

GROUP PRINCIPLES FOR CORPORATE RESPONSIBILITY

in the

WILLIAM DEMANT HOLDING GROUP

11 March 2010

The William Demant Holding Group of companies (WDH) is committed to high standards of ethics, quality and fairness and is dedicated to meeting its environmental and social responsibilities.

Within its sphere of influence, the Group strives to actively contribute to people's quality of life and minimise the adverse effects of its activities. This is achieved by ensuring that business results are financially viable, socially balanced and environmentally sustainable.

The Group has specified its key corporate responsibilities and contributions in 14 principles covering four focus areas:

- Corporate governance
- People and society
- Environmental protection
- Business ethics

The principles provide guidance for management and all employees. Moreover, WDH recognises its responsibility to promote similar practices among suppliers and other business partners. Once a year, William Demant Holding's Management will review the principles and update them if necessary.

Corporate governance

William Demant Holding's Board of Directors and Management consider corporate governance on an ongoing basis and regularly assess whether amendments to the Company's Articles of Association or managerial processes are required.

1. We maintain an accountable and efficient management structure.
2. We communicate in an open, transparent, impartial and timely manner with the stock market about the Group's strategy, objectives and risks.
3. We maintain adequate internal control mechanisms with a view to monitoring, managing and mitigating any material risks associated with our business.

People and society

The Group makes a positive contribution to the communities in which it operates through job generation, economic growth, tax payment and the marketing of products that contribute to enhancing people's quality of life. WDH supports the Universal Declaration of Human Rights and ILO's Declaration of Fundamental Principles and Rights at Work.

4. We treat our employees with respect and dignity, encourage diversity and ensure fair treatment.
5. We do not use and prohibit the use of forced or child labour.
6. We provide a safe and healthy working environment where employees can perform to their full potential and where initiative is encouraged.
7. We recognise our employees' rights to freedom of association and collective bargaining.
8. We strive to maintain good relations with neighbours and the surrounding society through involvement and open communication.

Environmental protection

Despite the relatively small environmental footprint of WDH, the Group endeavours to protect the environment for future generations by monitoring and reducing the environmental impacts of its business activities.

9. We use materials efficiently and strive to optimise packaging as well as waste handling.
10. We limit the use of hazardous substances in products and processes.
11. We monitor our impact on the climate and aim to reduce energy consumption.

Business ethics

WDH believes that in a competitive market the Group's businesses can only flourish if based on sound business ethics, and the Group adheres to the United Nations Convention Against Corruption. Most of the Group's activities can be characterised as "relationship business", which frequently involves close interaction with clients, including consulting, training and entertaining hearing care professionals, for instance audiologists, hearing aid dispensers, ear-nose-and-throat specialists and clinic owners.

12. We are committed to abide by the laws and regulations of the countries in which we operate. In the absence of adequate laws and regulations, we refer to recognised international standards and industry norms.
13. We work against bribery and other forms of corruption, both directly and indirectly through our business partners, and we strive to avoid facilitation payments.
14. To benefit the users of our products is our primary goal. We therefore avoid actions that may influence business decisions to the disadvantage of the end users.

Business partners

WDH will distribute these principles to relevant business partners and an obligation to conduct their business in respect of the principles herein is incorporated into contracts with third parties where relevant.

If non-compliance with these principles is found at a business partner we will seek to promote responsible business practice through cooperation and dialogue. If a business partner continues to show lack of commitment to rectify misconduct we may choose to terminate any contract between our partner and us.

Compliance

The Group's Management expects all employees to adhere to the principles, but recognise that achieving full compliance in all operational aspects is indeed an ongoing process. Thus, the principles are designed to promote responsible behaviour and stimulate change, if and when necessary.

Employees are encouraged to and have an obligation to report any misconduct to their superior. No employee who raises an issue in respect of the principles will be subject to any adverse impact on his or her employment as a result thereof. On the other hand, continued failure by an employee to work in accordance with the principles may result in disciplinary action.

Guidance

The principles are general and do not address each and every situation to which employees may be exposed. Therefore, employees are to exercise good judgement and common sense when confronted with an issue that calls for action. Management encourages employees to seek further guidance from line managers on the application of the principles and from supporting policies where such exist. Moreover, the Group's Legal Department is available on a confidential basis as an independent source of advice.