

Demant

Sustainability Report 2023



Clare, Firefighter and Oticon hearing aid user

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This report serves as the statutory report to be presented under the sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act. We also disclose requirements of the [EU taxonomy](#) on sustainable activities on page 60.

Sustainability key figures – year

Following the decision to discontinue our Hearing Implants business, financial and sustainability figures have been aligned to reflect this in 2022. Historical figures have not been restated, unless otherwise stated.

	2023	2022	2021	2020	2019
Core					
R&D costs (DKK million)	1,410	1,314	1,139	1,261	1,120
People					
Average number of employees	21,168	19,239	16,866	16,155	15,352
Gender diversity, top-level management (women/men%)	27/73%	23/77%	22/78%		
Gender diversity, top-level management teams (on/not on target%)	79/21%	71/29%	65/35%		
Gender diversity, all managers (women/men%)	47/53%	44/56%	43/57%	42/58%	41/59%
Gender diversity, board of directors (women/men%)	40/60	40/60	40/60	40/60	20/80
Engagement rate (1-5)	4.11	4.08	4.02	3.93	3.82
New hire rate (%)	3.3	2.9	2.8		
Employee turnover (%)	23	26	20		
Accidents in production	19	17	12	11	13
Climate and environment*					
Energy consumption (MWh)	114,227	108,163	91,415	77,481	87,330
Electricity consumption (MWh)	51,421	51,776	53,267	40,668	42,101
Renewable electricity share (%)	21				
Scope 1 and 2 CO ₂ e emissions (market-based) (tonnes)	30,469	35,862	31,721	27,335	28,433
Scope 1 CO ₂ e emissions (tonnes)	12,316	11,061	7,546	7,391	9,594
Scope 2 CO ₂ e emissions (market-based) (tonnes)	18,153	24,801	24,175	19,943	18,839
Scope 3** CO ₂ e emissions (tonnes)	793,306	691,434	657,639	514,053	524,667

	2023	2022	2021	2020	2019
Business ethics and governance					
CEO remuneration ratio (times)	48	39	38	35	34
Whistleblower reports (#)	90	47	48		
Product recalls (#)	0	0	1	0	0

*2019-2022 restated due to adjustment of baseline in order to account for the new acquisitions

**Estimate based on spend-based materiality assessment for 2019 and adjusted for revenue growth in local currency

Find accounting policies on page 63



Despite living with a disease that causes both visual and hearing impairment that worsens over time, my motto is: Disability is not inability.

Peter, Pensioner, Ironman

The Demant Group

Through life-changing hearing health, we contribute to building a more sustainable world.



Where all people have the opportunity to enjoy an active life.

Untreated hearing loss impacts our ability to interact, contribute and belong. And the link between untreated hearing loss and cognitive health issues grows more evident.



Assessing your hearing is the first step towards better hearing, but many hearing losses go undetected.

If we can enable more people to hear better, we can give them the opportunity to be part of society without constraints.

We empower them to tune in to life for the good of everyone.



**Life-changing hearing health.
Benefits everyone.**

CEO letter



In many ways, 2023 was a truly good year for Demant. Over 200 million people had their hearing screened and diagnosed with an instrument from our Diagnostics business. Compared to last year, more people visited Audika stores than ever before and more people were fitted with hearing aids from one of our brands.

None of this would be possible without the brilliant, innovative and diverse people of Demant, driven by a common purpose of making a difference. They all have every reason to be proud of what we do.

The Demant culture

This year, we have welcomed many new people into the Group, and when doing so, we all have a responsibility to meet our new colleagues with respect, openness and trust. It is a core priority for me to set

the stage for our Demant culture, and as we become an increasingly people diverse company, we must uphold these core values. I still experience our values being lived out thoroughly across Demant, and this makes me very proud of our company.

With impact comes responsibility

To lead a responsible business, it is pivotal for Demant to be aware and capable of seizing opportunities and mitigating risks of environmental, social and governance topics related to our business.

As we grow in size, we also grow our impact on health and innovation, as well as our ambition to improve as many lives as possible. While we reach more people with hearing healthcare, growing our business also comes with new risks of having a negative impact on society and on nature.

While we see increased legislation within corporate sustainability and ESG globally, we also acknowledge and appreciate the extended pressure and focus on sustainability, that we experience from big customers and partners.

Improving lives

When millions of people are enabled to tune in to life and live an active life, it benefits everyone. And 2023 was indeed a testament to our purpose of providing life-changing hearing health, as this report will also demonstrate.

Based on ten years of research our Diagnostics business area launched a new, ground-breaking diagnostic test method. The test method, Audible Contrast Threshold™, goes beyond the audiogram and its results address the number one challenge for people with hearing loss: hearing in noise.

Moving the needle on diversity targets

Part of our cultural commitment to each other is to have workplaces that reflect a diverse world where everyone can contribute and belong. And when the world is filled with disagreements and devastating conflicts, community and sense of belonging is more important than ever.

Our continued efforts within diversity, equity and inclusion have borne fruit, and I am pleased to see that we have made good progress on both of our [gender diversity targets](#). We enhanced inclusiveness in recruitment, performance and development processes, as well as leadership training, and our approach to leading with authenticity, empathy and adaptability is a key driver in this. I am happy to see this work reflected in our global [inclusivity score](#).

Road towards net zero

We take part in the world's transition to net zero and continue to integrate our climate strategy into our business and operations. This year, Demant's [emission](#)

[reduction targets](#) were approved by the Science Based Targets initiative, stressing our [net zero ambitions for 2050](#).

We tackle emissions from our own operations by focusing on energy efficiency and consumption reduction, while we work towards transitioning to [renewable electricity](#).

Most of Demant's footprint is to be found within our extended value chain. This year we took further steps into [engaging with our key suppliers](#) and manufacturers in their transition to renewable energy and improved environmental performance.

Nations, companies and consumers all need to take part in fighting climate change and collaborate on initiatives that can urgently reduce global emissions. Certainly, we can and must move the needle on reducing our own direct and indirect emissions, but when it comes to the entire value chain, we cannot do it alone.

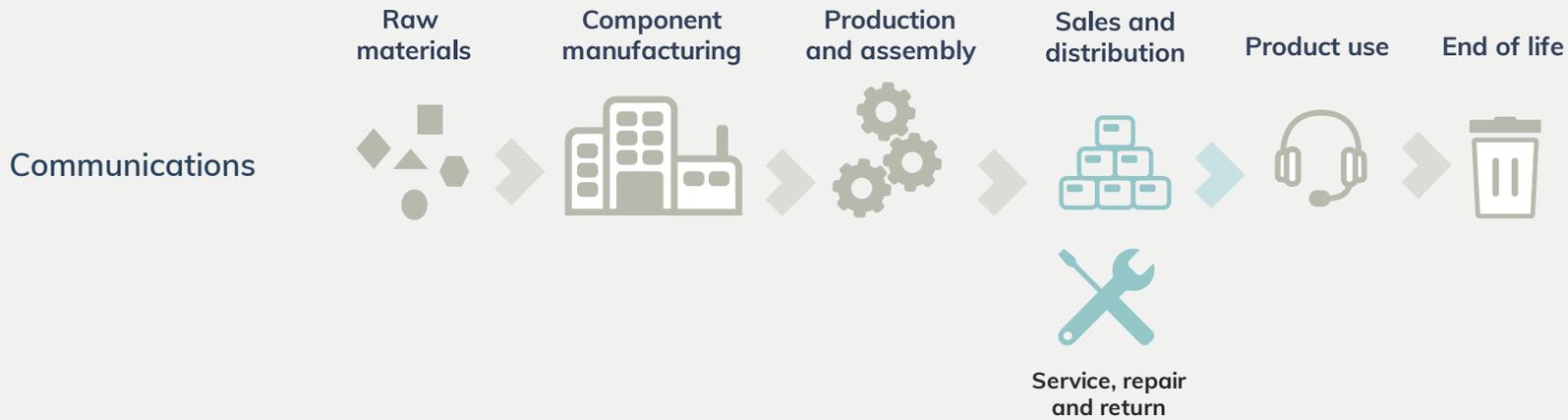
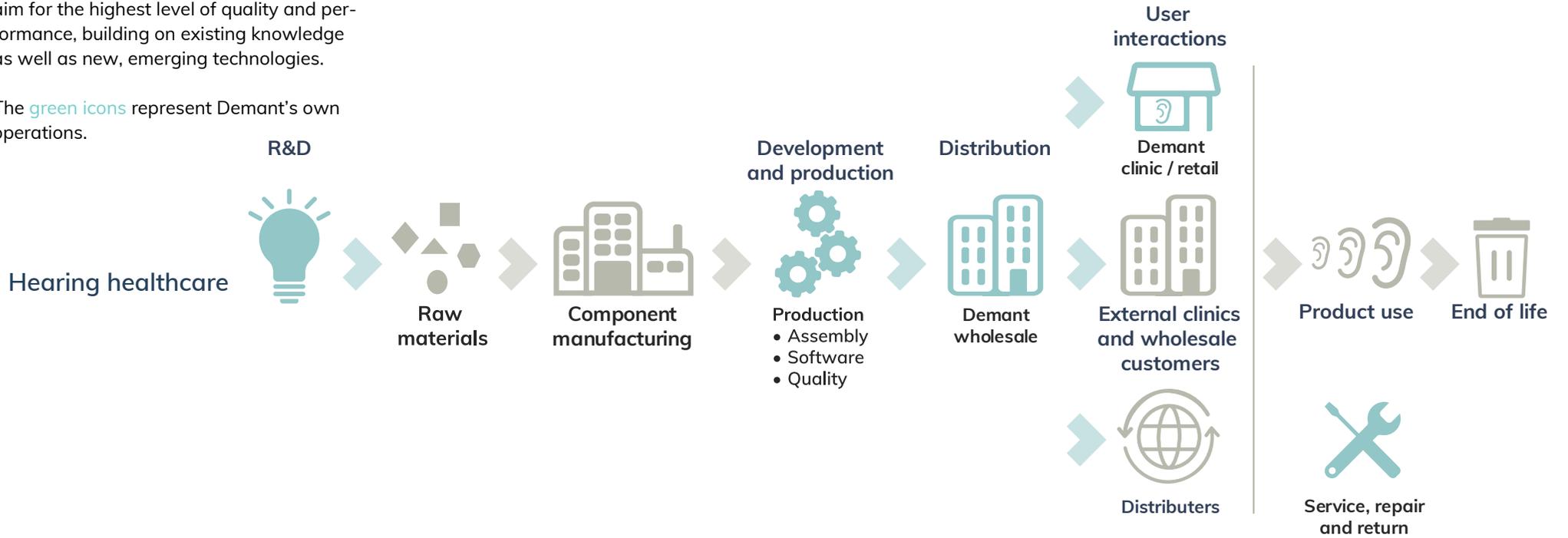
In Demant we say that caring for people's health and well-being goes hand in hand with caring for society and for the planet. And while we must pay attention to all aspects of sustainability, there is no doubt that Demant's biggest impact always will come from creating life-changing hearing health.

Søren Nielsen

Value chain

No matter where in our value chain, we aim for the highest level of quality and performance, building on existing knowledge as well as new, emerging technologies.

The **green icons** represent Demant's own operations.



Our global presence

The Demant Group has more than 21,000 employees around the world. We have companies in over 30 countries, clinics in 26 countries and our headquarters is located in Demark. Through distributors, we ensure a global coverage in countries where we are not directly present.

Production

North America

Service and customisation:
Canada and the US.

**Main production in hearing
healthcare business activities:**
Mexico.

Revenue
41%

Europe

Service and customisation:
Germany, Italy, Turkey and the UK.

**Main production in hearing
healthcare business activities:**
Denmark, Italy and Poland.

Revenue
41%

Asia

Service and customisation:
China, Japan and South Korea.

Revenue
10%

Other countries

Service and customisation:
Brazil and South Africa.

Around 60 distributors in low-
middle income countries provide
access to hearing health and
engage in local initiatives, NGO
partnerships and charitable
projects.

Revenue
3%

Pacific

Service and customisation:
Australia.

Revenue
5%

A story from Demant

Founded on care



William Demant Foundation reinvests in society by donating to altruistic causes and by expanding its sustainable investments.

In 1957, the Demant family donated their shares in their company and established [William Demant Foundation](#), which holds the majority of the shares in Demant.

This unique ownership model provides stability and ensures that we remain a reliable and trusted long-term partner.

In 2023, William Demant Foundation donated a total of DKK 135.1 million.

Enabled employee engagement

The Foundation ownership is a central part of Demant. Aside from the Foundations' impactful investments in audiology of DKK 54.8 million in 2023, benefitting the field of hearing healthcare, it also allowed Demant employees to allocate resources to people and society.

Support following earthquake

With the support of DKK 2 million from William Demant Foundation, Demant Turkey has helped hundreds of people who were affected by the severe earthquake in Turkey in February 2023.

With the donation, Demant Turkey was able to:

- Help people with hearing aids via Demant's local Hearing Care business and wholesale customers.
- Form partnerships with Deaf People and Families Association.
- Support customers in continuing to deliver hearing healthcare services.
- Deliver screening devices to regional hospitals.
- Offer psychological support to employees and their closest relatives.

Relief-activities in Ukraine

In 2023, William Demant Foundation donated DKK 1.5 million to enable Demant employees support Ukrainian refugees through selected humanitarian organisations. Among other things, the donation resulted in:

- Vestibular screenings and treatment for Ukrainian refugees in Poland.
- Audiological examinations and hearing aid fittings for children in Ukraine.

- Procurement of ambulances and a fire engine brought to Ukrainian regions.
- English lessons for Ukrainian children in the Szczecin area in Poland.

Since March 2022, William Demant Foundation has donated DKK 10.5 million to relief-activities in and outside of Ukraine. In total, DKK 3.5 million has been allocated to enable this type of employee engagement in Demant.



Sustainability governance

Our governance model for sustainability and ESG ensures Group oversight as well as flexibility and accountability in our business areas.

The Demant Sustainability Board is comprised of the Executive board as well as leaders of our business areas, HR and Finance.

The Sustainability Board meets every two months to review progress, give strategic guidance on sustainability projects and ensure alignment and traction in the business areas.

The Audit Committee oversees sustainability reporting, and the Board of Directors evaluate progress on our strategic priorities twice a year.



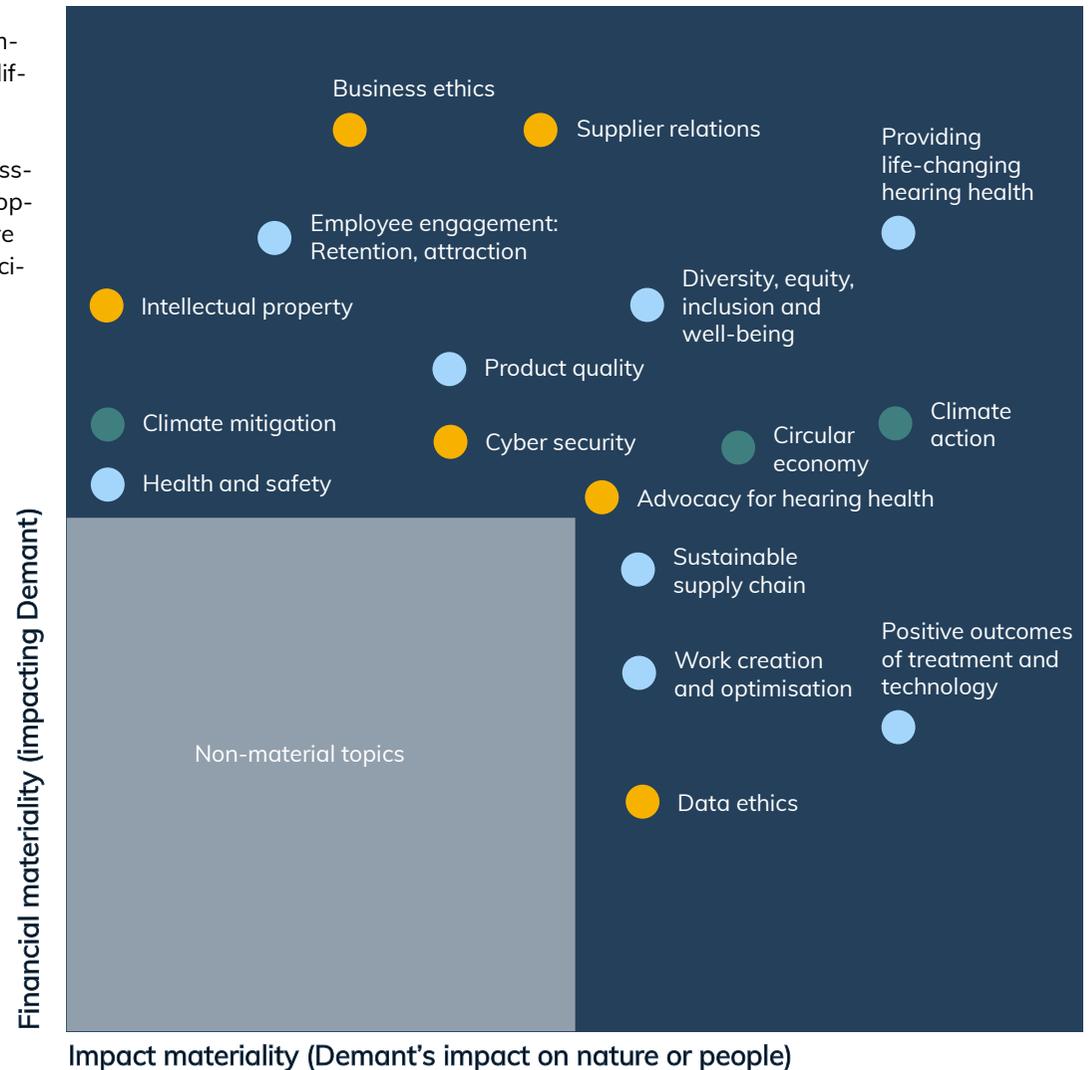
Material topics

We conducted a double materiality assessment that will inform strategic decisions and guide reporting going forward.

In the process, we identified the most material ESG issues looking at our current and potential positive and negative impact on society, as well as the financial impacts and risks that the topics present to our business in the short or long term.

The assessment confirms our positive impact on society, bringing life-changing differences through hearing health to the global community of people living with hearing loss. At the same time, the assessment shines light on other impacts and opportunities as well as on the areas where we have a risk of negative impact on society and nature.

- Environment
- Social
- Governance



Group targets and performance

	Performance		Targets		
	2023		2025	2030	2050
Gender diversity					
Share of women in top-level management	27%	Trained leaders in inclusive leadership and unconscious bias, worked with inclusive recruitment and leveraged emerging opportunities to secure better gender diversity	30%		
Share of top-level management teams with less than 75% of one gender	79%		75%		
Energy					
Share of renewable electricity	21%	Invested in on-site solar power generation and secured green electricity supplier agreements	50%	100%	
Emissions					
Reduction in scope 1+2 emissions	+7%*	Decreased emissions 15% compared to 2022 primarily through transition to renewable electricity		-46%	Net zero emissions
Reduction in scope 3 emissions	+51%*	Increased supplier engagement on decarbonisation in hearing healthcare and initiated life cycle assessment in EPOS		-46%	

*Compared to 2019 baseline



Life-changing hearing health

Our most important contribution

The differences we make for people living with hearing loss is our most important contribution to society and to a more sustainable world.

Through decades of development, testing and growing insights in paradigm-setting technology and human interaction, our company has a substantial impact on innovation within hearing health (SDG9), supporting our long-term position to provide good health and well-being (SDG3).

We harness the Group's competencies, innovative skills and resources in collaborative efforts with academia and other strategic partners.

Hearing care is healthcare

As people we interact with the world around us through sound, and hearing is essential in our ability to share our thoughts and feelings.

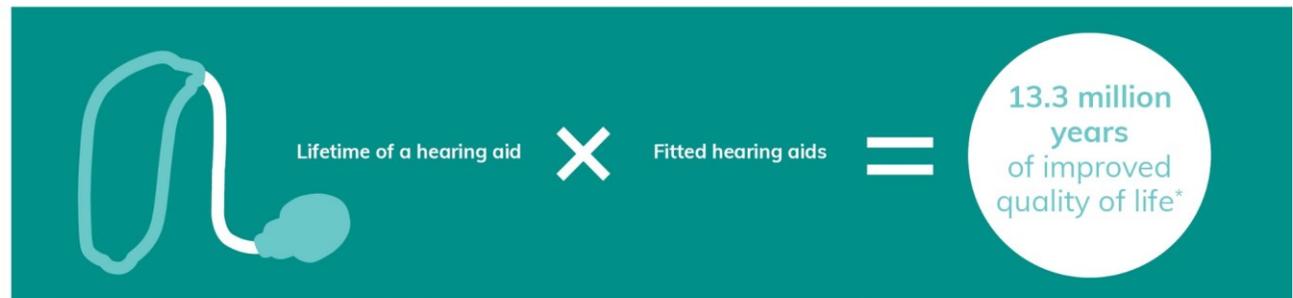
The negative consequences of hearing loss are widespread, affecting both the individual, surroundings and society at large. And evidence suggesting that wearing hearing aids may prevent or delay the onset and progression of cognitive decline, such as dementia¹, continues to grow stronger.

Certainly, the positive impacts of hearing healthcare are equally extensive.

When millions of people are enabled to tune in to life and live an active life, it benefits everyone. And in 2023, we reached even more people with life-changing hearing health.

As a global hearing healthcare and technology group, Demant's impact on health is particularly strong when we delve into this year's achievements in each business area. See more on pages 40-57.

Delivering life-changing hearing health in 2023



¹ 2024, Cantuaria ML, Pedersen ER, Waldorff FB, et al. Hearing Loss, Hearing Aid Use, and Risk of Dementia in Older Adults.

*Read more in accounting policies on page 63

Improving global hearing health

When it comes to improving global health, we have a role to play. We focus on and make strategic choices on how Demant can support awareness, access and affordability to hearing healthcare, and mitigate the risks that prevent this.

We believe that the optimal solution to treating hearing loss most efficiently includes a hearing care professional. In high-income countries, hearing care efforts must focus on ensuring the full benefit from treatment, and Demant fully supports expanding access to hearing aids and offers a range of low-priced, easily accessible products.

In low- and middle-income countries, age-related hearing loss is less prevalent due to shorter lifetime expectancy. Here, the focus is on children and on establishing the infrastructure needed for assessment and treatment.

To alleviate hearing loss, the first step is to become **aware**

We directly impact awareness through detection and identification of hearing loss:

- We promote and market the benefits of hearing care and technology
- We are an industry partner in large-scale research studies
- We take an active part in the European Instrument Manufactures Association (EHIMA)
- Every year, we promote WHO's World Hearing Day and its quest to spread awareness and increase adaptation

Making sure that more people get **access to treatment**

We enable access to hearing healthcare with our global presence:

- We provide direct access with more than 3,500 clinics worldwide
- Around 60 distributors in low-middle income countries provide access to hearing health and engage in local initiatives, NGO partnerships and charitable projects

A positive impact on **affordability**

The dynamics of a highly competitive market, which is powered by innovation, results in competitive pricing.

- Pricing in the hearing care market contains an essentially high level of service and full return assurance
- Products and services range from basic to premium

Mitigating risks

While we accept and mitigate the risks related to our core business, we continue to seize the opportunities that arise.

Accepting your hearing loss

We work to increase awareness of the importance of good hearing. Accepting that

your hearing is not good enough is fundamentally difficult, which creates a barrier in seeking the help needed and it slows the progress with adaptation. It is hard to improve the landscape and reduce stigma with hearing solutions alone.

Clinical research requirements

To gain insight, most of our research and development activities rely on access to the right clinical population and clinical monitoring in the market.

Health infrastructure

While reimbursement programmes with varying scopes are increasingly common in many countries, especially in Europe, access to hearing treatment in low- and middle-income countries continues to be challenging.



Read more about our Hearing Care business and its effort to increase hearing healthcare awareness via [Campaign for Better Hearing](#).

As there is no infrastructure to support hearing healthcare it is not possible to service hearing aids in these vulnerable communities. In Demant, we work with this challenge by continuing to create awareness and work to improve access where we can.

Ambiguous standards

The recommended age threshold for hearing tests can vary based on country. In some places you assess at a late point in life, which means that the hearing loss could have been alleviated much earlier. More streamlined and improved standards can help mitigate this. To seize the opportunity, we engage in international projects that focus on early hearing rehabilitation.



Today, one in five people live with hearing loss, and due to an ageing population, this number is increasing.

A story from Demant

Groundbreaking hearing test



Demant's Diagnostic business launched a new hearing test with potential to become the new industry standard, tackling hearing aid users' number one issue: hearing in noise.

The first step towards better hearing is a hearing assessment and fitted hearing aids.

For more than 100 years, hearing aids have – in terms of diagnostic tests – been fitted solely based on the pure-tone audiogram, measuring hearing thresholds across frequencies. This is very accurate when it comes to measuring the quantity of a person's hearing, but it tells us little about the hearing-in-noise ability, or the quality of the hearing.

Based on 10 years of research in the [Inter-acoustics Research Centre](#) (IRU), Demant's Diagnostics business has launched a new, groundbreaking way of testing hearing.

The Audible Contrast Threshold™ (ACT) is a diagnostic tool that enables the hearing care professional to measure this hearing-in-noise ability. The test is objective and independent of language, making it useable around the world with no language barrier. In addition, it is a quick and intuitive test.

Benefits everyone

Together with the pure-tone audiogram, ACT will enable hearing care professionals to fit the hearing aids more accurately to individual needs.

ACT is a result of deep collaboration and knowledge-sharing between IRU and Demant's Hearing Aids business areas and will be a step towards helping more people with hearing loss, benefitting both the hearing care professional, the client and the ones close to them.

A game-changer

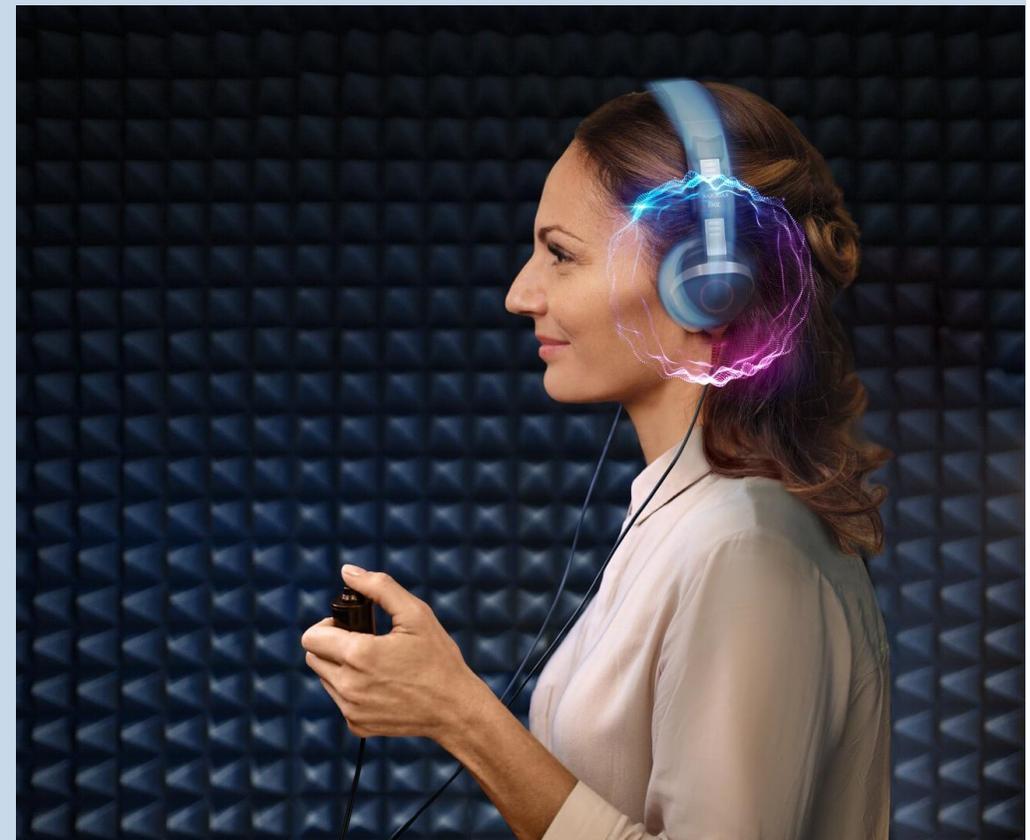
After the test, the clinician can manually transfer the ACT value to the hearing aid fitting software and manually adjust the hearing aid.

The ambition is to make ACT an integral part of best practice, and in this way, ACT has the potential to make a meaningful change to hearing-aid fitting.

Group leverage

From next release, it will be possible to automatically transfer the ACT value to the Oticon hearing aid fitting software.

This enables Oticon hearing aids to be automatically fitted and is a true testament to the benefits of the Demant Group.





People - the very core of Demant

Care at our core

Demant's values work to create a culture where everyone can belong, grow and contribute. The people in Demant are the most valuable part of our business, and their well-being, safety, engagement and development is fundamental to our success.

We protect labour rights and promote a safe and secure environment. Through our diversity, equity and inclusion agenda (DE&I), we positively impact gender equality (SDG5). As a company, we can further drive this contribution by ensuring that our employees have equal opportunities to grow professionally, reach personal goals and contribute to Demant's success.

Reaching further, we contribute to decent work conditions and economic growth (SDG8) by creating good working conditions and offering quality jobs. By providing access to sound and good hearing, we make it possible for people with hearing loss to enter or stay in the labour market.

Behaviour

Trust is a core value in Demant. Following the [Group code of conduct](#), violence, bullying, harassment and discrimination of any kind is unacceptable. This type of behaviour does not correspond with our beliefs or the culture we want to convey. We encourage all employees to raise their concern through our [whistleblower hotline](#).

Governance

Working at Demant should be an enjoyable experience, both professionally and personally, as well as physically and psychologically.

We believe in a strong link between a high level of employee engagement and a successful and responsible business.

As an employer, we understand that to be one of our core responsibilities. Ensuring an inclusive culture, which fosters diversity and continues to incite engagement, sustains Demant as a leading employer in our

industry, and is ultimately Demant's management's responsibility.

Human Resources (HR) in the Group is predominantly driven locally in the day-to-day business. Group-wide HR initiatives are prioritised, managed and coordinated via three main global forums all chaired by Demant's Senior Vice President of HR. Read more on our [website](#).



Human leadership

In Demant, we put emphasis on leading people with a focus on authenticity, empathy and adaptability.

Through human leadership, managers in Demant enable professional and personal development. This approach is central to having a healthy work environment as well as to ensuring that we attract and retain the right workforce with a skill set that matches business needs and challenges.

Through our leadership framework we strengthen and further develop leadership competences and cultivate great leaders to achieve goals in a sustainable way. This is also directly linked to our global engagement programme [Pulse](#).

Development

We support both managers and employees in seeing all the exciting career opportunities that exist within the Demant Group through different frameworks.

Enabling development is a central part of human leadership. In Demant, people development is an ongoing process between manager and employee as part of a manager's responsibility.

The Demant Training Academy offers internal training within leadership, project management, people development and professional skills.

This year, 3000 employees were engaged in learning more about audiology through our global training platform.

Talent

We stay on the ball to remain an attractive workplace, while improving business performance. We are highly dedicated to talent acquisition and retention and have initiatives supporting this. We benefit from strong company brands that attract talent to Demant.

Many of the markets where Demant operates are at present characterised by a remarkably high demand for labour, especially in certain areas where we need specific competencies. Thus, the need to attract and retain the right people across many facets of diversity increases.

Ensuring representation

Some Demant employees are supervisors and external examiners at top universities where they contribute with their expertise, while displaying the company as a place to kickstart a career.

In 2023, we had [27 graduates in our global Graduate programme in Denmark](#), which presents young professionals with opportunities across our entire global organisation.

Flexibility is key

We want to be a flexible workplace. Our [global position on workplace flexibility](#) guides the Demant Group to implement concrete policies to ensure the flexibility of working partly from home, if the task and local conditions allow.

Employee turnover

When it comes to the frequency of people leaving and joining the company, there are varying trends within the markets that Demant's business areas are present in.

The most apparent risk associated with employee turnover for Demant is related to our Hearing Care business.

Increasing levels of resignations and hirings are a trend within retail, where front-line personnel shuffle more frequently between receptionist and assistant types of jobs.

2023

The combined voluntary and involuntary turnover rate in 2023 was 23%, compared to 26% in 2022. The number still reflects significant variations across the organisation.

We see higher employee turnover rate with waged workers (hourly rate) than with salaried workers (fixed monthly rate). This is most apparent with employees at our production sites and within retail in Hearing Care. This year, the turnover rate also reflects layoffs in our Communications business area, EPOS, due to a decision to gradually wind down activities in the Gaming business, as communicated in August 2023.

Engaged at work

When people feel engaged, they are happier, more innovative and productive. People who thrive tend to enable others to thrive as well. Ensuring a high level of engagement is key to maintaining a sustainable business.

In Demant, we work with employee engagement through our global engagement programme, [Pulse](#), including a yearly survey. The survey results are discussed by managers and employees who work with areas requiring attention and actions in the teams throughout the year.

We believe that an inclusive workplace creates higher engagement. It is a key driver for everyone's ability to perform well and thrive at work.

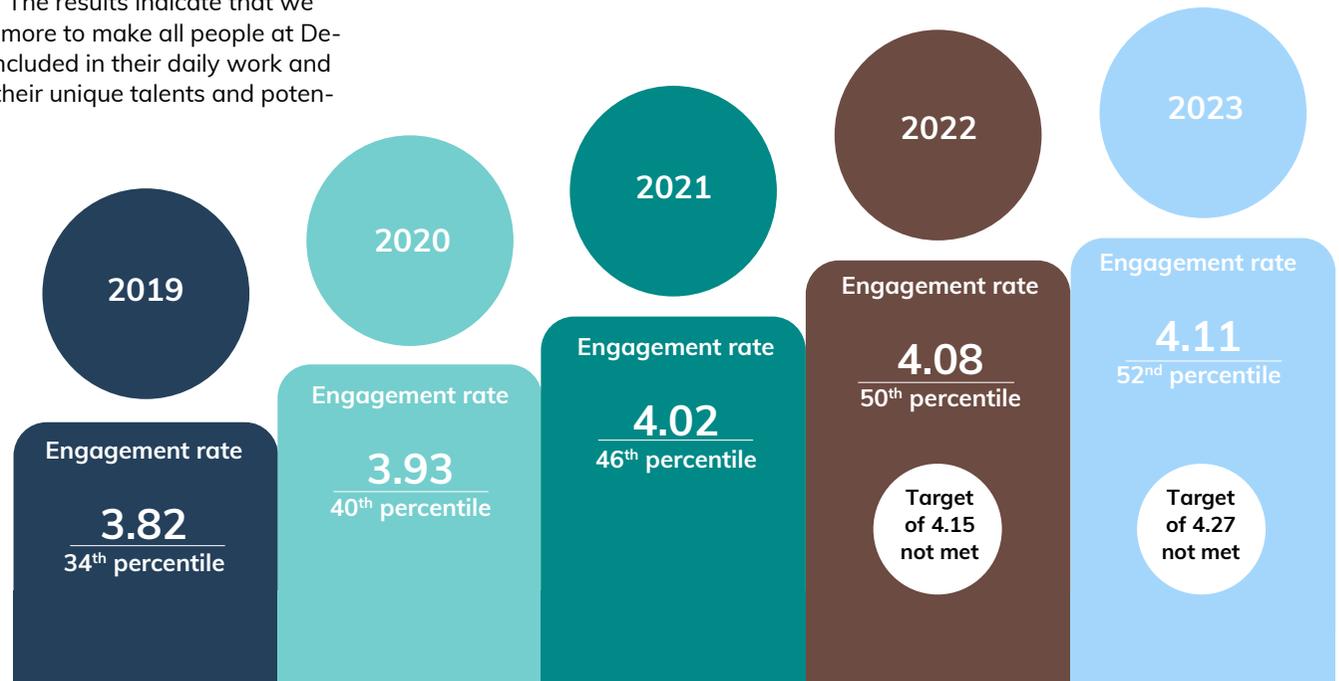
2023 results

We reached an engagement rate of 4.11 and a participation rate of 87%, corresponding to more than 17,000 employees. Our engagement level is above average with a small increase of +0.03, compared to 2022.

The employee participation in Pulse highlights engagement as a high-valued priority and it outpaces the Gallup Database median by 3 percentage points.

Though the result is below the ambitious target of 4.27, we are pleased to experience that people generally feel happy and proud to be part of Demant.

It also stresses that the strengthened focus we have continuously put on engagement over the past years, is called for. The engagement level has improved overall, and we see good improvements in several areas, but we are not where we want to be. The results indicate that we can still do more to make all people at Demant feel included in their daily work and valued for their unique talents and potential.



Gallup conducts the engagement survey, and we collect data in February each year. Our level of engagement is rated on a scale from 1-5. Percentile rank is used as a benchmark to determine how a team's results compare to those in Gallup's extensive database. The 52nd percentile indicates that 50% of teams scored lower than Demant on the engagement rate.

Inclusivity and teamwork

As part of engagement, we measure inclusivity and equity. We are happy to see that employees predominantly perceive Demant as a place where everyone is treated fairly.

In 2023, we saw a slight increase in our inclusivity index score providing a result of 4.26 (+0.04) and 57th percentile. On average, employees feel respected, valued for their strengths, and have trust in Demant as a company that acts with integrity and responsibility.

Our peer-to-peer relationships are above average and stronger than ever, meaning that Demant's strong values of teamwork and mutual respect are also clearly reflected in the results.

2023 activities

We have focused on the importance of individual development, driven by managers, which has had a positive impact. As a result, more people feel that they are getting constructive feedback and experience room to learn and grow in their job.

However, the biggest potential still lies within managers' ability to provide regular feedback and recognition on work and supporting employee development.

We will continue to focus strongly on this and enhance the way we pay attention to and support each other in the teams – both as managers and as colleagues.

Risks and opportunities

A low level of engagement can impact Demant's ability to attract and retain talent, and it is a clear focal point for us to mobilise an engaged workforce, for the good of our employees as well as the business.

We continue to invest in leaders' skills to drive engagement and a culture of inclusion and offer support for the teams that are challenged, while respecting the pace at which it is possible to introduce changes and build up engagement in a growing organisation.



Embrace diversity

It is a fundamental right to be who you are, also at work, and we want to convey a work environment built on care and respect for others, characterised by diversity and inclusion.

To harvest the true potential of Demant's diverse culture, we continue to grow our understanding of the concepts of inclusion and equity especially.

The aim is to address potential unconscious biases and sameness thinking and mitigate risks related to insufficient or misunderstood work with diversity, equity and inclusion (DE&I), as well as to support the engagement of employees who may otherwise refrain from sharing their opinions, ideas and solutions.

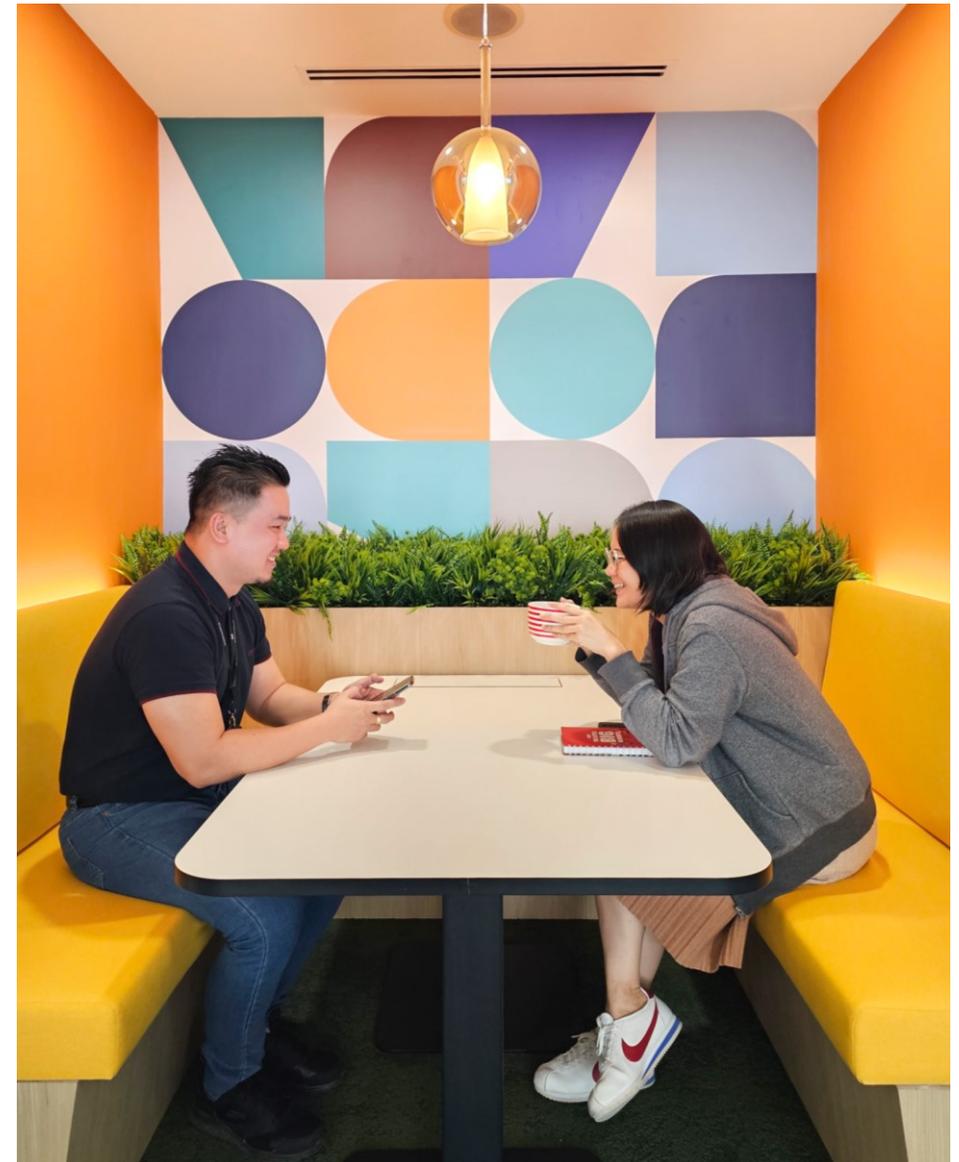
Our approach

In Demant, the concepts of DE&I are an indisputable priority. Working with DE&I boosts performance, improves our leadership and innovation skills, maintains high customer satisfaction and supports our efforts to attract and retain talented minds.

Demant is present in all parts of the world and employs people with different ethnic backgrounds, personalities, nationalities, ages, genders, sexual orientations and level of education. We encourage respect for diversity, and we strive to treat all employees fairly.

Our approach is focused and guided by a [DE&I policy](#) introduced in 2022 with targets for 2025 for top-level management, including Executive Board, which also includes several key short-term activities to steer progress.

Age, gender, education and background of the members of Board of Directors and Executive Board are listed in the [Annual Report 2023](#).



Diversity targets

We work with two diversity targets to drive the implementation and impact of our DE&I policy.

Gender diversity in global top-level management

We have improved the balance towards reaching this target during 2023, fuelled by stronger awareness and ability to balance the diversity at this level.

Gender diversity in global top-level management teams

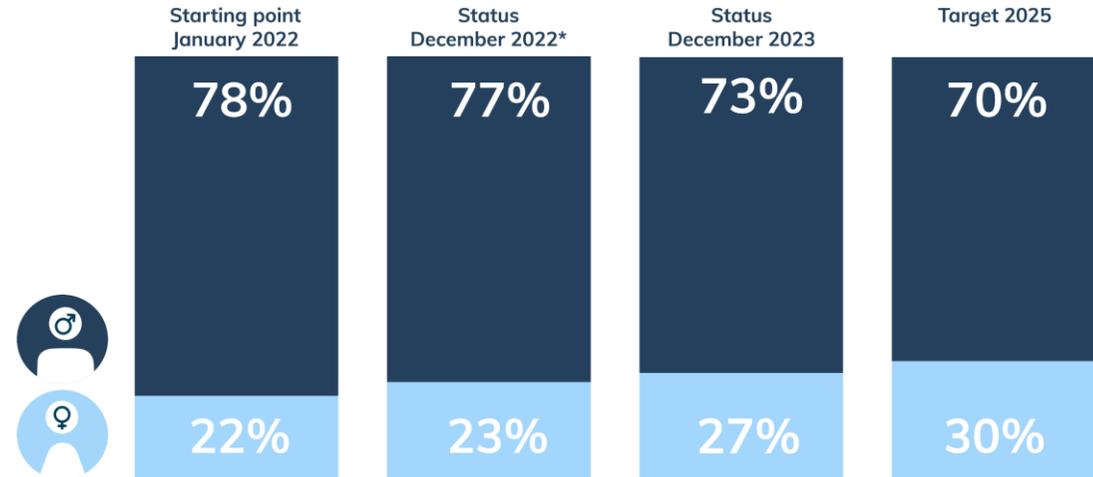
We are excited to see that in 2023 we have reached our 2025 target of having 75% teams on target. In fact, we have exceeded it. This is a testament to the dialogue and the clear, internal focus areas we have maintained throughout the year. The progress has also been driven by dedicating opportunities to make changes at this level of management to secure a more balanced gender diversity.

Now, we aim to maintain this level towards 2025, while we assess where to direct our efforts and potentially set new targets going forward.

Board of Directors

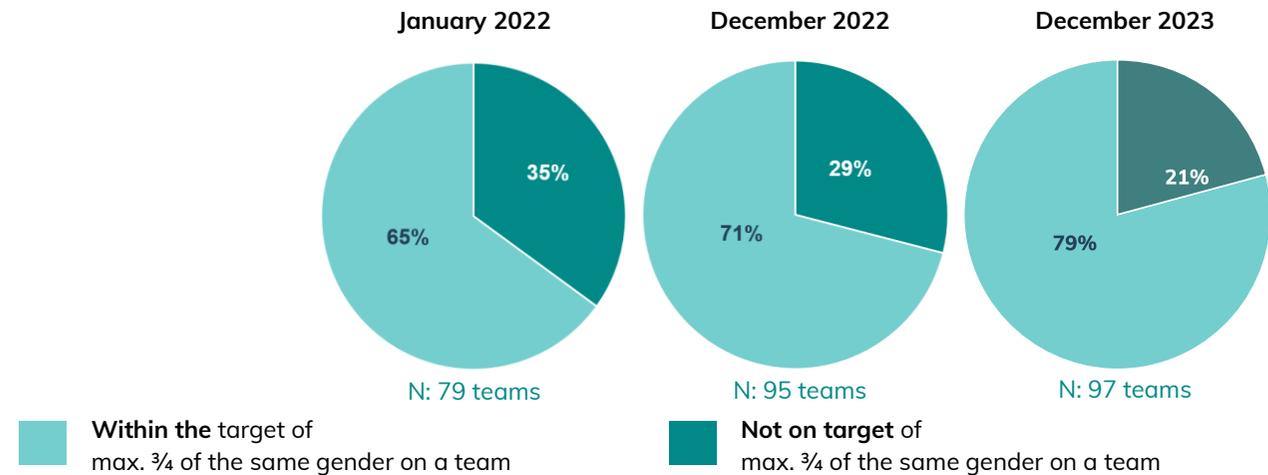
With its own target, the Board of Directors aims to have at least 40% of the underrepresented gender amongst shareholder-elected members, as this constitutes an even distribution in terms of gender. As of now, we are on target. When including employee representatives, the distribution is 50% women and 50% men.

Gender diversity in global top-level management



*Managers in scope: 25 women and 84 men **Managers in scope: 29 women and 80 men

Gender diversity in global top-level management teams



Inclusion is key

Through the concept of inclusive leadership, we continue the focus on DE&I in our recruitment, performance and development process, as well as DE&I training of managers.

Inclusive recruitment

Inclusive communication attracts more diverse candidates and helps build an inclusive culture. As part of the recruitment for head office-based positions, we screen all job ads using a tool to ensure inclusive language-use.

We have embedded materials designed to prompt inclusive recruitment behaviour in the Demant global recruitment platform.

Inclusive leadership

We have expanded training in unconscious bias and inclusive leadership behaviours and developed the capabilities among HR leaders to drive DE&I-related topics and training locally.

To support this, DE&I-specific themes of relevance for our employee performance dialogue have been integrated in the global process for performance dialogue from the beginning of 2023.

A key topic for 2024 is to ensure easy access and availability to DE&I knowledge and skills, building learning opportunities for local use and adaption for all.

Employee resource groups

The formation of employee resource groups (ERG) among employees is a way for our workplaces to become more inclusive. Formed in 2023, we see that the ERGs in Demant attract more members and grow a focused agenda for their work with relevant DE&I topics, such as (In)Visible (Dis)Abilities.

The groups and their resources are meant to support and build strong and important communities within our organisation.

They are employee-led and are formed based on specific traits that group members possess or want to support or work to enhance.

To ensure endorsement, each group receives top management support and involvement.

We will continue to strengthen the structure, format, and collaboration around ERGs in Demant.



A safe place to work

Health and safety management is anchored locally at our sites, where appropriate training is carried out depending on the specific employee group.

While accidents can potentially happen everywhere, including in office spaces, there is often a higher risk of getting more seriously harmed at, for instance, production sites.

Producing hearing aids and diagnostic equipment does not entail exposure to hazardous situations or dangerous materials and chemicals, and this type of manufacturing is not classified as unsafe or risky. Some tasks at Demant can entail operating larger vehicles or trucks, for instance in storage facilities. However, the incidents that primarily occur in our production are categorised as minor, such as cutting or squeezing a finger.

See overview of accidents in production on page 65.

Mental health

We understand there is a potential negative impact on mental health related to work, and we do what we can to prevent stress at work. Aspects of working with stress management vary from place to place, including cultural considerations and legal regulations. Consequently, stress is managed on a local scale with HR departments across the Demant Group. The overall responsibility lies with HR management in tight collaboration with relevant managers.



A story from Demant

(In)Visible (Dis)Abilities



To boost inclusivity, we launched an initiative to create employee resource groups (ERG). In 2023, five groups were formed, one of them focusing on visible and hidden disabilities in the workplace.

The ERG (In)Visible (Dis)Abilities was born out of an understanding that disabilities come in various forms - some are visible, and others are not as apparent.

The ERG's vision is clear: to ensure that both current and future employees feel they have a safe workplace where they can be their true self.

It all starts with awareness

In Demant, we want to foster an environment that is open to the employment of people with both visible and hidden disabilities, and awareness is key to opening the conversation on inclusivity.

So far, with a joined effort from all group members, the (In)Visible (Dis)Abilities ERG has managed to push for more awareness in 2023.

Among others, it facilitated for Demant to join Hidden Disabilities Sunflower (Solsikken) to help raise awareness and greater understanding and inclusion of people with hidden disabilities.

The ERG also invited colleagues at headquarters in Denmark for a talk about ADHD and autism and how employees and employers can play to the strengths of neurodivergence, as well as they ran a campaign to spark conversation about dyslexia.

Talking about stigma

Stigma is a part of working with hearing healthcare and hearing solutions. It is therefore clear-cut for Demant to address the stigma that can come with different disabilities, as well as to increase awareness of this in our own workplaces.



It all starts with awareness. It is difficult to work with a disability that you do not know exists

– Rikke Nielsen, Commercial Director and part of the ERG Lead





Caring for climate

On-site solar panels
Demant South Africa

Climate impact

Caring for people’s health and well-being goes hand in hand with caring for the environment.

In 2023, Demant’s emission reduction targets were approved by the Science Based Targets initiative and deemed consistent with the intent of the Paris Agreement to limit global temperature rise to 1.5°C above pre-industrial levels.

The Group commits to reducing absolute scope 1 and 2 greenhouse gas emissions by 46% and scope 3 emissions by 46% by 2030 from a 2019 base year and to reaching net zero emissions across the value chain by 2050.

As a group in constant growth, both organically and through acquisitions, decoupling our emissions and environmental impact from that growth is key to meeting our targets (SDG13).

On an everyday basis, the [Demant Group Code of Conduct](#) guides our practices within energy, resource and waste management by laying out our principles for environmental responsibility and reduced climate impact. We work both with the environmental optimisation of our operation and our products (SDG 12).

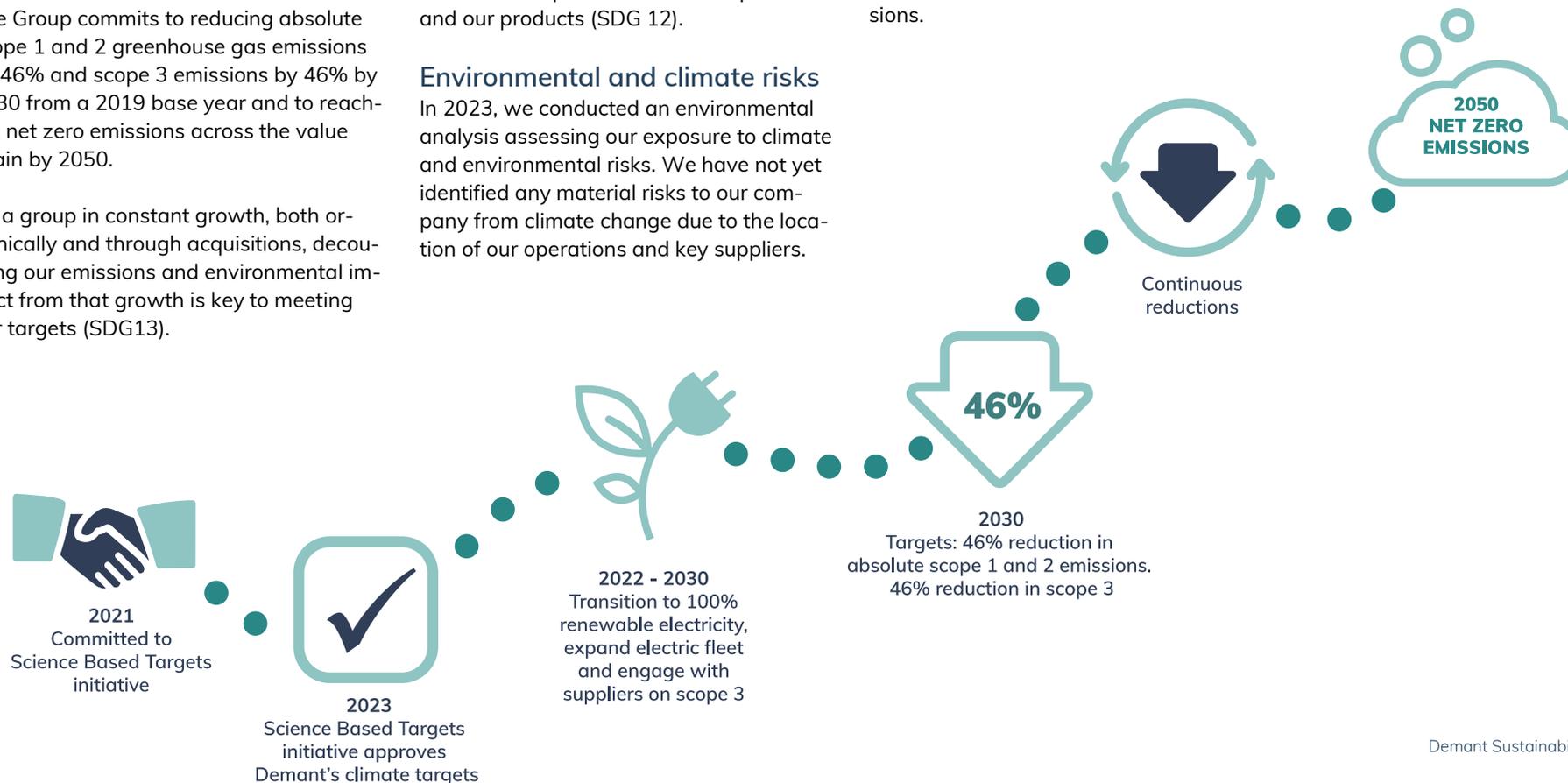
Environmental and climate risks

In 2023, we conducted an environmental analysis assessing our exposure to climate and environmental risks. We have not yet identified any material risks to our company from climate change due to the location of our operations and key suppliers.

Climate and environmental risks are likely to materialise for any company in the future as the planet continues to be under heavy pressure, and resource scarcity becomes a greater and greater issue. To that end, Demant continuously explores opportunities to transition to renewable energy, reduce its resource consumption, increase its use of recycled materials, and takes other measures to lower scope 3 emissions.

Baseline recalculation

In 2022 and 2023, the Group grew significantly enough through acquisitions to adjust our baseline following our [emissions baseline recalculation policy](#). In 2023, we adjusted our baseline and the following reported years to account for the new acquisitions.



Energy

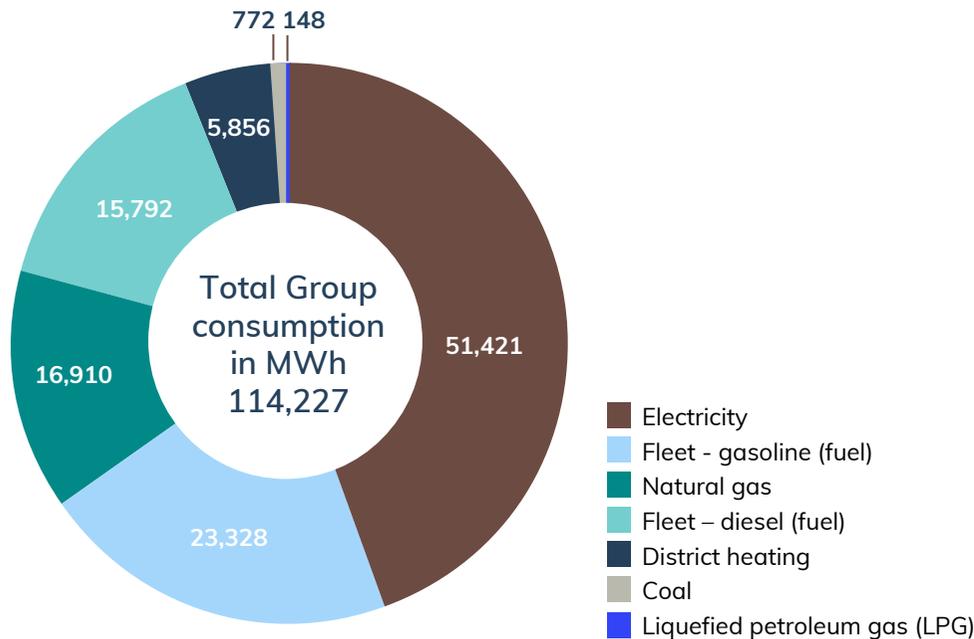
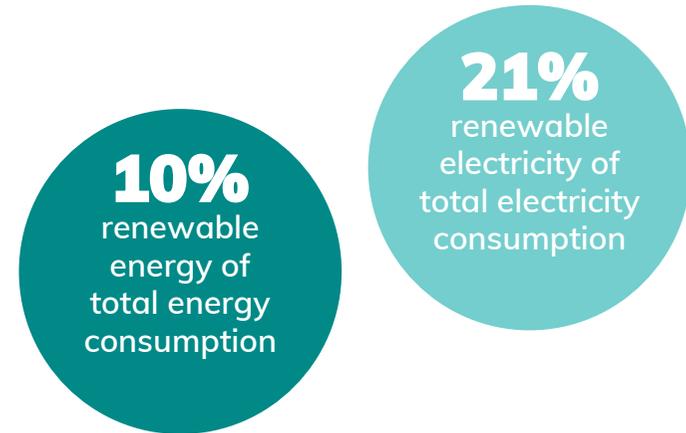
While Demant’s electricity consumption was relative decoupled from the Group’s growth, we saw an increase in our total energy consumption in 2023.

Compared to 2022, Demant increased our total energy consumption 6% from 108,163 MWh in 2022 to 114,227 MWh in 2023. 75% of the increase in total energy consumption was driven by an increase in gasoline and diesel and the remaining 25% by heating sources.

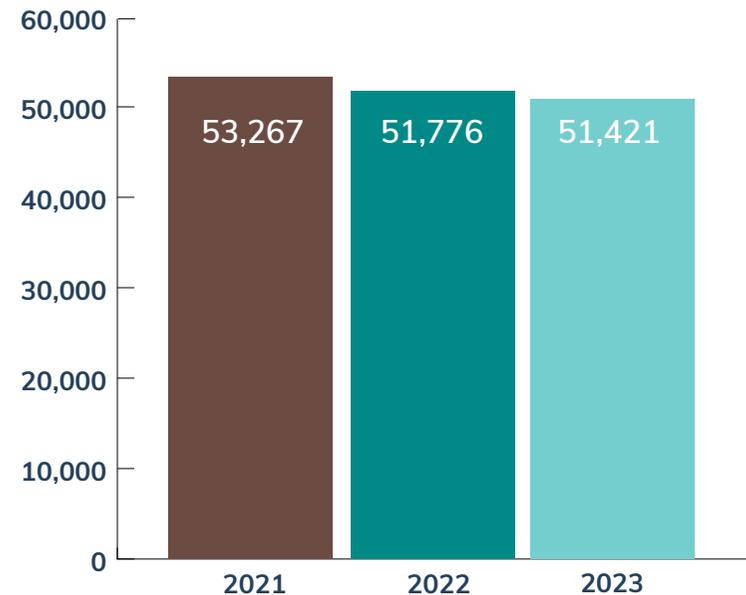
While the business grew, many of our energy intensive entities were able to lower their electricity consumption. On Group level, Demant’s total electricity consumption decreased 1%.

Renewable electricity

Shifting to renewable electricity is key to – our transition. In 2023, we increased investments in on-site solar generation for several sites. With the self-generated solar energy and new supplier contracts for green electricity (green tariffs) 21% of the Demant Group’s electricity consumption is now covered by renewable electricity. Working towards our goal of 50% renewable electricity in 2025, Demant plans to invest in certificates in 2024, while exploring more long-term options.



Electricity consumption (MWh)



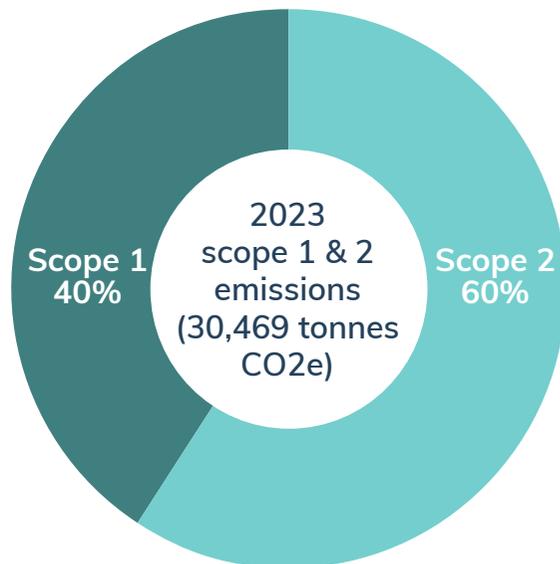
Emissions

We decreased our scope 1 and 2 CO₂e emissions 15% from 2022 to 2023.

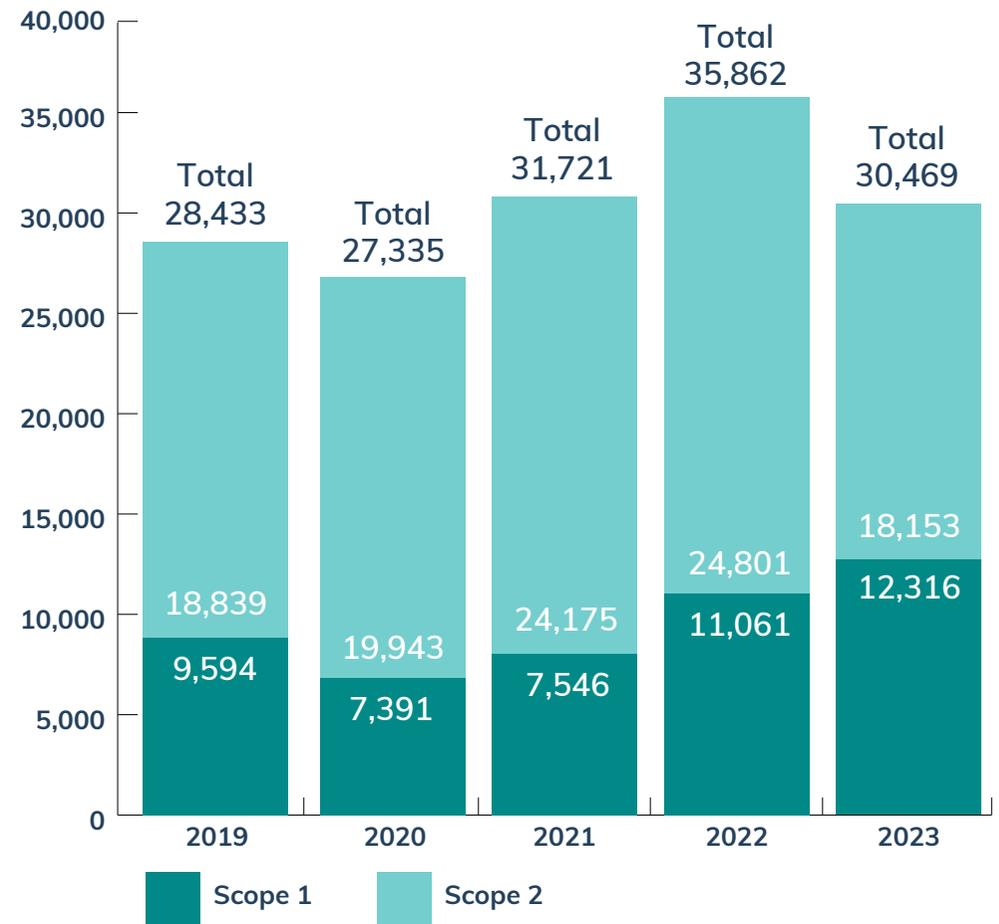
Driven by our transition to renewable electricity, and despite our slight increase in consumption of certain energy sources, the Group managed to decrease its scope 1 and 2 emissions by 15% in 2023 compared to 2022. Although we still see a slight increase (7%) in our emissions compared to our 2019 baseline, we are on the right track towards our goal of reducing scope 1 and 2 emissions 46% by 2030.

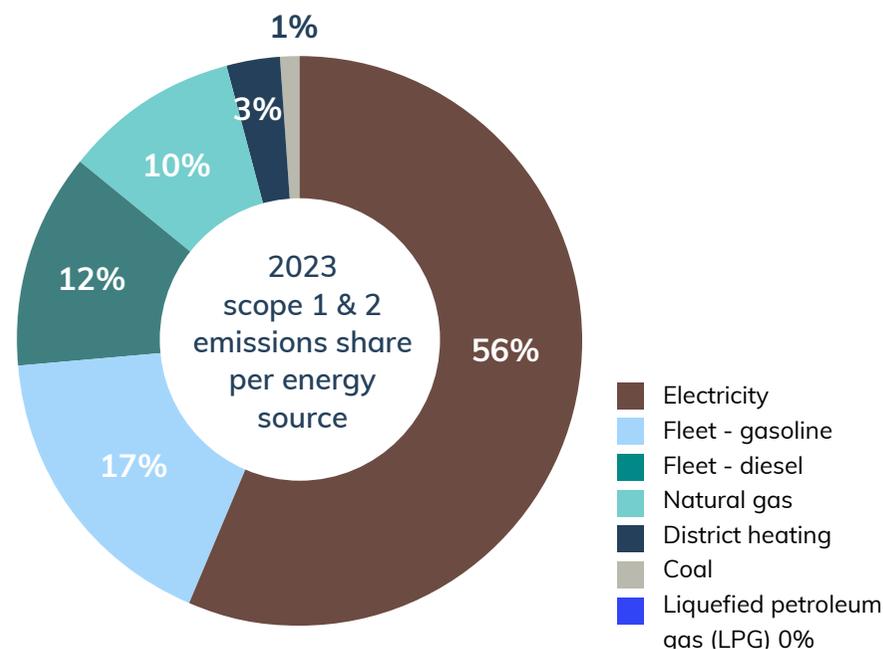
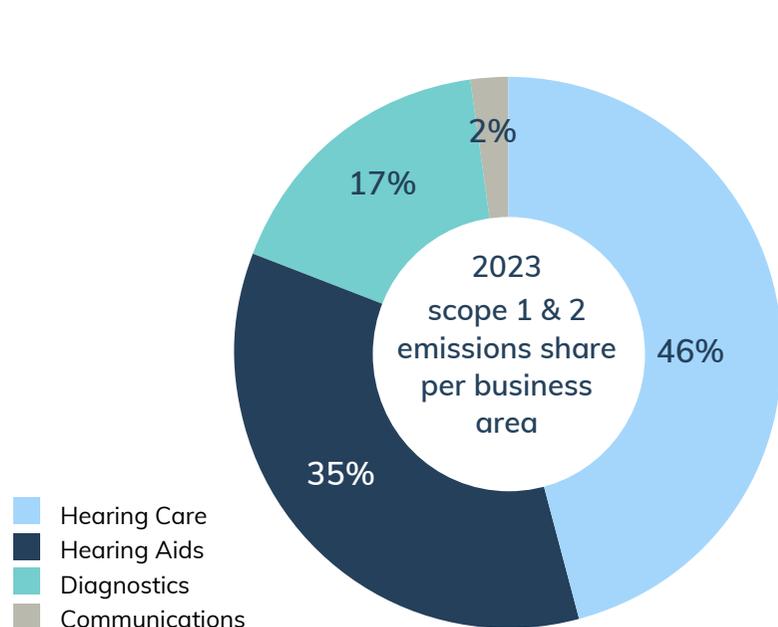
Looking at our emissions per energy source (page 32), electricity continues to be key for our transition and progress towards our scope 1 and 2 emission target.

The emissions from our fleet is another focus point for the Group. In 2023, we initiated a deeper analysis of our fleet to formulate a Group strategy for fleet electrification and lower our scope 1 emissions.



Scope 1 and 2 emissions (tonnes CO₂e)





Scope 3

While our progress in terms of reducing our scope 1 and 2 emissions is clear, it is taking us longer for our reported numbers to reflect our actions towards our scope 3 targets.

We continue to report scope 3 emissions based on our 2019 baseline adjusted for revenue growth while we are working to improve our data and approach to scope 3 reporting across the Group.

In 2023, we increased our engagement with our suppliers as the purchased good and services category continues to be both crucial for scope 3 emissions reductions as well as challenging to tackle. Our suppliers' transition to renewable electricity is key to lowering Demant's scope 3 emissions. We continue to be committed to our targets and our pledge to do our part to fight climate change.

Scope 3 emissions

Year	2019	2020	2021	2022	2023
Tonnes CO ₂ e	524,667*	514,053**	657,639**	691,434**	793,306**

*Estimate: 2019 spend based materiality assessment

**Estimate: 2019 spend based materiality assessment adjusted for revenue growth in local currency

Scope 3 categories in percentages

Purchased good and services	77.6%
Transportation	10.2%
Employee commuting	6.9%
Use of sold products	2.6%
Fuel and energy related services	1.1%
Waste in operations	1.0%
Business travel	0.5%
End of life treatment	0.1%

Committed to high ethics



Ethics and governance

Ethical behaviour and strong governance processes are undeniable aspects of running a sustainable business and fundamental for a global society to achieve sustainable development.

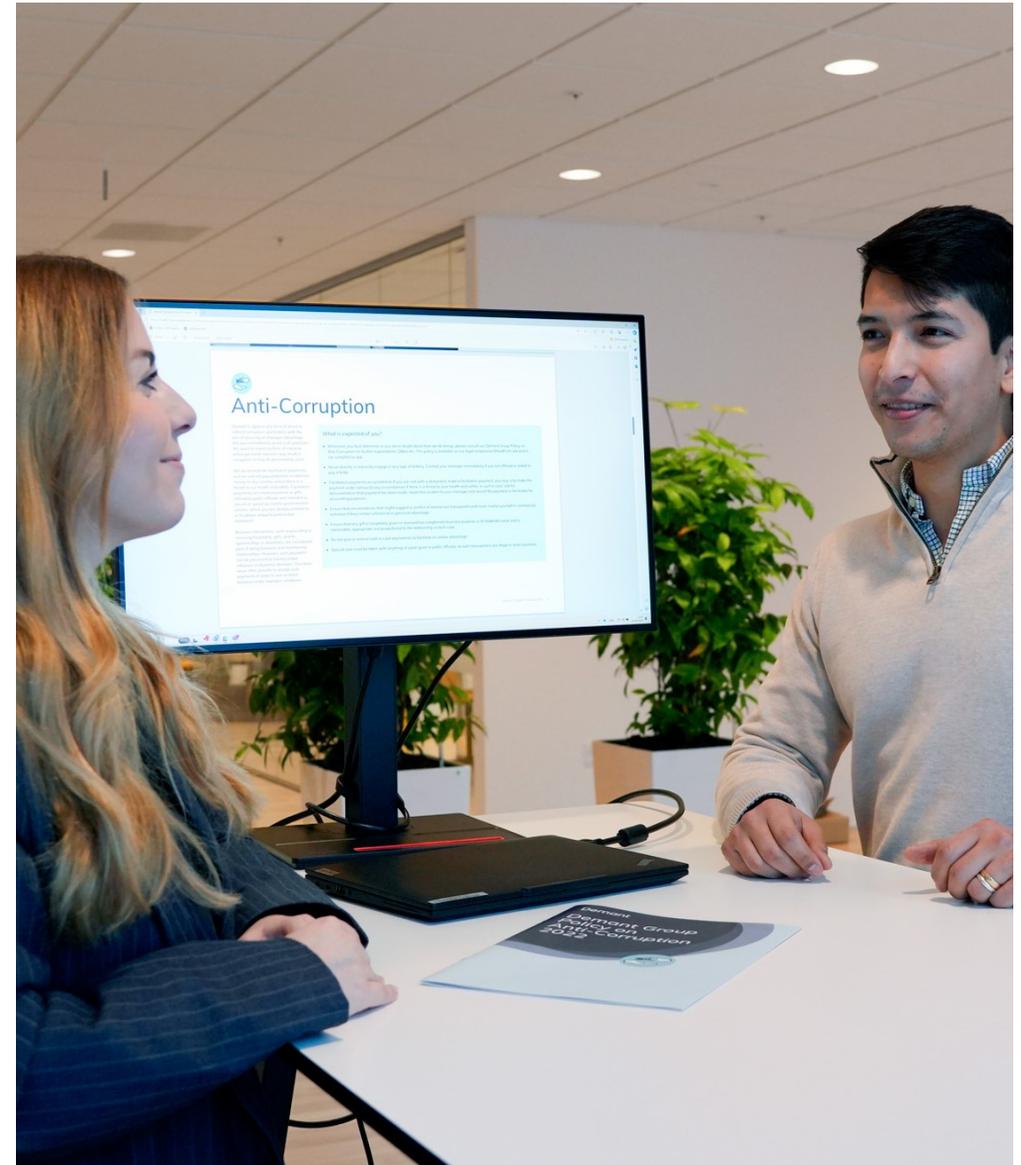
Demant's anti-bribery and anti-corruption activities represent our primary contribution to peace, justice and strong institutions (SDG 16). Our business ethics programme reflects Demant's commitment to a high level of business ethics and lays the foundation for our larger sustainability agenda.

Working diligently with quality and ensuring a responsible supply chain is vital for us to sustain the high standards and reliability of our products, ensure the safety of our customers and users and uphold our business' integrity. In the section Business areas (pages 40-57), we report individually on quality and safety as well as how we work with suppliers and manufacturers in relevant business areas. Descriptions of how we work with scientific claims management can be found at our website [here](#).

Corporate governance

Leading a responsible business involves balancing various stakeholder interests. Read more about how we govern Demant, including our internal control and risk management systems, in our Corporate Governance Report, Remuneration Report and policy.

In the section 'risk management activities' on pages 46-49 in our Annual Report 2023, we review the most material risks identified.



Business ethics programme

As reflected in a global business ethics programme, we strive for high ethical standards and perform business with integrity and honesty. Our code of conduct and third party compliance code set the minimum standards and ethical principles applicable to all employees and third parties with whom Demant does business.

The business ethics programme covers a code of conduct, a global whistleblower system as well as a portfolio of global programmes (such as anti-corruption, competition and trade compliance) with relevant policies and guidelines, processes, tools, risk assessments, training and advice within business ethics.

Business ethics is governed by a Group Legal Board. The Group Legal and Compliance team is supported by a network of 62 business ethics champions locally and in group business functions.

Find an overview of all publicly available policies [here](#) and read more about how we work within our business ethics programme on the following pages.

Demant is committed to internationally recognised human rights standards and relevant laws and regulations aimed at protecting and promoting human rights globally and at work. This includes the Modern Slavery Acts of the United Kingdom and Australia, and statements can be found on the relevant company websites.

We have not identified any human rights violations in 2023.

We strive to meet local human rights standards wherever we operate. Should national legislation and international human rights principles conflict, we adhere to the higher standard. We consider risks of adverse impact on human rights to exist in certain parts of our supply chain. We report on the risks to our own employees in the People section.

Business partner relations

When dealing with third parties, we use our [third party compliance code](#), which reflects the behaviour that we as a Group expect from third parties. We use our buying power responsibly and consider our suppliers as true partners in the value we create. Given their differences, [Hearing Aids](#), [Diagnostics](#) and [Communications](#) report individually on how they work to ensure a responsible supply chain living up to Demant's standards.

Anti-corruption

We actively work to eliminate corruption in our value chain and oppose corruption wherever we do business. It is part of our fundamental principles to compete for business on fair terms and solely on the merits of our services. Our [anti-corruption policy](#) applies to all employees and includes rules and guidance on behaviour particularly for exposed employee groups. In addition, individual appendices for each business area provide scenarios and examples in grey zone matters relevant to the business.

The most significant risk is related to doing business in, and collaborating with, third parties from countries where corruption is high. As a global business, we also operate in countries where laws on anti-corruption are flawed, not followed or not enforced. Demant's policy shall always be applicable to govern employee behaviour regardless of local regulations and enforcement.

Distributor due diligences

As part of our anti-corruption programme, we have implemented a risk-based process for due diligence of business partners. We perform due diligence of high-risk distributors, such as distributors who operate in countries where risk of corruption is higher. We base our scope for evaluation of risk on the Transparency International Corruption Index.

Our process includes collecting information via questionnaires and required commitment by distributors to [the third party compliance code](#). In some instances, we perform more in-depth due diligence based on the level of risk.

We performed 57 due diligences towards high-risk distributors in 2023, adding to a total of 197 due diligences. We will expand the scope for due diligences in 2024.



Trade compliance

We have a sanctions screening process in place and perform sanctions checks for distributors and other high-risk third parties engaging in business in countries subject to sanctions, by EU and the US.

In 2023, we carried out sanctions checks of 12 distributors and other high-risk partners.

Since the Russian invasion of Ukraine in late February 2022, Demant has halted all trade activities in Russia and also Belarus to ensure our compliance with the sanctions towards the regions imposed by among others the EU and the US.

Interaction with healthcare professionals

Maintaining appropriate interaction with healthcare professionals (HCPs) is fundamental to an ethical company like Demant. In several of our business areas, we interact with HCPs on a regular basis in different contexts.

We make sure we do not pay above fair market value for their services and that we are transparent about our collaborations. This process is guided by local policies as well as country-specific regulations.

Competition law

In 2023 we launched a group-wide competition law policy, including a US-specific policy, for a targeted group of employees.

60% of the targeted group has confirmed, read and understood the Group policy. Training of target group has been conducted.

Whistleblower system

Our global whistleblower hotline and policy enable employees, business partners and other stakeholders to report their concerns about serious and sensitive actions in a confidential and anonymous manner.

The Demant Group whistleblower scheme consists of a [whistleblower policy](#), a [hotline](#) and guidelines for investigation.

Should any employee or business partner encounter serious, sensitive or improper behaviour that fails to comply with policies and requirements of our business ethics programme or applicable laws, our whistleblower hotline provides a secure and confidential platform to inform about concerns without retaliation if provided in good faith.

The whistleblower hotline is available in multiple languages, reflecting the diversity of the Group and local regulations. It is available on our [website](#), on various internal platforms and via the Demant Business Ethics App.

Governance

The hotline is operated by an external systems provider and Group Legal and Compliance reports all whistleblower cases to Demant's Audit Committee on a regular basis. Governance regarding potential reports on our top management is regulated in our Demant Group Management Protocol.

Reports

The reports filed in 2023 covered a broad range of the subjects in scope for the hotline. Primarily, reports were related to HR matters, workplace environment (harassment and discrimination), fraud and other matters. The hotline is updated to comply with the relevant EU regulations.

In 2023, 90 reports were filed through the whistleblower system.

In Spring 2023, as a result of an investigation initiated by a whistleblower case, the former President of the Diagnostics business area as well as two leading employees in a subsidiary left their positions in Demant. The investigation uncovered that they had not sufficiently ensured a healthy work culture in parts of the business area.

Investigations

Incoming reports are managed by Group Legal and Compliance who perform timely investigations. We deploy a template for whistleblower investigation reports, follow various processes and support any action following a reported case according to our guidelines for investigation. As part of this, we ensure that any report filed is treated cautiously and genuinely, while making sure that we protect whistleblowers from reprisals and retaliation by safeguarding their privacy and anonymity.

Awareness and trust

For the whistleblower system to work as intended, it is crucial that all employees are aware of our hotline, how to report and the level to which they are protected if doing so.

We want to build trust in our system. This includes increasing awareness and conducting training to ensure implementation of our whistleblower scheme.

Implementation and training

We have implemented new regulations in our whistleblower policy and in our [third party compliance code](#), e.g. EU requirements.

In 2023, we reached 50% of our total workforce with various levels of implementation efforts, face-to-face or online training.

It is part of our responsibility to ensure that Demant's employees are familiar with our whistleblower hotline and understand the policies and guidelines in our programme. We have focused on internal communication about the hotline to continuously ensure implementation across our group. Our efforts are reflected in the increased number of reports in 2023.

We make use of 'read and understand tools,' face-to-face training and quizzes to support this work. In terms of number of employees, Demant has grown significantly over the past few years.

We will launch group-wide e-learning on our code of conduct and whistleblower hotline in 2024.



Whistleblower reports

2021	48
2022	47
2023	90

Data and IT

Demant is entrusted with personal data and committed to protecting this. We ensure a high level of IT security, stay on track with trends in the cyber landscape and continuously update our control mechanisms to prevent threats related to IT and data.

Data

Demant handles personal data on our employees, customers, users and business partners, and we are committed to protecting such personal data through high-level security measures and responsible policies.

In 2023, we have continued our efforts to strengthen our data privacy framework. We have been focused on improving our documentation and transparency both in EU countries and, particularly, in Switzerland, where new data privacy legislation has entered into force in September 2023.

As our industry and products increasingly become more digital, the internal demand for privacy support grows. At the same time legislation is becoming increasingly complex and requires continuous monitoring. For instance, we see a growth in new proposed regulations to address artificial intelligence. We strive to make sure that our business is provided with the best possible guidance to address the current and new requirements, while ensuring that our internal procedures help facilitate this continuous work.

We continue to experience increasing interest in privacy matters from our customers, users and employees and spend significant resources to ensure that any privacy queries are addressed. In Europe we continuously see an increase in actual data subject requests i.e., people exercising their rights in accordance with GDPR. We cooperate with the authorities when the situation requires.

We encourage everyone in Demant subjected to GDPR to get acquainted with necessary regulations and good practice.

In 2023, 6,700 employees engaged in such activities through our global training platform Fuse.

Data ethics

We have a global [data ethics policy](#), and it is mandatory for management and employees to comply with the policy. The policy covers all processing of data, including personal and non-personal, and goes beyond compliance as we already work diligently to ensure the processing of personal data is done in accordance with regulatory frameworks.

The policy provides additional protections for the benefit of our customers, users and employees, and it is aligned with Demant's existing core values.

IT security

IT medical device compliance is our license to operate, and we keep an eye on and follow regulatory requirements.

In 2024, we aim to obtain ISO/IEC 27001 and retain AICPA SOC2 certifications to comply with customer requirements on information security, cybersecurity, and privacy protection.

Our IT setup supports daily business activities across the world, focussing on automation, streamlining, monitoring, testing and training. All employees receive security awareness training with tests monthly or quarterly.

Among others, IT functions support comprehensive documentation, sales, logistics management and knowledge-sharing infrastructure, and we consider it a central part of our business' resilience.

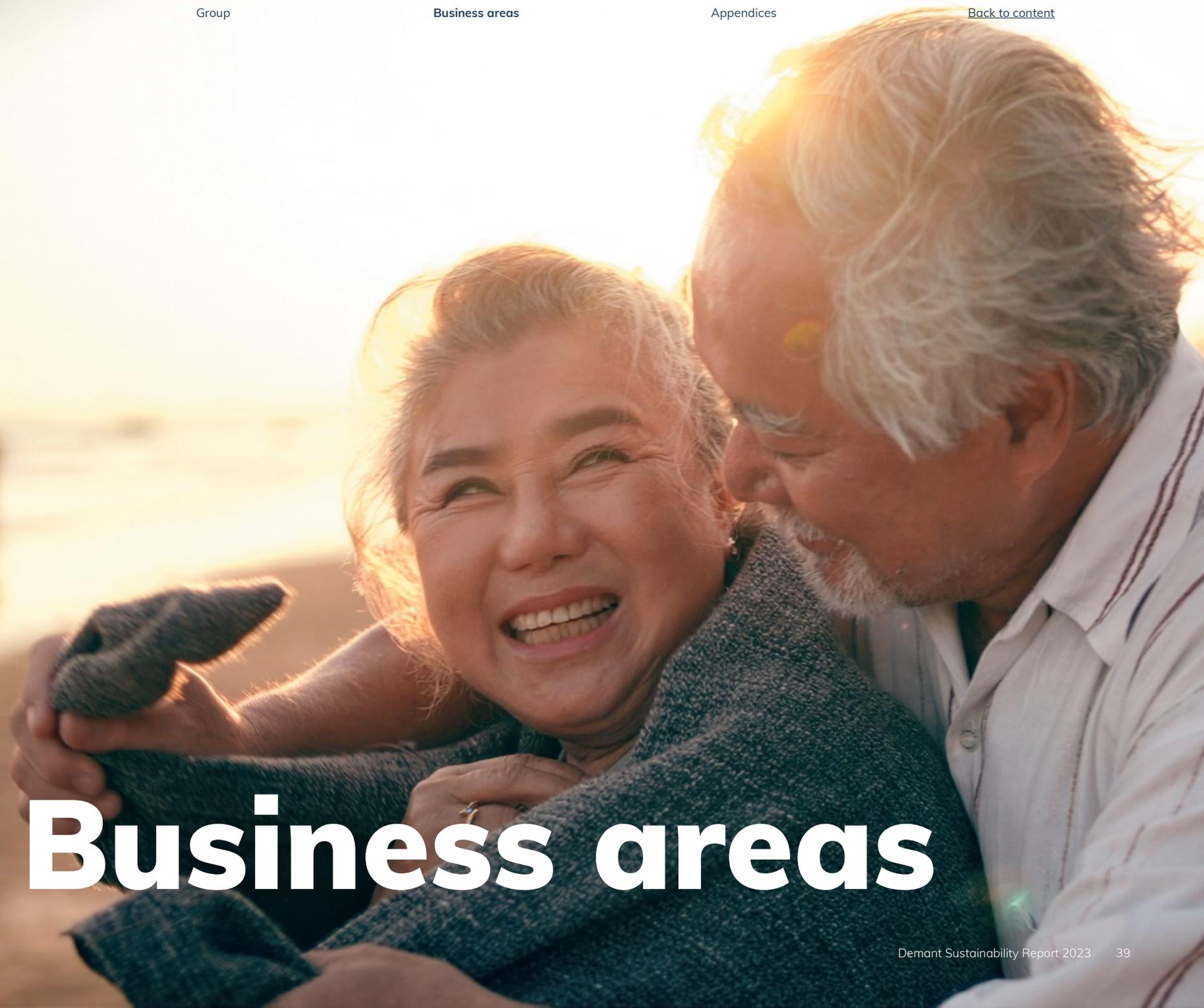
To uphold solid IT security and the IT mechanism needed to support this, we have several initiatives in place to mitigate risks associated with IT security. This includes preparing Demant for a future in which cyber threats are imminent, and we ensure a strong, robust and updated IT infrastructure.

Our global security improvement programme Armstrong refers directly to the Board of Directors' IT Security Committee, using the NIST Cyber Security Framework for industry benchmarking.

It is mandatory for all Demant employees to familiarise themselves with our IT security policy, which is internally available to all, and to follow guidelines for how to handle company IT equipment. We regularly update the policy to accurately reflect our business and needs.

In 2023, approximately 3,000 employees took part in IT security and awareness training through our global training platform Fuse.

This year, we focused our efforts on ensuring faster business recovery capabilities and raise the business protection bar of our infrastructures, both internally and externally. We will extend this work in 2024, with a focus on raising the protection of business applications supporting our customers' sales and production.



Business areas

Hearing Aids

Core SDG impact



Based on the estimated lifetime of hearing aids and fittings made by the Group in 2023, we facilitated 13.3 million years of improved quality of life in 2023.

Key 2023 sustainability result



New handles for hearing aid filters made from 52% less material with no residue plastic, as well as connectivity packaging emitting 78% less CO2e.

Oticon Intent™

BrainHearing™

We constantly work to deepen our knowledge of the relationship between the brain and hearing through Oticon's concept of BrainHearing™, and this year was no exception.

Impact on veterans

To no one's surprise, veterans often suffer from post-traumatic stress disorder (PTSD). Such a condition can make veterans more sensitive to sound in general and especially loud and sudden sounds. A Danish study showed that SuddenSound-Stabilizer (SSS) in Oticon hearing aids reduces sudden sounds and brain responses to these sounds.

Hearing loss among children

Findings of recent studies indicate that we can predict the learning outcome by how much effort one puts into learning.

Learning a novel word requires recognising that the word is new and associating the sequence of sounds in the novel word with its meaning. Distortion in sound, caused by noise or a hearing loss, affects how precisely each sound in a word is perceived, leading to confusion, making it harder for the brain to process the sound. Consequently, for children with hearing loss, detecting a novel word can be challenging.

It is not that children with hearing loss will have a harder time learning, it is that they overall will learn less because they cannot detect novel words or non-words as well.

We can use this knowledge to design better interventions, clinically and technologically, to facilitate novel word learning among children with hearing loss.

[Another paediatric study](#), taking place in the US, showed improved performance in word recognition, non-word detection and word-recall in noise, when using Oticon features.

New BrainHearing network

Oticon kicked off a new BrainHearing initiative, connecting recognised science profiles with the community of hearing care professionals.

This strengthens Oticon's thought leader position and enables more wide diffusion of the Group's novel BrainHearing™ insights among relevant communities. The network offers a series of inspiring webinars and panel discussions on relevant topics in audiology and cognitive hearing science, a unique forum to share and leverage experiences and a source of scientific material to continue the knowledge-sharing.

The first webinar drew in more than 1,400 engaged participants, and the feedback from participants were vastly positive.

Better access to clinical data

To improve our access to post-market data and advance our outside-in learnings from users, we established a new clinical partnership with Henry Ford Health - a big cluster of hearing clinics, which serves multiple sites in the US.



Enhancing end-user benefits

At Eriksholm Research Centre, which is part of Oticon, researchers make audiological discoveries with the potential to significantly enhance end-user benefits in the future of hearing care.

Eriksholm Research Centre (Eriksholm) is the largest scientific research facility in the hearing aid industry.

Eriksholm has developed a deep understanding of the real-life implications of hearing loss and continues to leverage that each year. This happens in continuous dialogue with a large number of people living with hearing loss and dedicated hearing care professionals, as well as strong academic partnerships,



The perspective of people using hearing aids

In hearing rehabilitation, we have several means of identifying challenging listening situations. However, we do not know the details (sound and noise level) of when a specific situation is experienced as challenging.

A new study AUPE, seeks to overcome that by having hearing aid users report the challenges directly via a prototype mobile app that automatically logs data from the hearing aid. Read more about the study: [Audiological User Pain Points - Eriksholm](#)



Noise at the workplace

We know that disturbing noise is the most frequent workplace complaint. On one hand, noise leads to stress and fatigue, which are further linked to increased sick leave, early retirement and productivity loss. On the other, communication enables interaction and participation, which is crucial for health and well-being.

From 2024, Eriksholm will participate in the 5-year EU-funded project EASYLI with many international partners. The goal is to examine this balance and optimise the ratio between costs and benefits of effortful listening in work situations.

The learnings can help detect fatigue early on and prevent the negative effects of high listening effort. Individualised interventions can improve the listening value, thus reducing the negative effects and socioeconomic burden of listening that requires a lot of effort.

Learn more [here](#).

Rethink, reuse and replace

To improve the way, we manage and consider waste and material-use, we continue to bring forward new practices to introduce more sustainability in Hearing Aids packaging and production.

Improved filter handle

Building on previous experience, we have redesigned and optimised the ProWax miniFit handle for Hearing Aids.

The new handles are made from **52% less material**. There is no residue plastic, which results in a total material reduction of 61%.

Additionally, the new handles will be made entirely from granulated plastic scraps from production of other hearing aid parts, such as filters. This makes a significant overall material reduction.

In improvements like this, we benefit from core know-how from similar optimisation efforts, which has previously led to [substantial material reductions](#).

Packaging

For all packaging developed in 2023 and going forward, we have focused on minimising material use and volume, using mono materials and avoiding single-use plastic

Connectivity packaging

Following these focus areas, we have optimised our connectivity packaging.

The new packaging will be produced with **78% less CO2e**, 12% less volume and 40% less weight.

Among other things, we have replaced single-use plastic with simple paper or biodegradable pulp inlays and replaced coloured paper with FSC-certified paper. We also reduced volume by 12% and almost 40% in weight.

Charger and speaker units

By similar means of optimisation, CO2e from our new packaging solution for the new charger is reduced by 43%. As well as we have reduced the actual packaging size of our miniFit Detect speaker units by 54.8%.

To guide users to recycle packaging where possible, we have introduced a recycling statement and symbol on all relevant packaging:

PLEASE RECYCLE

This packaging is fully recyclable



Hearing Aids

Working with suppliers and ensuring quality

Suppliers

In Hearing Aids, we collaborate with direct and indirect suppliers who match our roadmap in terms of commercial, technical and quality-related requirements. We monitor and address global supply risks such as sustainability risks.

We engage suppliers that are linked to manufacturing but also indirectly to the goods and services that enable our operations. The direct suppliers we collaborate with to manufacture and distribute hearing aids are manufacturers of electromechanics, electronics, mechanics, production consumables and material supporting packaging and marketing activities.

New direct suppliers sign our Third party compliance code as part of their approval process.

[During 2023, we have approved and signed 14 new direct suppliers under the Demant third party compliance code.](#)

All 397 approved direct suppliers delivering into our production and distribution have signed our code.

Risk assessment

We have a process in place through which we risk assess our direct suppliers based on their ability and willingness to comply with our code. In doing so, we consider business sector and certified management

systems as well as a geographical risk assessment based on international standards, which considers bribery, economy, unemployment, human rights and other material risks.

When considering a potential partner, we assess the level to which the supplier can be mobilised in Demant's sustainability agenda to ensure that we create the most impact.

Following procedure, we have risk-assessed all 14 new suppliers prior to approval in 2023.

Pre-risk assessments are conducted when or if we identify the need.

Sustainability supplier audits

In 2023, we conducted two sustainability audits, which were related to packaging materials in China.

In China, the auditor TÜV SÜD found a total of 12 non-compliances: 4 critical, 3 major and 16 minor, all of which have been corrected according to the corrective action advised.

Engaging suppliers in decarbonisation

Towards the end of 2023, we initiated engagement with our most important suppliers that are fundamental for achieving Demant's overall decarbonization targets.

The aim is to improve our carbon accounting and gain a better understanding of where we are against our targets, as well as to make the key suppliers a part of our decarbonisation journey. In the beginning of 2024, we will launch our Supplier engagement programme to formalise the engagement and continue to collaborate with our suppliers both in our decarbonisation and our sustainability transformation journey.

Quality and safety

We follow our Hearing Aids quality policy, which can be found on our [website](#), to ensure the safety and quality of our solutions.

It covers activities supporting development, manufacturing, marketing and servicing in our business area, as well as defining and describing specific managerial responsibilities.

2023

When audited, we target zero major findings. In 2023, we had an MDD (Medical Device Directive) audit and our notified body TÜV SÜD completed the re-certification audit against MDSAP and ISO 13485, and the surveillance audit for Medical Device Regulation (MDR).

The result of the MDD audit was 6 minor and 1 major non-conformities. All are closed according to protocol. The MDSAP

and ISO 13485 audit found 1 non-conformity which is a minor finding. The minor finding will be closed according to protocol before the next audit.

We closed non-conformities from 2022, and new findings will be handled according to our quality policy.

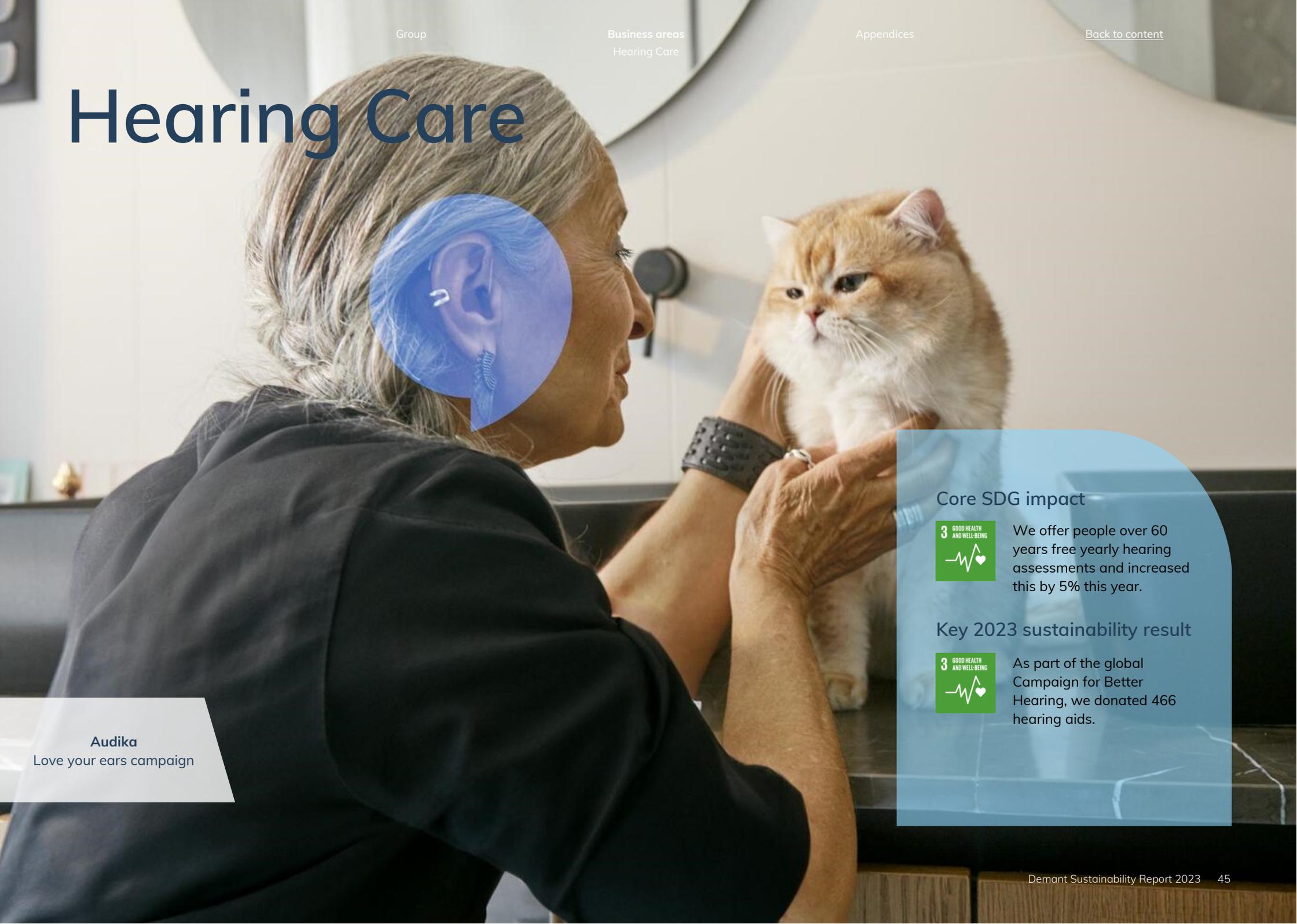
Quality targets

We work with several quality targets, including, but not limited to:

- **Product quality:** 3 months complaints vs. 3 months sales should not exceed an agreed percentage. **Target achieved** since January 2023.
- **Production quality:** agreed on monthly process quality control (PQC) percentage. **Target achieved** since January 2023.
- **Safety:** no vigilance cases (no Medical Device reporting). **Target achieved.**
- **QMS:** Internal audit fulfilment vs. plan. **Target achieved.**



Hearing Care



Audika

Love your ears campaign

Core SDG impact



We offer people over 60 years free yearly hearing assessments and increased this by 5% this year.

Key 2023 sustainability result



As part of the global Campaign for Better Hearing, we donated 466 hearing aids.

Love your ears – we do

Every day, our hearing care professionals realise Demant's purpose of providing life-changing hearing health and connect face-to-face with hearing aids users to provide personalised support and care.

Your hearing is central to your social life, self-expression, confidence, and ultimately, your health. Hearing helps people live a full life and connects us with the world around us.

Our Hearing Care business, Audika Group, is a global network of more than 3,500 clinics in 20+ countries, where hearing care professionals perform excellent customer service that caters to diverse customer needs.

No ear is the same

Personalised care from hearing care experts is essential to better hearing health. Because, hearing is as unique as fingerprints, and treating a hearing loss takes more than a one-size fits all solution.

Test your ears at 60 years

The first step to taking care of your ears is to get them tested. Through our clinics, we offer free yearly hearing assessments to people over 60 years of age.

To increase our reach, we aim to increase the number of free assessments by at least 5% each year, which we also achieved in 2023.

Helping the world hear better

Since 2018, Demant's Hearing Care business has run a global initiative to get hearing healthcare on the agenda.

Through the International Campaign for Better Hearing, many of Audika Group's Hearing Care clinics engage locally and donate free hearing aids to people with hearing loss.

We want to inform people about the advantages of hearing health care and the consequences of untreated hearing loss. Early hearing screenings are important, and we provide free hearing screenings to everyone over the age of 60 years to hopefully increase our reach.

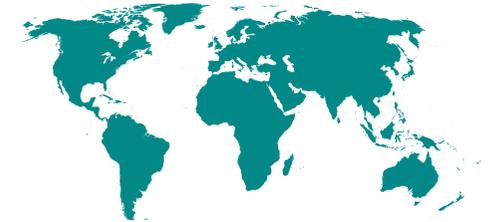
Through our give-back programme, we make hearing aids accessible to people who otherwise cannot afford them.

How it works

Every time someone gets their hearing assessed in a clinic enrolled in the Campaign for Better Hearing, the clinic donates a specific amount of money to the campaign.

Donations are allocated to provide free hearing aids to people who need hearing aids but have low purchasing power. Recipients are then picked based on local nominations from the clinics.

Since 2018,



Almost
DKK 28 million raised



2,662 hearing aids donated

Increasing awareness in China

Our retail business in China, Sheng Wang Hearing, visited a hospital and a school in the city of Yushu to donate hearing aids and increase awareness of hearing healthcare. The event was part of a bigger effort to promote the development of China's hearing healthcare market.

Sheng Wang Hearing has joined forces with the Audiology Development Foundation of China (ADFC), to launch the Sheng Wang Ear-Care Welfare Plan. The aim is to spread awareness and knowledge about hearing healthcare and help people who experience difficulties with their hearing in China.

Sheng Wang Hearing joined the Demant Group in 2022.

In April 2023, Sheng Wang Hearing donated 520 hearing aids to the ADFC under the name 'Care for hearing health to enjoy life in the future'. A ceremony and visits to Yushu hospital and the school launched the donation.

Donating hearing aids in Yushu

In July, Sheng Wang Hearing volunteer service team went to Yushu in the Southern Qinghai province in China. In Yushu, the volunteer team visited the Prefecture People's Hospital and the Special Education School to do hearing tests and donate hearing aids to a little more than 50 people with hearing loss.

During their visits, the volunteers performed ear canal examinations, hearing tests and trial fittings, and gave away accessories such as batteries. As an essential part of good hearing healthcare, the team also shared their expertise on how to wear and take care of the new hearing aids.



Diagnostics



Interacoustics
VisualEyes™ 505

Core SDG impact



Every year, our technology helps screen and diagnose over 200 million people with suspected hearing loss and screen over 20 million newborns.

Key 2023 sustainability result



A new, qualitative, diagnostic test will help people with hearing loss hear better in noisy environments, enabling them to engage in conversations.

Assessing is the first step

Our market-leading diagnostics products and solutions guide clinicians in decision-making on diagnosis and rehabilitation to make a life-long impact on hearing health.

The first step towards alleviation is assessing a hearing loss.

According to the WHO (2021), early intervention is crucial to minimising the adverse impact of hearing loss on language and cognitive development.

By providing solutions such as audiometers, tympanometers, balance systems and otoacoustic emission instruments, we are part of the daily job of audiologists and ear-nose-throat specialists.

Every other hearing test in the world is performed with Demant instruments.



Interacoustics Research Centre

Advancing audiology for 10 years, the Interacoustics Research Centre (IRU) works to change the lives of hearing care professionals and hearing aid users alike.

The Interacoustics Research Unit (IRU) is part of Interacoustics but located at the Technical University of Denmark (DTU).

IRU's purpose is to improve the quality of life for people living with hearing problems. Some projects contribute to that by investigating grand innovative ideas with the potential to change clinical practice, while other projects are more incremental in their nature.



Better behavioural testing in infants

It is important to detect hearing loss early in infants and children to improve speech and language development. However, testing hearing thresholds in small children is difficult.

One popular method for testing involves the child turning towards a reward when they hear a sound. This method is vulnerable because the child may lose interest before the evaluation is completed. Another concern is that clinicians subjectively decide whether the child reacted to the sound or not.

To address these concerns, IRU, Interacoustics, and Manchester University have collaborated on a project funded by the William Demant Foundation to remove tester bias and improve the reliability of the decision about heard versus not heard stimuli.

Read more about it here: [BAMBINO project | The University of Manchester](#)

Improving hearing aid fittings in infants

A core theme for IRU is to improve validations of fittings in infants that are too young for behavioural hearing testing.

In many countries, newborn babies are offered a hearing screening test, which means that many hospitals and clinics are good at detecting hearing loss at an early age. But when it comes to verifying that a hearing aid or cochlear implant is actually working as intended, clinicians have had to wait until the child is around 9 months old to be able to complete a behavioural test in which the child responds to external sounds.

In collaboration with the University of Manchester, IRU has developed a new, objective method which enables clinicians to verify that a hearing solution has been fitted correctly in infants that are a mere three to seven months of age.

Read more here: [Aided Cortical Auditory Evoked Potentials in Infants With Fr... : Ear and Hearing \(Iww.com\)](#)



Designing for more sustainability

As part of our ISO 14001 environmental certification, we have implemented eco-design for the Diagnostics brand Interacoustics.

We look into how we can reduce and replace materials in our design process by:

- Designing for long product life and high serviceability.
- Reducing electricity consumption.
- Increasing the number of sustainable materials for products.
- Reducing waste.
- Investigating usage of recyclable components.

2023 results

We track our performance in packaging materials at our main production:

- **Reduce shipped printed materials**
2022: 167 grammes per product
2023: 56 grammes per product
- **Reduce shipped plastic materials**
2021: 19.5 bags per product
2022: 23.6 bags per product
2023: 23.7 bags per product

In 2022, 48% of our plastic bags were made from recycled materials. We aimed for 85% in 2023 but did not meet that target.

We continue to use 100% FSC or recycled cardboard and 100% recycled plastic packaging tape.



Diagnostics

Working with suppliers and ensuring quality and safety

Suppliers

Purchasing covers the global Diagnostics Group. By the end of 2023, after insourcing and acquisitions, we are working with 530 direct suppliers. These represent various manufacturers of electronics, mechanics, plastics, packaging materials, marketing material, and production material, as well as indirect suppliers of service such as freight. The number also covers suppliers that manufacture units for resale, and final consumables/accessories for audiology and balance-testing.

Risk assessments

When we approve suppliers they must pass the approval process according to our ISO14001 document, which includes environment and the [Demant third party compliance code](#). We assess within specific supply and quality risk areas which lead to the actual classification of the supplier.

Suppliers' footprint

Suppliers are categorised according to their environmental impact, and we encourage them to work to reduce that impact. The suppliers make the largest part of our footprint, and we have a generic environmental protection agreement with major suppliers. We have detailed analysis of carbon emissions of 23% of our key

purchased goods, which lies with six major suppliers. In 2023, one of these suppliers installed photovoltaic to cover 17% of the electricity used. The aim is to identify components of which we can reduce the carbon footprint by 50% by 2030.

Quality and safety

We follow our Diagnostics quality policy, which can be found on our [website](#), to ensure the safety and quality of our solutions.

It covers activities supporting development, manufacturing, marketing and servicing in our business area, as well as managerial responsibility of quality in Diagnostics.

Ahead of any product entering the market, the quality and safety is documented, and key documents of the final product are reviewed and approved by management.

2023

When audited we target zero major findings. In 2023, we had audit for ISO 13485, MDSAP and MDR (Medical Device Directive).

The result of the audits was 10 non-conformities, one major and nine minor.

All have been closed according to the protocol ahead of the following audit.

If we get new findings, they will be reported as CAPA (corrective and preventive action) and closed prior to the next audit.

Quality targets

We work with several quality targets, including, but not limited to:

- **Product quality:** monthly complaints vs. monthly sales should not exceed an agreed percentage. **Positive trend-lines and performance slightly over a strengthened target in 2023.**

- **Final inspection failure:** monthly failures in final inspection vs. monthly total produced systems should not exceed an agreed percentage. **Target achieved.**

- **Safety:** One vigilance case reported in the US. **Field safety repair, corrective and preventive actions have been implemented.**

- **QMS:** Internal audit fulfilment versus plan. **Target achieved.**



Communications

Core SDG impact



EPOS audio and video solutions help prevent stress and listening fatigue, which can be caused by imperfect audio experiences, and also help improve concentration, the ability to focus for longer and overall performance.

Key 2023 sustainability results



EPOS initiated life cycle assessments of selected products and EPOS headquarters in Ballerup, Denmark obtained the ISO14001 certification.



Bulding on EPOS BrainAdapt™ technology, a new scientific whitepaper from EPOS indicates that noise attenuation can lead to improved performance when performing two tasks at the same time.

EPOS
IMPACT 1000

Reduced noise can improve performance

Building on the EPOS BrainAdapt™ technology, we continue to expand our knowledge of how EPOS audio solutions can provide support for the brain when processing sound, for instance in noisy work environments.

People often perform more than one task at a time, without even realising it. In a professional context, one may need to listen to a colleague speaking while identifying information on a screen.

Performing one or more tasks requires using cognitive capacity, which is a limited commodity. As an example, understanding speech when there is poor audio and noise requires more cognitive resources. As a consequence, this may limit the amount of cognitive resources that can be used to perform the other tasks.

Benefits of noise attenuation

In 2023, EPOS released [a new scientific whitepaper](#), investigating how noise attenuation, or reduction, affects listening effort, efficiency and reaction time when people perform dual tasks.

The results indicate that noise attenuation provides several benefits for people with normal hearing, which can lead to improved performance when performing two tasks at the same time.

EPOS BrainAdapt

This type of in-depth scientific research has been a key element in the development of audio solutions built on [EPOS BrainAdapt™](#) technology, which supports the brain's natural way of processing

48%

BETTER
RECOGNITION OF
SPEECH-IN-NOISE*

40%

INCREASE IN
EFFICIENCY**

23%

IMPROVED
REACTION TIME***



*As indicated by percentage of correctly repeated words.

**As reflected by the ratio between accuracy and reaction time for the correct responses.

***Up to 300 ms faster reaction to visual-cognitive task without loss of precision.

Life cycle assessments

We are conducting life cycle assessments on selected EPOS products to measure each product's footprint in terms of CO₂e emissions.

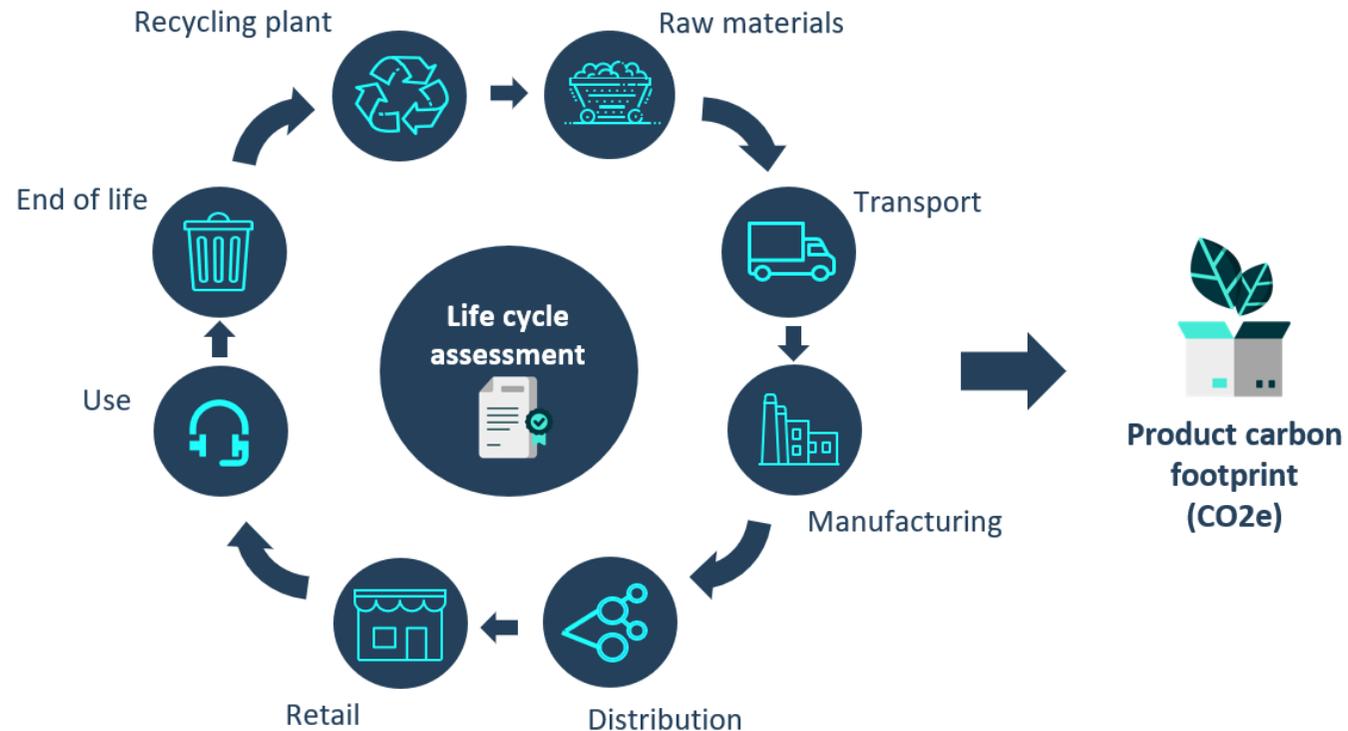
In 2023, we set out to conduct cradle to grave life cycle assessments (LCA) on a selection of our product portfolio. With help from external consultants, while building expertise in-house, we are making timely progress. We expect to have the first analysis, verified by third-party, ready during 2024.

Road to net zero

As part of Demant, we are committed to reaching net zero emissions in 2050. The life cycle assessments are one out of four key projects initiated by EPOS to reduce our scope 3 emissions.

The remaining focus will be to introduce more sustainable packaging, move towards more green transportation, secure more sustainable sourcing and product design and obtain relevant environmental certifications. This year, our headquarters in Denmark were certified according to the ISO14001 standard.

Life cycle management from cradle to grave:



EPOS

Managing quality and safety

The Integrated Management System (IMS) of EPOS ensures that we consistently meet user needs and comply with local, regional and global quality and environmental regulatory requirements, while obtaining relevant certifications to operate in specific markets.

In contrast to software, hardware can vary in production due to tolerances and human errors. We are attentive towards hardware calibration and verification at the point of production.

In 2023, EPOS achieved ISO 14001 certification, highlighting our commitment to environmental responsibility. We also integrated our Quality Management System and Environmental Management System into a unified Integrated Management System, ensuring streamlined operations.

In 2024, we will prioritise internal audit enhancements to optimise further quality management and environmental practices. Simultaneously, we aim to advance our Integrated Management System through increased automation, specifically targeting real-time document updates for improved operational efficiency.

Training

We ensure that those working directly with quality and environment are well-equipped to take care of their tasks.

EPOS products do not involve high-risk quality or environmental issues. However, we are aware that the lithium batteries in electronics entail a safety and environmental risk, and we are attentive to and mitigate any risk related to this. We have trained everyone in the updated QMS & EMS.

Working with manufacturers

EPOS operates with contract manufacturing and has not any in-house production. Our suppliers are manufacturers located in the Asia-Pacific region with whom we work closely to ensure conformity with Demant's third-party compliance code.

Activities in this area cover:

- Maintenance of product documentation to make sure that product information is up to date and correct.
- Strategic procurement to secure availability and pricing on larger material components such as semiconductors.

Working closely with our manufacturing partners is key to our operations, and we have teams to oversee this locally with support from EPOS headquarters.

Areas of attention

Due to the geographical location of our manufacturing partners, we work with an extended supply chain. This can entail a risk of uncertainty from production to distribution (mainly within Europe). This has been further emphasised in the past few years due to different macro-economic factors, which have had an impact on the global supply of semiconductors. To mitigate risk, we collaborate dedicatedly with sub-suppliers to our manufacturing partners to ensure availability of material components, including long-term contracting. We have been willing and able to meet price climbs as well as adjust procurement to ensure necessary components and inventory.

Audits and results

External auditors from DNV conducted ISO 9001 and 14001 audits in 2023, identifying two minor non-conformities, 7 observations, and 11 opportunities for improvement.

By the close of 2023, we successfully addressed all but two observations, which will be addressed in the upcoming 2024 audit.

Main suppliers hold relevant certifications, including ISO/EN14001, ensuring that production complies with environmental standards and compliance obligations.

In 2022, our quality tests, audits and inspections identified some quality issues at the manufacturing site before shipping. These were solved in 2023 in collaboration with the manufacturer.

The audit list covers 95% of all procurement. The remaining 5% covers softer production partners such as earpads for headsets.

Once a year, we invite our external partner SGS to audit our production partners in China in line with the [Demant third party compliance code](#).

All Tier 1 partners have approved and signed the third-party compliance code.

We have corrected any critical or major non-conformities from the audit in 2022. Additionally, we conducted an audit in 2023, and the follow-up on corrective actions will be a priority for us in 2024.

**RETURN
RATE 1.2%**



Today's hearing aids are small, handy and almost invisible depending on your hair length.

Steen, Pensioner, plays in a band.

Appendices



Reporting scope and requirements

The sustainability report is our way of illustrating our positive impact on the sustainable development goals, while also addressing the material risks that our business might pose to people, society and the planet.

Standards and requirements

As part of a larger effort to continuously improve the quality, comparability and transparency of our reporting, we reference the sustainability reporting standards of the Global Reporting Initiative (GRI). You can find a [GRI content index](#) in appendices.

Scope of reporting

As we continue to improve and grow our efforts to become a more sustainable company, we also improve our reporting. All information in this report covers the Demant Group, and the policies stated encompass all business areas and company brands. It is clearly stated if reporting covers only part of the Group.

Unless otherwise declared, third parties such as distributors and suppliers are not included in the reporting. To match the structure of our sustainability strategy and activities, we report on group-level and business areas, respectively. While business areas are covered by everything disclosed as Group-reporting, they have individual projects and ambitions to support our journey of becoming a more sustainable company.

The report covers the twelve-month period from 1 January to 31 December 2023.

Discontinued business area

As announced on 27 April 2022, we have decided to discontinue our Hearing Implants business area, which is therefore recognised separately as a discontinued operation in our annual report. This business area is therefore not included in our 2023 consolidated reporting of the Group's sustainability efforts and advancements, which also means that Hearing Implants do not impact the current and future KPI's for Turnover and CAPEX in the EU taxonomy reporting. This does not apply to historical data.

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Danish Financial Statements Act, §99a

Business model

Social and employee conditions

Environment and climate

Human rights

Anti-corruption and anti-bribery

Danish Financial Statements Act, §99b

Gender composition in management

Danish Financial Statements Act, §99d

Data ethics policy

Danish Financial Statements Act, §107d

Diversity policy

EU taxonomy for sustainable activities

Taxonomy eligibility and alignment

Point of contact

Trine Kromann-Mikkelsen

VP, Corporate Communications

and Sustainability

+45 23 968 968

trkr@demant.com

EU Taxonomy

The Demant Group's reporting on EU taxonomy follows the Regulation (EU) 2020/852 of the European Parliament and of the Council. This requires non-financial listed companies to report their environmentally sustainable economic activities that are eligible under the taxonomy and aligned with the screening criteria for the two environmental objectives to be contained in the reporting for 2022: climate change mitigation and climate change adaptation.

During 2023 four new environmental objectives; water and marine resources, circular economy, pollution prevention and control, and protection of biodiversity were introduced in Regulation (EU) 2023/2486, which requires Demant to assess whether there are economic activities that can qualify as eligible.

To determine Demant's eligible activities we have screened our revenue, Opex (the cost of research and development, short term leases, maintenance and repair) and Capex (the net investments in property, plant and equipment, intangible assets, and addition of right of use assets) against the activities of the Taxonomy Compass.

Changes since 2022

In 2022, Demant reported all eligible activities according to our interpretation of the requirements at the time. Since then, we have included expenses related to acquisition of buildings as an eligible activity in Capex, as right of use assets is included, and comparative figures are restated. In 2022, acquisition and ownership of buildings should have been included as a taxonomy eligible but not aligned activity with an impact of DKK 983 million and the proportion of total Capex 54%.

Findings for 2023

Demant is a hearing healthcare and audio technology group with product and services which alleviates hearing loss and support virtual collaboration. With the introduction of four new objectives in 2023, it has been identified that manufacturing of electrical and electronic equipment is an EU Taxonomy eligible turnover activity.

Looking ahead

We continue to monitor the development and guidance of the taxonomy.

Turnover

Economic activity	Code	Absolute turnover	Proportion of turnover in 2023	Substantial contributions to objectives						Do no significant harm to objectives						Minimum social safeguards	Proportion of turnover in 2022	Category enabling/transitional		
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Protection of biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Protection of biodiversity					
				DKK million	%	%	%	%	%	%	%	%	%	%	%				Y/N	Y/N
A.1 Taxonomy aligned activities																				
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Turnover of taxonomy aligned activities (A.1)		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																				
Manufacturing of electrical and electronic equipment	CE 1.2	21,601	96	0	0	0	100	0	0										95	
Turnover of taxonomy eligible but not aligned activities (A.2)		21,601	96	0	0	0	100	0	0										95	
Turnover of taxonomy eligible activities (A1 + A2)		21,601	96	0	0	0	100	0	0										95	
B. Taxonomy non-eligible activities																				
Turnover of Taxonomy-non-eligible activities		842	4																	5
Total*		22,443	100																	100

*Total revenue, annual report 2023, note 1.2.

Opex

Economic activity	Code	Absolute Opex DKK million	Substantial contributions to objectives							Do no significant harm to objectives							Minimum social safeguards	Proportion of Opex in 2022	Category enabling/transitional
			Proportion of Opex in 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Protection of biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Protection of biodiversity				
			%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A.1 Taxonomy aligned activities																			
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Opex of taxonomy aligned activities (A.1)		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																			
None		0	0	0	0	0	0	0	0									0	
Opex of taxonomy eligible but not aligned activities (A.2)		0	0	0	0	0	0	0	0									0	
Opex of taxonomy eligible activities (A1 + A2)																			
		0	0	0	0	0	0	0	0									0	
B. Taxonomy non-eligible activities																			
Opex of Taxonomy-non-eligible activities		1,480	100																100
Total		1,480	100																100

Capex

Economic activity	Code	Absolute Capex DKK million	Proportion of Capex in 2023 %	Substantial contributions to objectives					Do no significant harm to objectives					Minimum social safeguards Y/N	Proportion of Capex in 2022* %	Category enabling/transitional E/T		
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution prevention and control %	Protection of biodiversity %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N				Pollution prevention and control Y/N	Protection of biodiversity Y/N
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Turnover of taxonomy aligned activities (A.1)																		
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Acquisition and ownership of buildings	CCM 7.7	1,030	56	100	0	0	0	0	0									54
Manufacturing of electrical and electronic equipment	CE 1.2	211	11	0	0	0	100	0	0									8
Capex of taxonomy eligible but not aligned activities (A.2)		1,241	67	100	0	0	100	0	0									62
Capex of taxonomy eligible activities (A1 + A2)		1,241	67	100	0	0	100	0	0									62
B. Taxonomy non-eligible activities																		
Capex of Taxonomy-non-eligible activities		607	33															38
Total		1,848	100															100

*Proportion of Capex in 2022 is restated for Acquisition and ownership of buildings

Accounting policies

Impact on health

R&D costs

As stated in note 9.1 Group accounting policies in the Annual Report 2023.

Years of improved quality of life

Years of improved quality of life is calculated based on the estimated lifetime of hearing aids and the number of hearing aid fittings made by the Demant Group in 2023.

We have estimated the lifetime of hearing aids to be just below five years, based on a sample of more than 500,000 hearing aid fittings made by the Group over the last five years.

These estimates consider factors impacting usage of hearing aids, including observed mortality rates. However, there are still some systemic and human factors related to usage that have not yet been factored in. As hearing aid ecosystems evolve, data will allow us to make better estimates, as hearing aids can detect many characteristics of their usage, based on innovative use of the data from the microphones.

Facilitated screening and diagnosing

The estimated lifetime of a product in the market, which is used daily, is seven years. We sell around 27,000 relevant instruments a year, each instrument has an average of two and a half users who conduct

four diagnostics tests each (several different tests on the same person count as one test). We base the calculation on a global average of 250 working days a year. We believe the estimated numbers used are conservative, but we have nevertheless added a safety factor of app. ½ to arrive at the reported number. A similar calculation is used to arrive at the reported screening number.

Number of people supported with headsets

Based on total amount of sold EPOS Enterprise incl VoIP headsets in 2023.

People

Employees worldwide

Number of employees in the Demant Group as of the 31 December 2023.

Gender diversity

Gender diversity is calculated based on the data from the countries enrolled in our global HR data management system. In 2023, 90% of our employees were registered in the system.

Gender diversity, all managers, shows the gender distribution between women and men in percent among all people managers with one or more reports.

Global top-level management gender diversity shows the gender distribution

between men and women in management levels from Vice Presidents and up.

Global top-level management team gender diversity shows the percentage of top-level management teams that are on or off the target of 75% of all teams having a maximum of 75% of one gender.

Gender diversity, Board of directors shows the gender distribution between women and men of the shareholder elected members of the Board of Directors.

Employee turnover rate

Employee turnover rate is calculated by dividing the total number of terminations (voluntary and involuntary) excluding temporary and externals with the average number of employees during the reporting period and multiplying with one hundred. The employee turnover rate is calculated based on the 84% of the Demant population that has reported relevant numbers into our HR data management system for the full calendar year.

New hire rate

New hire rate shows the relation between new employees and the average number of employees during the reporting period.

Engagement rate

Engagement rate is the average engagement score given by the employees on a scale of 1 to 5.

Impact on climate and environment

Baseline recalculation

In 2022 and 2023, the Group grew significantly enough to adjust our baseline following our [emissions baseline recalculation policy](#).

In 2023, we adjusted our baseline and following reported years to account for the acquired new entities Sheng Wang (China), Shin Nion (Japan), Virtualis (France), Synapsys (France), Inventis (Italy) and Goed (Belgium).

The new entities provided 2023 data for them to be included into our accounting. For all types of scopes from the newly added legal entities, a back-casting to the base year (2019) emissions was done from the 2023 energy consumption.

All the already included legal entities use the whole group revenue growth in local currency for the scope 3 emissions projection. For the newly added entities each of these use their own revenue growth in local currency for the back casting except for Sheng Wang that uses its operational growth, Shing Nion that provided primary data for scope 1 and 2 from 2019 to 2022 and whose electricity consumption growth was used as a reference for scope 3 and Goed Belgium, whose performance has been consistent for the 2019-2023 period.

Energy consumption

Energy consumption entails actual and estimated consumed electric power, district heating, natural gas, diesel, gasoline, coal and liquefied petroleum gas in megawatt hours. Where coal is the only newly added energy source used for heating in parts of China.

The energy information is recorded and centralized in our energy management system where each legal entity contact provides its monthly consumptions on a bi-annual basis.

The share of renewable energy represents the amount of renewable energy that Demant used in its own operations. It is calculated as the energy consumed from renewable sources divided by the total amount of energy consumed by the Group.

Renewable electricity and renewable electricity share

In Demant renewable electricity comes from two sources: on-site generation and provided by utility companies.

The locations with on-site renewable electricity generation refer to specific legal entities in Denmark, Poland and South Africa, while the ones with bundled renewable electricity correspond to France, Italy and Poland. For those locations with on-site power generation, the generated energy comes from solar power; while for the bundled energy, the renewable electricity is provided directly by utility companies.

The share of renewable electricity represents the amount of renewable electricity that Demant used in its own operations. It is calculated as the electricity consumed from renewable sources divided by the total amount of electricity consumed by the Group.

Carbon emissions

Demant carbon accounting aligns with the WRI/WBCSD Greenhouse Gas Protocol. The consolidated emissions data comprises entities where Demant has operational control including emissions from leased facilities. Carbon emissions are measured in terms of carbon dioxide equivalent (CO₂e)

Scope 1 emissions (direct GHG emissions) cover CO₂e emissions from actual and estimated consumed natural gas, liquefied petroleum gas, coal, gasoline and diesel. Scope 2 emissions (own indirect GHG emissions) cover CO₂e emissions from actual and estimated purchased and consumed electricity and district heating.

The calculation of scope 1 and 2 emissions is automatized in our energy management system, which uses the emission factors from the sources below. For scope 2, market-based emissions are calculated and used to compare Demant's performance against its climate targets.

Electricity: Market based emission factors: US Residual mix (Green e- Energy emissions Rates), RE-DISS Residual European Mix & the International Energy Agency

Other energy sources: Department for Environment, Food & Rural Affairs (DEFRA)

Scope 3 emissions are estimated using primarily spend data from our Science Based Targets baseline year 2019 following the GHG protocol guidance. Only the material categories of the 15 scope 3 categories of the GHG protocol are shown in the scope 3 category split.

Scope 3 emissions from 2020 and onwards are calculated using the 2019 spend based materiality assessment adjusted for revenue growth in local currency.

Business ethics and governance

CEO remuneration ratio

CEO remuneration ratio is calculated using the annual total remuneration of the CEO divided by the average remuneration of Demant employees excluding the CEO.

Product recalls

Product recalls covers both voluntary and mandatory recalls.

Whistleblower reports

Number of cases received within the whistleblower hotline.

EU Taxonomy

Turnover

Turnover is in accordance with Demant's annual report 2023, note 1.2. The KPI is defined as Taxonomy-eligible turnover (numerator) divided by the total turnover (denominator).

OPEX

Total OPEX covers direct non-capitalised costs that relate to research and development, renovation of buildings, short-term lease, maintenance and other direct costs relating to the day-to-day servicing of property, plant and equipment. The KPI is defined as taxonomy eligible OPEX (numerator) divided by total OPEX (denominator).

CAPEX

CAPEX consists of additions in property, plant and equipment, intangible assets excl. goodwill and addition of right-of-use assets. The KPI is defined as Taxonomy eligible CAPEX (numerator) divided by total CAPEX (denominator).

Additional GRI data

FTE

FTE is full time equivalent.

Accidents in production

Hearing Aids: Accidents in key production and distribution sites in Poland, Mexico and the US, as well as production and headquarters in Denmark.

Diagnostics: Accidents in key production sites in Poland, Denmark (prototype production), the US, Italy and Canada.

Additional GRI data

Please find more detail in accounting policies on page 63.

FTE by employee contract, by region, 2023*

Region	Permanent	Temporary	Externals	Total (#)
Europe	11,314	861	311	12,486
North America	4,320	28	26	4,374
Pacific	920	7	10	937
Asia	730	10	51	791
South America	973	13	1	987
Africa	47	1	-	48
Total (#)	18,303	920	399	19,224

FTE by employee type, by region, 2023**

Region	Full-time	Part-time	Total (#)
Europe	11,591	895	12,486
North America	3,879	495	4,374
Pacific	642	296	938
Asia	740	51	791
South America	979	8	987
Africa	48	-	48
Total (#)	17,879	1,745	19,624

FTE by gender, by employee type, 2023**

Employee type	Female	Men	Total (#)
Full-Time	11,223	6,656	17,879
Part-Time	1,412	333	1,745
Total (#)	12,635	6,989	19,624

Accidents in production, 2023

Business areas	Total (#)
Hearing Aids	13
Diagnostics	6
Total (#)	19

FTE by gender, by employee contract, 2023**

Employee contract	Female	Men	Total (#)
Permanent	11,706	6,599	18,305
Temporary	730	190	920
External	200	198	399
Total (#)	12,636	6,988	19,624

*Including externals

**Excluding externals

***One extraordinarily unfortunately accident resulted in a fatality

GRI content index

Statement of use	Demant has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI 2: General disclosures 2021

1. The organisation and its reporting practices

Disclosure	Location
2-1 Organisational details	Page 7
2-3 Reporting period, frequency and contact point	Page 58

2. Activities and workers

Disclosure	Location
2-6 Activities, value chain and other business relationships	Page 8-9
2-7 Employees	3 and 65

3. Governance

Disclosure	Location
2-9 Governance structure and composition	Corporate Governance Report
2-10 Nomination and selection of the highest governance body	Corporate Governance Report
2-11 Chair of the highest governance body	Corporate Governance Report
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2-13 Delegation of responsibility for managing impacts	Page 11, Corporate Governance Report
2-14 Role of the highest governance body in sustainability reporting	Page 11, Corporate Governance Report
2-15 Conflicts of interest	Corporate Governance Report
2-16 Communication of critical concerns	Corporate Governance Report
2-17 Collective knowledge of the highest governance body	Corporate Governance Report
2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report

Disclosure	Location
2-19 Remuneration policies	Remuneration Report
2-20 Process to determine remuneration	Remuneration Report
2-21 Annual total compensation ratio	Remuneration Report

4. Strategy, policies and practices

Disclosure	Location
2-22 Statement on sustainable development strategy	Page 6, 12-13
2-23 Policy commitments	Page 23, 29, 34-37, 44, 52, 56
2-24 Embedding policy commitments	Page 23, 29, 34-37, 44, 52, 56
2-25 Processes to remediate negative impacts	Page 37, 44, 52, 56
2-26 Mechanisms for seeking advice and raising concerns	Page 37
2-27 Compliance with laws and regulations	Page 34-37
2-29 Approach to stakeholder engagement	Corporate Governance Report

GRI 3: Material Topics 2021

Disclosure	Location
3-1 Process to determine material topics	Page 12
3-2 List of material topics	Page 12

Material Topics

GRI 205: Anti-corruption 2016	
Disclosure	Location
3-3 Management of material topics	Page 35-36
205-2 Communication and training about anti-corruption policies and procedures	Page 37

GRI 302: Energy 2016	
Disclosure	Location
3-3 Management of material topics	Page 29-30
302-1 Energy consumption within the organization	Page 30
GRI 305: Emissions 2016	
Disclosure	Location
3-3 Management of material topics	Page 29, 31-32
305-1 Direct (Scope 1) GHG emissions	Page 31-32
305-2 Energy indirect (Scope 2) GHG emissions	Page 31-32
305-3 Other indirect (Scope 3) GHG emissions	Page 32
GRI 308: Supplier Environmental Assessment 2016	
Disclosure	Location
3-3 Management of material topics	Page 44, 52, 56
GRI 401: Employment 2016	
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3-3 Management of material topics	Page 20
401-1 New employee hires and employee turnover	Page 3, 20
GRI 403: Occupational Health and Safety 2018	
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3-3 Management of material topics	Page 26
403-9 Work-related injuries	Page 65
GRI 404: Training and education 2016	
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404-2 Programs for upgrading employee skills and transition assistance programs	Page 20

GRI 405: Diversity and equal opportunity 2016	
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3-3 Management of material topics	Page 23
405-1 Diversity of governance bodies and employees	Page 3, 23-25
GRI 406: Non-discrimination 2016	
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3-3 Management of material topics	Page 19
GRI 409: Forced or compulsory labour 2016	
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3-3 Management of material topics	Page 35
GRI 414: Supplier social assessment 2016	
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3-3 Management of material topics	Page 44, 52, 56
GRI 416: Customer health and safety 2016	
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3-3 Management of material topics	Page 44, 52, 56
416-2 Incidents of non-compliance concerning the health and safety impacts of products	Page 44, 52, 56
GRI 418: Customer privacy 2016	
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