

# Demant Group Third Party Compliance Code

Demant

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# Forewords

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 expand our business activities in intelligent audio solutions.

To us, acting responsibly means doing more than just the minimum and in many instances 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 with the aim of improving people's life. With an increased attention to CSR, various teams across the Group have taken action to better contribute to our people and 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.



# Introduction

"Third Party" shall mean any individual or legal entity with whom Demant Group is collaborating with or who is acting 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 organizations.

The aim of this Code is to help Third Parties improve social and environmental standards. Demant is therefore willing to work with Third Parties to achieve compliance with the provisions of this Code. However, we will not conduct business with a Third Party if compliance with the requirements of this Code is deemed impossible.

This Code is not and should not be interpreted as a means to circumvent or undermine 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 establishes minimum standards, and Demant will not accept any attempt to use the requirements as a means to lower 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 contained 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 Nation's 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, as well as Third Parties are expected to prevent and reduce modern slavery and human trafficking. 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 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.

In order to verify compliance, Demant will address issues covered by this Code during site visits. The Third Party must fully co-operate with Demant and/or its representatives at these site visits, e.g. provide information and documentation. The Third Party must follow any recommendations made by Demant in order to ensure compliance with this Code. Additionally, Demant shall be entitled to arrange unannounced audits at the Third Party's place of business. The audits will be performed by independent specialists appointed and directed by Demant.

The Third Party is responsible for ensuring that sub-contractors and sub-supplier of the Third Party also fully comply with this Code. As part of this obligation, the Third Party shall:

- Require sub-supplier to inform the Third Party about other business entities in the supply chain taking part in the production of each order.
- Screen and select sub-supplier based on their ability to meet the standards of this Code.
- Third Parties must ensure that all and any relevant agreements concluded with sub-suppliers are in conformance with the matters and minimum requirements as laid down in this Compliance Code.
- Make reasonable efforts to check that sub-supplier operate in conformance with this Code.

Lack of compliance with any elements of this Code will be deemed a material breach of contract regarding any supply, distributor or other agreement between Demant and the Third Party. 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 Specific Terms

### 3.1 Conditions of Employment and Work

#### a. Workplace Violence, including Assault, Harassment and Threats

The Third Party shall protect workers from acts of 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 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 be provided with a written and legally binding labour contract in their native language or an understandable language. The Third Party shall not rely on part-time, short-term or casual labourer's trainees or false apprenticeships to pay lower wages and fewer benefits. Provisions for non-permanent and seasonal workers must not be less favorable 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 newly adopted child. Women on maternity leave shall not face dismissal or threat of dismissal and shall be entitled to return to their former employment at the same rate and benefits.

#### 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, 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 working force is accustomed to one 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 exit facilities and visible exit markings as well as a clear recovery plan. Adequate health and safety policies and procedures must be established and followed, which should include signs on how to use each machine, how to deal with injuries and which hazardous risks every station or machine has. Moreover, preventive actions, for example machine guarding covering hazardous areas of the machines or devices, should be implemented. Preferably, an overview of injuries, for example monthly, is also visible to the employees and auditors. Lastly, pregnant women and nursing mothers should be removed from such situations with 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 potable water, which conforms to the needs of its employees and is adequate to its numbers. 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 the encouragement of employees to report the injuries or illnesses. Furthermore, the Third Party should have a system in place, which facilitates the return of the employee to work and corrects the action that caused the injury.



### 3.3 Freedom of Association

#### a. The Right to Freedom of Association and Collective Bargaining

The Third Party must not interfere with the 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 recognize elected workers' representatives and bargain in good faith with them 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 not for compensation to the worker, but to pay off a debt, often – but not only – a debt incurred by another person, who is offering the worker's labour in payment. This also includes harboring, transferring, recruiting or receiving people in 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 law and 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 the greatest. If the country in which the Third Party is doing business does not define "child" in relation to minimum age of employment, the minimum age of employment shall be 15 years of age. The Third Party shall refrain from hiring Young Workers (below 18 years of age) to perform any type of work that is likely to jeopardize 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 other entry-level employees performing similar work.

#### b. Educational Remediation Programme

If the Third Party becomes aware that it is employing 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.

### 3.7 Environmental Protection

#### a. Legal compliance

The Third Party must comply with all relevant environmental legislation of the host country. The Third Party must maintain awareness of current environmental legislative requirements, which are relevant to the environmental impacts 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, minimize and remedy adverse environmental impacts of its activities, products and services through a proactive approach and responsible management of its environmental aspects and 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, it is expected that the Third Party can implement risk mitigation actions when needed.



### 3.8 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 in relation to tendering the award of a contractor the execution of a contract.

#### 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 will work at 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 dealings should be performed in a transparent way and information is to be disclosed in a way that is applicable with regulations and current practices in the industry. Furthermore, falsification in any way is of course unacceptable. The Third Party is to encourage employees reporting any relevant concerns and ensure the anonymity of these without any form of retaliation.

#### d. Fair Business

The Third Party must uphold the standards of fair business, advertising and competition.

### 3.9 Management Systems

It is encouraged that the Third Party implements a management process, which in general facilitates continual improvement of the Third Party. Also, the implementation of this process should ensure the compliance with this Code as well as applicable laws, regulations and customer requirements related to the Third Party's operations and products. This process should enable management accountability and company commitment. Lastly, the Third Party should implement a plan for corrective processes to ensure continuous compliance if any of this Code's statements are not upheld.