websites in the UK, Italy, Germany, the Netherlands, France, Portugal, Spain and the USA. These sites optimize the user experience and seek to meet the needs of all users, from the most mature to the youngest, from the most active to those who only want more information or assistance. The new web experience, part of the Company's marketing and communication strategy, enhances the digital touchpoints and leverages the habits of millions of baby boomers.



THE MIRACLE-EAR BLOG

The Miracle-Ear blog shares educational resources on hearing health, hearing loss and hearing loss treatment with people who have hearing loss and their loved ones. It also makes it easy to find answers to questions that are commonly asked, not only by people who already wear hearing aids but also by those who are approaching a hearing specialist for the first time, or still



Amplifon is also committed to providing hearing care professionals with the best digital tools to perform their jobs. That is why constant investment is made in IT infrastructure. The Amplifon 360° experience is an important part of this, as it comprises a tool that guides audiologists throughout the whole customer journey, from the hearing and lifestyle assessment to the selection of the appropriate hearing solution and follow-up appointments. However, it is not the only example of customized advanced IT systems being adopted in store. They are also used for the management of inventory, invoices, hearing care professionals' agenda and products under warranty, among other things. Amplifon's integrated application system allows the Company to aggregate and compare reliable data regarding its distribution network and customers in order to create correlations between the different phenomena influencing consumer habits and the business, thus improving its stores' performance and the level of the service offered.

For the future, the Company aims to further improve the Amplifon 360° experience by using the customer data available to customize each and every point of contact with customers, thus creating a fully personalized experience in both the physical and virtual worlds.

Amplifon recognizes that building a durable relationship with customers depends not only on product and service quality but also on the ability to build a relationship of trust and offer a special experience that is distinctive, compelling and consistent across all geographic regions and the various sales and engagement channels. In 2016, Amplifon created a new organizational function dedicated to Retail Excellence in an effort to bring the focus of the business even more sharply onto the customer and to coordinate the levers that can enhance the customer experience (from the training of personnel to store procedures, location and effectiveness).

Amplifon is committed to remaining the employer of choice in the industry and believes that it is only through a strong investment in talent engagement and recognition, continuous professional development and people support that its people can achieve their full potential and build a fulfilling career.



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

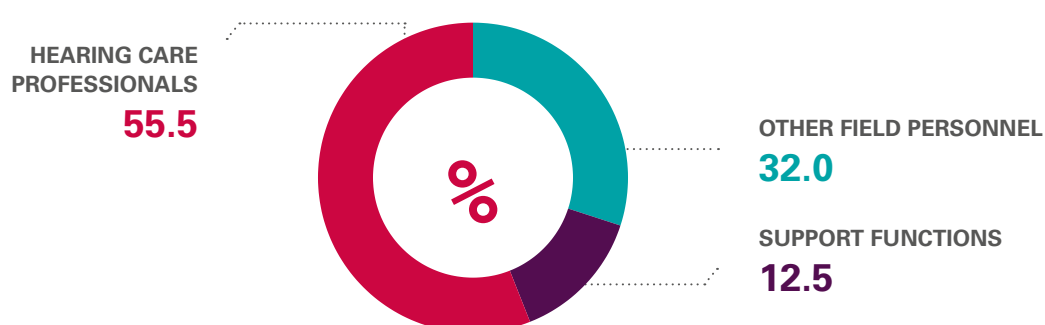
4. a way to inspire, develop, reward

4.1 Our people

Amplifon is a company made of people who provide highly value-added hearing solutions and services to improve the lives of millions of people worldwide. Amplifon believes that it is only through a strong investment in talent engagement and recognition, continuous professional development and leadership support that its employees can achieve their full potential and build a fulfilling career. The Company also acknowledges that it can only offer its customers a truly premium experience if it equips its people with the necessary time, the best tools, the latest technology and the finest training from the moment they join. In this respect, paramount importance is given to the professional development of hearing care professionals, since it is thanks to them that Amplifon has grown to become a global organization, and through them that it plans to keep growing. It also explains why strategic importance and attention is devoted to attracting, engaging, developing and recognizing the most talented people.

On December 31st, 2016, 12,666 people worked on behalf of Amplifon worldwide, which is an 8% increase on 2015. Hearing care professionals make up the majority of Amplifon's global workforce (55.5%). The second largest single group of employees is other field personnel, mainly customer advisors, who represent 32.0% of the workforce. The remaining 12.5% is made up of support functions.

Workforce composition



The increase in Amplifon's workforce between 2015 and 2016 is mainly due to a 14% rise in the number of employees (from 6,333 in 2015 to 7,204 in 2016). Employees represent the vast majority of Amplifon's workforce in all regions apart from the Americas, where franchisees' field forces and staff are not directly employed by Amplifon. In EMEA, APAC and Corporate, employees account for 81% of the total workforce compared to 10% of the total workforce in the Americas.

Workforce increase



Workforce by area

EMEA, APAC, Corporate

Americas



● Employees ● Workforce not on payroll

● Employees ● Workforce not on payroll

Workforce¹

	EMEA		Americas		APAC		Corporate		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
TOTAL EMPLOYEES	4,528	5,249	335	429	1,403	1,445	67	81	6,333	7,204
TOTAL FIELD FORCE	3,776	4,451	113	170	1,026	1,073	0	0	4,915	5,694
Hearing care professionals	2,088	2,505	43	71	498	538	0	0	2,629	3,114
- HA specialists (qualified by law/certified)	1,840	2,167	41	65	489	530	0	0	2,370	2,762
- HA specialists (apprentices or equivalent)	248	338	2	6	9	8	0	0	259	352
Other field personnel	1,688	1,946	70	99	528	535	0	0	2,286	2,580
- Shop Supporting Personnel	1,348	1,558	41	69	465	461	0	0	1,854	2,088
- Technicians	73	81	2	1	8	25	0	0	83	107
- Regional & Area/District Manager	133	161	4	2	55	49	0	0	192	212
- Other Frontline Personnel	134	146	23	27	0	0	0	0	157	173
TOTAL SUPPORT FUNCTIONS	752	798	222	259	377	372	67	81	1,418	1,510
TOTAL WORKFORCE NOT ON PAYROLL	1,491	1,543	3,901	3,900	3	0	9	19	5,404	5,462
TOTAL FIELD FORCE	1,445	1,485	3,900*	3,900*	0	0	0	0	5,345	5,385
Hearing care professionals	1,003	1,011	2,900*	2,900*	0	0	0	0	3,903	3,911
- HA specialists (qualified by law/certified)	949	958	0	0	0	0	0	0	949	958
- HA specialists (apprentices or equivalent)	54	53	0	0	0	0	0	0	54	53
Other field personnel	442	474	1,000*	1,000*	0	0	0	0	1,442	1,474
- Shop Supporting Personnel	385	424	0	0	0	0	0	0	385	424
- Technicians	21	18	0	0	0	0	0	0	21	18
- Regional & Area/District Manager	0	0	0	0	0	0	0	0	0	0
- Other Frontline Personnel	36	32	0	0	0	0	0	0	36	32
TOTAL SUPPORT FUNCTIONS²	46	58	1	0	3	0	9	19	59	77
OVERALL TOTAL WORKFORCE	6,019	6,792	4,236	4,329	1,406	1,445	76	100	11,737	12,666

* Estimated figure

¹ Figures might differ from the Consolidated Financial Statements due to the different treatment of interns, that are fully represented in this table

² Back office interns, interim contracts, etc.

National industrial and organizational relations differ significantly from one country to the other. In Australia, France, Spain, Italy, Belgium and the Netherlands all employees are covered by collective agreements. For the countries where there is no collective bargaining agreement in place, Amplifon directly establishes contract clauses with its employees.

4.2 Attracting valuable people

Amplifon is committed to attracting people who believe in innovation and excellence, and who are excited by the idea of working in a dynamic international environment. To this end, Amplifon has developed 14 country websites and a global website available in 6 different languages. All of these sites are dedicated to communicating the attractiveness of the industry and the Company, and the professional growth opportunities and vacancies within the organization. Amplifon also uses intensively the main social media channels to engage in a direct dialogue with talent. Currently around 35% of hirings come from digital channels.

64% of the people who visit the Global Career Website also explore our **Local Career Websites**.
19% of the people who visit Local Career Websites show **interest** in our **open positions**.

	Dec. 2015	Dec. 2016
 LinkedIn followers	5,000	17,000
 Career Facebook fans	900	8,000

2016 also saw the launch of a global employer branding project, which aims to strengthen Amplifon's reputation and reach the right target audience in a 360° approach, thus being able to attract the most suited candidates in line with the Company's objectives and values and further enhance Amplifon culture.

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



AMPLIFON FOUNDATION DEGREE

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



<http://careers.amplifon.com/global>

4.3 Fostering excellence

Amplifon dedicates considerable time and resources to employee-focused programs, and provides a wide range of learning and development opportunities to help employees realize their full potential.

The Company offers ad hoc and regional or country-based training and development programs alongside global ones. In so doing, it is able to meet local needs and requirements while at the same time enabling employees to benefit from best practices shared across its global network. The online and in-person courses it offers to its front- and back-office workforce with the support of one-to-one coaching and mentoring focus on the soft and hard skills required to succeed in the retail hearing care arena. This includes being able to provide the best customer experience as well as develop key leadership skills.

In 2016, Amplifon provided a total of around 430,000 training hours, which represented an increase of almost 150% on the previous year. The increase was particularly pronounced for hearing care professionals, who saw their total hours triple and their average almost double, due in large part to the implementation of the Amplifon 360° experience in the Company's European shops.

Total training expenditures in 2016 amounted to 0.7% of total sales, showing an increase compared to 2015, when it accounted for 0.4% of total sales.

In 2016, Amplifon launched the first edition of its Amplifon Global Onboarding program (aGO), designed to help the most promising new hires build a solid career foundation based on global strategic awareness and cross-functional collaboration. During the first edition, 50 international employees were given the opportunity to travel to the global headquarters in Milan where senior managers shared the Company strategy and its main business processes. The event also represented an occasion for networking and sharing ideas and experiences. The feedback on the program has been very positive, with all sessions receiving a high rating from participants (more than 4 on a scale from 1 to 5) and 74% of participants giving the program an overall rating of 5.



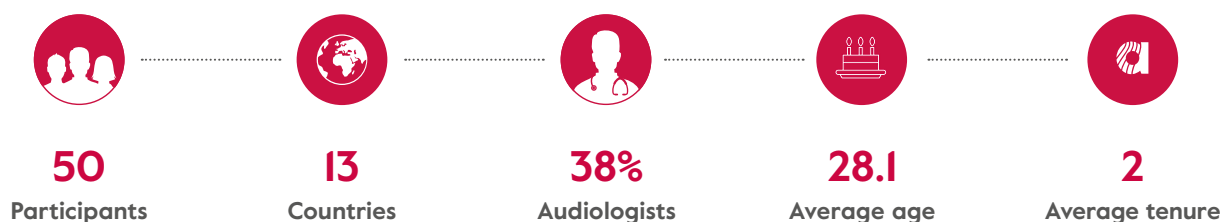
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aGO's objectives

- Enrich knowledge of Amplifon's strategy and its business model;
- Share with employees the meaning of cross-function collaboration;
- Give the right input to make a self-reflection on potential individual contribution to Amplifon.

2016 edition results



Training programs also cover the Miracle-Ear franchising network, with Amplifon providing every franchisee, hearing care professional and customer advisor with the training needed to deliver the highest quality service, from hearing assessment and hearing aid fitting to aftercare.

In 2015 and 2016 Amplifon organized a global meeting of over its 100 key managers to ensure a cascade alignment on strategy and to provide them with top-level education on business insights. Global functional meetings are also organized on an annual basis to guarantee functional alignment, best practice transfer and the development of new functional programs.

4.3.1 For hearing care professionals

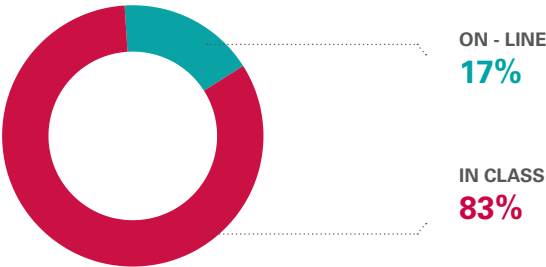
Amplifon ensures its network of hearing care professionals is best in class by employing passionate and talented people and always training them in cutting-edge tools and protocols.

2016 hearing care professionals training¹

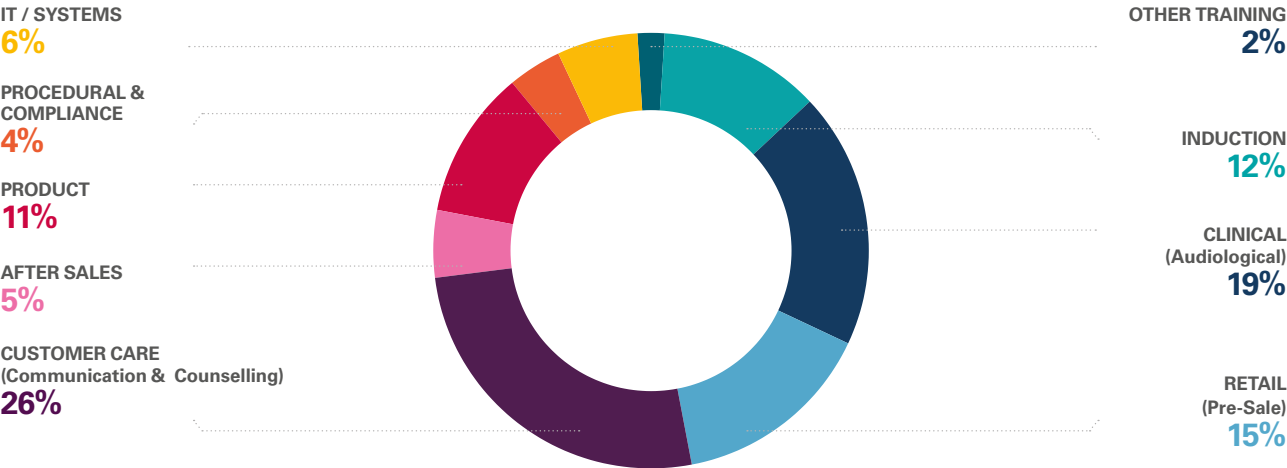
~346,400
TRAINING HOURS

~49
TRAINING HOURS PER HEARING CARE PROFESSIONAL

Training type



Topics overview



¹Training is provided to all hearing care professionals working on behalf of Amplifon, including those who are not on the payroll such as those working for Miracle-Ear franchisees. Data for Brazil, Egypt, Turkey and Israel are not included as they are not material

In 2015, the Company launched a structured training program extended to all hearing care professionals and field people in the EMEA region. The program is aimed at supporting them in the implementation of the new customer experience model and proprietary protocol: the Amplifon 360° experience. The ambition is to funnel and upgrade the expertise of Amplifon personnel, in order to reach a homogenous, outstanding know-how across the network of stores by 2018. This will enable Amplifon to provide customers with services that are even more personalized and of higher quality. 1,445 hearing care professionals completed their 360° training path in 2016.

At a global level, Amplifon is creating a comprehensive step-by-step training program that, together with local training, will guide all hearing care professionals to reach their full potential and achieve excellence in the services they offer. This includes an "Audiologist Excellence Profile", which outlines the characteristics of an ideal hearing care professional and which Amplifon has created by collecting inputs from all the countries on the attributes associated with the best performing professionals. The profile is based on three key pillars: retail excellence, clinical excellence, and customer care excellence. The next steps of this project include the design of the development path - featuring three levels of excellence, with distinct requirements and recognitions - and a pilot phase. The pilot phase has been planned for the second half of 2017 and will involve two countries, while the first global launch of the project is planned for 2018.



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

4.3.2 For talents

Amplifon is always keen to recognize those employees who show abilities and growth potential in key countries or international positions, and is willing to invest in their professional development. To this population, Amplifon offers an extensive array of targeted training programs to suit each person's characteristics and aspirations. It also offers individuals the opportunity to increase their visibility through assignments to global projects and exposure to senior managers. In this way, those who are capable of adapting to ever-changing business environments are offered an accelerated development and growth path towards critical or larger roles. In 2016, 35 out of the around 100 Company's talents were promoted and 10 obtained two-year-long international assignments. T-Lab is Amplifon's talent program and the Compass programs are among the training opportunities offered to talents.



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



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



4.4 Engagement and wellbeing

Amplifon values everyone's efforts and wants its employees to feel fulfilled and engaged with their work.

In 2016, after years surveying employees at country level, the Company launched its first global engagement survey consisting of an online questionnaire submitted to the all Amplifon employees worldwide and agents in Italy. This was driven by the desire to create opportunities for receiving feedback and assessing employees' engagement, for identifying areas of potential improvement, in particular for hearing care professionals, and implementing action plans to meet employees' needs and further differentiate from the competition. Employee engagement, in fact, is seen as a key leverage for the positive management of human resources in the long term. The survey was composed of 51 questions covering the following themes: "achievement & development"; "caring & respect"; "trust & communication"; and "ownership & pride". The outcomes of this first survey have been highly encouraging.

Global engagement survey key results

Response rate



88.4%
of our employees

Engagement index



based on the key
questions most closely
related to engagement
at work

80.3%
of our employees

"I embrace the values and the mission of Amplifon."

91.8%

of all respondents

"I am willing to go "above and beyond" in my job to help Amplifon be successful."

87.8%

of all respondents

"I enjoy my job and am proud of the role I cover."

93.8%

of our audiologists



95.8%

of all respondents

"I feel comfortable in recommending Amplifon services to my family and friends."

95.8%

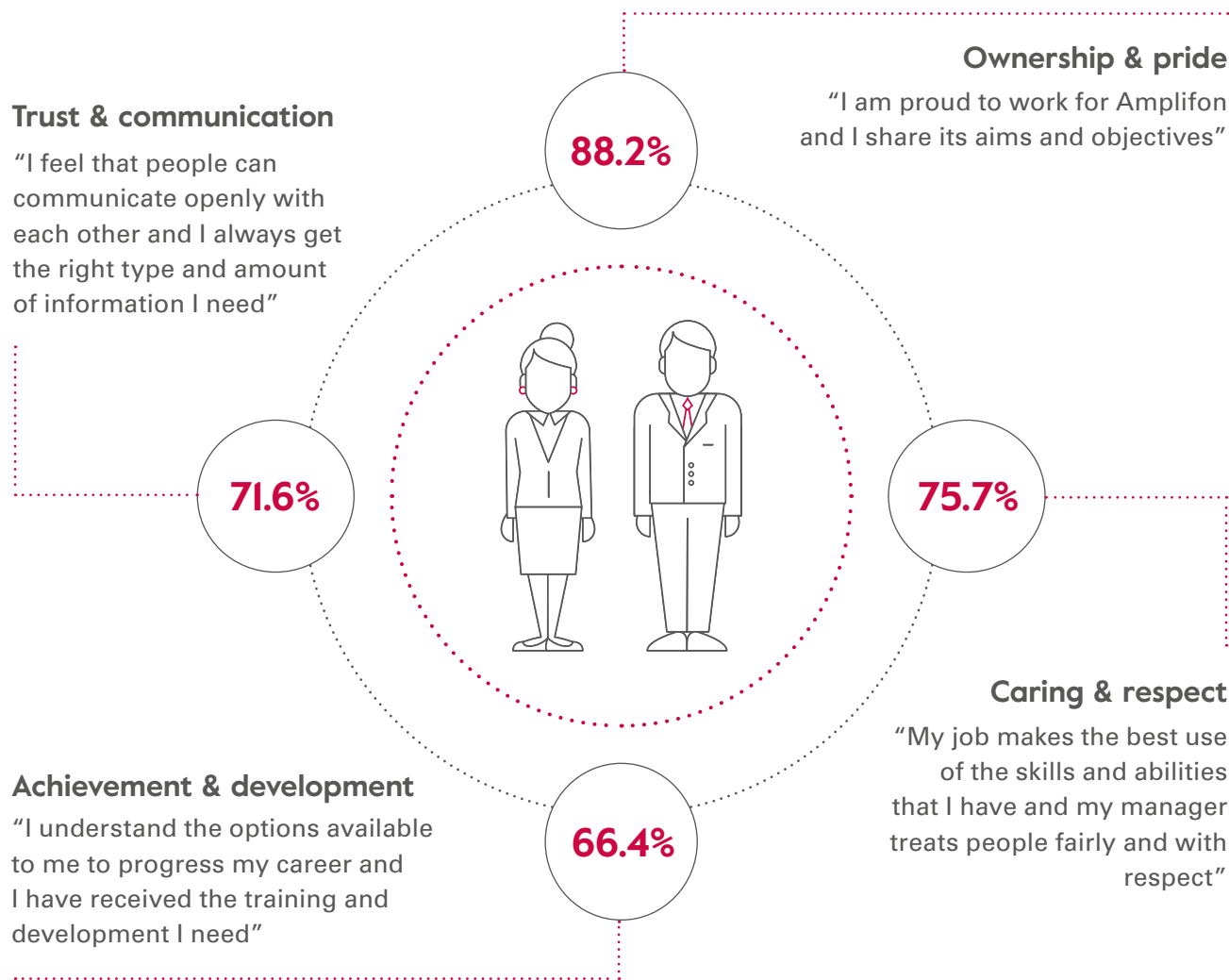
of all respondents

"I understand the impact of my job on the results of Amplifon."

89.8%

of all respondents

"I feel that in my team we treat each other with respect."



By gender

Ownership & pride

	Female	Male
Favourable	88.7%	89.4%
Neither	8.6%	7.9%
Unfavourable	2.7%	2.7%

Achievement & development

	Female	Male
Favourable	65.9%	67.2%
Neither	21.5%	21.1%
Unfavourable	12.7%	11.7%

Caring & respect

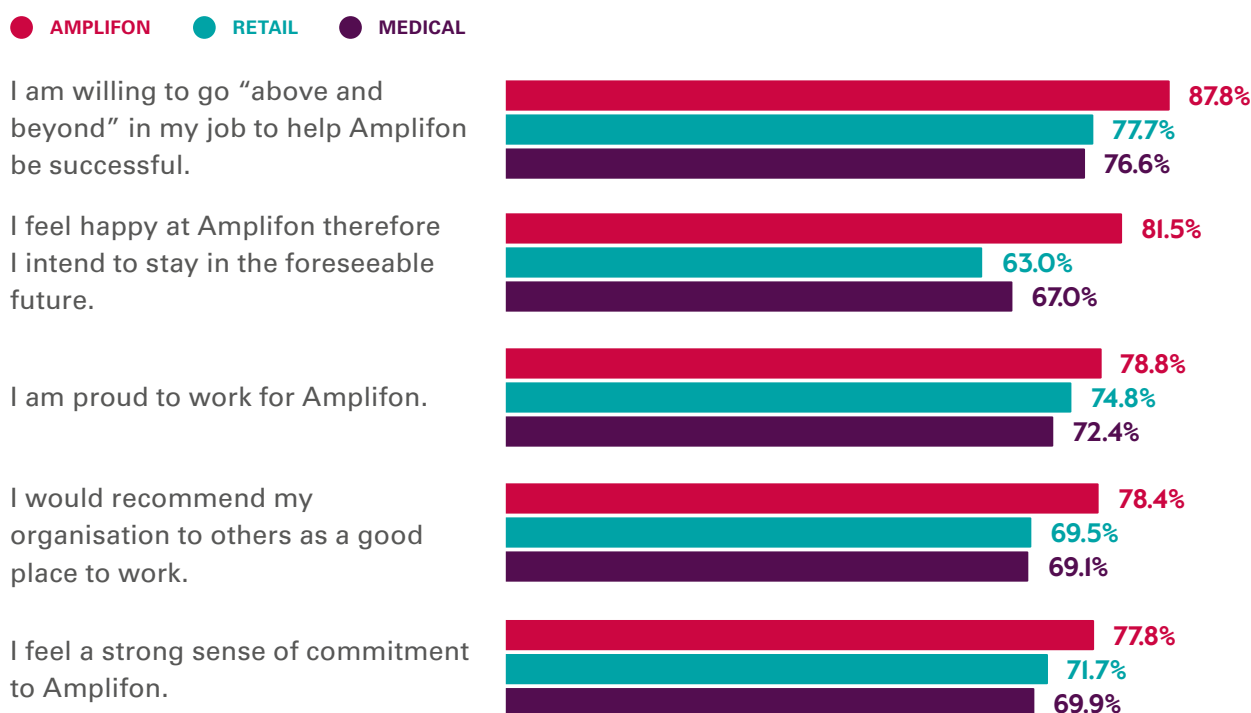
	Female	Male
Favourable	75.3%	76.5%
Neither	15.8%	15.7%
Unfavourable	8.8%	7.8%

Trust & communication

	Female	Male
Favourable	71.0%	72.7%
Neither	18.3%	17.7%
Unfavourable	10.7%	9.6%

Five questions in this survey are identical for all companies that have adopted this methodology. This enables Amplifon to compare its results against benchmarked scores obtained from other organizations in the retail and healthcare industries.

Engagement Index vs. benchmark



Each country has been asked to interpret the 2016 results and run focus groups to help define a consistent action plan for the years to come. The aim is to increase employees' commitment and wellbeing, and to improve the results of the engagement survey, which will be repeated on a bi-annual basis.

Employee communications

Regular, effective communications are another way of keeping employees committed, informed and engaged. Communications are translated and adapted to the specificities of each country. Videos are often used to deliver motivational messages and important news, and as a means for connecting Amplifon with its people. The Company is also developing a unique intranet platform that will connect all Amplifon employees around the world and enable them to share information and content.

4.5 Recognition and reward

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

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

Performance development

Amplifon reviews performance using transparent criteria that measure the core competencies needed to succeed in the hearing care retail arena. These competencies are: customer focus, team skills, operational excellence, leadership traits and orientation to value creation.

Performance Stock Grant Plan

Every year Amplifon distributes shares not only to its top managers, but also to its talents and best-performing hearing care professionals all over the world, as the Company truly believes in sharing the value it creates with the people who make it possible. In 2016, about 610 hearing care professionals benefited from Amplifon's Performance Stock Grant Plan.

"High Achievers" club

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

Charles Holland Award

Amplifon recognizes outstanding performances not just by individuals but also by store teams. Every year, Amplifon Corporate defines a number of prizes to be awarded in each country. Country management selects the most appropriate KPIs, in line with 5 key performance drivers: customer care, innovation, growth, teamwork and productivity. Amplifon's 4,000+ stores (including direct stores and the Miracle-Ear network) are then rigorously assessed and the best 50 stores across the Company worldwide are rewarded with the Charles Holland Award, the Company's highest recognition for excellence in store performance.



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

Charles Holland Award winners kit



The trophy

Each winning store receives a trophy with its **name carved in it**



The letter from the Chairman

Each winner receives a personalized **congratulation letter** signed by the Chairman



The event

Each winner is invited to one of the **special events** to celebrate Excellence

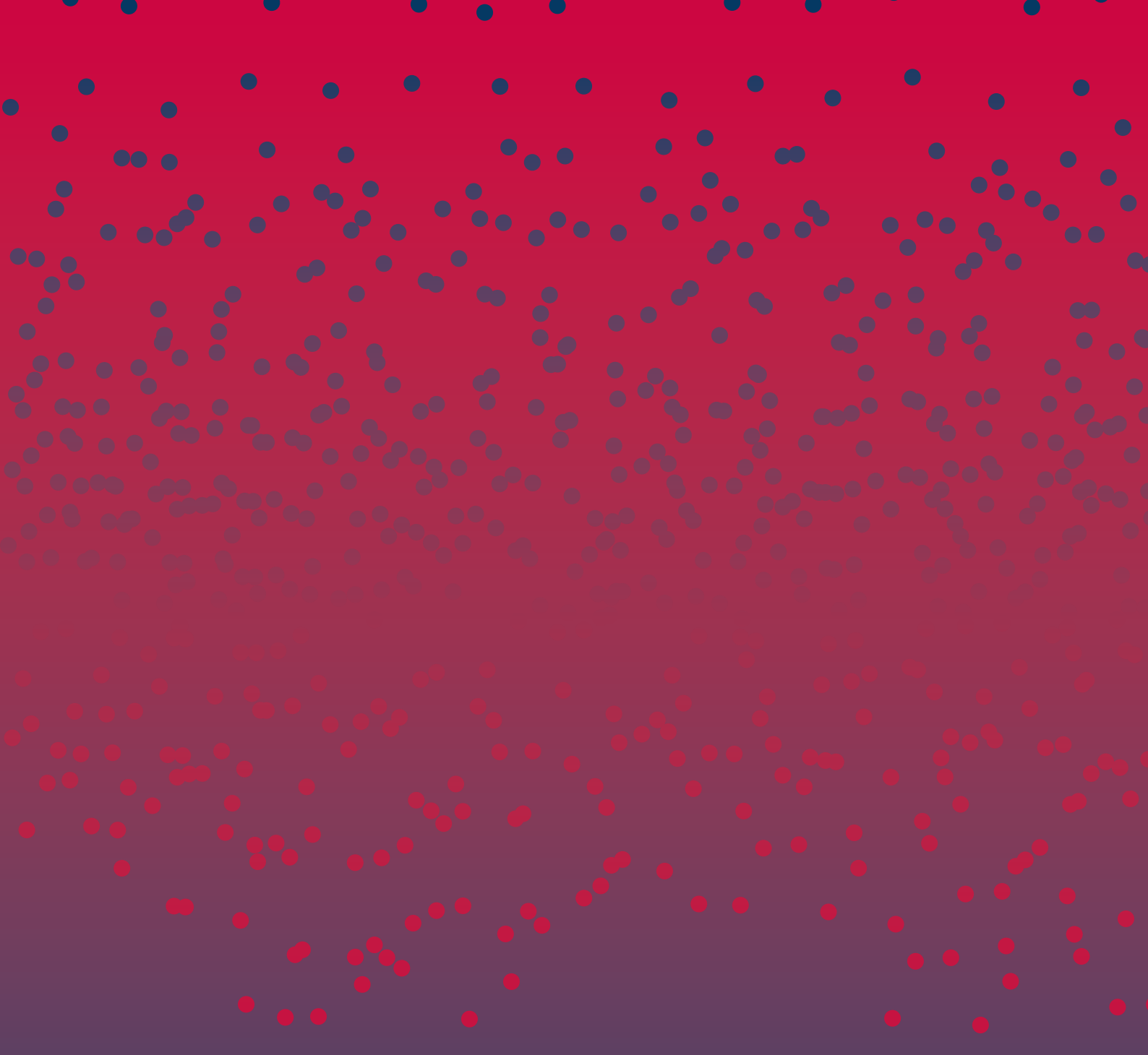


The certificate of excellence

Each winner receives an **individual certificate of Excellence**



Amplifon believes that operating in a responsible way is key to maintaining its strong brand reputation, the trust of its customers, engagement of its employees, and enthusiasm and recognition of the medical community. That is why Amplifon has created a corporate business ethics culture that goes beyond mere compliance to respect the highest ethical standards and laws.



a way
to behave, operate, compete

5. a way to behave, operate, compete

5.1 The regulatory framework

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

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

5.1.1 Hearing aids

Hearing aids are considered medical devices in all the markets where Amplifon operates. Therefore, the devices sold by the Company have to comply with several different national and international regulations on product standards, packaging and labeling requirements. The national regulations for Amplifon's main countries of operation are described below.

EU COUNTRIES: the European Medical Device Directive 93/42/EEC classifies hearing aids as "*class II a - low-medium risk devices*". In order to sell a hearing aid on the European Union market, the CE marking, which stands for "Conformité Européene" and literally means "European Conformity", must be attached to the device confirming that the product meets the essential requirements of all relevant European Medical Device Directives.

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

AUSTRALIA: the Therapeutic Goods Administration (TGA) is the competent authority for hearing aids which are considered medical devices and as such must be registered in the Australian Register of Therapeutic Goods (ARTG) database before entering the Australian market.



HEARING AIDS VS PERSONAL SOUND AMPLIFICATION PRODUCTS (PSAPs)

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

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

5.1.2 Professionals entitled to select, fit and sell hearing solutions

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

USA: the FDA requires hearing aids to be dispensed only by licensed individuals, namely audiologists or hearing instrument specialists (dispensers). As of December 2016, people older than 18 no longer require a medical evaluation by a licensed physician to determine the cause of hearing loss. For underage hearing aid users, a medical evaluation is required prior to dispensing hearing instruments. In December 2016, the FDA also announced its intention to consider and address the PCAST (President's Council of Advisors on Sciences and Technology) and NAS (National Academics of Science) recommendations regarding the possible introduction of a category of hearing aids that can be sold directly OTC (over-the-counter) to consumers with mild to moderate hearing loss, without the requirement for consultation with a credentialed dispenser. A legislative process is also under way, with an over-the-counter bill being introduced in early 2017 in Senate and Congress. No definitive decision has been announced so far.

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



REGULATORY AFFAIRS

Amplifon has implemented a series of measures to ensure its ability to react in a timely manner to potential changes in regulation. The aim is to reduce the impact of any unfavorable changes and maximize the benefits of favorable ones. Specifically, the Regulatory Affairs Function was strengthened in order to:

- develop and maintain continuous monitoring of regulatory changes and their repercussions in all countries where the Company operates;
- define responsibilities (local or central) for managing current or potential problems;
- develop plans of action (with the support of outside experts) for problems defined on a corporate and a local level, and monitor their implementation;
- monitor news, information and discussions relating to the hearing aid sector on key media and social networks;
- develop and coordinate the Company's external communication strategy and actively participate in debates, associations, and institutions in order to make the voice of the sector heard.

5.1.3 Reimbursement conditions

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

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

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

5.2 Responsibility towards customers and compliance

5.2.1 Product and services safety

Amplifon continuously interacts with stakeholders to guarantee and further improve customer safety, a topic that is of paramount importance to the Company.

Amplifon's Regulatory Affairs team dialogues with lawmakers, health agencies, professional scientific societies and industry associations worldwide, sharing information that only a global distribution network such as Amplifon can have in order to support customer safety and ensure access to quality hearing care.

Manufacturers guarantee products are manufactured in compliance with all applicable directives, laws and regulations pertaining to the countries where sales occur. They are responsible for the multitude of tests that hearing aids, being medical devices, are subject to, and which guarantee users' safety.

Amplifon includes a formal declaration regarding safety instructions for the product's utilization and handling by the final user within the manuals for each product category. All products have clear safety instructions and labeling on the package and product information leaflet.

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

In order to avoid risks to customers' safety that may occur in the fitting phase, Amplifon employs highly qualified hearing aid specialists and strongly invests in their training. The Company also has insurance for the rare instances in which incidents might occur.

In recent years, the Company has not reported any case of product recall or non-compliance with regulations and voluntary codes concerning the safety impacts of products and services offered. In 2016, three customers reported some anomalies affecting the batteries of their hearing aids. Amplifon immediately commissioned a thorough analysis by the supplier and an external laboratory, and test results confirmed the safety of the batteries. In 2015, no anomalies were reported.

5.2.2 Customer privacy and data protection

Protecting customers' personal information is essential for maintaining trust, particularly as people grow increasingly concerned about their privacy and security. Factors that could potentially lead to information being lost or deleted or getting into the wrong hands include cyber threats and human error. Amplifon's policies and programs, such as its organizational model, are designed to ensure privacy and security of customer information across the Company.

Amplifon has equipped itself, both at Corporate and store network level, with a series of tools and specific policies and procedures aimed at applying national regulation requirements regarding privacy protection in all countries of operation. The Company has asked hearing care professionals and shop personnel to always handle sensitive data with special care; and, according to Amplifon's Code of Ethics, all information and data acquired or processed by employees in the course of their work cannot be utilized for other purposes or divulged.

Amplifon did not receive any substantiated complaints regarding breaches of customer privacy in 2016. In 2015, Amplifon New Zealand internally recorded two breaches of the Privacy Act concerning customer privacy; those incidents were promptly resolved, with no adverse consequences, with all the external parties concerned.

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

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

To ensure the reliability of information provided online, Amplifon has implemented systems to prevent the defacement of its Facebook webpages. The protection systems alert Amplifon in case of any unauthorized access.

Every quarter, Amplifon distributes an IT security bulletin concerning threats and malware events, which summarizes the efficiency of its IT safety systems. In the reporting period, the Company's prevention systems have operated successfully, ensuring the highest level of protection required. The vast majority of malware has been blocked and no relevant cases of customer data loss were registered.

5.3 Ethical business practices

Amplifon's success is underpinned by a strong commitment to ethical behavior. All workforce are expected to uphold the high standards set out in the Company's Code of Ethics. To meet these standards, it is necessary to create a culture where people not only understand what is required of them but also have the confidence – and recognize their responsibility – to raise concerns.

5.3.1 The internal control and risk management system

As far as organizations are concerned, it is not possible to create value without taking risks. Risk management is therefore part and parcel of every business activity. In a constantly changing business environment characterized by extremely volatile and unstable global market conditions, risk management is even more important and requires organizations to identify risks and take advantage of opportunities.

Amplifon pays the utmost attention to the identification, assessment and management of risks, designing and implementing internal control and risk management systems in line with best practice, and channeling resources into maintaining an acceptable risk threshold. Risk management is an ongoing activity conducted by the Company's top management, country General Managers and local management teams. These are supported by the Group Risk and Compliance Officer who uses self-assessment techniques to gather information and assess risk, and elaborates actions to mitigate their negative impact and exploit, as much as possible, their underlying opportunities. Risks are assessed at both Group and country level and then prioritized according to the objectives of the Company and its subsidiaries, and in consideration of both the probability and impact of residual risks. At least once a year, during the annual risk review, the Chief Executive Officer directly contributes to the mapping of the Company's risks in order to identify priorities aimed at aligning risks with strategies.

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

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

In 2016, the Board of Directors, also based on the contribution of the Risk, Control and Sustainability Committee and the Head of Internal Audit, as recommended by the corporate Governance Code, has expressed an opinion on the adequacy, efficiency and actual functioning of the internal control system through internal audit activities, meetings with the management, the Board of Statutory Auditors and the independent auditors.

5.3.2 Anti-corruption

Amplifon requires its people to operate in compliance with applicable anti-corruption laws and regulations and be aware of the Company values, standards and principles.

Amplifon firmly believes that acting in accordance with the principles detailed in the Code of Ethics will prevent cases of corruption and will contribute to promote an ethical and responsible business conduct.

Going beyond the provisions of the Code of Ethics, the corruption risk is assessed as a part of the annual risk assessment conducted at country and corporate level (as described in Section 5.3.1). In Italy, with reference to the Italian Legislative Decree 231/2001, risk assessment is carried out in accordance with Amplifon's organizational model.

Two main business operations have been assessed as more vulnerable to corruption risk and are related to the activities conducted with doctors and with public authorities. Doctors are important influencers of customer buying choices both in countries where a prescription is mandatory (as is the case in the majority of countries where the Company operates), and in those where it is not as there is a strong relationship between customers and their doctors. The corruption risk concerning public authorities is centered on inspections and on formal requests for real estate lease, restructuring or licenses.

In order to avoid any illegal acts or violation of the Company's rules, Amplifon:

- has defined a Code of Ethics, which has been distributed in all countries in which it operates and prohibits corrupt practices, illegitimate favors, collusive behavior, and undue pressure exerted directly and/or through third parties. All the Company's subsidiaries and affiliates are subject to the Code, as are the business partners in each country where it operates;
- in Italy, has adopted the Internal Organizational Model pursuant to Italian Legislative Decree 231/2001, which entails seven operating procedures governing contacts with the medical community (for example regarding invitations to congresses, gifts, sponsorships, collaborations);
- has created a corporate function to coordinate relationships with the medical profession internationally, with a view to disseminating information and providing professional and scientific support.

Amplifon does not accept non-compliances with the Code of Ethics. If these do occur, the disciplinary system of the relevant country is applied: the strict application of the Code of Ethics is of utmost importance to create and maintain a virtuous circle of correct business behavior.

In addition, Amplifon will be launching a global "Anti-corruption Program" in 2017 that, by analyzing

the potential activities that may expose the Company to risk of corruption, will provide guidelines to be mandatorily followed to prevent corruption.

For the 2015-2016 period, no episodes of corruption were either identified or reported, nor did Amplifon make any type of contribution to political parties or politicians.

5.3.3 Competitive behavior and responsible marketing

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

No legal actions for anti-competitive behavior, anti-trust or monopoly practices were brought against Amplifon over the reporting period. Even so, the Company voluntarily collaborated with national competition authorities investigating on the hearing aids sector. More specifically, Amplifon co-operated with France's Autorité de la Concurrence, which has been gathering information to assess the French hearing aid retail sector and potentially further improve competition in hearing healthcare and increase the utilization of hearing devices. From late 2015, Amplifon has also been responding to questions raised by the Australian Competition and Consumer Commission about a range of business practices in the hearing services industry, particularly incentive-based commissions that might be used to motivate people and improve productivity. All the commission's questions have now been answered.

Responsible and reliable communication with customers is another key facet of Amplifon's business ethics. The Company's Code of Ethics dictates that all employees directly in contact with customers must provide accurate and comprehensive information regarding products and services, and are required to disclose the facts contained in advertising and other sorts of campaigns, so that customers are able to make informed decisions.

In 2015, Amplifon New Zealand was asked by the Commerce Commission to provide information relating to complaints they had received from a customer regarding the lack of clarity on eligibility conditions for a promotional gift. This resulted in no penalty or warning against Amplifon. However, the Commerce Commission did provide compliance advice relating to marketing messages under the New Zealand Fair Trading Act 1986 to ensure that, in future promotion materials, terms and conditions are stated even more clearly in all media forms and create an accurate first impression with consumers. As a result of the advice, Amplifon adopted a third-party legal review process for campaign material and messaging prior to use. The Company also launched a training program for marketing staff on the Fair Trading Act and other Consumer Protection Law requirements.

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

5.4 Green consciousness

Despite being a service company rather than an industrial one, Amplifon is alert to environmental issues and the challenges posed by climate change. The Company realizes that, for any forward-looking corporate responsibility strategy to be effective, it must encompass environmental footprint assessment activities intended to ensure the utmost environmental respect. To this end, Amplifon has embarked on a path aimed at identifying its main impacts along the value chain and at monitoring the environmental performances of its headquarters and its network of shops.

So far, energy and water consumption, waste production and GHG emissions from business travels and from electricity and gas for heating have been monitored in Italy, Australia and New Zealand. Over the coming years, the Company will work towards monitoring its environmental performances in all countries of operation.

Italy - Environmental footprint



ENERGY CONSUMPTIONS

Headquarter

Gas: ~70,000 m³

Electricity: ~1,300 MWh

Shops

Gas: ~554,000 m³

Electricity: ~5,000 MWh



WATER CONSUMPTIONS

Headquarter: 7,780 m³

Shops: 13,971 m³



WASTE PRODUCTION

Headquarter: 4.6 t special wastes



GHG EMISSIONS

SCOPE 1 (Direct emissions):

1,607 tCO₂

From fuels used for the car fleet: 362 tCO₂

From gas for heating of shops: 1,106 tCO₂

From gas for heating of headquarters: 140 tCO₂

SCOPE 2 (Indirect emissions from energy):

2,302 tCO₂

From electricity purchased for headquarters: 1,813 tCO₂

From electricity purchased for shops: 490 tCO₂

SCOPE 3 (Other indirect emissions):

231 tCO₂

Business travels - air:

216 tCO₂

Business travels - train:

15 tCO₂

Australia & New Zealand - Environmental footprint



ENERGY CONSUMPTIONS

Headquarter

Electricity: ~500 MWh

Shops

Electricity: ~2,637 MWh



WATER CONSUMPTIONS

Shops: 7,080 m³



GHG EMISSIONS

SCOPE 2 (Indirect emissions from energy):

1,656 tCO₂

- From electricity purchased for headquarters: 325 tCO₂

- From electricity purchased for shops: 1,331 tCO₂

Note on methodology

The Amplifon Sustainability Report provides information on the performance on the material aspects both for the Company and its stakeholders (Section 1.2). The document has been drafted according to the principles for defining report content (stakeholder inclusiveness, sustainability context, materiality, completeness) and for ensuring quality of information reported (balance, comparability, accuracy, timeliness, clarity, reliability) designed by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version G4). Moreover, this report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines reported on page 79.

The sustainability information reported in this document reflects the materiality assessment carried out according to the GRI-G4 Guidelines (Section 1.2). In the table below, material issues are linked with the GRI Aspects in order to facilitate the comprehension of significant aspects and their relative scope and limitations. For material issues outside the organization that are not currently covered, the company is committed to implementing specific actions in the next few years to gradually extend its reporting scope.

Material aspects	Aspect boundary		Limitation of aspect boundary	
	Inside	Outside	Inside	Outside
Anti-competitive behaviour	Group	-	-	-
Anti-corruption	Group	-	-	-
Compliance (Environment)	Group	-	-	-
Compliance (Product responsibility)	Group	Manufacturers	-	Partially covered for manufacturers
Compliance (Society)	Group	-	-	-
Customer health and safety	Group	Manufacturers; Franchisees; Corporate shops on a commission basis	-	Partially covered for manufacturers
Customer privacy	Group	-	-	-
Economic performance	Group	-	-	-
Employment	Group	Franchisees; Corporate shops on a commission basis	-	Not covered for franchisees
Marketing communications	Group	-	-	-
Product and service labeling	Group	Manufacturers	-	Partially covered for manufacturers
Public policy	Group	-	-	-
Training and education	Group	Franchisees; Corporate shops on a commission basis	-	-

Scope of reporting

This document is the first public edition of the Amplifon Sustainability Report and includes a description of the key initiatives undertaken in 2016 (calendar year) as well as the performance trends of the 2015-2016 two-year period, and 2014 where available. The initiatives and events of particular interest undertaken in 2017 and already known at the date of closing of this report have also been added.

The performance indicators were collected on an annual basis and the reporting frequency will be annual. For all the KPIs disclosed, the reporting scope refers to the companies consolidated on a line-by-line basis. The scope of reporting is consistent with the content reported above with the exception of some data explicitly indicated in the text. No significant changes in Company ownership were registered in the scope and reporting period considered.

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

Quality assurance principles for the sustainability report

This document highlights Amplifon's strengths and weaknesses, as well as its prospects for improvement.

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

Reporting process and calculation criteria

The definition of the content of the 2016 Sustainability Report involved all the key company functions, who worked in close collaboration and under the coordination of the Investor Relations & Corporate Communication team. Amplifon has also been supported by the EY (Ernst & Young) Italian Climate Change and Sustainability Services team.

As for the calculation criteria:

- where environmental data is not available, conservative estimates were used, resulting in the underestimation of the company's environmental performance;
- energy consumption of shops was calculated for a sample of stores and then extended to the other shops based on their superficies;
- water consumption of shops was estimated based on literature data;
- the calculation of greenhouse gas emissions was made by applying the principles indicated in international standard ISO14064-1; emissions have been calculated as CO₂ equivalent, considering the following gases: CO₂ (GWP = 1), CH₄ (GWP = 25) and N₂O (GWP = 298);
- the emission factors used to calculate the CO₂ emissions disclosed in this Report were as follows:
 - **Direct emissions scope 1:** for the heating of offices and stores with natural gas, the emission factor in the table of national standard parameters published by the Italian Ministry of the Environment was used; for the car fleet, the specific emission factors per individual car model were used;

- **Indirect energy emissions scope 2:** for the electricity purchased from the national grid, the emission factor in “Terna international comparisons on Enerdata figures – 2014 data” was used for Australia and Italy. For New Zealand, the emission factor in the “Guidance for Voluntary Greenhouse Gas Reporting – 2016: Using Data and Methods from the 2014” published by the Ministry for the Environment was used.
- **Indirect emissions scope 3:** for emissions connected with employee travel for business reasons by plane, the emission factor in the Defra 2016 databases was used; for trains, the emission factor in the 2015 Sustainability Report of Ferrovie dello Stato Italiane was used.

The KPIs reported represent the best possible estimate based on the data available at the time this Report was prepared. For further information about this Sustainability Report, please contact:

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Content index

General standard disclosures

Strategy and analysis

Disclosure	Description	Reference	Omissions
G4-1	Statement from the most senior decision-maker of the organization.	pp. 4-5	

Organizational profile

Disclosure	Description	Reference	Omissions
G4-3	Name of the organization.	p. 79	
G4-4	Primary brands, products, and services.	pp. 6; 25-30; 38-39	
G4-5	Location of the organization's headquarters.	p. 79	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	pp. 6; 27-30	
G4-7	Nature of ownership and legal form.	pp. 6; 79	
G4-8	Markets served.	pp. 27-30	
G4-9	Scale of the organization.	pp. 6-7; 16; 27-30; 56-57	
G4-10	Total workforce and total number of employees, by contract type, employment type, gender and geographical distribution.	pp. 56-57	The information about number of employees, by gender and type of contract is not available. Amplifon intends to collect the necessary data to cover all the requirements in the future.
G4-11	Percentage of total employees covered by collective bargaining agreements.	p. 58	
G4-12	Description of the organization's supply chain.	pp. 27; 31-32	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	p. 79	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	pp. 74; 78-80	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Amplifon is a member of Valore D.	
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	p. 15	

Identified material aspects and boundaries

Disclosure	Description	Reference	Omissions
G4-17	Entities included in the organization's consolidated financial statements (or equivalent documents) and report whether any entity is not covered by the report.	p. 79	
G4-18	Process for defining report content and aspect boundaries and the implementation of the Reporting Principles for Defining report Content.	pp. 12-19; 78	
G4-19	Material aspects identified in the process for defining report content.	p. 78	
G4-20	Aspect Boundary within the organization for each material aspect.	p. 78	
G4-21	Aspect Boundary outside the organization for each material aspect.	p. 78	
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	p. 79	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	p. 79	

Stakeholder engagement

Disclosure	Description	Reference	Omissions
G4-24	List of stakeholder groups engaged by the organization.	pp. 13-16	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	pp. 13-16	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	pp. 13-16; 41; 42-50; 62-65; 76-77	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	pp. 13-16; 17-19; 41; 42-45; 62-65; 76-77	

Report profile

Disclosure	Description	Reference	Omissions
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	p. 79	
G4-29	Date of most recent previous report (if any).	p. 79	
G4-30	Reporting cycle (annual, biennial, etc.).	p. 79	
G4-31	Contact point for questions regarding the report or its contents.	p. 80	
G4-32	Report the "In accordance" option the organization has chosen, the GRI Content Index and eventually the reference to the External Assurance Report.	pp. 78; 81-85	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	p. 79; Amplifon's Sustainability Report has not been audited by an independent auditor.	

Governance

Disclosure	Description	Reference	Omissions
G4-34	Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts.	pp. 34-35; Report on Corporate Governance and Ownership.	

Business and integrity

Disclosure	Description	Reference	Omissions
G4-56	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Code of Ethics; pp. 74-76	

Specific standard disclosures

Economic

Disclosure	Description	Reference	Omissions
Economic Performance			
G4-DMA		pp. 15-16	
G4-EC1	Direct economic value generated and distributed.	pp. 15-16	

Environment

Disclosure	Description	Reference	Omissions
Compliance			
G4 - DMA		p. 77	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations have been reported for 2015 and 2016.	

Social - Labor practices and decent work

Disclosure	Description	Reference	Omissions
Employment			
G4- DMA		pp. 56-58; 66-67	
Training and development			
G4- DMA		pp. 59-62; 66-67	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	pp. 59-62	

Social - Society

Disclosure	Description	Reference	Omissions
Anti-corruption			
G4- DMA		pp. 75-76	
G4-S05	Confirmed incidents of corruption and actions taken.	p. 76	
Public Policy			
G4- DMA		pp. 75-76	
G4-S06	Total value of political contributions by country and recipient/beneficiary.	p. 76	
Anti-competitive behaviour			
G4- DMA		p. 76	
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	p. 76	
Compliance			
G4- DMA		pp. 72-74	
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No significant fines or non-monetary sanctions for non-compliance with laws and regulations have been reported for 2015 and 2016.	

Social - Product responsibility

Disclosure	Description	Reference	Omissions
Customer health and safety			
G4- DMA		pp. 72-73	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	pp. 72-73	
Product and service labeling			
G4- DMA		pp. 72-73	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	p. 73	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No significant incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling have been reported for 2015 and 2016.	
G4-PR5	Results of surveys measuring customer satisfaction.	p. 41	

Marketing communications

G4- DMA p. 76

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes. p. 76

Customer privacy

G4- DMA pp. 73-74

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. pp. 73-74

Compliance

G4- DMA pp. 72-74

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. No significant fines or non-monetary sanctions for non-compliance with laws and regulations concerning the provision and use of products and services have been reported for 2015 and 2016.



