



2021 ESG REPORT

Amplifying our collective intelligence

At Nuance, we pioneer solutions that amplify our collective intelligence. We do this by delivering conversational AI solutions that foster success, advance the effectiveness of organizations, and have a positive impact on the world.

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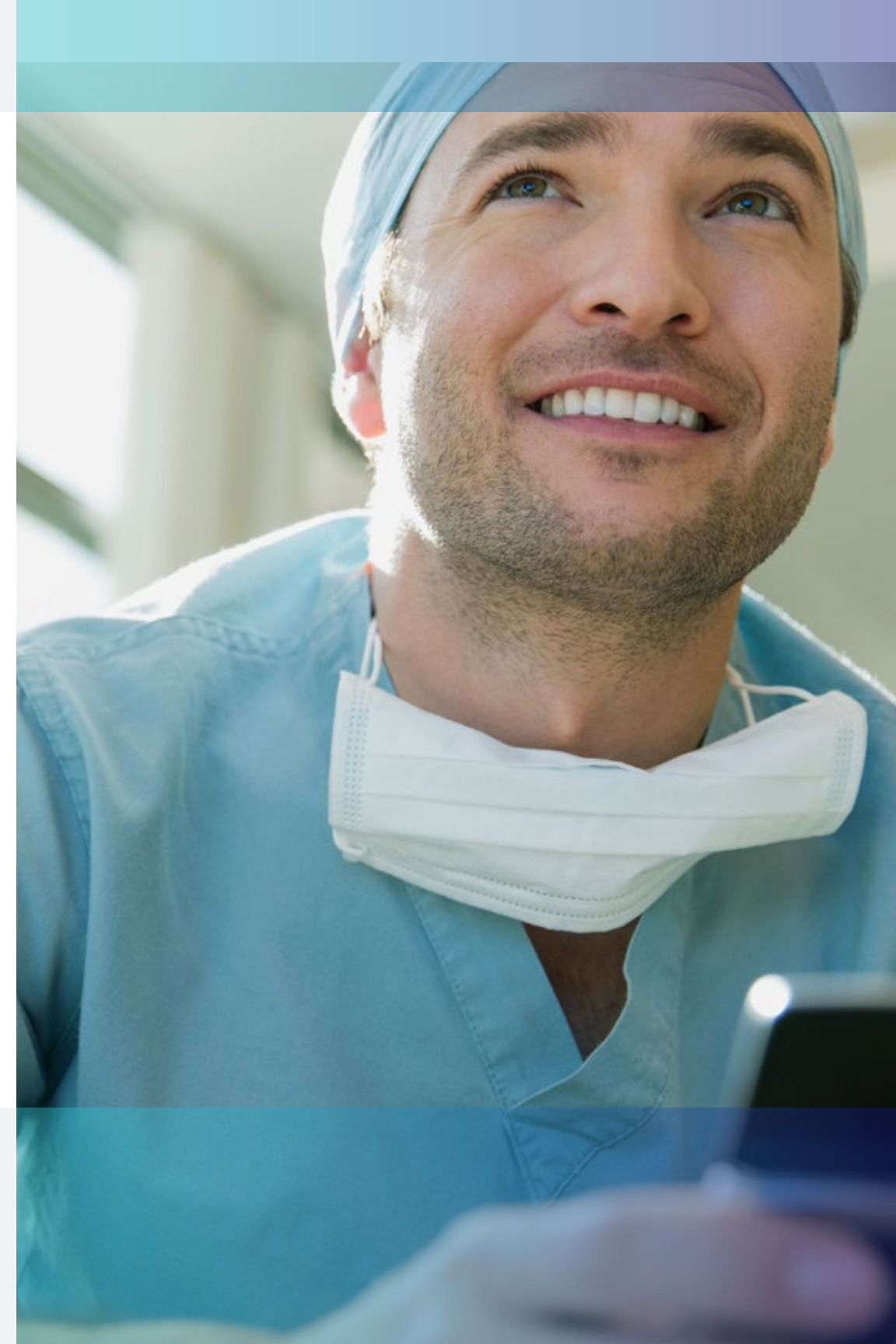
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A message from our CEO



At Nuance, we believe that it is our collective intelligence that makes us more, and we know that it is because of our diverse ideas, experiences, and perspectives that we are able to solve some of the most complex industry challenges for businesses worldwide. It is also because of our shared Purpose and Values that our employees are united and inspired daily to support one another, our customers, and our communities—and truly it has never been more important, or needed, than over the course of this last year.

When we wrote our inaugural ESG 2020 report, we couldn't have anticipated the sheer magnitude of the pandemic and, as we issue this report one year later, our deepest gratitude remains with essential workers and those who continue to work tirelessly on the frontlines to care for others and keep them safe. Throughout this last year, we have sought out every opportunity to do our part as well, staying true to our shared Purpose, living our Values, and using our collective talents and abilities to support one another and our global community during these unprecedented times.

Detailed in the pages that follow, we share some of the critical initiatives we took over the last year to make a positive difference in the lives of others— from enhancing our benefits offerings to care for our employees' and their families' overall well-being through free premium subscriptions to the Calm app, regular mental and physical wellness sessions, access to around-the-clock mental health resources, and company-sponsored

Throughout this last year, we have sought out every opportunity to do our part, staying true to our shared Purpose, living our Values, and using our collective talents and abilities to support one another and our global community during these unprecedented times.

COVID-19 vaccination clinics in regions where we were able, to supporting our communities through pandemic relief efforts, including setting up field hospitals and vaccination clinics, distributing health equipment, and helping to provide access to virtual care and special assistance for vulnerable populations. In addition, we continued to uphold our deep commitment to inclusion and diversity, proudly supporting important social causes through philanthropy and corporate partnerships dedicated to combating racial injustice and promoting equality in STEM fields in order to help the next generation of innovators and bright minds be confident, find their voice, and thrive. With every thought and action that we took, we never lost sight of working together to help those around us.

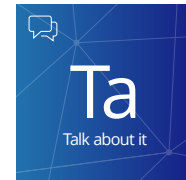
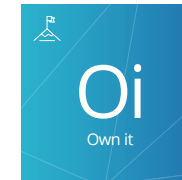
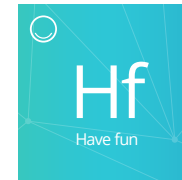
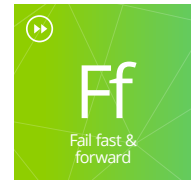
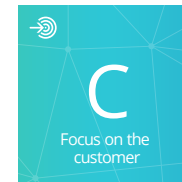
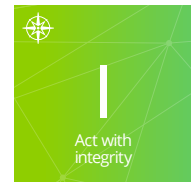
In that same spirit of togetherness, we created technology that enhances the lives of others and brought to market new cutting-edge telehealth and mobile solutions to keep healthcare workers and their patients safe, and we partnered with companies worldwide to help them quickly implement digital transformation strategies to protect and best support their customers when they needed it the most. While these innovations provided relief during a great time of need, they have also helped to usher in a new era of digital engagement

across our key industries— creating a new standard for how people interact with the technology around them. We believe these new consumer expectations are here to stay, and we are well-positioned to continue supporting our customers with the latest conversational AI advancements, both now and in the future.

Most importantly though, with every passing day, we have – and continue to – grow stronger as a company. We have made immense progress on our strategic transformation, are continuously developing the latest technology to drive meaningful outcomes for our customers, we are deepening our footprint in our markets, and doing our part to care for our global communities and the health of our planet. And, at the very center of it all, are our amazing employees. I know I speak for the entire Executive Team when I say that we are incredibly proud of our talented teams who are committed to building the best conversational AI solutions and helping to shape a brighter, more equitable future for all. I am confident that we will continue to use our collective intelligence to make a positive difference in the lives of others.

Mark Benjamin, CEO

Nuance's culture and governance



**INTELLIGENCE
MAKES US
MORE**

Our Purpose and Values

Our Purpose and Values guide everything we do at Nuance. They are embedded in how we interact with customers, recruit and develop our employees, and engage with the communities in which we live and work. Our Purpose—Intelligence Makes Us More—defines our work and amplifies our impact.

First and foremost, we make intelligent solutions. We create the logic, understanding, learning, and awareness that enable progress and advance humanity. The collective intelligence of our employees, our customers, and their customers allows us not just to do more but to be more.

We faced the past year strong in our belief that by working together we can achieve anything. And when you look at what we've accomplished, against almost insurmountable odds, we think you'll agree that we succeeded to the benefit of our customers, their customers, our employees, and our communities.



Executing on our strategic objectives during 2020

This past year, we continued to execute our long-term strategy. To that end, we sold a non-strategic line of business and simplified our product portfolio, moved many customer solutions to the cloud, and shrank our global footprint by closing 26 offices, bringing the current total to 26. This execution came to a culmination on April 12, 2021, when Nuance announced that it had signed a definitive agreement to be acquired by Microsoft, due in part to the success of this strategic transformation.

Nuance has remained committed to strategic priorities and executing against its financial objectives despite COVID-19 headwinds. The pandemic initially caused a slowdown in account activity, primarily due to the widespread disruption in healthcare and general macroeconomic uncertainty. However, after the initial slowdown in activity, we experienced a resurgence due to the critical nature of our products and the exacerbated challenges faced by both enterprises and healthcare institutions.

Our Executive Team remained focused on job security and upholding our commitment to strategic investments. We actively managed expenses, achieving a full-year non-GAAP operating margin of 23.6%, which was within our pre-COVID-19 guidance range.

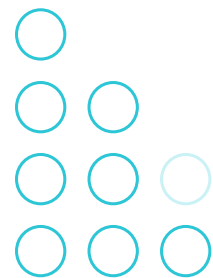
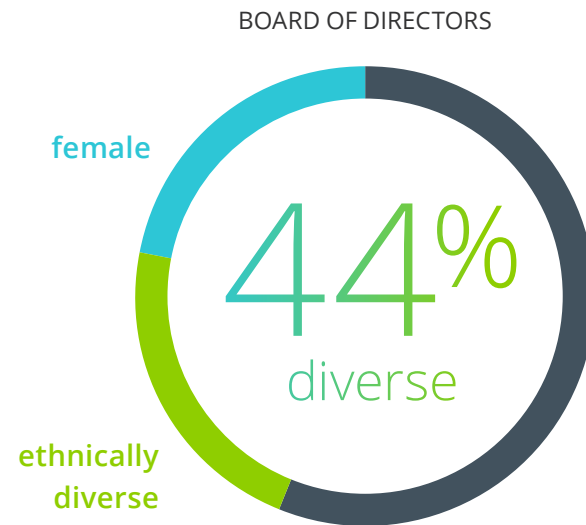
Our products proved uniquely adaptable for pandemic-related requirements, and many of the enhancements we have made will continue to provide value once the pandemic has receded.

We believe that while the pandemic itself will subside, its impact on society and technology will be long-lasting. The shift to digital engagement in customer service centers and the increased reliance on telehealth and mobile solutions are among the many trends that have been shaped and accelerated by the pandemic. Our solutions are uniquely positioned to benefit from these secular shifts, and we will continue to support our clients as they navigate digital transformation.

Corporate Governance

During 2020, Nuance’s management team frequently consulted with the Board to work closely together during these unprecedented times.

In February, the charter for the Nominating & Governance (N&G) Committee of the Board was updated to formally assign the committee with responsibility for overseeing two new areas of our business: Nuance’s ESG strategy and reporting, and Human Capital Management, including talent management, culture, and inclusion and diversity.



8 OF 9 DIRECTORS ARE INDEPENDENT

Board of Directors provides strong oversight

Our Board of Directors has been instrumental in overseeing Nuance’s strategic transformation, response to the COVID-19 pandemic, and planned acquisition by Microsoft. Our Board’s diverse set of backgrounds and experiences ensure a wide range of perspectives on our business strategy, corporate governance, and company culture. The Board includes two women, and members from varying ethnic and professional backgrounds.



This year, at the Corporate Governance Awards, Nuance was awarded best governance team of the year and our Executive Vice President and Chief Legal Officer was named governance professional of the year (both awards were in the small- to mid-cap category).

Upholding the highest corporate governance and business ethics standards

Our compliance standards and ethical culture are fundamental to our ability to maintain the trust of our employees, customers, shareholders, and the regulatory bodies with whom we interact. Our Board oversees our compliance program, while our Executive Team, including our Chief Legal Officer, designs and maintains the program. The three pillars of our compliance program are education, effective controls, and enforcement.

In 2020, we continued to develop best-in-class corporate governance and ethics practices. For example, we standardized a process to analyze new laws and regulations and understand their implications to Nuance. Priority topics are monitored by a dedicated team and, as relevant legislation gets introduced, a legal team member reviews and analyzes the legislation.



Investor outreach

Nuance strives to establish and maintain strong relationships with its shareholders. A key component of our strategic transformation has been our commitment to extensive shareholder outreach. Shareholders indicated support for Nuance’s strong governance practices, citing the significant progress made in recent years. Our shareholders reiterated their strong support for management, as evidenced by the fact that 94% of shareholders approved Nuance’s advisory “say-on-pay” vote, our highest rating ever. We also received positive feedback on our inaugural ESG report and shareholders recommended that going forward Nuance enhance its diversity and pay equity disclosures, which we do in this report. Lastly, shareholders expressed their support of the current composition of the Board.

We conducted a broad outreach to holders of approximately

65%

of our shares.

We met with holders of approximately

30%

of our shares.

In fall of 2020, members of management engaged with shareholders on the topics of compensation, governance and sustainability.



We believe our preparedness in response to the pandemic has demonstrated the effectiveness of both our business continuity planning and risk management strategy overall.

A holistic approach to risk management

In 2020, we further structured our enterprise risk management framework by forming a risk management committee whose work is reviewed by the Board. We have completed an assessment of our top risks, assigned risk owners, and developed and implemented mitigation plans. As part of this process, we determined that, as a software company in the midst of a cloud transition, climate-related risks are not significant risks. We will continue to assess these risks and address them as necessary.

We believe our preparedness in response to the pandemic has demonstrated the effectiveness of both our business continuity planning and risk management strategy overall. At the onset of the pandemic, we held daily internal crisis management meetings

with the Executive Team. Over time, we reduced the frequency of these meetings, but our crisis management team members continued to meet daily and check in with the Executive Team bi-weekly to provide status updates. Our Chief Information Officer managed our business continuity strategy during this time, monitoring how our data centers were functioning and ensuring that all our newly remote employees were logging in securely. As part of our Crisis Communication plan, Nuance implemented Everbridge as an emergency contact tool to check in with and support employees during environmental disasters or other crises, and to ensure we could continue to communicate with employees in the unlikely event that our systems went down.





IMPACT CASE STUDY

Collaborating with Walgreens to Fight COVID-19

Vaccines for COVID-19 were eagerly awaited, but when they became available scheduling was often challenging. Many eligible recipients for the first wave of vaccinations, particularly seniors, were not comfortable using computers to book their appointments. Using Nuance's AI-powered Intelligent Engagement software, Walgreens was able to offer a solution to their customers, enabling them to schedule vaccinations over the phone 24 hours a day, seven days a week via an 800 number. With availability in Spanish and English, many seniors leveraged Nuance's intelligent conversational voice-bot to get answers to questions about vaccinations, confirm eligibility, and schedule their appointments. After the call, confirmation details were sent via SMS text.

Equitable access to care is essential. Our values compel us to see complex problems as opportunities rather than obstacles. Helping our clients' customers schedule COVID-19 vaccination appointments demonstrated what's possible when we leverage our collective intelligence.

Maximizing meaningful impacts



Our core purpose as a company is to build technology that matters—technology that amplifies people’s ability to help others. Our healthcare and enterprise solutions amplify the collective intelligence of our customers and their customers. In our Healthcare segment, we provide technology that gives physicians time back in their day and allows them to focus more on their patients. For our Enterprise segment, this means getting answers to customers more quickly—identifying the customer’s concern and directing them to someone who can help in the fewest possible steps—all while working to protect that customer from fraudulent activity.

The benefits of our solutions stretch across the continuum of care and drive meaningful top-line results for organizations. Whether we are servicing a network of hospitals, rural clinic, radiology group, retailer, telecommunications provider, or financial services company, our goal remains consistent: to make life better for our customers, and their customers.

Bringing physicians and patients closer together

In 2020, Nuance continued to forge new frontiers in healthcare technology innovation by enabling clinical documentation that writes itself. With the Nuance Dragon® Ambient eXperience™ (DAX), physicians can focus completely on the patient, alleviating burnout and transforming the physician-patient experience in the process. DAX is an AI-powered, ambient and voice-enabled solution that securely captures, diarizes, and converts physician-patient conversations into clinical notes. Exceeding the capabilities of a virtual or

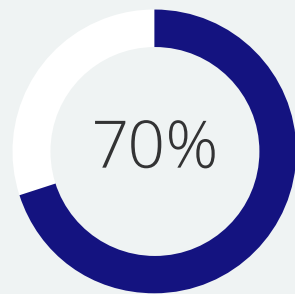
on-site scribe, DAX automatically creates high-quality structured clinical documentation that’s available directly in the Electronic Health Record (EHR) for physician review and signature.

For instance, if a patient with diabetes, asthma, and high cholesterol discusses existing or new medical problems with a physician during their annual visit, DAX is able to contextualize the natural language conversation and translate it into clinical terminology for medical records. DAX captures real-time delivery of this intelligence during physician-patient encounters, allowing physicians to complete their documentation without adding extra hours to their workday.

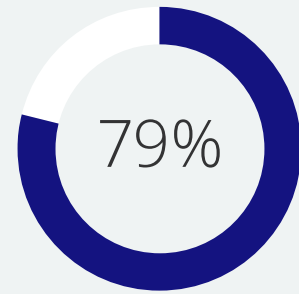
The physician response to DAX has been overwhelmingly positive. A surgeon in Tennessee shared with us, “I developed a better working relationship with my patients, they feel like I’m paying attention to them, and I feel like I’m paying attention to them. I’m thinking about what my next question is going to be and trying to figure out what is wrong with them, instead of documenting what they are telling me.”

We are proud of the impact DAX has had on lessening administrative burdens on physicians and enhancing quality of care. It amplifies healthcare professionals’ ability to help others and rehumanizes the patient experience, enabling care teams to focus on what matters most - the patient.

Real-world impact



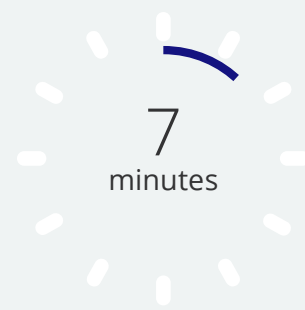
70% of physicians using Nuance DAX experience a reduction in feelings of burnout and fatigue



Over three-quarters of physicians surveyed across specialties believe Nuance DAX improves documentation quality

TIME SAVED PER PATIENT ENCOUNTER

Physicians across specialties report saving an average of 7 minutes per patient encounter—slashing documentation time by 50%—over previous use of speech capture, scribes, transcription or typing into the EHR

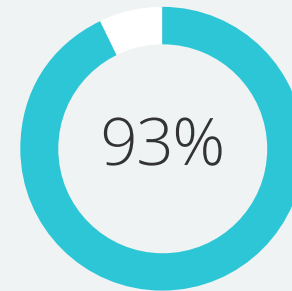


INCREASE IN NUMBER OF PATIENTS

3–5 appointments added on average per clinic day

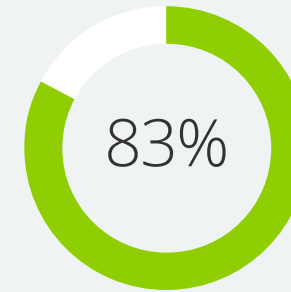
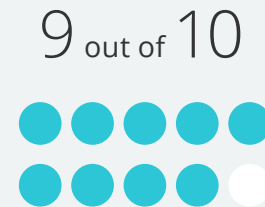


93% of physicians would be disappointed if they no longer had access to Nuance DAX

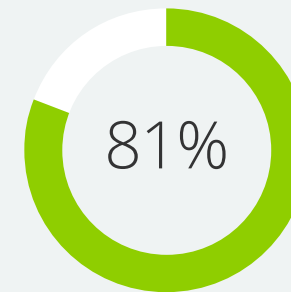


PHYSICIAN RECOMMENDED

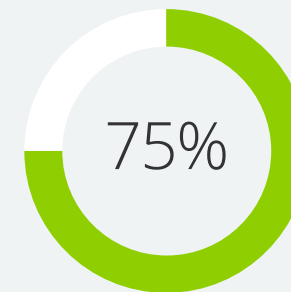
Physicians across all specialties would recommend Nuance DAX to a colleague



83% of patients say their physician is more personable and conversational



81% of patients say their physician is more focused



75% of patients say their physician spends less time on the computer



Recognition by clinicians for our conversational AI speech solution

Nuance's Dragon® Medical One cloud-based speech recognition platform captured top honors as the 2021 Best in KLAS: Software & Services award winner, earning praise from clinicians as the #1 conversational AI speech recognition solution helping deliver and document better patient care. In addition to the 2021 Best in KLAS Speech Recognition (Front-End EMR) award, Nuance also captured the 2021 Best in KLAS Quality Management award. This is the sixth year Nuance has ranked first for its cloud-based quality management solutions used by health systems to capture, monitor, and report hospital and physician performance data to improve care quality, patient safety, and financial integrity.

Mix moves ahead

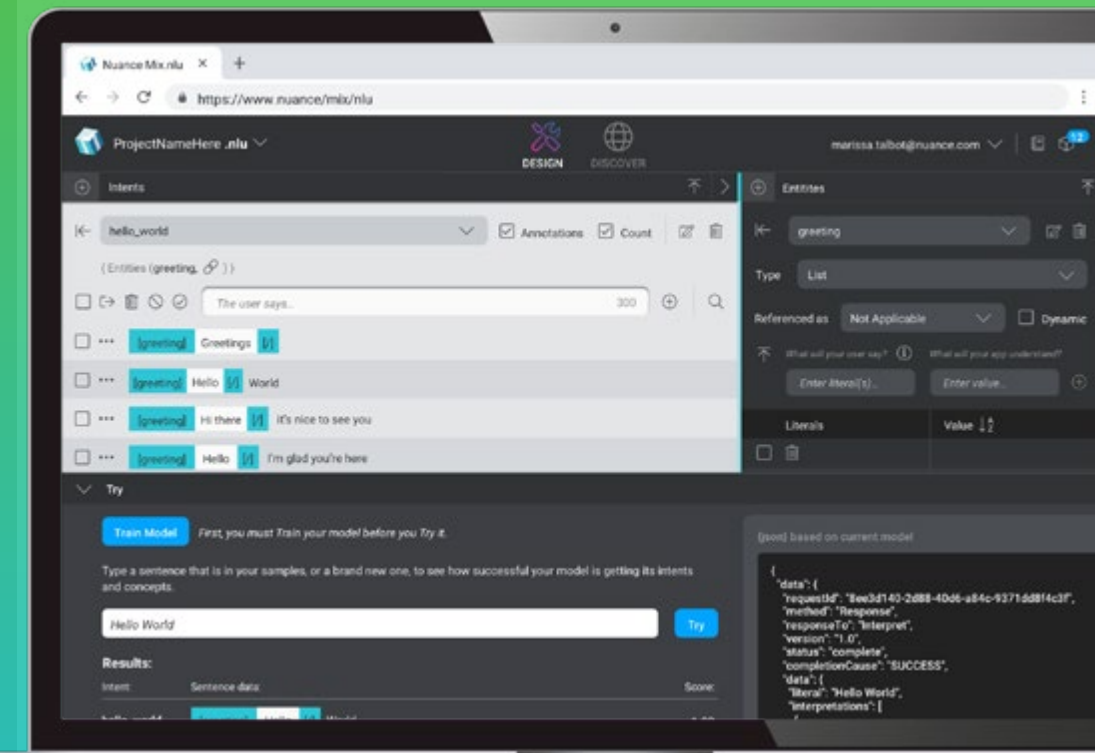
We continue to advance Nuance Mix, our state-of-the-art tooling platform, into the conversational AI domain. Mix enables any organization with a development team to create their own conversational AI experience to help fulfill their mission. This year, we used the Mix platform to launch our Patient Engagement Solutions that deliver consistent, contextually relevant, superior experiences to patients. When the pandemic hit and hospitals shifted to more remote care, the need to connect with patients seamlessly and efficiently became paramount. Some hospital systems sought new ways to engage with their patients to create a more positive Customer Experience (CX). With appointment management and patient support, organizations can leverage this technology to automate omni-channel communication for patients, improving patient satisfaction and clinical outcomes.

Given the increasing importance of remote care, we decided to make the theme for this year's annual Hackathon the strengthening of our Patient Engagement Solutions. Our Hackathon is another

way we encourage, stimulate, and foster creativity at Nuance, while delivering **valuable product enhancements that benefit our customers**. This year, more than one hundred hackers across twenty-two teams participated and we added several of their innovations to the roadmap: pre-appointment tips; patient intake with a severity classifier through a Virtual Assistant; and follow-up through a Virtual Assistant.

Importantly, these product enhancements have demonstrable impact for our customers. One hospital call center implemented our Virtual Assistant to screen for COVID-19. The caller was asked questions such as *Do you have a fever? or Do you have a cough?* If they answered affirmatively on the key indicators, the hospital forwarded them directly into a telehealth session with a physician. The system was completely automated until the case was escalated directly to a physician, freeing valuable time and resources at the hospital. This is just one instance of our technology providing respite to hospitals facing mounting pressure from strained resources and budgets.

Our Patient Engagement Solutions let hospitals manage patient care using a “digital front door” rather than a physical one.





Securing the customer experience in a digital age

When the pandemic hit, our enterprise customers turned to us to help them tackle business continuity challenges. Call centers, which are full of people by nature, could not conduct business as usual while also social distancing, nor were they able to easily equip thousands of agents to work remotely. We were able to provide a resolution by using existing chatbot technology to develop virtual agents.

Online ordering became very popular during the pandemic, particularly for grocery stores, pharmacies, and other essential businesses. As a result, the pandemic accelerated our work on a variety of features on our development roadmap due to the influx of demand we received over the course of the year.



Albertsons, one of the largest food and drug retailers in the U.S., deployed our Intelligent Engagement Platform to deliver real-time digital support to the increasing number of customers who are choosing to order their groceries using web and mobile apps due to COVID-19.

This use of our technology demonstrates our ability to help a traditionally brick-and-mortar industry adopt and accelerate a digital transformation strategy.



Given the increased reliance on digital channels in 2020, many of our enterprise customers enlisted our help to combat the surge in fraudulent activity. Banks reported an increase in the incidence of attacks by 200–400%. For example, preying on the vulnerability of the elderly, a criminal could acquire an older person’s name, birthdate, and social security number by offering access to a COVID-19 vaccine and then, posing as the victim, contact a bank to perpetuate fraud. Using voice authentication, Nuance solutions can determine age, gender, and dialect. If a person speaking on the phone is in their twenties, and the account holder is in their seventies, our AI detects that something is wrong and helps prevent this fraudulent activity.


Our financial customers tell us that we have saved them, in aggregate,

\$2 billion

from loss due to fraud during the pandemic.

Telecommunication companies are discovering the need for better fraud prevention as well. To date, a popular security measure has been to verify one’s identity by sending an authentication code to a mobile device. This was a reasonable deterrent—until fraud perpetrators learned they could convince mobile phone agents to swap the victim’s SIM number to a new phone. Authentication codes then go to the criminal’s phone, enabling them to steal information from the victim’s accounts. Mobile carriers who use our biometric security factors to validate a person’s identity deter fraud and keep their customers’ information secure.

Using intelligent authentication and detection capabilities, companies can also prioritize and better protect high-risk populations

from fraud. By deploying our biometrics solutions,  Telefónica, a multinational Spanish telecommunications company, was able to quickly identify callers over the age of 65 and prioritize their service with a live agent. This added layer of detection enabled seniors to access their accounts without the frustration of pins and passwords, while ensuring others cannot easily socially engineer their way into those seniors’ accounts to steal information.



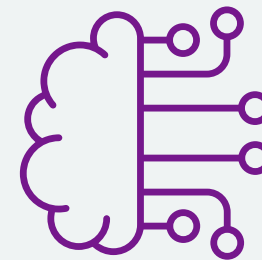
Investing in long-term innovation

We continue to work with Mila, the AI and machine learning research center in Montreal, to collaborate on AI research as well as the ethics of our AI work. Our partnership enables us to advance cutting-edge work in machine learning, and meaningfully enhance AI applications. This past year, we focused on the ethics of artificial intelligence and, specifically, how to ensure technology performs equally across demographics. We remain steadfast in our commitment to creating AI that has positive impacts across real-world applications.



We're developing technology to assist radiologists in assessing CT scans for lung abnormalities in COVID-19 patients. One of our partners, VIDA, released an FDA-cleared AI app called "LungPrint" on our Nuance AI Marketplace that helps radiologists quantify and visualize airway and lung tissue abnormalities, which has proven helpful when treating patients diagnosed with COVID-19.

In 2020, we spent 14% (non-GAAP) of revenue on research and development resources.



Recognition for our Intelligent Engagement

We were once again named a "Leader" in Forrester's "New Wave: Digital-First Customer Service" report, which evaluated 13 vendors on their digital engagement suites. Our Intelligent Engagement solution was recognized as "outstripping its rivals with leading conversational AI for chatbots," and Forrester specifically noted that we are best suited for companies with large global footprints and high interaction volumes.

“People don’t know when they communicate with me that I’m a quadriplegic.”

– Casey Marengé, Dragon Naturally Speaking user

Making what matters



In 2003, when Casey Marengé was just 20 years old, she was in a horrific auto accident in her native Kenya that left two of her friends dead and paralyzed her from the neck down. Trapped in an unresponsive body but with boundless spirit and drive, Casey was introduced to Dragon Naturally Speaking. She has used the software in all its iterations ever since, and credits it with changing her life, giving her the independence and power to express her creativity and ideas. She introduced Dragon to other quadriplegics, training them on donated hardware, and they have also reported how much Dragon has changed their lives.

Ms. Marengé now spends countless hours on her computer, using Dragon to help her with her varied pursuits. For example, in 2007, Ms. Marengé became the Founding and Executive Director of an NGO based in Kenya called Chariots of Destiny Organization (COD). This organization advocates for road safety around the world and empowers people living with disabilities. In 2013, she developed a board game called 50/50, launched to celebrate Kenya’s 50th anniversary. In 2018, she began doing web development and now earns her living in that profession.

Dragon made all of this possible for her. “People don’t know when they communicate with me that I’m a quadriplegic,” she shared. But we’re certain they know that Casey Marengé is living her life fully.



IMPACT CASE STUDY

Redefining the 21st century healthcare experience

WellSpan Health is an integrated health system with 2,600 physicians that serves the communities of central Pennsylvania and northern Maryland. They believe in the transformative power of technology for improving care and, as a result, offered Nuance Dragon® Ambient eXperience™ (DAX) to a portion of their physicians. By keeping patients at the forefront and technology in the background, DAX enables physicians to participate fully with patients, listening to their stories and watching for non-verbal information. Beyond restoring the joy in practicing medicine for the physician, this translates into an improved experience for the patient. In fact, based on a survey conducted by WellSpan, 97% of patients reported that their doctors were more personable, focused, and engaged when using DAX.

In addition to reducing physician burnout by minimizing the need for after-hours documentation work, DAX also increases throughput capacity. In fact, 80% of the WellSpan physicians using DAX said that they could see more patients, and one even reported a reduction in patient wait time.

“Knowing that the documentation is conducted in the background allows us as physicians to be present, express empathy, and connect as human beings. That’s the reason we went into healthcare.”

– Dr. Hal Baker, Chief Digital and Information Officer, Wellspan

Delivering secure AI

Our products handle confidential data, making security a critical element in our business. We go above and beyond to ensure that data is protected, secured, and held to the highest standards to maintain the trust of our customers, employees, and other key stakeholders.

We don't accept risk, we fix risk

At Nuance, we absolutely and unequivocally appreciate the value and importance of risk management. That's why we are laser-focused on continuing to develop our proactive approach to data security and customer privacy. One aspect of this strategy has been to understand our attack surfaces, ensure they are being managed, and take steps to mitigate or eliminate the risk.

Our Office of the Chief Information Security Officer (OCISO) continues to be responsible for the governance, protection, and security of our state-of-the-art infrastructure, platform and software systems, and data. Our Board is provided a quarterly cybersecurity update and we have introduced monthly internal-stakeholder meetings.

Building out the Trust Center

In 2020, for the benefit of customers, employees, and other interested constituencies, we launched the Trust Center. Designed as a repository for our thoughts and best practices on privacy, security, and compliance, the Trust Center has become the go-to place for timely information on global developments that impact data privacy and transfer. The Trust Center also enables us to provide a high level of transparency in how we manage data.

Security Team Developments

This past year we increased the size of our security team by almost 50%. We added a Strategy Transformation and Innovation (STI) group to enhance our tactical and long-term business enablement capabilities. The STI team works with our teams that actively manage our global security concerns: Governance, Risk, and Compliance (GRC); Cyber Fusion Center (CFC); and Global Protection Services (GPS). GRC

identifies security requirements and needs and translates them into policy and standards; CFC protects, detects, and responds to threats to our business and our customers; and GPS investigates and manages recovery to ensure business continuity and availability.

Our STI and GRC teams collaborate on upfront sales enablement, new product implementation and integration, as well as staying up to date on emerging policy and innovations in which we should invest. The CFC and GPS teams continuously monitor, evaluate, and implement the internal transformations necessary to ensure the delivery of our overall security strategy.

As part of the advancement of our security operations capabilities towards an even more proactive posture, we have enhanced our security risk and threat identification and remediation capabilities through the expansion of our CFC team into two distinct groups, Security Development Operations (SDO) which focuses on the operational enhancement of our products and services and Security Intelligence Operation (SIO) which focuses on threats to our company and the prevention and detection of malicious activities.

Along with our business, our security organization continues to be relentlessly focused on ensuring the continued safety and security of our employees and our customers.

Protecting our technology infrastructure

Our employees play a critical role in protecting the security of our infrastructure. In 2020, we continued to do Security Awareness Training multiple times each quarter. To produce teachable cybersecurity moments, our team has to work smarter than the hackers, and our investments in this area have paid off. We have decreased our attack surface, minimizing our vulnerability to hackers, while enhancing the education of our employees and customers.





We have achieved HITRUST CSF Certification across key solutions in our healthcare portfolio, including:

- Dragon Ambient eXperience (DAX)
- Dragon Medical One
- Dragon Medical Advisor
- Nuance CDE One
- Nuance Surgical CAPD
- Nuance PowerShare

This third-party privacy, security, and compliance validation demonstrates that we meet key regulations and industry-defined requirements and are appropriately managing risk. This also affirms our commitment to making security a top priority and places Nuance in an elite group of organizations worldwide that have earned this certification.

adequate mechanism for transfers to the US, Nuance relies on Standard Contractual Clauses (SCC) which remain valid, as the CJEU confirmed that SCCs may still serve as a basis for international data transfers. Further, Nuance follows the guidance from the European Data Protection Board and our technology continues to be used in compliance with EU and member states' laws.

Many of our products meet important data protection standards, such as those of the Health Insurance Portability and Accountability Act (HIPAA). This helps our customers meet their HIPAA requirements and serves as the benchmark for the protection of sensitive patient data for all our healthcare industry customers. Additionally, many of our customers require the safeguard of the Payment Card Industry Data Security Standard (PCI), which we provide in a number of our products.



Remaining a trusted partner of choice

The Nuance privacy team includes a Chief Privacy Officer, a Data Protection Officer, privacy counsel, and other privacy compliance professionals. Our privacy office develops, implements, and manages procedures for tracking and complying with new privacy requirements and policies, and works with key stakeholders to develop and implement the requirements. Additionally, in driving our 'privacy-by-design' strategy, individuals across our business are responsible for privacy compliance in their particular functions.

Within the Trust Center, we prepare FAQs in response to developing regulations to provide our customers, frontline sales and support organizations with up-to-date information on topics regarding

the privacy and security of customer data. For instance, over the last year, terms were ironed out for the UK's departure from the European Union (EU), commonly referred to as Brexit. We published an FAQ to address concerns about how Brexit might impact data protection activities and privacy for customers in both the UK and the EU. (With the UK's Data Protection Act of 2018 conforming to the requirements of GDPR already in place, we do not expect its impact on our business to be material.)

We also looked at Schrems II, a ruling of the Court of Justice of the European Union (CJEU) in a case involving data transfers from the EU to the US. Our FAQ outlines the original judgement (Schrems) and delves into the specifics of Schrems II. In short, while the CJEU invalidated use of the EU-US Privacy Shield as an

We cultivate a culture of privacy sensitivity and promote a shared understanding of how to protect the privacy of our customers and end-users.

All employees must complete an annual training program that familiarizes them with current privacy regulations and developments. Ongoing security and privacy awareness efforts focus on each employee's understanding of their role in exercising best practices in privacy and cybersecurity to safeguard the personal data under our care. Additionally, our internal blog and whitepapers illuminate data privacy issues and encourage employee engagement.

IMPACT CASE STUDY

Nuance's role in the fight against fraud

With the pandemic causing a surge in unemployment, the magnified volume of claims for unemployment benefits left verification processes overwhelmed. This surge in unemployment served as a breeding ground for fraudulent claims, creating a pressing issue for banks processing these payments. By deploying our biometrics solutions in just forty days, we were able to help our customer verify claimants accurately and efficiently. Through our secure identification solutions, our client was able to ensure that unemployment benefits ended up in the right hands—and fraudulent activity was identified before it was too late.



In just 40 days, we deployed our biometrics solutions used to verify unemployment claims.

Putting our people first

Being part of the Nuance family means being taken care of. We are always assessing ways we can support our employees' needs and set them up for success in their careers and personal lives.



Learning opportunities abound

In 2020, we presented workshops on a variety of social awareness topics including Understanding Micro-aggressions and Being an Ally, Unconscious Bias from Awareness to Action, Working Across Cultures, and Inclusion and Diversity at Nuance. In keeping with our corporate values, sessions like these encourage employees to increase their awareness and be proactive in educating themselves. To create an inclusive environment, we provide our employees with the tools and resources they need to support themselves and be allies to those they work alongside each day.

As part of our career and professional development efforts, we provide our employees with many opportunities for skill-specific training. Our Global R&D team hosts a learning platform called I-Cubed that provides knowledge exchange and learning opportunities through a talk series, conferences and more. We also offer an extensive learning library of curated resources including technical skills, professional development and manager and leadership topics. Additionally, we provide access to education through training providers like Pluralsight, O'Reilly, IEEE, getAbstract and the Microsoft Learning Experience Portal.

Mentoring matters

Mentoring is a powerful professional growth tool. At Nuance, Mentoring Matters is a rolling six-month program during which mentors broaden their leadership skills and support their mentee's career growth, while mentees expand their knowledge and skills and gain valuable insights and terrific advice. Mentors also find the program illuminating. One told us, "I was able to provide guidance that helped my mentee successfully achieve important goals. At the same time, I was reminded of things that I wanted to accomplish too!"

"My experience with the Mentoring Matters program has been very rewarding. My mentor challenged, encouraged, and helped me grow."

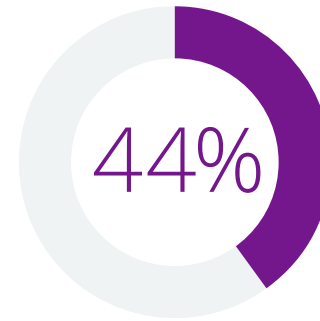
Manager Academy

To ensure our managers have the resources and knowledge they need to lead their teams, Nuance launched the Manager Academy. This global development program is now required for all new people managers and recommended for anyone who leads teams at Nuance. The interactive sessions include subjects such as People Leadership, Inclusion and Diversity in the Workplace, Your Role in Challenging Situations, and Coaching for Success.

Leadership training

To help our leaders accelerate their impact and build a diverse network of executives, Nuance sponsors a select group to participate in The Leadership Consortium (TLC), led by Harvard Business School faculty. The program is built on a bespoke curriculum of business and leadership skills that enhances self-awareness, builds confidence leading teams, and broadens the command of the business.

We also hold an annual talent review to identify high-potential leaders across the organization and support and develop these individuals. This process is part of the succession planning for the top three levels of the organization.



We are very excited that the diversity of our selected leaders continues to grow, with women comprising 44% of the leaders who participated in 2020.

Positive Vibes

Every year we ask our employees to participate in the Nuance Vibe Survey. For every question in the 2020 survey that was also asked in 2019, our employee ratings improved on a year-over-year basis, despite the hardships of the pandemic. Importantly, our most significant increase year-over-year was in response to how highly employees ranked the statement “I would recommend Nuance as a great place to work.” The Vibe survey also produced an 11% increase in overall agreement with the statement, “Nuance benefits offerings met my needs.”

As we became a fully remote workforce, replacing the structured (and impromptu) gatherings that we sponsored for employees to learn, socialize, or network with each other was challenging. However, our employees were eager to find ways to engage with their colleagues and talk to their friends, and we were thrilled to see that the virtual sessions for activities like cooking classes, meditation sessions, and wellness week activities had even higher employee participation rates than similar events we had previously held in person. Many employee resource groups were formed in the past year, encouraging continued collaboration and sharing.

Manager Academy Overview



Deepening our commitment to our people

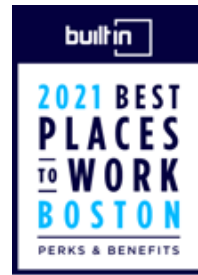
Nuance is fiercely committed to creating an inclusive environment where everyone can be their authentic selves. We believe inclusion means working as a team through the good times and the tough by making sure everyone feels welcome, heard, and valued. Our team is stronger when diverse perspectives are sought out and celebrated—that’s how we deliver the best solutions for our customers and each other. When each employee is empowered to raise their voice and tackle challenges head on, we become a more resilient and enjoyable place to work.

91%
employee
retention rate

Our employees are our most important source of feedback and we are constantly seeking input on what matters most to them. We believe our 91% employee retention rate speaks volumes and validates our approach to creating a top-notch employee experience. In addition to employee praise for our culture of inclusion, we are proud to be externally recognized as a top employer of choice.



Nuance was named one of 2021’s “Best Places to Work for LGBTQ Equality” by the Human Rights Campaign (HRC) Foundation.



Each year, **Built In Boston** evaluates tech companies on how they measure up against industry data related to employees’ requirements and expectations of their employers. In addition to being named #1 on the “2021 Best Places to Work” list this past year, Nuance also received the #1 ranking for “Best Perks and Benefits” and was named one of the “Best Paying Companies” in Boston.

This also marks the third year in a row that we have received a score of **100% on the Corporate Equality Index (CEI)**, a national benchmarking tool that evaluates corporate policies and practices pertaining to lesbian, gay, bisexual, transgender, and queer (LGBTQ) employees.

These awards add to a growing number of Employer of Choice accolades that Nuance has received.



Nuance was proud to be named Best Place to Work across three different categories in the **Parents@Work Best Places List**, a national benchmark evaluating companies across 148 criteria related to family-first policies, including **Best Place to Work for Moms, Dads, and Parents Working Remotely**.



Fatherly • Scary Mommy



Fatherly • Scary Mommy



Fatherly • Scary Mommy



Additionally, following being named to **The Boston Globe’s Top Places to Work** list in November, Nuance was ranked #5 for Boston companies excelling in the areas of diversity, equity, and inclusion (DEI). This recognition is based on the evaluation of Nuance’s programs and policies focused on engaging and building a diverse workforce and supporting equity and inclusion across its workforce.

Tone from the top

Our culture of inclusion comes directly from the top, with our CEO joining 1,600 signatories in support of the work done by the CEO Action for Diversity & Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. In addition, we have joined hundreds of leading organizations in The Valuable 500, a global CEO community

CEO ACTION FOR DIVERSITY & INCLUSION



revolutionizing disability inclusion through business leadership and opportunity. In our commitment, we share how we are focused on fostering and celebrating disability inclusion in our teams and for our customers.

We continue to measure and track gender, ethnicity, and age diversity across all levels of the company, with our Executive Team regularly reviewing and discussing how to improve our culture of inclusion. This year, we are disclosing expanded diversity metrics by providing a more granular breakdown of diversity within each management level to allow us to better monitor progress and adjust our approach to inclusion.

Global gender diversity



US diversity data

| | ALL EMPLOYEES | EXEC LEADERS (VP+) | NON- EXEC MANAGEMENT | TECHNICAL EMPLOYEES | ALL OTHER EMPLOYEES |
|---|---------------|--------------------|----------------------|---------------------|---------------------|
| AMERICAN INDIAN OR ALASKAN NATIVE | < 1% | - | < 1% | < 1% | < 1% |
| ASIAN | 13% | 6% | 12% | 30% | 8% |
| BLACK OR AFRICAN AMERICAN | 6% | - | 3% | 2% | 8% |
| HISPANIC OR LATINO | 5% | 3% | 4% | 5% | 6% |
| NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER | < 1% | 1% | < 1% | < 1% | < 1% |
| TWO OR MORE RACES | < 1% | - | < 1% | < 1% | < 1% |
| WHITE | 75% | 90% | 81% | 61% | 78% |

Focus on employees

In 2020, we continued to anchor our compensation philosophy on everyday performance. We encourage ongoing, frequent conversations between managers and employees to enable performance adjustments as needed, which drives more meaningful outcomes for employees and the company.

In reviewing our employee data, we realized that groups who encouraged and supported internal mobility saw lower voluntary attrition within their organization. To capitalize on this trend and create more mobility, we asked managers to work on development opportunities for their people, including stretch assignments and cross-functional team participation. We are now holding our managers even more accountable for creating and supporting an environment where employees feel comfortable talking about their career goals, including when those goals involve moving to another part of the organization.

Globally, while we need to adhere to regulations and statutory requirements, we also need to provide competitive benefits, so our review of global programs is continual. For instance, in India, adult children are often caregivers for their parents, so we have revised our employee benefits package for India to include insurance benefits for parents that live in the employee’s home. Nuance employs a global benefit broker who appraises us of changes, such as when a given country revises their pension plan requirements, to help us remain compliant, and we have people team members who specialize in local benefits.

These steps ensure that our employees’ needs are respected and met, all over the world.

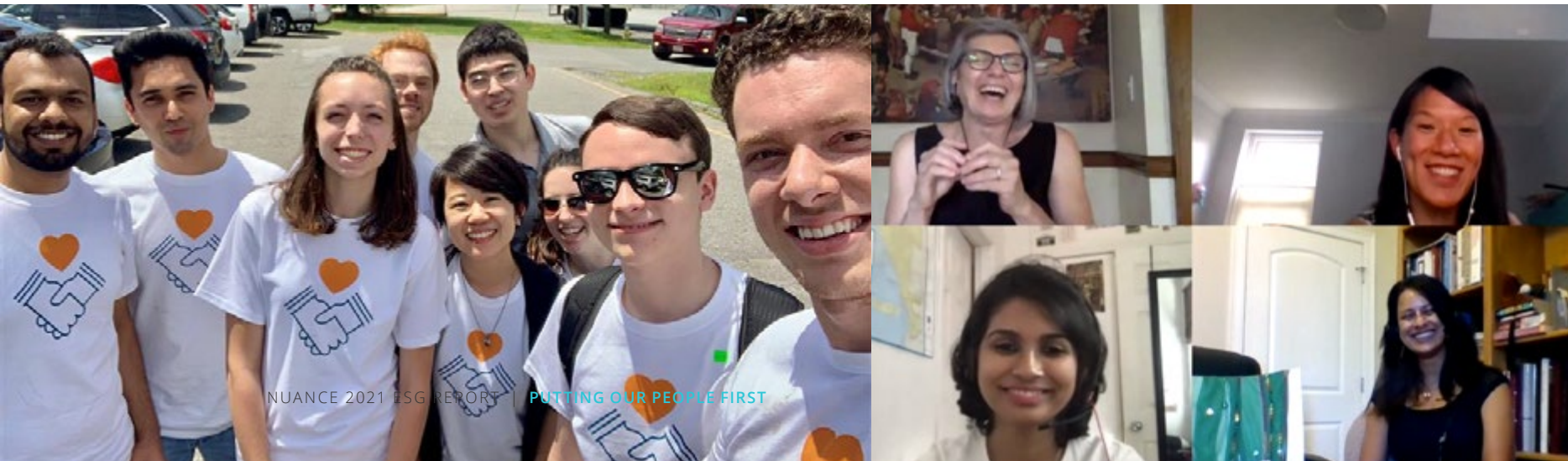


Support in India

While we provide a robust global Employee Assistance Program (EAP), COVID-19 has been particularly devastating in India, so we increased our support and resources there to help our employees and their families. New services include 24/7 telehealth access to physicians and specialists, hospitalization assistance, access to discounted emergency ambulances, and discounted medicine and pharmacy networks. We are also partnering with vendors to provide vaccination support to our employees and their immediate family and providing reimbursement for any out-of-pocket expenses associated with the vaccination. In addition, we will help defray the cost of staying at an isolation center if an employee, or members of their immediate family, need to isolate to keep others safe.



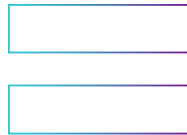
We provide mental well-being sessions globally and have facilitated small group grief counseling sessions to support the colleagues of our employees who have passed away.





Maintaining stable healthcare benefits

Knowing that our employees and their loved ones were being challenged by the pandemic made us particularly sensitive to their needs. While medical costs rose between 6 and 10% this past year, and accounting for the fact that regulations differ from country to country, we believed that none of our global employees should pay more for their medical rates in 2021 than in 2020; we wanted to provide the same coverage at the same rate. This was a measurable way to show our employees that their welfare is important to us.



Nuance is committed to pay equity and providing equal pay for equal work, regardless of gender, race, or other personal characteristics.

Advancing pay equity at Nuance

We conduct pay equity reviews to ensure we remain compliant and vigilant on providing fair pay. In 2020, we executed the Pay Equity Maintenance Evaluation for our Canadian employees and fulfilled our obligations in accordance with the Pay Equity Act. We are pleased to report that no gaps were identified.

In addition, we analyze the pay equity of our short-term incentive plan (STIP), a program that drives pay for performance for all employees except those on sales commissions. We analyzed how managers allocate individual performance STIP bonuses to ensure that compensation is equitable, with no gender disparities. In the past year, there were no significant gaps in STIP allocations between men and women.

Average bonus target achieved

| | WOMEN | MEN |
|------------------------------|------------|------------|
| EXECUTIVES (VP+) | 104% | 104% |
| DIRECTOR / SR. DIRECTOR | 101% | 99% |
| SR. MANAGER / SR. PRINCIPAL | 101% | 99% |
| MANAGER / PRINCIPAL / SENIOR | 98% | 99% |
| CAREER PROFESSIONAL | 97% | 97% |
| ADMIN. / ENTRY PROFESSIONAL | 97% | 96% |
| TOTAL | 99% | 99% |



Giving back

This year the Nuance Foundation, our charitable giving arm, partnered with The Ronald McDonald House Charities®, Thrive Scholars, and Technovation. We made a substantial financial contribution to each of these organizations, while also committing to provide our time and expertise to benefit these groups. This includes mentorship, organizing thought leadership activities such as panel discussions, participating in partner hackathons, and much more.



As mentioned earlier, during the height of the pandemic, we introduced 2-for-1 matching to ensure that employees could support the organizations that matter most to them.

And of course, many organizations important to our employees across the globe benefit from our Volunteer Time Off (VTO) program, as each employee is given 16 hours of VTO annually to spend volunteering in an organization of their choice.

In addition, we partnered with the Nuance Foundation to prioritize providing financial support to healthcare organizations in geographical areas that had been hard hit by COVID-19. The Nuance team also provided software licenses, PPE, and food for front-line workers. Our commitment to working together to solve problems led us to reach out to our larger community to offer support however, and wherever, we could.



[The Ronald McDonald House Charities](#) operates in more than 64 countries, providing travel and housing assistance to families so that they can stay near their hospitalized children.



[Thrive Scholars](#) helps high-achieving, low-income students get into college and reach their career goals. Two Nuance Fellows have been identified to mentor our first two “scholars,” currently college freshmen, and there will be additional opportunities to mentor Scholars as time goes on.



[Technovation](#) is a global tech education nonprofit that empowers girls and their families to become leaders, creators, and problem solvers. We expect to mentor up to five teams of girls participating in Technovation’s World Summit by helping them develop ideas and design their business plans.

Caring for our employees

At Nuance, our values don't just pertain to how we interact with customers, they are also the foundation of our culture, manifested in everything we do for our colleagues across the globe. With a deeply held belief that we achieve greater success when we work together, we strive to ensure each employee's well-being.

Our CEO, Mark Benjamin, sends a weekly email to the entire company. This has been particularly significant during the pandemic as he uses it as a forum to encourage, educate, and illuminate, demonstrating the values that mean so much to Nuance. His notes are warm and personal, a unique approach that most of our employees have not experienced elsewhere, and they appreciate both his kindness and candor.

Prior to, and unrelated to, the pandemic, we significantly enhanced parental leave, family leave, and bereavement policies, so our employees were able to take the time they needed to care for themselves and their loved ones. We hope that those timely changes were a comfort to our employees and their families, and that they will continue to be so even after the pandemic recedes.

We also provide various global wellness programs and offerings throughout the year focused on fitness, mindfulness, meditation, stress management, and nutrition to support our employees in finding time to enhance their wellbeing. Last year, to help cope with



the pandemic, we introduced Calm, an app for sleep, meditation, and relaxation. To date, it has been used by almost 30% of our employees. Of those who are using it, there is a 70% engagement rate. By offering Calm for free, we support our employees in striving toward a work-life balance and overcoming mental health challenges.

We also offer our employees flexible work options to maintain a balance in their work and personal life. Mark and leadership consistently insist that managers focus on allowing employees to determine what schedule and flexibility works best for them. We respect our employees and trust them to make decisions with their managers that will allow them what they need while meeting the needs of the business. Also in 2020, the leadership team announced various "Nuance holidays," which are incremental PTO days to help employees reconnect with what's important and take a step back from work during these stressful, and sometimes overwhelming, times.

With a deeply held belief that we achieve greater success when we work together, we strive to ensure each employee's well-being.

Minimizing our environmental impact

Our transition to the cloud substantially lowered our greenhouse gas emissions in 2020. In addition, when we pivoted to remote working due to COVID-19, our offices emptied, lowering our environmental footprint even further. This, however, was an unintended consequence of the unexpected change in our collective behavior, not a permanent change. Despite this, we will continue our commitment to minimizing our environmental impact by consolidating our real estate portfolio, implementing innovative efficiency-related initiatives throughout our offices and data centers, and continuing our transition to the cloud.

Rethinking sustainability in our offices

Even before we shifted to remote work due to the pandemic, we proactively closed a number of our offices. The consolidation of our offices contributed to our decrease in emissions in 2020 and will continue to reduce our emissions going forward. In addition, we used the past year to assess the sustainability of our remaining offices and took steps to further integrate sustainability into our operations.



In keeping with our third-party code of ethics, we have built sustainability into all our RFPs.

Even janitorial services will be required to supply cleaning products, restroom and paper supplies that support our sustainability goals. We also have plans to install charging stations for electric vehicles and added carpool spots to our headquarters in Burlington, Massachusetts.

Prior to the pandemic, we also replaced all the fixtures in our Montreal and Dublin offices with high-performing LEDs and integrated motion sensors that turn off lights in unoccupied rooms. As the opportunity to replace fixtures arises at our other facilities, we plan to make similar upgrades.

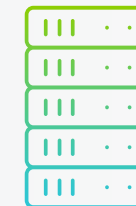


2020 Office
GREENHOUSE GAS EMISSIONS

7,000

metric tons CO₂e

as compared to 11,000 in 2019



2020 Data Center
GREENHOUSE GAS EMISSIONS

11,000

metric tons CO₂e

as compared to 15,000 in 2019



Closing data centers creates significant e-waste—no one wants old hardware. So another focus this year has been on properly disposing of e-waste to keep it out of the waste stream. In 2020, Nuance recycled

3,404
electronic devices
that would have otherwise
gone to landfills.

Reduced number
of offices by

39%

Reduced
cost by

20%

Reduced square
footage by

~22%

Data center management

A substantial percentage of our greenhouse gas emissions are driven by the data centers that service our solutions. To address this, we spent last year focused on creating an energy-efficient, hyperconverged infrastructure (HCI) that consolidates IT components into a single integrated system, reducing the power needed to operate data centers. Additionally, we completely closed eight of our data centers as part of our transition to the cloud, which collectively lowered our emissions by 15%.

Continued transition to the cloud

As we continue to move our operations to the cloud, we expect to achieve greater emissions reductions. Our Healthcare cloud solutions continue to be entirely hosted in Microsoft Azure, and we are taking advantage of all the efficiencies that Microsoft provides for energy management and electronic waste. Our Enterprise customers, on the other hand, value the flexibility of deploying our solutions in various hosting environments or on-premise. Over time, we expect these companies and organizations to shift toward cloud-based offerings and anticipate further emissions reductions for us and our customers.

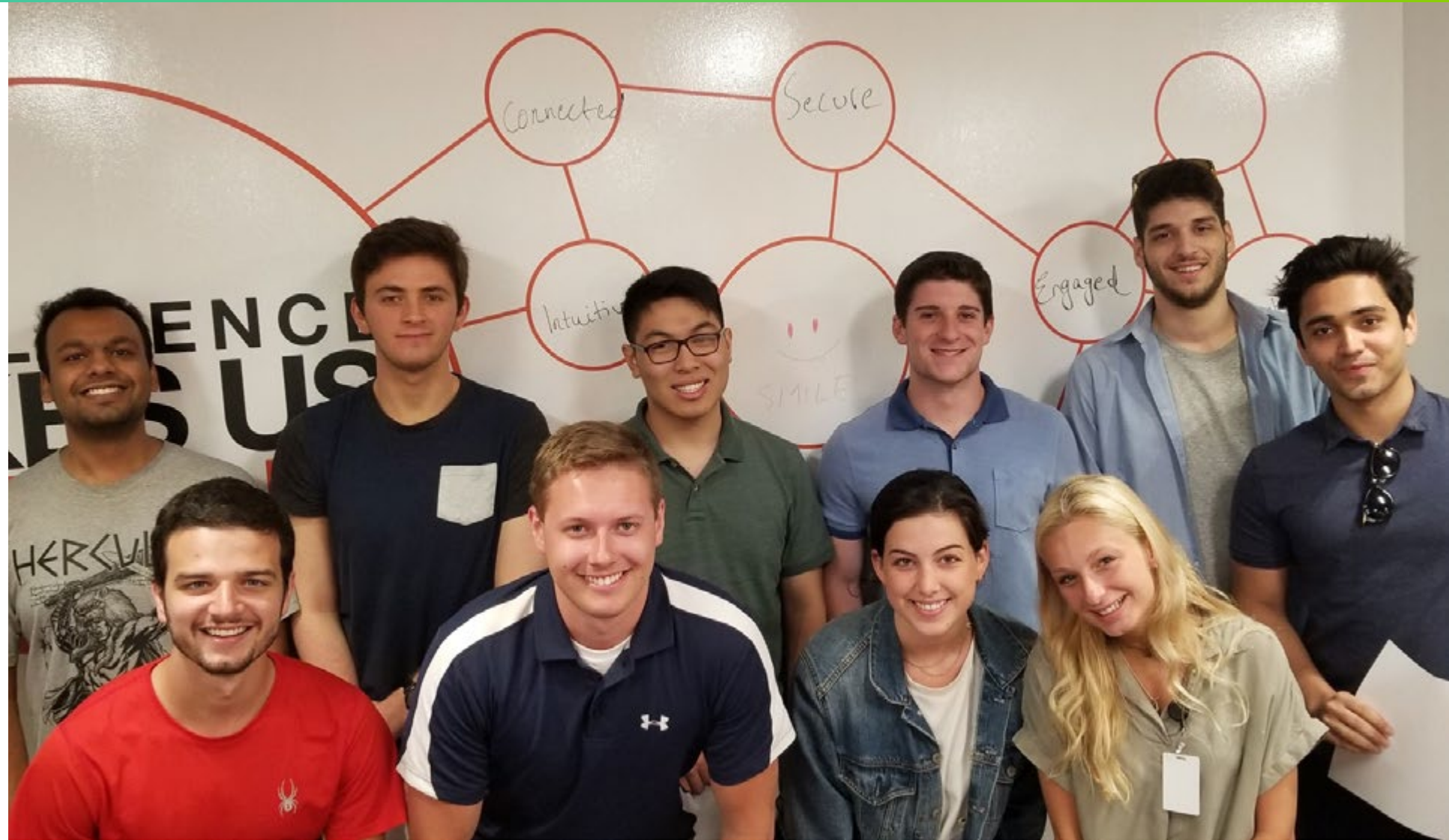
Supply chain management

Nuance is finalizing and beginning to implement a new Supplier Diversity Policy in furtherance of its commitment to developing and maintaining equitable practices and policies in the marketplace. Nuance recognizes that a diverse business community strengthens the economy and is beneficial to all and seeks to include diverse suppliers in strategic sourcing events and purchases. Diverse suppliers can contribute innovative ideas, services and products that add value to the company, our customers, and their communities. As Nuance suppliers, clients, and customers represent a breadth of industries, people and locations, we believe that our supplier relationships should be reflective of those we serve. The purpose of the Supplier Diversity Policy is to promote equity in contracting with Diverse Business Enterprises (DBEs) by actively seeking out DBEs as suppliers and partners, communicating the value of DBEs to internal and external stakeholders, and tracking and monitoring program effectiveness on an on-going basis.

To cut down on waste and minimize our impact on the environment, we have simplified the packaging for our consumer products. Even a small change, such as using a brown cardboard box without plastic inserts, reduces the cost to our planet.

Nuance Strong

This was a year of challenges, not just for Nuance, but for the entire world. Preparing our ESG Report provided an opportunity to review our performance and we are pleased with the results. Our commitment to improving ESG is an ongoing journey, one that is entirely consistent with our company values. The pandemic illuminated our assertion that working together, we can do anything. We will continue to use the lessons learned during times of adversity to create meaningful technology for our global communities.



SASB Index

SASB IT SERVICES AND SOFTWARE STANDARD

ENVIRONMENTAL FOOTPRINT OF OPERATIONS

| ACCOUNTING METRIC(S) | CODE | UNIT | RESPONSE OR LOCATION IN REPORT |
|--|--------------|------------------------------------|---|
| (1) Total energy consumed (2) percentage grid Electricity (3) percentage renewable | TC-SI-130a.1 | Gigajoules (GJ), Percentage (%) | (1) 45 gigajoules colocation sites. We are unable to provide energy usage data for our cloud services at this time. (2) 100% (3) 35% |
| (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | TC-SI-130a.2 | N/a | We are unable to provide water usage data for our colocation facilities at this time. |
| Discussion of the integration of environmental considerations into strategic planning for data center needs | TC-SI-130a.3 | Discussion and Analysis | <p>As part of our energy management approach, we track and analyze the energy consumption at our data centers. During our quarterly service reviews, we assess power consumption by product, service, and client, and we regularly review our data center providers' sustainability programs.</p> <p>Our Requests for Proposal ask data center providers to describe their approach to sustainability and energy conservation and provide data on their renewable energy usage, GHG emissions, and energy usage overall.</p> <p>When evaluating a potential new facility, we consider:</p> <ol style="list-style-type: none"> 1. Power usage effectiveness (PUE), calculated by dividing the amount of power entering a data center by the power used to run the IT infrastructure – this gives us a sense of how energy efficient the facility is 2. Facility design from a power and cooling perspective 3. Energy conservation processes integrated into the facility's operations. 4. Site resilience – especially to weather-related events exacerbated by climate change. 5. Management of the data center's effect on the environment |

DATA PRIVACY AND FREEDOM OF EXPRESSION

| | | | |
|---|--------------|-------------------------|--|
| Description of policies and practices relating to behavioral advertising and user privacy | TC-SI-220a.1 | Discussion and Analysis | See page 19. |
| Number of users whose information is used for secondary purposes | TC-SI-220a.2 | Quantitative | <p>We take a strong stance on the use of personal data for monetization and secondary purposes: we do not sell personal information that is processed within our products.</p> <p>In sales and marketing, we have implemented a privacy practice to comply with the legal data privacy requirements while still providing a personalized experience for our customers and prospects. Nuance's privacy office works closely with the sales and marketing teams to responsibly manage personal data from marketing and sales activities. The practice is well-versed in the data privacy rules and regulations regarding the different types of engagements, such as the marketing of product developments and improvements to existing business clients as opposed to attracting new clients. Our marketing and privacy programs are coordinated with regard to the data subject's "Right to Rectification" and "Right to Erasure," for example, to support Nuance and its customers.</p> <p>The data that is used for research in the automatic speech recognition (ASR) and natural language processing (NLP) has strict data security and logical access controls with a separate IT environment. This IT environment is used exclusively by our researchers and is isolated from the production environment. Most research data are either pseudonymized or anonymized and deleted after three years.</p> |

SASB IT SERVICES AND SOFTWARE STANDARD

| | | | |
|--|--------------|-------------------------|--|
| Total amount of monetary losses as a result of legal proceedings associated with user privacy | TC-SI-220a.3 | Quantitative | Zero |
| (1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure | TC-SI-220a.4 | Quantitative | (1) Zero (2) Zero (3) Zero |
| List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring | TC-SI-220a.5 | Discussion and Analysis | We are not aware of any countries which subject Nuance to monitoring, blocking, content filtering, or censoring of data. |

DATA SECURITY

| | | | |
|---|--------------|-------------------------|---|
| (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected | TC-SI-230a.1 | Quantitative | We decline to provide this data at this time. |
| Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards | TC-SI-230a.2 | Discussion and Analysis | See page 18. |

RECRUITING AND MANAGING A GLOBAL, DIVERSE AND SKILLED WORKFORCE

| Percentage of employees that are (1) foreign nationals and (2) located offshore | TC-SI-330a.1 | Quantitative | <table border="1"> <thead> <tr> <th>Country</th> <th>Percent of workforce that is a foreign national</th> </tr> </thead> <tbody> <tr> <td>US</td> <td>3.7</td> </tr> <tr> <td>Canada</td> <td>8.2</td> </tr> <tr> <td>Asia and the Pacific</td> <td><1</td> </tr> <tr> <td>Europe, Middle East, and Africa</td> <td>7.5</td> </tr> </tbody> </table> | Country | Percent of workforce that is a foreign national | US | 3.7 | Canada | 8.2 | Asia and the Pacific | <1 | Europe, Middle East, and Africa | 7.5 |
|--|--------------|--------------|---|---|---|----|-----|--------|-----|----------------------|----|---------------------------------|-----|
| | | | Country | Percent of workforce that is a foreign national | | | | | | | | | |
| US | 3.7 | | | | | | | | | | | | |
| Canada | 8.2 | | | | | | | | | | | | |
| Asia and the Pacific | <1 | | | | | | | | | | | | |
| Europe, Middle East, and Africa | 7.5 | | | | | | | | | | | | |
| <p>We recruit the best qualified talent for our company. We do not consider the employment of foreign nationals as posing a significant business risk.</p> | | | | | | | | | | | | | |
| Employee engagement as a percentage | TC-SI-330a.2 | Quantitative | <p>To understand employee engagement, we use Qualtrics' (part of SAP) survey platform to conduct employee listening surveys. All full-time employees who have been employed for more than 30 days are eligible to participate in the survey. The Nuance Vibe survey asks employees to provide thoughtful feedback on their work experiences, including how they get work done, how they work with others, thoughts on leadership and management, feedback on strategy and goals, career development opportunities and other important topics.</p> <p>Using this feedback, we calculate an engagement score that gauge's employee satisfaction. Our 2020 survey resulted in the highest average engagement score to date at 84%, a nine percent increase from 2019. In 2020, all items and categories improved year-over-year with the biggest improvements in Culture, Change Management, Leadership and Communication.</p> <p>The response options for each statement are: strongly agree, agree, neither agree nor disagree, disagree, and strongly disagree. To calculate the percent of employee engagement, we total the employees who respond "Agree" or "Strongly Agree" on the 5-point likert scale. In 2020, we added the following to the survey: "Nuance provides resources that help me grow and develop in my career."</p> | | | | | | | | | | |

SASB IT SERVICES AND SOFTWARE STANDARD

| | | | |
|--|--------------|--------------|------------------------------|
| Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees | TC-SI-330a.3 | Quantitative | See page 24. |
|--|--------------|--------------|------------------------------|

INTELLECTUAL PROPERTY PROTECTION AND COMPETITIVE BEHAVIOR

| | | | |
|---|--------------|--------------|------|
| Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | TC-SI-520a.1 | Quantitative | Zero |
|---|--------------|--------------|------|

MANAGING SYSTEMIC RISKS FROM TECHNOLOGY DISRUPTIONS

| | | | |
|---|--------------|--------------|--|
| Number of (1) performance issues and (2) service disruptions; (3) total customer downtime | TC-SI-550a.1 | Quantitative | Minimizing performance issues, service disruptions, and total customer downtime is core to our business. We monitor these metrics, review with senior management regularly and provide reporting to our customers on our service levels results. |
|---|--------------|--------------|--|

| | | | |
|---|--------------|-------------------------|--|
| Description of business continuity risks related to disruptions of operations | TC-SI-550a.2 | Discussion and Analysis | Because our services are complex and incorporate a variety of third-party hardware and software, our services may have errors or defects that could result in unanticipated downtime for our customers and harm to our reputation and our business. We have from time to time, found defects in our services, and new errors in our services may be detected in the future. In addition, we currently serve our customers from data center hosting facilities we directly manage and from third party public cloud facilities. Any damage to, or failure of, the systems that serve our customers in whole or in part could result in interruptions in our service. Interruptions in our service may reduce our revenue, cause us to issue credits or pay service-level agreement penalties, cause customers to terminate their on demand services, and adversely affect our renewal rates and our ability to attract new customers. |
|---|--------------|-------------------------|--|

ACTIVITY METRICS

| | | | |
|--|-------------|--------------|---|
| 1) Number of licenses or subscriptions, (2) percentage cloud based | TC-SI-000.A | Quantitative | 10,000 organizations worldwide use Nuance products. We anticipate all of our services being cloud-based by the end of 2024. |
|--|-------------|--------------|---|

| | | | |
|---|-------------|--------------|---|
| (1) Data processing capacity, (2) percentage outsourced | TC-SI-000.B | Quantitative | Due to the proprietary nature of this data, we are choosing not to disclose this data at this time. |
|---|-------------|--------------|---|

| | | | |
|---|-------------|--------------|--|
| (1) Amount of data storage, (2) percentage outsourced | TC-SI-000.C | Quantitative | Given this data is not relevant to our business performance nor readily available, we choose not to disclose this data at this time. |
|---|-------------|--------------|--|

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PRINCIPLES OF GOVERNANCE

| THEME | SUB-THEME | RESPONSE OR LOCATION IN REPORT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|--|--|------------------------|--------------|---------------------------|---------------|--|--|--------|--------------|---------------------------|--------|--------------|---------------------------|---------------|------|-----------|---------------|------|---------|---------------|------|-------|---------------|-----|-----|----------------------|------|-------|----------------------|------|-------|-------|------|-----------|-------|------|--------|---------------------------------|------|---------|------------------------|----|---------|--------------|-------------|------------------|--------------|-------------|----------------|
| Governing Purpose | Setting purpose | See page 4. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quality of Governing Body | Board Composition | Reference pages 14-15 in our 2021 Nuance Proxy Statement . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stakeholder Engagement | Impact of material issues on stakeholders | <p>We annually review the Software and IT Services sector guidance outlined by the Sustainability Accounting Standards Board and in 2020, found that the following topics were material to Nuance:</p> <ul style="list-style-type: none"> • Environmental Footprint • Data Privacy • Data Security • Inclusion and Diversity • Intellectual Property Protection and Competitive Behavior • Systemic Risk Management <p>For information on how each topic impacts our stakeholders, please reference appropriate sections in the body of the report.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ethical Behavior | Anti-corruption | <p>Nuance employees are required to complete the training module “Anti-Bribery and Corruption Basics” and non-employees with access to Nuance’s systems are required to complete an “Anti-Corruption Policy” training course.</p> <table border="1"> <thead> <tr> <th colspan="3">NUANCE EMPLOYEES*</th> <th colspan="3">NON-EMPLOYEES</th> </tr> <tr> <th>Region</th> <th>% completion</th> <th>Number of Total Employees</th> <th>Region</th> <th>% completion</th> <th>Number of Total Employees</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>99.3</td> <td>2843/2863</td> <td>North America</td> <td>83.2</td> <td>159/191</td> </tr> <tr> <td>Latin America</td> <td>98.9</td> <td>10/10</td> <td>Latin America</td> <td>100</td> <td>4/4</td> </tr> <tr> <td>Asia and the Pacific</td> <td>99.9</td> <td>86/87</td> <td>Asia and the Pacific</td> <td>58.5</td> <td>24/41</td> </tr> <tr> <td>India</td> <td>99.9</td> <td>1053/1054</td> <td>India</td> <td>87.5</td> <td>97/111</td> </tr> <tr> <td>Europe, Middle East, and Africa</td> <td>99.6</td> <td>561/563</td> <td>Europe and Middle East</td> <td>84</td> <td>131/156</td> </tr> <tr> <td>Total</td> <td>99.5</td> <td>4553/4577</td> <td>Total</td> <td>82.5</td> <td>416/504</td> </tr> </tbody> </table> <p>* DAX/NTS are not included in these figures.</p> | NUANCE EMPLOYEES* | | | NON-EMPLOYEES | | | Region | % completion | Number of Total Employees | Region | % completion | Number of Total Employees | North America | 99.3 | 2843/2863 | North America | 83.2 | 159/191 | Latin America | 98.9 | 10/10 | Latin America | 100 | 4/4 | Asia and the Pacific | 99.9 | 86/87 | Asia and the Pacific | 58.5 | 24/41 | India | 99.9 | 1053/1054 | India | 87.5 | 97/111 | Europe, Middle East, and Africa | 99.6 | 561/563 | Europe and Middle East | 84 | 131/156 | Total | 99.5 | 4553/4577 | Total | 82.5 | 416/504 |
| NUANCE EMPLOYEES* | | | NON-EMPLOYEES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Region | % completion | Number of Total Employees | Region | % completion | Number of Total Employees | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| North America | 99.3 | 2843/2863 | North America | 83.2 | 159/191 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Latin America | 98.9 | 10/10 | Latin America | 100 | 4/4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asia and the Pacific | 99.9 | 86/87 | Asia and the Pacific | 58.5 | 24/41 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| India | 99.9 | 1053/1054 | India | 87.5 | 97/111 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Europe, Middle East, and Africa | 99.6 | 561/563 | Europe and Middle East | 84 | 131/156 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 99.5 | 4553/4577 | Total | 82.5 | 416/504 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Protected ethics advice and reporting mechanisms | Please see more information here . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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Risk and opportunity oversight Integrating risk and opportunity into business process [See page 8.](#)

PLANET

| THEME | SUB-THEME | RESPONSE OR LOCATION IN REPORT |
|--------------------------|--|--|
| Climate change | Greenhouse Gas (GHG) emissions | See page 29. |
| | TCFD-aligned reporting on material climate risks and opportunities | See page 8. |
| Nature Loss | Land use and ecological sensitivity | This topic is not material for Nuance. |
| Fresh Water Availability | Fresh water consumption in water stressed areas | This topic is not material for Nuance. |

PEOPLE

| THEME | SUB-THEME | RESPONSE OR LOCATION IN REPORT |
|-----------------------|---|--|
| Dignity and Equality | Gender pay equality | See page 26. |
| | Diversity and inclusion | See page 24. |
| | Wage level | This topic is not material for Nuance. |
| | Risk for incidents of child, forced or compulsory labor | This topic is not material for Nuance. |
| Health and Well Being | Health and safety | This indicators for this topic are not material for Nuance, however, please reference page 28 for more information on how we support employee health and well-being. |

| Skills for the Future | Training provided | Employee Category | Average Number of Training Hours per FTE | Average Training Expenditure Per FTE (\$) |
|-----------------------|-------------------|-----------------------|--|--|
| | | Mid to Senior Leaders | 150 | 236 |
| | | People Managers | 17 | This training program is purely internal and is not separately costed. 10,000 |
| | | All Employees | 40 | |

*There is no difference in training and development between men and women

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PROSPERITY

| THEME | SUB-THEME | RESPONSE OR LOCATION IN REPORT |
|--|----------------------------------|--|
| Wealth creation and employment | Net number of jobs created | Number of jobs created in calendar year 2020: 1,457 • 460 Replacement • 997 Additional Number and rate of turnover in calendar year 2020: 553 or 9.7% • Voluntary – 414 or 7.33% • Involuntary – 138 or 2.44% |
| | Net Economic Contribution | Reference page 48 in Nuance's 2020 10-K . |
| | Net investment | Reference page 52 in Nuance's 2020 10-K . |
| Innovation in better products and services | R&D spend ratio | 14% (non-GAAP) |
| Community and social vitality | Community investment | All philanthropic activities are spearheaded by the Nuance Foundation, a separate 501(c)(3) entity. For more information, please see X . |
| | Country by country tax reporting | Reference pages 86-89 in Nuance's 2020 10-K . |