



GN ANTI-CORRUPTION POLICY

**GN STORE NORD GROUP
September 2020**

Message from management

In accordance with GN's Ethics Guide, GN is committed to doing business the right way. As part of this commitment, GN has a zero-tolerance policy towards bribery and corruption of any kind.

This commitment means GN expects that all GN employees, suppliers, customers and third-party representatives are in compliance with all applicable anti-bribery and anti-corruption laws, including (but not limited to) the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act 2010 (UKBA).

GN expects that all anomalies are reported to a senior manager either through the normal line of business, to Group Risk & Compliance directly or through the Alertline.

Failure to comply, may result in disciplinary consequences up to and including termination of employment.



Gitte Pugholm Aabo

A handwritten signature in blue ink that reads "GP Aabo".

CEO, GN Hearing A/S



René Svendsen-Tune

A handwritten signature in blue ink that reads "RS Tune".

CEO, GN Audio A/S



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1 The purpose

The purpose of this policy is to outline expectations and requirements to adhere to, so that bribery and corruption can be avoided at the source. This policy will help identify when something is regulated and/or illegal; and provide you with guidance on whom to consult if you need to report a concern; or if you need further advice and guidance to clarify if an issue poses a problem.

2 Responsibilities

All employees, regardless of business division, country or title, are expected to take responsibility and act with integrity in all dealings, and to comply with this policy. GN has a zero-tolerance policy towards corruption and requires all employees to comply with this policy in both word and spirit, in all dealings made on behalf of GN.

If there is a conflict between this policy and local regulations, GN and GN employees should always adhere to the higher of the two standards.

This policy is owned and updated by Group Risk & Compliance. Questions to this policy can be forwarded to Group Risk & Compliance.

3 What is corruption?

Corruption is the abuse of power for private gain. Corruption occurs in many different forms and is not limited to the ones described in this policy.

4 What is a public official?

Corruption involving a public official is a very serious offence for which you can also be held personally liable. This means that you should be especially alert since this offence could have consequences for you personally as well as for GN.

A public official is any person hired as an employee or a consultant by the public sector and in some countries this definition is very broad.

A public official could be a health care professional (HCP) hired full time or part time at a public hospital or a public clinic, a teacher working at a publicly owned university, a buyer employed in the public sector or an employee with a public authority such as the police, tax authorities, customs, etc.

A public official can also be a third party hired by a public institution, e.g. to facilitate a public tender, a specific project or responsible for a specific area. This could also be a person working for a public NGO organization.

Example:

A doctor working at the local public hospital but who also has his own private clinic is always considered a public official.

Rule of thumb:

Be very cautious about offering/giving gifts, entertainment or benefits to a public official!

5 Corruption

In short, corruption is a crime in which money, a favour or something else of value is promised to, given to, or taken from an individual or corporation in order to alter the behaviour of the recipient in ways not consistent with the duties of that person or in breach of the law.

In its clearest form, this takes the form of a bribe in which money changes hands. However, there are many other examples of corruption and this policy outlines the most common ones.



Example:

If you offer product samples, favours or donations, it may be interpreted as a bribe, even if you do not have these intentions.

This is especially a risk when operating in a multi-cultural environment where each individual has different interpretations of what the purpose of a gift is.

In most cases, common sense is to be applied but it is recognized that it can be difficult to operate in certain grey zone areas. This policy provides you with guidance and examples of various situations our employees might face when working for GN.

5.1 Loyalty programs

Definition:

Loyalty programs are payments, benefits or offerings of services made to someone for referral of a customer or business. Illegal loyalty programs or programs which could be interpreted as illegal are not allowed. Therefore, the question is whether a loyalty program is legal.

Policy:

Loyalty programs are often created to honor referrals or leads. However, in some countries such programs are illegal. To make sure the loyalty programs in a specific country is legal, the programs must be approved by a Group Legal on an annual basis.

Example:

Mr. Cusmr refers customers to GN on a regular basis as part of his normal business. GN has created a loyalty program which gives Mr. Cusmr a quarterly cash payment based on the products sold to new customers on the basis of the referrals from Mr. Cusmr.

This setup is problematic in most countries when dealing with public institutions or

representatives. You should seek guidance from local management, Group Risk & Compliance or Group Legal before setting this up.

Rule of thumb:

Make sure your loyalty programs are approved annually by Group Legal. Consult your manager if you are in doubt as to the legality of the setup you are working with.

5.2 Bonus and rebate programs

Definition:

Bonus and rebate programs are anything of value going back to the customer after an invoice has been issued. This value can be based on a target, a contest or simply just an award. The value can be in the form of a credit note, eligibility to marketing funds, coverage of cost, etc.

Policy:

It is ok to offer the customer a bonus or rebate structure based on the volume bought over time as long as (1) this rebate goes to the same legal entity buying the products and (2) the rebate structure is documented e.g. in a contract.

The bonus or rebate can never be paid out to anyone other than the legal entity, not even the owner of the company.

Example:

GN is doing business with the company HearBetter Inc. owned by Mr. Sound. The invoices are paid by HearBetter Inc. Mr. Sound is requesting that the agreed rebate goes to him directly, arguing that he owns the company and often pays the invoices from his personal account. Besides, since he is the owner, he will get the rebate anyway, so it would be easier for him to have the money paid to him directly.



Such a setup is not allowed. The rebate has to go to the company, HearBetter Inc. The rebate cannot go to the owner, regardless if there is only one owner of the company and he claims to be paying invoices from his personal account.

Rule of thumb:

All rebates must follow the revenue!

5.3 Facilitation payments

Definition:

Facilitation payments are small amounts paid in order to speed up the process on services GN is already entitled to.

Policy:

Regardless of the potential benefit of making a facilitation payment, this is not tolerated in GN. The only exemption is when the payment is made to avoid putting yourself into a situation where you feel threatened, physically or mentally.

Example:

GN employee Mrs. Audio is traveling to an unstable African country and when she arrives at the airport, she is informed that for a speedy immigration process she needs to pay 50 dollars to the customs officer. She refuses since this is the GN policy.

Then the officer informs her that the process will take approximately 18 hours and that she will be spending the night in the local jail while the papers are being processed. Because of the described consequences, Mrs. Audio believes her safety could be at risk, so she pays the facilitation payment.

In this case GN accepts that a facilitation payment is made. It is important that she reports to Group Risk & Compliance as well as to her manager that a facilitation payment has

been made, and the reason for the payment, in order to enable GN to document the incident.

Rule of thumb:

Never make facilitation payments unless you feel you would be put into danger if you refuse.

5.4 Political contributions

Definition:

Political contributions are payments, membership fees and sponsorships of activities for a specific political party or an individual politician.

Policy:

GN employees are free to make any political donations as long as these are not associated with GN. Any association with GN is prohibited unless expressly approved. GN does not contribute to political parties or any politician unless approved by the Board of Directors.

Example: Mr. Fourier is running for president and is asking GN for financial support to run his campaign. Mr. Fourier indicates that a donation would make him view GN in a favorable light in the future. Also, the appropriate paperwork for a new production facility that GN is considering in his country would be handled quickly and with no delay by his administration.

It is GN policy not to support any political campaigns and not to get involved in politics in this way. Mr. Fourier's request must be refused.

Rule of thumb:

You cannot make any political donations associated with GN.



5.5 Sponsorships and donations

Definition:

Sponsorships are where GN agrees to pay legitimate expenses for an event, typically in return for promotion of GN/GN products. Donations are gifts of monetary value to an organisation intended for them to carry on their work, most often of a charitable nature. These are legitimate activities, but they can be abused as a form of bribery or to obtain money from GN to be used for corrupt purposes.

Policy:

Full transparency is required on all sponsorships and donations. This means sponsorships/donations must be approved at SVP or GM level. The approver must make sure that the purpose of the donation is legitimate. Contact Group Risk & Compliance if in doubt.

The contract must include the purpose as well as the committed amount. During the event, evidence must be collected (e.g. pictures) documenting that the event took place. There must be financial records linked to the contract or the activity, incl. documentation and receipts. If any part of the donation is not used, it must be recorded in the finance system.

Example:

It has been agreed that GN will sponsor a professional round table event where health care professionals will attend. When the costs are claimed, an expense report is made where both contract and actual expenses are attached. A list of participants and a detailed agenda is provided to document the event. This is in accordance with GN policy.

Rule of thumb:

Obtain approval from your SVP or GM for donations or sponsorships. Make sure you take a few pictures during the event for documentation.

5.6 Speaker fees

Definition:

These fees are paid to external speakers at events and are legitimate fees. However, they may be seen as a potential bribe if there is no reasonable link between the qualifications of the speaker, the value of the speech and the fee paid.

Policy:

The fee needs to be reasonable considering the speaker and his/her qualifications and in accordance with market practise.

To determine an appropriate fee you need to take the following into account:

- The number of speakers needed. Do not accept two speakers if one is sufficient.
- The length of the speech.
- The knowledge required and the qualifications of the speaker.

You should always check if the country in which the speech takes place has specific regulations. Health care professionals are often regulated specifically, and some countries require public reporting of payments to them. If in doubt, contact Group Risk & Compliance or Group Legal for advice.

Example:

GN is sponsoring a conference on hearing aids hosted by a public hospital. The hospital suggests two of their leading audiologists as speakers, but you feel that one speaker could be sufficient for the event. In this case you need to be presented with very convincing reasons to go with two speakers and you need to be transparent if you choose this solution.

Rule of thumb:

Make sure there is full transparency regarding the speaker fees and that you make an informed decision on the number of speakers to participate in GN sponsored events.



5.7 Tender

Definition:

Tenders are normal business practise. However, being involved in a tender process also means that there are people (customers or maybe yourself) who need to make important decisions. These decisions cannot be influenced by entertainment, gifts or other means.

Policy:

During a public tender any activity can be scrutinized so take care to avoid gifts and entertainment altogether.

Sometimes a tender process is ongoing without you knowing. Unfortunately, that is no excuse, making it vital to always be vigilant in dealings with public officials. All external meetings must have a business purpose, so ask for the purpose as well as a list of participants, and make sure to obtain this documentation in writing for future references. Be careful never to seek to obtain any knowledge that is not publicly known, no matter how this may be obtained. Until the result of a known tender has been announced, these precautions ought to be followed.

Example:

You have accepted to participate in a public tender hosted by a tender agent. During the process you are invited by the agent to a seminar from 16:00 to 20:00 at a new 5-star luxury hotel. In this case, you should ask for the agenda as well as information about who else will be participating. If this is pure leisure, then decline. If all tender participants are invited and the purpose is to go through the material delivered to you, then you are free to accept.

Rule of thumb:

During a tender process you must be extra careful. Activities can easily be perceived as an attempt to influence the decision-

making process. If possible, you should avoid any gifts or entertainment altogether.

6.0 Conflict of interest

In short, a “conflict of interest” arises when a personal or professional relationship interferes, can interfere or can be perceived to interfere with your job. This can be problematic but does not necessarily have to be.

When you have a conflict of interest, you should always inform your manager about this. You may think this has no impact on your job, but this is not your decision to make. You need to make sure to have this evaluated by someone impartial, in this case your manager.

There is a particular risk when dealing with family members, friends or acquaintances.

A conflict of interest is not exclusively limited to when you have a vested interest in the other party of a business deal. Other examples could be hiring family members or friends (nepotism), romantic involvement, etc.

Whenever you have an interest other than that of GN, you may be having a conflict of interest. In most cases, common sense is to be applied, but it is recognized that it can be difficult to operate in certain grey zone areas.

6.1 Doing business with a relative/friend

Definition:

It is problematic when you have other interests in a business situation than that of GN, particularly if GN has given you authority to act on behalf of the company.

This would be the case when you do business for GN with family members, friends or acquaintances.

Policy:

It is GN policy that full disclosure and approval has to be in place in situations like this. We understand that in such situations we may get



the best deals for GN and therefore do not exclude the possibility of doing business with family and friends of GN employees entirely.

However, there is a strict procedure to follow. In any such situation you need to seek the approval of two levels of management above you, and the last of this has to be at VP level or higher.

Example: You work in the GN IT department and have been asked to arrange a teambuilding course for the entire team, 40+ people. Your nephew runs a company that specializes in just this and he has previously asked you to bring him some business from GN. In this case you need to make sure that your managers approve, making sure that you elevate this to the appropriate management levels for approval and comply with all relevant policies.

Rule of thumb:

Always make sure you display full openness when you have a conflict of interest of this sort so that no one can suspect foul play. That is neither in GN's nor your own best interest.

6.2 Personal conflict of interest

Definition:

You would have a personal conflict of interest in case you are personally or professionally involved with a customer, supplier or colleague.

Policy:

In most cases your employment contract would regulate any kind of professional involvement with other companies. Your contract must always be followed. If you have a vested interest in another company, this needs to be disclosed entirely and you must detach yourself from any dealings with this

company. If you are in doubt, you may seek the advice of your immediate manager.

In the case of a close personal relationship between colleagues, GN insists that action has to be taken to ensure no one can suspect foul play. The immediate manager has to be informed and one party of the relationship may have to seek other employment.

Example:

Tommy has for a couple of months been doing some helpdesk work on weekends for a small IT company. This company has now won the bid to supply a helpdesk function for GN on weekends. Tommy is worried if this interferes with his weekend job. Tommy's boss previously approved his weekend job, and after having secured his managers continued approval Tommy can continue his weekend job as long as this never interferes with his performance at GN.

Rule of thumb:

Even if you are sure the conflict of interest will never interfere with your job at GN, any relationship needs to be disclosed to your manager to avoid suspicion of non-compliance.

7 Third parties

Definition:

Third parties are every partner GN works with that is not employed by GN directly. It can be partners such as agents, distributors, resellers, value-added resellers (VARs), systems integrators, consultants or suppliers of goods or services. All of these represent GN in some form, or are directly involved with a product or service that GN supplies.

A supplier, distributor or agent doing business on behalf of GN can be viewed by outsiders as representing GN and as such must also follow the rules outlined in this



policy. As a GN employee, you need to understand that in this situation, anti-corruption legislation does not allow for you to “close your eyes” to violations of the rules even though the perpetrator is technically not an employee of GN. GN can still be implicated, also legally, and though no financial loss may occur, loss of credibility can be very serious for the company too.

For this reason, you need to make sure that any third party of GN knows the implications of GN policies as well as local laws and regulations. GN wants to be compliant and we want to make sure that anyone doing business on our behalf or partnering with us is also compliant.

7.1 Third party due diligence

Definition:

When talking about third party due diligence we mean the securing of external partners committing to and abiding by GN’s standards as well as international and local legislation.

Policy:

We expect every partner in our value chain to comply with both legislation, regulations and policies to ensure that we are always living up to the highest standards of anti-corruption. If there is a conflict between law and company policy, always adhere to the stricter of the two. In that case remember to also raise a flag to Group Risk & Compliance and Group Legal.

Example:

Juan is a sales manager. He loves to compete, and he likes to win. He thinks headquarters is on his back with all the compliance regulations. They are taking the fun out of doing business. But Juan is resourceful, he has found a way! He uses a “consultant” to do his business deals so that no one can blame *him* or GN for breaking any rules. He keeps

perfect records and have invoices for all the “consultancy work” his contractor does for him. And Juan is winning again, or is he?

Rule of thumb:

If it is “too good to be true” then maybe it isn’t true. If a third party is succeeding where everyone else fails, then you must look into the way they conduct their business.

7.2 Channel partners

Definition:

By channel partners we mean all “downstream” partners between GN and the end customer. Often such partners are licensed to work for GN, and in these cases payments for goods or services flow from GN to these partners. In case a channel partner uses funds wholly or partly obtained from GN for any illegal purposes, though maybe not directly involving GN, GN could suffer reputational damage and could potentially also run into financial sanctions.

Policy:

Legislation does not exempt from guilt based on the excuse that “we did not know”. GN can be held liable for the actions of anyone acting on behalf of GN.

This means that any channel partners engaged by GN need to comply with this policy no matter how they are affiliated.

Example:

A particular agency seems to always win government tenders. The agency is rumored to be “generous” to their partners and their fees are always higher than their competitors. But they get the job done, and besides there has never been any proof of foul play, so it seems to be a win-win situation for all. In this situation international legislation specifically states that GN could be liable. This agency is *rumored* to be generous, and their prices



seem to be consistently higher, indicating a need for extra money to win.

Rule of thumb:

If the deal seems too good to be true, maybe it IS too good to be true. If you decide to go through with a deal, strong controls must be in place. If you are in doubt you must consult with Group Risk & Compliance.

7.3 Suppliers

Definition:

Here we refer to suppliers of both goods and services and include both direct and indirect procurement. In the relationship with suppliers to GN, you as an employee might well face a situation where you are offered gifts, entertainment or items of monetary value. Accepting such offers could jeopardize the reputation of GN, not to mention the risk of fines or other sanctions.

Policy:

Modest gifts are legal and can be received. This applies to both physical and non-physical gifts. But they need to be accepted in accordance with strict rules. You can *never* accept cash or the equivalent of cash, e.g. vouchers. For more details you consult the GN Gift, Travel and Entertainment Policy.

Example:

After signing a contract with a new supplier in Asia, a GN representative is at the following reception presented with a large carved ivory figurine. Publicly refusing this *very* expensive gift would be an insult. So, the representative accepts the gift and afterwards consults with Group Risk & Compliance on what to do. As the gift exceeds all value limits and ivory is a controversial material that cannot be imported into Europe without proper certification, a certification that does not exist for this figurine, the representative and GN have no option but

to dispose of the gift before returning back to Europe.

Rule of thumb:

Any gift over a perceived value USD 100 should be refused and cash can under no circumstances be accepted. ALL rules must be followed, not just anti-corruption legislation.

8.0 Colluding

Definition:

Collusion is when companies or representatives of companies make agreements on how to do business, typically at the expense of customers or suppliers due to weakened competition.

Examples of collusion can be, but is not limited to, cooperation to divide markets, agreements of certain price levels or sharing of non-public information on tenders.

All of this is strictly forbidden by law, and no GN employee should ever enter into discussions of this kind with any competitor.

Please note that no agreement has to be reached - just participating in the discussion is in itself illegal. This also applies to tacit behavior.

In GN we want to do business the right way. We believe our products speak for themselves and can compete under fair conditions and we will not resort to limiting competition and enter into illegal agreements.

As an employee you must refrain from having interactions with competitors regarding sensitive issues such as pricing, markets, customers, contracts, etc. This *could* be seen



as illegal collusion. These are serious offenses.

Rule of thumb:

You should never discuss aspects of our business with any of our competitors. Consult Group Legal for advice if the situation arises.