

Demant Group Third Party Compliance Code

December 2022

Demant

Foreword

The Demant Group is one of the world's leading hearing healthcare companies and covers all areas of hearing care from hearing devices and implants to diagnostic instruments and retail activities. We also develop and are expanding our business activities in intelligent audio solutions.

To us, acting responsibly means going above and beyond and doing more than what is required by law. Working with responsibility is a priority for Demant and we will continue to develop our initiatives in the future.

We take pride in empowering and supporting individuals and communities not only directly through our products, but also through our projects and initiatives for the purpose of improving people's life. With increased attention to CSR, various teams across the Group are engaged in improving conditions for our employees and increasing our contribution to society. In addition, the William Demant Foundation, the majority owner of Demant, sponsors social and educational programmes, publications, conferences, cultural activities and campaigns for researchers, hearing care professionals and the general public.

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Introduction

"Third party" means any individual or legal entity with whom the Demant Group collaborates or who acts on behalf of Demant, including, without limitation, suppliers, distributors, contractors, manufacturers, vendors, consultants, customers, agents, business partners, public and private clinics, hospitals, universities and institutions as well as non-governmental organisations.

The aim of this Code is to help third parties improve their social and environmental standards. Demant therefore offers to cooperate with third parties to achieve compliance with the provisions of this Code. However, Demant will not conduct business with a third party if it is deemed impossible for such third party to comply with the requirements of this Code.

This Code is not and should not be interpreted as a means of circumventing or undermining national laws or national labour inspectorates. Similarly, this Code is not and should not be interpreted as a substitute for free trade unions, nor should it be used as a substitute for collective bargaining.

This Code sets minimum standards, and Demant will not accept any attempt to use the requirements as a means of lowering existing standards. When implementing this Code, third parties shall take all necessary measures to ensure that they do not leave workers and other beneficiaries in a worse position than before this Code was introduced. In addition to meeting the provisions of this Code, third parties shall comply with all national laws and regulations as well as other applicable standards.



1. International Standards

This Compliance Code is based on the general principles laid down in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Eight Fundamental ILO Conventions, the United Nations Convention against Corruption and the United Nations Global Compact.

Third parties must conform to these standards and to all applicable international, national and local laws and requirements, customs and published industry standards pertaining to employment and manufacturing, just as third parties are expected to prevent and reduce modern slavery and human trafficking in accordance with the UK Modern Slavery Act. If statutory requirements and published industry standards conflict, third parties must, as a minimum, comply with the one that, by law, takes precedence.

2. General Terms

It is mandatory for all companies supplying goods or services to Demant to comply with all the standards of this Code. In areas where the third party does not comply with this Code, the third party is obliged to notify Demant in writing of such non-compliance.

In order to verify compliance, Demant will address issues covered by this Code during site visits. The third party must fully cooperate with Demant and/or its representatives at these site visits, by for instance providing information and documentation. The third party must follow any recommendations made by Demant in order to ensure compliance with this Code.

Additionally, Demant is entitled to arrange unannounced audits at the third party's place of business. Such audits will be performed by independent specialists appointed and directed by Demant.

The third party is responsible for ensuring that sub-contractors and subsuppliers employed by the third party also fully comply with this Code. As part of this obligation, the third party shall:

- Require subsuppliers to inform the third party about other business entities in the supply chain taking part in the production of each order.
- Screen and select subsuppliers based on their ability to meet the standards of this Code.
- Ensure that all and any relevant agreements concluded with subsuppliers conform with the matters and minimum requirements laid down in this Code.
- Make reasonable efforts to check that sub-suppliers operate in accordance with this Code.

Lack of compliance with any elements of this Code is deemed a material breach of contract as far as any supply, distributor or other agreement between Demant and the third party is concerned. Compliance with this Code will be part of Demant's general third-party audit and evaluation process.

Demant reserves the right to amend this Code as deemed necessary to meet its ethical standards. The third party will be informed in case of such adjustments.

3. Human and labor rights

3.1 Conditions of Employment and Work

a. Workplace Violence, including Assault, Harassment and Threats

The third party shall protect workers from physical, verbal, sexual or psychological harassment, abuse or threats in the workplace, whether committed by managers or fellow workers. This shall also apply when determining and implementing disciplinary measures.

b. Remuneration

The third party shall, as a minimum, comply with legal standards or industry benchmark standards concerning wages and benefits, whichever is higher. The third party shall ensure that employees' pay and benefits for work performed within regular working hours are sufficient to cover their basic needs, while leaving them an available reserve. Overtime shall be remunerated at a premium rate. Wages shall be paid in legal tender and on a regular basis. Deductions from wages shall be transparent and must never be used as a disciplinary measure.

c. Established Working Relationship

All workers shall receive a written and legally binding contract of employment in their native language or an understandable language. The third party shall not rely on part-time, short-term or casual labour, trainees or false apprenticeships to pay lower wages and fewer benefits. Provisions for non-permanent and seasonal workers must not be less favourable than for permanent workers.

d. Leave

The third party shall grant employees paid holiday each year as well as sick leave and parental leave to employees who must care for a new-born or a newly adopted child. Women on maternity leave shall not be dismissed or threatened to be dismissed and are entitled to return to their former employment at the same rate and benefits as before their leave.

e. Hours of Work, Rest Periods and Breaks

The third party shall ensure that the number of working hours in the workweek is according to all applicable national and local laws. Overtime shall be voluntary and infrequent, and a workweek must not exceed 60 hours per week, including overtime, except in emergency situations. Employees are entitled to at least one day off per week and shall be given reasonable breaks while working and sufficient rest periods between shifts. If a significant part of the workforce practice a certain religion, breaks to accommodate these religious practices should be provided.

3.2 Workplace, Health and Safety

a. Health and Safety Standards

The third party shall ensure that its workers are offered a safe and healthy working environment, including, but not limited to, protection from fire, accidents and hazardous substances. The third party must have unhindered access to exit facilities, visible exit markings as well as a clear recovery plan. Adequate health and safety policies and procedures must be established and followed, including signs on how to use each machine, how to deal with injuries as well as the hazards of each station or machine. Moreover, preventive actions, for example covering hazardous areas of the machines or devices, should be implemented. Preferably, an overview of injuries suffered, for example on a monthly basis, should also be visible to the employees and auditors. Lastly, pregnant women and nursing mothers should be removed from situations presenting hazards or safety risks and should have practical accommodation for nursing, if needed.

b. Industrial Accidents and Health Emergencies

The third party shall establish and maintain emergency procedures to effectively prevent and address all health emergencies and industrial accidents affecting the surrounding community. All instructions and procedures should be in an understandable language to all workers.

c. Training, Protective Gear and Physical Work

The third party shall provide its employees with the protective equipment and training necessary to perform their tasks safely. Furthermore, employer exposure to very physically demanding tasks, such as, but not limited to, heavy lifting or highly repetitive or forceful assembly tasks should be identified and controlled

d. Sanitary Infrastructure

The third party shall provide a suitable, clean and sanitary infrastructure, including access to toilets and portable water, which conforms to the needs and number of its employees. Accommodation, if provided by the third party, shall conform to the same requirements, including the general provisions on health and safety listed above.

e. Work-related Injuries

The third party must have systems in place to prevent and manage work-related injuries, including providing the necessary treatment and encouraging employees to report injuries or illness. Furthermore, the third party should have a system in place that facilitates the return to work of an employee who has suffered an injury and remedies the procedure that caused the injury.

3.3 Freedom of Association

a. Freedom of Association and Right to Collective Bargaining

The third party must not interfere with its workers' rights to form and join unions – or other associations of their own choosing – and to bargain collectively. Nor shall the third party discourage membership of unions. Workers' representatives shall not be subject to discrimination and shall be given access to employees at the workplace. The third party must recognise the representatives elected by its workers and conduct negotiations with them in good faith regarding all important workplace concerns.

b. Alternative Measures in Case of State Prohibition on Unions

If trade unions are not allowed in the area of operation, or if only state-authorized organisations are allowed, the third party shall facilitate, and not prevent, alternative measures to allow employees to gather independently to discuss work-related matters and form a forum to present work-related concerns to management.

3.4 Forced Labour

a. Forced Labour and Freedom of Movement

The third party must not participate in or benefit from any form of forced labour, including bonded labour, forced prison labour, slavery, servitude or human trafficking. Workers must have the freedom of movement during their employment. Bonded labour includes work that is done for an employer without compensation to the worker, but to pay off a debt, often – but not only – a debt incurred by another person who offers the worker's labour as payment. This also includes harbouring, transferring, recruiting or receiving people using any means of threat, force, pressure or fraud for labour or services. In relation to this, recruitment fees from the employee to either employers or agents must not be required and should be repaid to the employee if such fees are found to have been paid.

b. Retention of Identity Cards and Travel Documents

The third party must not retain the identity cards, travel documents and other important personal papers of its employees.

3.5 Child Labour and Young Workers

a. Minimum Age Requirements

The minimum age for employment shall not be less than the age of completion of compulsory schooling, shall be in accordance with the law and must never be less than 15 years (14 years if established by national laws in accordance with ILO (ILO Minimum Age Convention (C138, 1973), article 3)), whichever is higher. If the country in which the third party is doing business does not define “child” in relation to the minimum age of employment, the minimum age of employment shall be 15 years. The third party shall refrain from hiring young workers (under 18 years) to perform any type of work that is likely to jeopardise their health, safety or morals. The third party must ensure suitable management of student workers in accordance with applicable laws and regulations in the country of the third party. In the absence of local law, the wage rate for young workers must be, as a minimum, the same wage as for other entry-level employees performing similar work.

b. Educational Remediation Programme

If the third party becomes aware that it employs children of school age, it shall ensure that the children are enrolled in a remediation programme, rather than being summarily terminated from employment. The programme shall include access to education and financial support and shall be decided in consultation with the child and its family or its legal guardian.

c. Light Work and Apprenticeship Programmes

Where permitted by national laws, the third party may employ children between 12 and 15 years of age to perform a few hours of light work per day. The work must be simple tasks of a limited nature and must not interfere with the children’s educational responsibilities. Apprenticeship programmes for children under the minimum age of employment must be remunerated and clearly aimed at training.

3.6 Non-discrimination

The third party shall refrain from discrimination based on race, colour, sex, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, family responsibilities, age, disability or other distinguishing characteristics. Decisions relating to hiring, remuneration, benefits, training, advancement, discipline, termination, retirement or any other employment-related decisions shall be based on relevant and objective criteria.

4. Environment

a. Legal Compliance

The third party must comply with all relevant national environmental legislation of the host country. The third party must maintain awareness of current environmental legislative requirements, which are relevant in terms of the environmental impact of its activities, products and services, and ensure legal compliance through training, awareness, operational control and monitoring.

b. Management of Environmental Issues

The third party is urged to work systematically to prevent, minimise and remedy the adverse environmental impact of its activities, products and services through a proactive approach and responsible management and to always seek a more sustainable way of doing business, if possible. Furthermore, the third party should implement practices to constantly reduce the use of natural resources, including, but not limited to, water, fossil fuels, minerals and virgin-forest products. Lastly, the third party is expected to implement risk mitigation actions, if and when needed.

c. Energy and emissions

The third party is encouraged to work actively to lower emissions, including reducing energy consumption, increase share of renewable energy and address the footprint of its value chain.

5. Ethics, privacy and management systems

5.1 Privacy and Ethics

a. Bribery

Demant does not accept bribery or corruption, and the third party shall refrain from engaging in any form of corrupt practices, including extortion, fraud or bribery. Corruption and bribery include any offer, payment, consideration or benefit of any kind, which constitutes illegal or corrupt practices and is offered – either directly or indirectly – as an inducement or reward to a contractor to secure a contract, e.g. in a tender.

b. Facilitation Payments

The third party is urged to work against facilitation payments. Facilitation payments are small payments made to ensure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement. Demant discourages facilitation payments due to their close relation to bribes and works toward eliminating them.

c. Data Privacy, Disclosure of Information and Protection of Identity

The third party shall respect the privacy rights of its employees when gathering or keeping private information or when implementing employee monitoring practices. The third party's business should be conducted in a transparent way and information be disclosed in a way that is consistent with applicable regulations and current practices in the industry. Furthermore, falsification in any way is of course unacceptable. The third party shall encourage its employees to report any relevant concerns, ensure the anonymity of its employees and refrain from any form of retaliation against employees raising concerns.

d. Fair Business

The third party must uphold the standards of fair business, advertising and competition.

5.2 Management Systems

The third party is encouraged to implement a management process that in general facilitates the continuous improvement of the third party. Also, it should be ensured that this process complies with this Code and with applicable laws, regulations and customer requirements related to the third party's operations and products. This process should promote management accountability and company commitment. Lastly, the third party should implement a plan for corrective measures and processes to be implemented in case of non-compliance with the provisions of this Code.

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