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**HEARINGLIFE CANADA LTD. and AUDMET CANADA LTD.**

Joint Report Pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)* S.C. 2023, C. 9 (the “**Act**”)

For the financial year ended December 31, 2023 (the “**Report**”)

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## 1. INTRODUCTION

- 1.1. This is a joint Report prepared by HearingLife Canada Ltd. (“**HearingLife**”) and Audmet Canada Ltd. (“**Audmet**”). In this Report, HearingLife and Audmet are collectively referred to as “**Demant Canada**”, whereas Demant’s global operations are referred to as the “**Demant Group**”. HearingLife and Audmet are considered to be reporting entities for purposes of the Act.
- 1.2. Forced labour and child labour persist today; entities and government institutions doing business in Canada have a responsibility to ensure that forced labour and child labour are addressed and eradicated from their supply chains.<sup>1</sup> Demant Canada and the Demant Group opposes any form of forced labour or child labour and remains steadfast in its commitment to identify, address and eliminate any and all forms of forced labour or child labour from its supply chains.
- 1.3. This Report, for the year ended December 31, 2023, sets out the steps that Demant Canada has taken and is taking to assess the risks of forced labour or child labour (as defined in the Act), and to ensure that such exploitative labour practices are not taking place within our business and our supply chains. This Report is made pursuant to section 11 of the Act.

## 2. FORCED LABOUR AND CHILD LABOUR: STEPS TO PREVENT AND REDUCE RISK

- 2.1. Demant Canada is dedicated to ensuring that the way we conduct our business reflects our values and our belief that everyone should be treated with dignity and mutual respect in an environment that is free from exploitive workplace practices. We are committed to practices that combat forced labour and child labour, and to working with and encouraging any and all of our suppliers to uphold the principles in this Report.
- 2.2. Identifying and eliminating forced labour and child labour risks in our business and supply chains is a continuous process that requires long-term planning and ongoing diligence. It also requires integrated collaboration and external partnerships to help achieve meaningful change. Strengthening governance, managing risks and assessing our effectiveness remain among our top priorities.
- 2.3. In 2023, we made positive strides in our approach to respecting human rights, including freedom from forced labour and child labour in our supply chains. The actions we took during this reporting period are as follows:
  - (a) Reviewed with Demant Canada teams (including Demant Canada Legal, HR and Operations teams) existing policies and procedures to ensure they addressed compliance with human rights legislation and standards; and the prohibition, prevention and reduction of risk that forced labour or child labour is used at any step in the Demant Canada supply chain, workplace or activities.
  - (b) Continued to collaborate with the Demant Group Teams, including the Global Demant Procurement Team, the Demant Group Legal Board and the Demant Group Legal and Compliance Team, to ensure that all policies and practices are updated and that all of our suppliers are committed to working against forced labour and child labour.

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<sup>1</sup> Government of Canada, Public Safety Canada, *Forced Labour in Canadian Supply Chains*, <https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-spply-chns/index-en.aspx>.

- (c) Continued training and education of Demant Canada and Demant Group policies, including the Demant Code of Conduct, the Third Party Compliance Code, Anti-Corruption Policy, Whistleblower Policy, Competition Law Policy and the Conflict of Interest Policy.
- (d) Ensuring all employees acknowledge and read the Demant Canada and Demant Group policies.
- (e) Business units conducted regular and standard due diligence of all third party vendors or suppliers to ensure such vendor or supplier does not use or facilitate the use of forced labour and child labour.
- (f) Human resources teams conducted regular and standard due diligence and screening of all candidates in its recruitment of staff to ensure Demant Canada does not hire or facilitate the hire of forced labour and child labour.
- (g) Ensured all third party vendor contracts and employment agreements include clauses requiring compliance with the Demant Code of Conduct, which prohibits the use or facilitating the use of forced labour and child labour.
- (h) Demant Group reported on its 2023 actions and initiatives towards: (i) eliminating all forms of forced or compulsory labour based on the Global Reporting Initiative (GRI) Standard, GRI 409: Forced or Compulsory Labor 2016; and (ii) screening and conducting due diligence on suppliers to identify, address, prevent, mitigate or remediate negative social impacts in the supply chain based on GRI Standard, GRI 414: Supplier Social Assessment 2016.<sup>2</sup>
- (i) Demant Group appointed approximately 62 compliance champions working in various business functions across its workforce. Compliance champions are tasked with training, educating and enforcing the Demant Business Ethics Program consisting of policies, guidelines and best practices related to the Demant Code of Conduct, Whistleblower Policy, Anti-Corruption Policy, Competition Law Policy and Trade Compliance Policy. Three (3) compliance champions are located within Canada.
- (j) Demant Group continued to enforce and conduct risk-based processes for due diligence of third party vendors and business partners. In 2023, Demant Group performed 57 distributor due diligences as part of our Anti-Corruption Policy and Program, involving assessments of high-risk distributors who operate in countries where risk of corruption is higher. The scope for evaluation of risk is based on the Transparency International Corruption Index.<sup>3</sup>

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<sup>2</sup> Go to [www.demant.com/investor-relations/annual-report-2023](http://www.demant.com/investor-relations/annual-report-2023) for the Annual Report 2023, Sustainability Report 2023 and Corporate Governance Report 2023.

<sup>3</sup> Go to [www.transparency.org/en/cpi/2023](http://www.transparency.org/en/cpi/2023) for the 2023 Index.

### **3. MANDATORY REPORTING REQUIREMENT 11(3)(A) OF THE ACT – STRUCTURE, ACTIVITIES AND SUPPLY CHAINS**

#### **3.1. Structure**

The organizational structure of the Demant Group and Demant Canada as at the date of this Report is set out below:

- (a) Demant Group is headquartered in Denmark and operates globally, with subsidiaries in more than 30 countries and products and services sold in 130 countries. In 2023, the global workforce of the Demant Group was approximately 21,600 employees, of which approximately 1,200 were employed by Demant Canada.
- (b) Demant Group is Demant A/S (Danish Company Reg. No. 71186911), a Danish registered company in the hearing healthcare industry. Demant A/S is listed on the Nasdaq Copenhagen Stock Exchange, with the majority shareholder (55-60%) being William Demant Invest A/S, which is fully owned by the William Demant Foundation, a self-owning entity, with deep, proud roots in Denmark tracing back to 1904.
- (c) Demant Group has two (2) fully owned subsidiaries in Canada that are considered reporting entities pursuant to the Act:
  - (i) HearingLife Canada Ltd., Ontario Corporation Number 1000739828; and
  - (ii) Audmet Canada Ltd., Federal Corporation Number 913592-8.
- (d) Demant Canada is headquartered in Toronto, Ontario, Canada. There are approximately 1,200 employees employed by Demant Canada.
- (e) In addition, Demant Canada operates both wholly-owned and partially-owned hearing healthcare clinics in Canada, which carry Demant Group hearing aid products.

#### **3.2. Activities**

- (a) Demant Canada's main activity is importing "behind the ear" hearing aids, accessories, spare parts, custom production of "in the-ear" hearing aids and moulds, and any service, marketing, sales and distribution related thereto within the Canadian market.
- (b) Demant Canada's production is limited to customized "in the ear" hearing aids and moulds.
- (c) Demant Canada imports and sells hearing aids that are primarily manufactured by other Demant Group entities with production facilities located in Poland, Mexico and Denmark.

- (d) An overview of operations for Demant Canada is as follows:
- (i) Operation of hearing healthcare clinics, including hearing testing, rehabilitation services, and the supply and fitting of hearing aids and associated accessories to individuals.
  - (ii) Wholesale supply of: hearing aids and associated accessories; implantable devices (cochlear implants and bone-anchored hearing systems); audiological diagnostics equipment and associated consumables; and other electronic equipment, including enterprise headsets.
  - (iii) Maintenance and repair services for hearing aids and audiological diagnostics equipment.
  - (iv) Operational and sales support for the above activities.

### **3.3. Supply chains**

- (a) In selecting suppliers, the Demant Group and Demant Canada diligently choose reputable business partners who share our commitment to high ethical standards and business practices.
- (b) The Canadian supply chain can broadly be broken into two categories, 1) supply chain for products sold by Demant Canada, and 2) supply chains supporting local operations for Demant Canada.
- (c) The majority of products imported and sold by Demant Canada are sourced from and manufactured by other Demant Group entities globally. The Demant Group manufactures its products in Poland, Mexico and Denmark. Where necessary, the Demant Group sources other products, consumables and components from manufacturers based in Europe, the United Kingdom, the United States of America (USA), Asia and the East Pacific Region.
- (d) The direct suppliers that the Demant Group collaborates with are mainly manufacturers of electromechanics, electronics, mechanics, production consumables and material supporting packaging and marketing activities.
- (e) In addition to the above supply chains, Demant Canada sources goods and services from suppliers within Canada, USA and Europe, in order to support the local Canadian activities, including IT equipment, transport/logistics, property maintenance and construction, professional services, office equipment and supplies, marketing production support, insurance and travel services.
- (f) We recognize that forced labour and child labour risks exist in both Canada and abroad. Where a supplier is located abroad in high-risk locations and is engaged for the provision of goods and services, the Demant Group and Demant Canada aims to communicate its expectations with that supplier in order to reduce the risk of forced labour or child labour and have clear oversight throughout the supply chain.

## **4. MANDATORY REPORTING REQUIREMENT 11(3)(B) OF THE ACT – POLICIES AND DUE DILIGENCE PROCESSES**

- (a) We recognize that the causes of forced labour and child labour are complex, with a multitude of risk factors often interacting to facilitate an environment in which forced labour and child labour practices are able to occur. As such, we work to ensure that proportionate risk-based due diligence is carried out on third parties, including suppliers and business partners, and that we continuously monitor risks throughout the lifetime of the relationship.

- (b) Demant Group has a Third Party Compliance Code (“TPCC”)<sup>4</sup>, which all direct suppliers to Demant Canada are required to sign and comply with. The TPCC reflects the behaviour that we in the Demant Group and Demant Canada expect from third parties. The TPCC describes international standards and specific criteria which govern aspects of human and labour rights, including the prohibition on forced labour, child labour and young workers, freedom of association and non-discrimination, health and safety measures, environmental protection, privacy and ethics, as well as bribery and corruption. It also requires Demant Group suppliers to adhere to social and environmental standards and contribute towards the protection of human rights.
- (c) By complying with the TPCC, the Demant Group direct suppliers are committing to ensuring that their own operations and supply chain addresses, prevents and mitigates any risks related to the use or facilitation of the use of forced labour or child labour. The collection of documentation required from our suppliers across our global supply chain remains ongoing. In some cases, Demant Group suppliers already have policies or procedures that also comply with the standards in the TPCC.
- (d) The TPCC is a part of the Demant Group Business Ethics Program, which includes the Demant Code of Conduct, a Global Whistleblower Hotline and Support System, Anti-Corruption, Competition Law and Trade Compliance Policies. Demant Group has also set out relevant policies, guidelines, processes, tools, risk assessments, training and advice within the Global Demant Group Business Ethics Program. Demant Canada has adopted these policies and systems, including the Whistleblower Hotline and Support System.
- (e) The Demant Group Business Ethics Program is managed by a Demant Group Legal Board and is supported by the Demant Group Legal and Compliance Team, as well as a network of 62 business ethics champions located in various countries within the Demant Group, including three (3) champions located in Canada.
- (f) The Demant Group Code Of Conduct<sup>5</sup> includes policies and principles on a range of compliance matters, including human rights, anti-corruption, the environment and workplace environment.
- (g) The Demant Group Whistleblower Policy<sup>6</sup> provides guidance on when and how to report concerns to the Demant Whistleblower Hotline, where both employees, business partners and other stakeholders can raise concern if they encounter sensitive and improper actions. The hotline is operated by an external third party provider and Demant Group Legal and Compliance reports all whistleblower cases to the Demant Group’s audit committee on a regular basis.
- (h) Our due diligence process of third party vendors and business partners is outlined as follows. These processes are further defined and communicated through various standard operating procedures and policies issued, implemented and managed by various internal stakeholders, including the Demant Group Global Procurement Team, the Demant Group Business Ethics champions, and the local Demant Canada Procurement and Operations Teams.

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<sup>4</sup> Go to [www.demant.com/about/business-ethics](http://www.demant.com/about/business-ethics) to review a copy of the TPCC.

<sup>5</sup> Go to [www.demant.com/about/business-ethics](http://www.demant.com/about/business-ethics) to review a copy of the Demant Code of Conduct.

<sup>6</sup> Go to [www.demant.com/about/business-ethics](http://www.demant.com/about/business-ethics) to review a copy of the Whistleblower Policy.

<b>Due Diligence Process</b>	
<b>Stage</b>	<b>Description</b>
Risk assessment	Assess risk to determine the necessary degree and nature of due diligence.
Information gathering	Communication with potential suppliers and business partners to gather information.
Evaluation	Verify and consider the results of the information gathering stage to resolve issues and red flags.
Approval	Obtain approval to enter into formal relationship with the third party.
Agreement	Establish a contractual relationship with the approved third party.
Management of relationship	Monitor and mitigate risk throughout the lifetime of the relationship.

## **5. MANDATORY REPORTING REQUIREMENT 11(3)(C) OF THE ACT – FORCED LABOUR AND CHILD LABOUR RISKS**

- (a) Demant Canada is committed to supporting Canada's efforts, and the broader global efforts, to combatting exploitative labour practices, including forced labour and child labour. We are focused on improving awareness and enhancing our policies and procedures to ensure forced labour and child labour practices are effectively identified and addressed within our supply chains.
- (b) Demant Canada assesses that the most significant potential source of risk related to forced labour and child labour in the Demant Canada supply chain, is related to the providers of electronic components and precious metals.
- (c) Demant Canada acknowledges that its supply chain is global and complex, and as a result there are challenges in maintaining oversight of the overall supply chain, and especially the supply chain below our direct suppliers. However, in respect of products sourced from the Demant Group (which represent the vast majority of products supplied by Demant Canada within Canada), the Demant Group has a range of systems and controls in place to make sure that our products meet legal and regulatory requirements, including our TPCC. As a result, Demant Group has visibility of its direct suppliers as well as critical sub-suppliers.
- (d) Demant Canada conducts due diligence on third party suppliers providing services to the local direct operations within Canada (for example, IT support and development, marketing and advertising, recruiting, cleaning). Demant Canada requires suppliers to acknowledge compliance with the Demant Code of Conduct which prohibits the use or facilitation of use of forced labour and child labour.
- (e) Beyond this, Demant Canada pays industry and competitive compensation to its employees and complies with applicable employment standards and legislation. On rare occasions, Demant Canada may retain contract or agency labour to fill short-term or temporary roles where necessary, however all such temporary labour agencies or recruiters are required to comply with the TPCC and Demant Code of Conduct which prohibits the use of forced labour or child labour. Further Demant Canada is committed to providing a safe and healthy working environment for all of its employees in accordance with occupational health and safety standards and legislation.



- (f) In light of this, we assess the risks of forced labour and child labour existing within the direct operations of Demant Canada to be relatively low overall.

**6. MANDATORY REPORTING REQUIREMENT 11(3)(D) OF THE ACT – REMEDIATION MEASURES**

Demant Canada remains committed to counteract and remediate any forced labour or child labour harms that have occurred within our supply chains. At this point, we have not observed any such harms, and, thus, have not taken measures to remediate any forced labour or child labour practices. However, we continue to monitor our supply chains and will provide remedial measures where such practices are identified.

**7. MANDATORY REPORTING REQUIREMENT 11(3)(E) OF THE ACT – REMEDIATION OF LOSS OF INCOME**

Demant Canada recognizes the potential for well-intentioned measures taken by an entity to eliminate forced labour and child labour from that entity's supply chains to have an adverse impact on the most vulnerable families, including loss of income. At this point, Demant Canada is of the view that vulnerable families have not experienced loss of income as a result of the steps we have taken to eliminate forced labour and child labour risks from our supply chains. Therefore, we have not taken any measures aimed to remediate the loss of income to the most vulnerable families. If in the future our initiatives have had an adverse impact on vulnerable families, through the loss of income, Demant Canada is committed to taking remedial action to alleviate such harms.

**8. MANDATORY REPORTING REQUIREMENT 11(3)(F) OF THE ACT – TRAINING**

- (a) Demant Canada recognizes that our employees are our first line of defence in identifying and managing forced labour and child labour risks. It is integral that our employees understand forced labour and child labour red flags and how to report concerns.
- (b) All Demant Canada employees receive training on the Demant Code of Conduct, including the Whistleblower Policy and the TPCC, which addresses the risks and prohibits the use of forced labour and child labour in our activities and workplace. Employees are also trained on how to report concerns through the Whistleblower Policy. This is part of the employee onboarding and mandatory training for all Demant Canada employees.
- (c) The training is conducted through various e-learning and digital platforms that are available to Demant Canada employees.
- (d) Business ethics champions and HR teams are responsible for implementing such training. The Demant Group Legal Board, supported by the Demant Group Legal and Compliance Team, provide content and policies for the training, and also supports in the monitoring and tracking of training Demant Canada employees.
- (e) Signage, posters and printed materials promoting the Code of Conduct and Whistleblower Policy are posted and readily available throughout the offices of Demant Canada, including in common area spaces such as the cafeteria, seating areas and on the health and safety board. All Demant Canada employees are required to acknowledge such training and policies as part of their employment record.

**9. MANDATORY REPORTING REQUIREMENT 11(3)(G) OF THE ACT – ASSESSING EFFECTIVENESS**

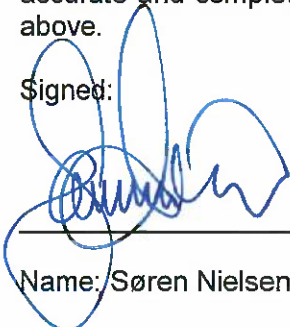
- (a) Demant Canada recognizes the importance in assessing the effectiveness of our initiatives to address forced labour and child labour risks in our supply chains. We are determined to enhance our response to forced labour and child labour practices and seek to identify, in an effective and measurable manner, whether the steps taken to prevent and reduce forced labour and child labour from our supply chains have been successful. We take any violation of human rights seriously and address any such violations swiftly and meaningfully. Thus, going forward, we intend to continue to report on and effectively track the success of the steps we are taking to identify and eliminate forced labour and child labour from our supply chains.
- (b) We will also continue to work closely together with the Demant Group to assess our effectiveness in this area. The Demant Group will continue to closely monitor our suppliers' compliance with the TPCC, and investigate any perceived, potential or actual issues that arise. No human rights violations have been identified in 2023.

**10. APPROVAL BY THE BOARD AND ATTESTATION**

This report was approved by the Board of Directors of HearingLife and Audmet on May 22, 2024, pursuant to subparagraphs 11(4)(b)(i) the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the reporting entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Signed:



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Name: Søren Nielsen

Title: Director, HearingLife Canada Ltd.  
and Audmet Canada Ltd.

Date: May 22, 2024

I have authority to bind the above companies.