

GN Store Nord A/S



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Hear More, Do More, Be More

Annual General Meeting of GN Store Nord A/S

Tuesday, March 14, 2017 at 3:00 p.m. (CET)

Co. reg. no. 24257843

GN Making Life Sound Better



TO THE SHAREHOLDERS OF GN STORE NORD A/S

The annual general meeting will be held on Tuesday, March 14, 2017, at 3:00 p.m. (CET) at GN Store Nord A/S, Lautrupbjerg 7, DK-2750 Ballerup, Denmark.

Request for admission card(s) and voting paper

Shareholders register for GN Store Nord A/S' annual general meeting by requesting an admission card. The admission card can be obtained at www.gn.com/agm or from Computershare A/S at www.computershare.dk or by phone +45 45 46 09 97. Shareholders are allowed to bring one accompanying person (advisor or guest) to the meeting. Shareholders wishing to bring an accompanying person have to request an extra admission card.

The deadline for ordering admission card(s) is Friday, March 10, 2017, at 11:59 p.m. (CET).

As something new this year, the company will issue electronic admission cards. The electronic admission card(s) will be sent to the email address provided by the shareholder on the Shareholder Portal hosted by Computershare A/S at www.computershare.dk. Shareholders must bring the admission card(s) to the annual general meeting, either electronically on a smartphone/tablet or in print. Shareholders also have the option of collecting admission card(s) at the registration counter at the entrance to the annual general meeting upon proof of identification. At the registration counter, shareholders will be provided a printed voting paper.

Shareholders who do not expect to attend the annual general meeting can vote by postal vote or by proxy given to the chairman of the board of directors or to a person appointed by the shareholder and participating in the annual general meeting. Submission of proxy may take place at www.gn.com/agm or with Computershare A/S at www.computershare.dk.

Shareholders also have the option of requesting admission card(s) or submit proxy/postal vote by post. The registration/proxy/postal vote form can be downloaded at www.gn.com/agm. The form must be signed and returned by post to Computershare A/S.

The proxy must be received by Computershare A/S no later than Friday, March 10, 2017, at 11:59 p.m. (CET).

The postal vote must be received by Computershare A/S no later than Monday, March 13, 2017, at 3:00 p.m. (CET). Please note that once received by Computershare A/S, the postal vote cannot be revoked or replaced by a new postal vote.

Agenda

a) Report by the board of directors on the activities of the company during the past year.

The board of directors proposes that the report is adopted.

b) Submission of the audited annual report for adoption and resolution of discharge to the board of directors and the executive board.

The board of directors proposes that the audited Annual Report 2016 is approved, and the board of directors and the executive board are discharged.

c) Decision on application of profits or covering of losses in accordance with the approved annual report.

The board of directors refers to page 14 in the Annual Report 2016 containing the proposal with regard to the distribution of the annual profit, according to which dividends of DKK 1.15 per share with a nominal value of DKK 4 each will be paid out.

d) Approval of the remuneration to the board of directors for the current financial year.

Pursuant to Article 15.4 of the Articles of Association, a total remuneration of DKK 6,675,000 is proposed to the board of directors for 2017. The remuneration is unchanged compared to 2016.

The remuneration is allocated as follows:

The base fee for serving on the board of directors of GN Store Nord A/S remains at DKK 250,000 with 2 times the base fee to the deputy chairman and 3 times the base fee to the chairman.

The base fee for serving on the board of directors of GN Audio A/S and GN Hearing A/S remains at DKK 100,000 with 1.75 times the base fee to the deputy chairman and 2.5 times the base fee to the chairman.

The base fee for serving on the Audit Committee, the Remuneration Committee and the Strategy Committee remains at DKK 150,000 with 2 times the base fee to the chairman.

The base fee for serving on the Nomination Committee remains at DKK 75,000 with 2 times the base fee to the chairman.

In addition, members of the board of directors who are not Danish residents are entitled to receive a fixed travel allowance in the following amount in connection with participation in board meetings in Denmark:

- EUR 3,000 per meeting for European based board members, and
- EUR 6,000 per meeting for non-European based board members.

e) Election of members to the board of directors.

Pursuant to Article 15.1 of the Articles of Association, all members of the board of directors elected by the general meeting are up for election every year. Accordingly, Per Wold-Olsen, William E. Hoover, Jr., Carsten Krogsgaard Thomsen, Wolfgang Reim, Hélène Barnekow and Ronica Wang are up for election.

The board of directors proposes re-election of Per Wold-Olsen, William E. Hoover, Jr., Carsten Krogsgaard Thomsen, Wolfgang Reim, Hélène Barnekow and Ronica Wang.

Except for Ronica Wang, each of the proposed members of the board of directors are considered independent as defined by the Committee on Corporate Governance. For information on directorships and management positions of each proposed re-elected member of the board of directors, reference is made to www.gn.com/agm.

f) Election of a state-authorized public accountant to serve until the company's next annual general meeting.

Pursuant to Article 19.2 of the Articles of Association, a state-authorized public accountant is to be elected for the term until the next annual general meeting. The board of directors proposes re-election of Ernst & Young Godkendt Revisionspartnerselskab, CVR no.: 30700228, based on a recommendation from the Audit Committee. The Audit Committee has not been influenced by third parties nor has it been subject to any contractual obligations restricting the annual general meeting's choice of certain auditors or audit firms.

g) Proposals from the board of directors and shareholders.

g.1 Proposals from the board of directors.

g.1.1 Proposal from the board of directors to authorize the board of directors to acquire treasury shares.

The board of directors proposes that, until the next annual general meeting, the board of directors shall be authorized to allow the company and its subsidiaries to acquire shares in the company to be held in treasury at a nominal value of up to 10% of the company's share capital. The shares are to be acquired at the market price applicable at the time of purchase subject to a deviation of up to 10%. The company's holding of treasury shares may at no time exceed 10% of the share capital of the company.

g.1.2 Proposal from the board of directors to authorize the board of directors to reduce the share capital through the cancellation of treasury shares.

As part of the company's share buyback program, see announcement no. 19/2016, the board of directors

proposes to reduce the share capital by nominally DKK 36,414,860 through cancellation of 9,103,715 treasury shares of DKK 4 each, corresponding to 5.9% of the total share capital. Upon completion of the capital reduction, the company's share capital will be DKK 582,736,856.

As a consequence of the capital reduction, it is proposed to amend Article 3.1 of the Articles of Association to read as follows:

“3.1 The company's share capital amounts to DKK 582,736,856 divided into shares in denominations of DKK 1 or multiples thereof.”

Pursuant to section 188(1) of the Danish Companies Act, it is disclosed that the purpose of the capital reduction is to cancel the treasury shares as referred above, which, according to the practice of the Danish Business Authority, is considered comparable with a capital reduction for distribution to the shareholders. The shares were bought by the company for a total amount of DKK 1,277,114,139 implying that DKK 1,240,699,279 has been distributed to the shareholders in addition to the nominal reduction. The average purchase price has thus been DKK 140 per share (rounded).

g.1.3 Proposal from the board of directors to renew the authorization to the board of directors to increase the share capital.

The board of directors proposes that the existing authorizations in Articles 5.1 and 5.2 of the Articles of Association regarding increase of the share capital in one or more rounds be renewed until April 30, 2018.

Thus, it is proposed that Articles 5.1 and 5.2 of the Articles of Association are amended to read as follows:

“5.1 The board of directors is authorized to increase the share capital with pre-emptive rights for the shareholders by issuing new shares in one or more rounds up to a total nominal amount of DKK 116,000,000, see however Article 5.4. The authorization is valid until 30 April 2018, but is renewable for one or more periods of one to five years duration.

5.2 The board of directors is authorized to increase the share capital without pre-emptive rights for the shareholders by issuing new shares in one or more rounds up to a total nominal amount of DKK 58,000,000, see however Article 5.4. The subscription price for the new shares shall be equivalent to the market price. The authorization is valid until 30 April 2018, but is renewable for one or more periods of one to five years duration.”

The authorization will be subject to Articles 5.3 and 5.5 – 5.6 (to be renumbered to Articles 5.4 and 5.6 – 5.7) inserted below:

“5.4 The authority given to the board of directors to increase the share capital under Articles 5.1, 5.2 and 5.3 can altogether in the aggregate be exercised to increase the share capital by a maximum nominal amount of DKK 116,000,000. Subject to resolution by the board of directors, the increase may take place by payment in cash, payment in assets, conversion of debt or issue of bonus shares.

5.6. Shares issued pursuant to this Article 5 cannot be issued against partial payment and are issued in the name of the holder. The shares carry dividend from such time as resolved by the board of directors, but not later than for the financial year following the year of the capital increase. The shares are freely negotiable instruments. The new shares rank in all respects pari passu with the existing share capital.

5.7 The board of directors determines the terms of capital increases made under this Article 5.”

g.1.4 Proposal from the board of directors to authorize the board of directors to issue convertible debt instruments without pre-emptive rights for the shareholders.

In order to afford the board of directors greater flexibility in connection with potential future adjustments of the company's debt structure, it is proposed to authorize the board of directors to issue convertible debt instruments.

The proposed authorization, to be included as a new Article 5.3 of the Articles of Association, shall read as follows:

“5.3 The board of directors is authorized to raise loans on one or more occasions for a total principal loan amount of DKK 58,000,000 without pre-emptive rights for the shareholders against the issuance of convertible debt instruments which may be converted into new shares. The authorization is valid until 30 April 2018. The conversion price shall be determined by the board of directors as a price equal to or above market price at the time of the decision to issue the convertible debt instrument. The board of directors determines any other terms and conditions governing the convertible debt instruments.

The board of directors is authorized to adopt the share capital increases related to convertible debt instruments issued pursuant to this Article 5.3, up to a total nominal amount of DKK 58,000,000, see however Article 5.4, without pre-emptive rights for the shareholders. The authorization is valid until 30 April 2018.”

The authorization is subject to the terms and limitations in the renumbered Articles 5.4 and 5.6 - 5.7 cited above under item g.1.3. As a consequence of the proposals under items g.1.3 and g.1.4 above, Article 5.4 in the Articles of Association is re-numbered to Article 5.5.

g.1.5 Proposal from the board of directors to adopt a remuneration policy, including general guidelines for incentive pay.

The board of directors proposes to adopt an updated version of the existing general guidelines for incentive pay as part of a remuneration policy for the company’s board of directors and executive management, and renaming it “Remuneration policy, including general guidelines for incentive pay to the management”. The proposal is made to ensure full alignment with the Recommendations on Corporate Governance.

The company’s current general guidelines for incentive pay were first adopted at the annual general meeting on March 18, 2010. In order to ensure that the general guidelines are clear, transparent and in accordance with current market practice, the board of directors proposes to adopt a revision of the guidelines. In addition to certain minor general updates, the revised incentive guidelines include the following amendments:

- To ensure that the company can offer a competitive compensation package to current and future members of the executive management, it is proposed that the maximum grant value per allocation under the warrant program to the members of executive management is raised from a maximum of two thirds of the annual target base salary for the position in question, to a maximum of the annual base salary for the position in question.
- To ensure flexibility, it is proposed to amend the provision on early exercise so that the board of directors may lay down specific terms for accelerated vesting and/or early exercise of warrants as appropriate from time to time.

With the exemption of the amended cap on grant value, the revised guidelines will not imply any changes to the general principles for incentive pay to the executive management applied so far under the company’s long-term and cash-based incentive programs.

The proposal for the remuneration policy, including the general guidelines for incentive pay, is available at the company’s website at www.gn.com/agm.

Thus, it is proposed that Article 17 of the Articles of Association is amended to read as follows:

“17 The company has adopted a remuneration policy, including general guidelines for incentive pay to the management. The remuneration policy has been approved by the general meeting and is available at the company’s website, www.gn.com.”

g.1.6 Proposal from the board of directors to amend the Articles of Association to reflect name change of NASDAQ OMX Copenhagen A/S.

NASDAQ OMX Copenhagen A/S has changed its legal name to Nasdaq Copenhagen A/S. Consequently, the board of directors proposes that the references thereto in Articles 4.1 and 9.4 of the Articles of Association be amended from “NASDAQ OMX Copenhagen A/S” to “Nasdaq Copenhagen A/S”.

g.2 Proposals from shareholders.

There are no proposals from shareholders.

h) Any other business.

No decisions nor proposals can be adopted under item h). Any matter related to the company can be directed to the board of directors.

Rules on adoption

Passing of the proposals for amendments to the company's Articles of Association, items g.1.2, g.1.3, g.1.4, g.1.5 and g.1.6 requires at least 2/3 majority of the votes cast as well as of the share capital represented at the annual general meeting. The passing of the other proposals requires simple majority.

The size of the share capital and the shareholders' voting right

The company's share capital of nominally DKK 619,151,716 is divided into shares of DKK 1 or multiples hereof. Each share of DKK 1 carries one vote.

Shareholders are entitled to attend the annual general meeting and vote on shares held at the record date, Tuesday, March 7, 2017. The shares held by each shareholder are based on information in the company's register of shareholders as well as notifications about ownership received by the company prior to the record date for entry into the register of shareholders, but which have not yet been recorded.

Further information on the annual general meeting

Further information on the annual general meeting will be available at the company's website, www.gn.com, including the total number of shares and voting rights as of the date of the notice convening the annual general meeting, the notice convening the annual general meeting with the agenda and the proxy form to be used in connection with the annual general meeting. The full annual report for 2016 is available at www.gn.com/annualreport2016 and a Danish summary thereof is available at www.gn.com/resumeaarsrapport2016.

The annual general meeting is transmitted live in Danish and English via webcast on the company's website, www.gn.com/agm. The company also offers simultaneous interpreting from Danish into English at the annual general meeting.

The annual general meeting at GN Store Nord A/S will be open from 2:00 p.m. (CET). Tea, coffee and cake will be served until 2:45 p.m. (CET).

Questions from the shareholders

Any questions regarding the agenda or the documents etc. issued in connection with the annual general meeting can be directed to GN Store Nord A/S by email to: info@gn.com

If you have any questions to the above, please contact GN Store Nord A/S at tel. +45 45 75 00 00.

Ballerup, February 20, 2017

GN Store Nord A/S

The board of directors