

Demant

Sustainability Report 2020



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Some images, illustrations and text offer additional text and you can click on to get a closer look or a deeper explanation. You can also click on the play button to watch videos.

If you have come across Demant's previous Sustainability Reports you may notice that this year, in some chapters, we dig a little deeper into the projects and the people behind them to, hopefully, make the stories come even more to life. We hope you enjoy this approach.

Best wishes,
Andrea Juliane Langkilde
Report editor and Sustainability consultant
at Demant

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Scope

This is Demant’s Sustainability Report. Here we present our sustainability approach and the results of our work to continuously improve sustainability – in all of its aspects – in our operational practices while contributing to global hearing health.

As an impact business, our core responsibility is making a true difference to world hearing health. We fulfil that purpose through our ground-breaking products and services, which are a direct result of our group-wide focus on research and innovation. This is our core contribution to society. From Corporate Social Responsibility, Sustainability is now the primary term used in the Demant Group as we find that it covers more than our basic responsibility not to do harm and includes our core contribution and positive impact. This Sustainability Report is our way of illustrating our indisputable positive impact, while addressing our risks of having adverse impact on people, the society and the environment.

The information stated in the report is representative of the Demant Group. The principles and policies stated encompass all companies within the group. Unless it is declared, third parties such as distributors and suppliers are not included in the reporting.

In the report, we have chosen to highlight a collection of our initiatives and projects. Not all sustainability related initiatives will be mentioned or explained in detail.



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Communication on Progress

The report serves as Demant’s Communication on Progress (COP) as an active member, on signatory level, of the United Nations Global Compact initiative. With this report, we wish to express Demant’s continued support of the UN Global Compact initiative, its 10 fundamental principles and the 17 Sustainable Development Goals.

Danish Financial Statements Act

Our Sustainability Report covers the statutory reporting requirements on non-financial information as prescribed by section 99a, 99b & 107d of the Danish Financial Statements Act. The report covers the twelve-month period from 1 January to 31 December 2020.

Within Demant, Vice President of Corporate Communication & Relations Trine Kromann-Mikkelsen is responsible for coordinating the Sustainability policies, activities and reporting and the liaison between the organisation and the Executive Management Board.



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Readers Guide

We present our sustainability activities in the following order.

First, Demant’s CEO Søren Nielsen concludes on the year 2020 in the name of sustainability. Second, there is a brief outline of this year’s highlights. Then, we offer an introduction to Demant: Who are we, how is our global group connected and what do we do. Next, we introduce Demant’s approach to sustainability, including our strategy, framework and priorities, and how we work with the Sustainable Development Goals.

Then, the following 6 chapters unfold our Sustainability Framework, respectively, by introducing our core contribution, Life-changing differences through hearing health, and the four operational practice pillars: People & culture, Society & local community, Environment & climate and Business ethics & governance. Throughout the report, each chapter will entail an indication of the relevant goals.

Below is an overview of where to find information on the report requirements that apply to us:

Reporting requirements	Where to find it
Communication on Progress, UN Global Compact: actions, plans and outcomes:	
• Human rights (Principles 1-2)	Page 100
• Labour conditions (Principles 3-5)	Pages 52, 58-67
• Environment (Principles 7-9)	Pages 80-93
• Anti-corruption (Principle 10)	Pages 98, 101-103
Danish Financial Statements Act, §99a: policies, key risks, KPIs and results	
• Business model	Pages 14-19
• Social and employee conditions	Pages 52, 58-67
• Environment and climate	Pages 80-93
• Human rights	Pages 100
• Anti-corruption and anti-bribery	Pages 98, 101-103
Danish Financial Statements Act, §99b	
• Gender composition in management	Pages 54-57
Danish Financial Statements Act, §107d	
• Diversity Policy	Pages 54-57



I do not believe that anyone will be able to look back at the year of 2020 without instantly thinking of the corona pandemic, which to all of us, around the world, was, and still is, beyond anything we could have ever imagined. Since its initial break-out, the coronavirus has been present in our every-day business and private lives. My thoughts and best wishes go out to everyone who in one way or another, personally or professionally, have been impacted by the coronavirus.

I am extremely proud of Demant and how we have handled this challenge. We took upon another major crisis, only six months after dealing with an IT incident in September 2019. I continue to be impressed with our adaptability, with our people and the personal efforts made, including the engagement from local and global teams across the world.

New approach to sustainability

Care for others' hearing health has always been the very foundation of our Group. Behind this purpose stands numerous innovative and engaged employees that are driven by a desire to make a change and to do business in a proper way.

Only a few years ago, Demant began a transformation from a silent holding company to a more articulated parent company. This journey is reflected in our sustainability approach and it has become increasingly evident in recent years that a new Group-wide sustainability approach would benefit our company and support our ambitions to continuously improve our positive impact on society.

In 2020, we worked to define a new approach to sustainability that sets a clear direction for all members of our group, including specific targets to increase sustainability in our operations. Changing lives of millions of people living with hearing loss is the core of our contribution, but to focus our efforts where they have the largest impact, we prioritise our sustainability work. The next years we direct special attention to honouring diversity and fostering an unbiased and inclusive culture as well as to work with our own climate impact by reducing our packaging and waste, supporting the production and sourcing of green energy and striving for ambitious emission reductions particularly in our use of transport. I am very excited to continue this work together with the more than 16,500 Demant employees across countries, locations, business areas and brands.

Hearing care is healthcare

In 2020 we worked dedicatedly to deepen and broaden our knowledge and understanding of the detailed relationship between hearing, health and the brain. Stressing the link between good hearing and well-being is not only extremely important to me personally; with the prospects

of an increasing elderly population and more people suffering from hearing loss, it becomes more necessary for countries and their healthcare systems not to neglect benefits from hearing care. The link was also emphasised by the effect of the coronavirus on society, where many people were deprived access to hearing care. Once societies started to reopen, our clinics saw people lining up outside.

Being able to communicate is an intrinsic part of what makes us human. When our hearing fails us, taking part in everyday life becomes difficult. Functioning hearing health, on the contrary, opens many doors and improves lives of those with hearing loss. It improves one's ability to engage in society allowing access to education, employment and social activities that enrich our experience and ultimately helps us live a more engaging life.

Perfecting sound

2020 also marked the launch of our new Communications brand, EPOS, which focuses on premium audio and video solutions for enterprises and gaming. With EPOS we address a different market with different products and solutions than we do with hearing healthcare. Yet, there are essential overlaps in both technology and the results we aim to achieve: creating connections between people that are free of poor sound quality or noise that challenges dialogue. I am happy that EPOS is now fully integrated into our sustainability reporting and I am beyond excited about this new addition to our group on its mission to improve sound and hearing.

Finally, I would like to express our continued commitment to the United Nations Global Compact and the Sustainable Development Goals.

Søren Nielsen President & CEO

Highlights

Despite a very different 2020 than expected, we are pleased to have been able to make progress on our sustainability journey. We further developed our sustainability approach and worked on a new Demant Sustainability Strategy. Aside from our continuous focus on our core contribution to society, hearing health, we have defined two main priorities for the next couple of years: Diversity and inclusion and climate impact.

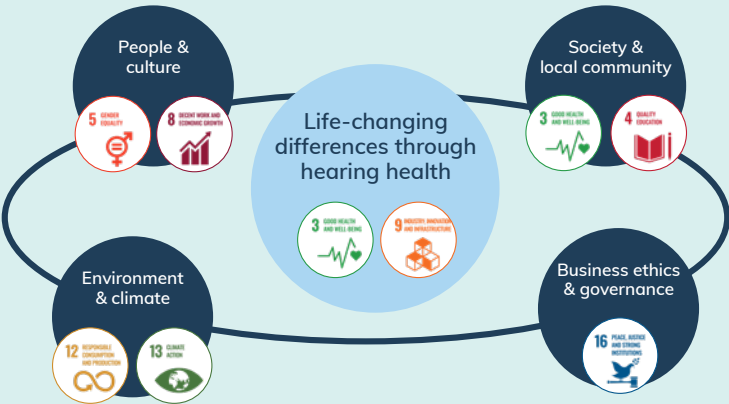
Working on our new sustainability strategy, we also revisited the Sustainable Development Goals to assess not only our current contributions and positive impact, but similarly identify where we can do more and continue to improve important areas of our business. Our core contribution

relates to goal 3 and 9, our strategic projects relate to goal 5, 12 and 13 and other important areas of attention relate to goal 4, 8 and 16. Read more on [pages 22-25](#).

Demant is and has always been a responsible and well-functioning business and we sincerely believe that running our business in a sustainable way is the obvious, right thing to do. Furthermore, there is business to win and effectiveness to be achieved; being a sustainable company, dedicating time and investments in the area, can contribute to many benefits for the Group. Please find some of the benefits of 2020 in the highlights, targets, results and plans on the following pages.



Our Sustainability Framework



Main priorities

Diversity and inclusion

We honour diversity and foster an unbiased and inclusive culture with equal opportunities.

Climate impact

We reduce our packaging and waste, we support production and sourcing of green energy and strive for ambitious emission reductions particularly in our use of transport.

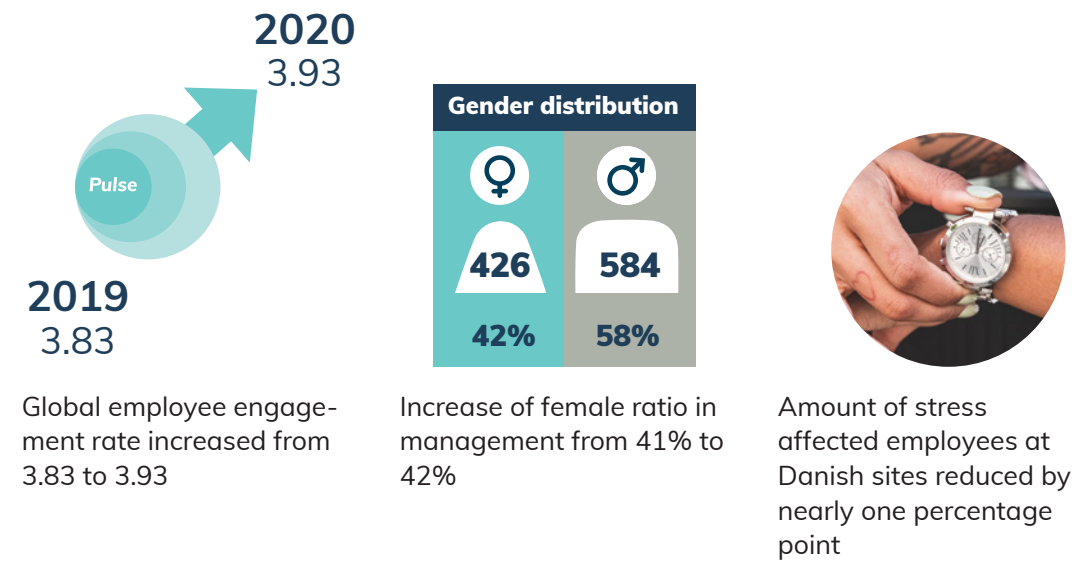
The Core: Life-changing differences through hearing health

Helped nearly **2 million** hearing aid users and well above **10,000** hearing implant users suffering from profound, conductive or single-sided hearing loss

Facilitated the diagnosing of a **three-digit million number** of people with suspected hearing loss and screening of a **two-digit million number** of newborns

Research cooperation with academia, health authorities and the industry

People & culture



Environment & climate



Society & local community



Business ethics & governance



Introduction to Demant



Who we are

All over the world, in every aspect – whether it is hearing aids, hearing care and hearing implants, diagnostic equipment and services, or premium audio solutions designed for enterprise and gaming – we are present, active and engaged. We aspire to carve new paths within hearing healthcare and audio and strongly believe that we are here to make a difference.

For more than a century, Demant has played an industry-leading role in developing innovative technologies and know-how to help improve human hearing health. From this platform we have taken new steps into the broader areas of audio. Born out of a desire to help people with hearing loss, our positive contribution to a healthy society has always driven our business and every day our employees do what they can to make life easier for millions of people living with hearing loss. Equally important, we strive to perfect premium audio and video experiences to optimise communication and collaboration between people.

Creating life-changing differences through hearing health is our core purpose, based on which we ensure our long-term presence and most impactful contribution to society while continuously increasing sustainability of our operational practices.

Ownership

Demant is listed on the Nasdaq Copenhagen stock exchange as one of the 25 most traded shares in terms of free floated market capitalisation, also known as the C25 index. Moreover, Demant is the parent company behind the commercial successes of such world-renowned brands as Oticon, Bernafon, Sonic, Philips Hearing Solutions, Audika, Oticon Medical, MAICO, Interacoustics, Amplivox, Grason-Statler, MedRx, Audioscan and EPOS.

William Demant Invest A/S (WDI), a company wholly owned by William Demant Foundation, holds the majority of the shares in Demant. Our majority ownership through William Demant Foundation provides stability and strength for the future. Read more about William Demant Foundation and its reinvestments in society, particularly hearing healthcare, on [pages 74-77](#).

Performance 2020

A very strong start to the year was disrupted in mid-March by the coronavirus pandemic. Consequently, Group revenue of DKK 6.1 billion in the first half of 2020 was significantly below expectations. However, we saw strong recovery in the hearing healthcare market towards the end of the first half and throughout most of the second half of the year and for the second half Demant Group delivered revenue of 8.4 billion DKK. With new restrictions posed in most countries towards the end of the year, 2020 ended with uncertainty around timing of normalisation. As opposed to the halt we experienced in our hearing healthcare activities, our new Communications brand EPOS benefitted from the surge in demand for virtual collaboration tools throughout the year.

Sustainability initiatives and priorities do not lose their importance in hard times, in fact, their essentiality becomes even more apparent. Yet, it has been challenging to keep a fire burning under a few of our sustainability projects that had either set sail or were planned to do so prior to the pandemic. In the first half of the year, we postponed the finalisation of our new Demant Sustainability Strategy, which we finalised towards the end of the year and now plan to start implementing early 2021.

A project to improve our climate footprint baseline and set targets for emission reductions has dragged out but it is a priority for 2021. Throughout this report, you will see that the coronavirus situation also affected other sustainability related projects across our Group.



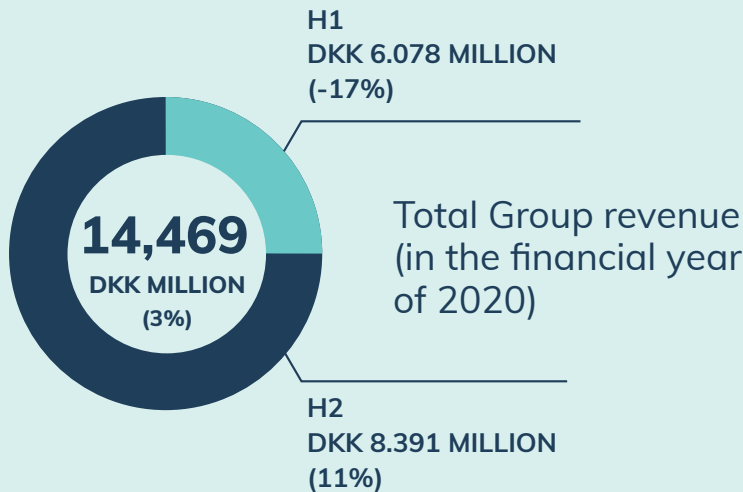
Founded in 1904

+30

Operates in +30 countries

130

Commercial presence in 130 countries



Listed on Nasdaq Copenhagen as part of the bluechip index, C25

Who we are

Innovative technologies

We convey good hearing and perfect audio by constantly revolutionising our technology and development efforts. Through this, we ensure that we always bring true innovation to the market in an efficient manner.

Strong synergies

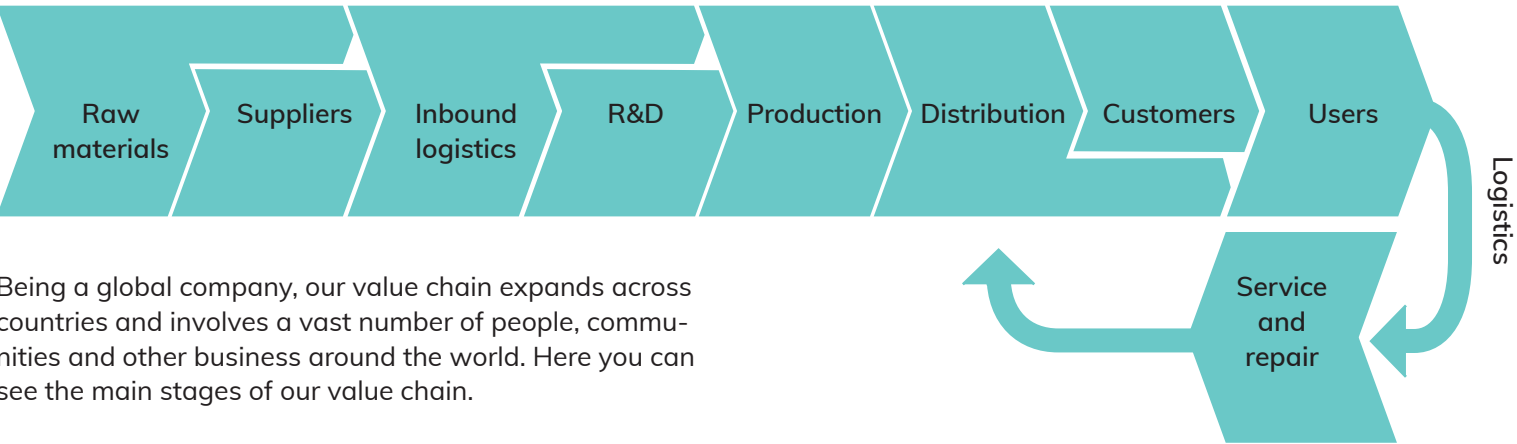
We build strong synergies across the group to increase cost efficiency and stay highly competitive. The many business areas within Demant are autonomous in their go to market strategies. Yet they collaborate and share resources and technologies in multiple ways throughout the entire value chain, including research and development,

procurement and production and commercial activities. These synergies are what makes it possible for millions of people to experience the joy of sound. Moreover, it keeps us on our toes to continuously facilitate smarter ways of working.

Business areas

We operate in five core business areas: Hearing Aids, Hearing Care, Hearing Implants, Diagnostics and Communications, in which multiple brands have the liberty and unique identity to serve their individual markets to their fullest potential.

Global value chain



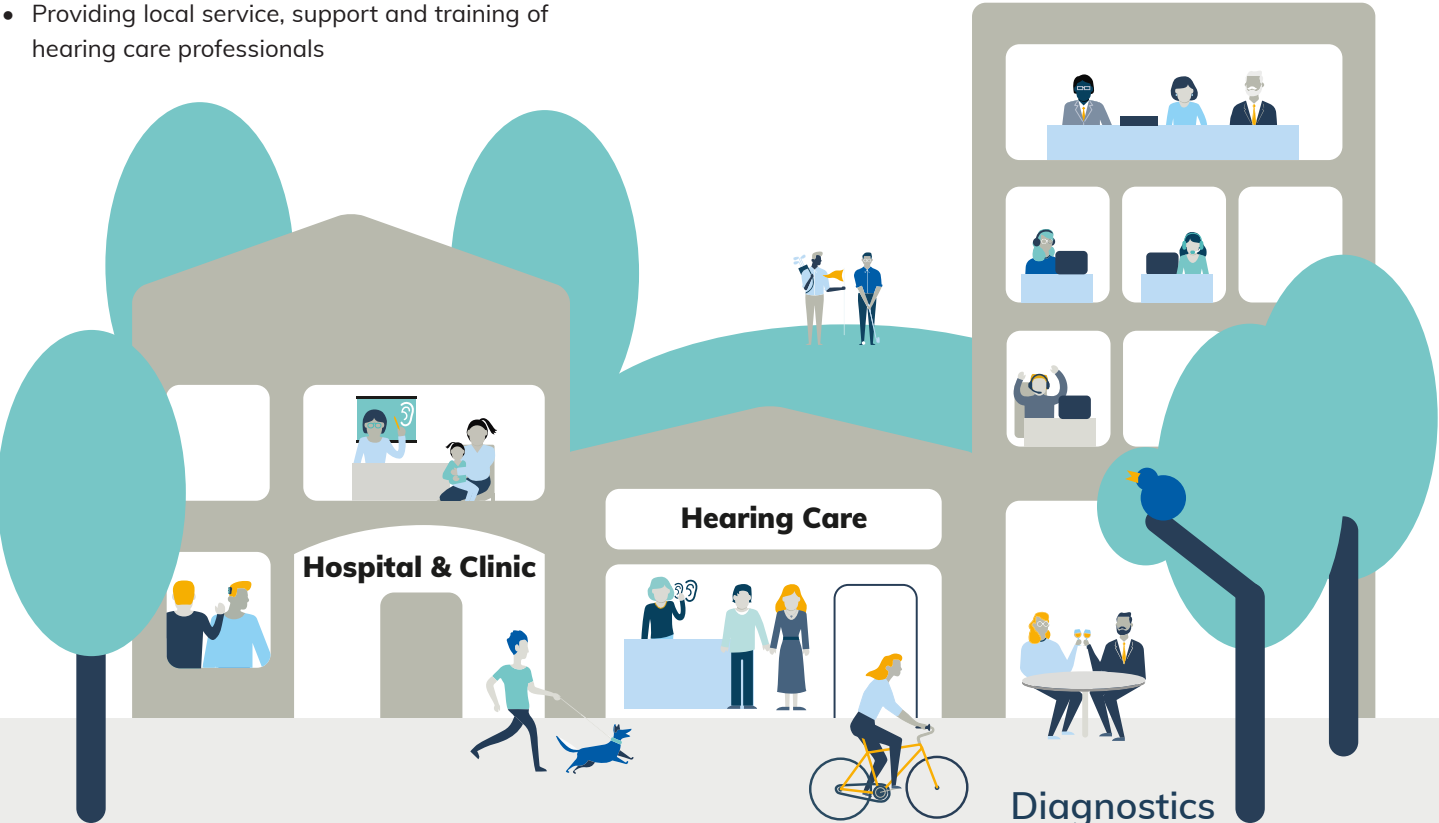
Being a global company, our value chain expands across countries and involves a vast number of people, communities and other business around the world. Here you can see the main stages of our value chain.

Hearing Aids

- Covering all ranges of hearing loss from mild to severe-to-profound
- Boasting the industry’s most advanced centre of excellence for research in audiology and hearing loss and the development of hearing aids
- Manufacturing and distributing hearing aids to hearing clinics, benefitting people in more than 100 countries
- Providing local service, support and training of hearing care professionals

Communications

- Developing and marketing premium audio solutions designed for enterprise and gaming applications under the EPOS brand
- Products include headsets, speakerphones, software and accessories
- EPOS is established with own sales companies in 16 countries and addresses markets in more than 50 countries



Hearing Implants

- Providing implantable hearing solutions to patients facing the hardest hearing challenges
- Cochlear implants and bone anchored hearing systems can bypass the challenged parts of the inner, outer or middle ear, thereby helping patients hear better
- Performing the surgical procedures at hospitals or in an outpatient setting

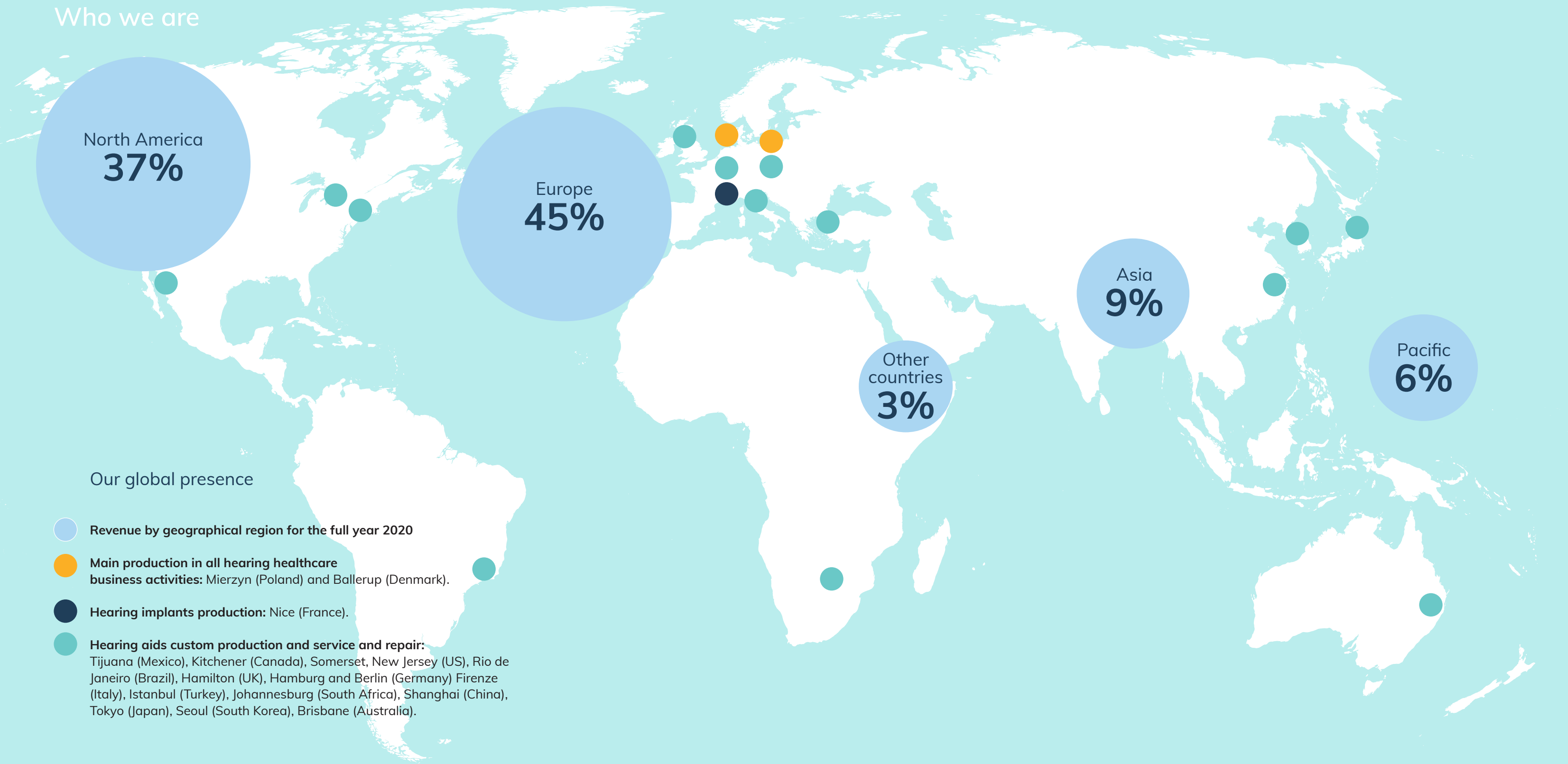
Hearing Care

- Global network of approx. 2,500 clinics providing hearing care to people with hearing loss in 18 countries
- Performing hearing tests and fitting hearing aids to help users get the right hearing aid for their specific hearing loss
- Providing service, individualised care and aftercare to make sure that every hearing aid is active and used correctly

Diagnostics

- Developing, manufacturing and marketing a wide range of solutions for hearing and balance assessment, including instruments, consumables, services and installation
- Products include audiometers, ABR equipment for hearing screening of newborns, tympanometers, hearing aid fitting solutions, balance systems, otoacoustic emission instruments as well as other solutions used by audiologists and ear, nose and throat specialists

Who we are



Our approach to sustainability

Sustainability in Demant

In 2020, we further developed on our sustainability approach to reflect our commitment and ambitions for our work.

Aside from focusing on our main contribution to society, hearing health, we are strengthening sustainability in our operational practices. In the coming years, we have two main priorities in this regard:

Diversity and inclusion

We honour diversity and foster an unbiased and inclusive culture with equal opportunities.

Climate impact

We reduce our packaging and waste, we support production and sourcing of green energy and strive for ambitious emission reductions particularly in our use of transport.

While these areas are the focus of Demant's new Sustainability Strategy, we will continue to improve on other important areas of our business.

Governance

This year, we appointed a Sustainability Board to drive strategic action on the Sustainability Strategy of the Demant group. The mission of the Board is to ensure that sustainability considerations and activities are an integral part of both the overall business strategy and the daily operations of all business areas, central functions and company brands in the Group.

The Sustainability Board is chaired by Demant CEO, Søren Nielsen, and all business areas and functions across the group are represented to ensure that our Sustainability Framework is implemented in all parts of the business. The Sustainability Board meets approximately six times a year. The Demant Board of Directors has the final oversight of our Sustainability Strategy and evaluate on our progress on a yearly basis or, if relevant for special sustainability projects, during the year. Read more about the framework on [pages 26-27](#).

Sustainability strategy and framework

In 2020, we built on the materiality analysis process conducted in 2019 to develop a new strategy and framework for our sustainability work.



Looking at our most material issues ([see appendix 1](#)), we conducted a series of workshops to set ambitions and define the strategic direction we want to set for our Group from a corporate level.

Demant is a diverse group of many different businesses; our Sustainability Strategy and ambitions must include all of them while considering their differences. Our task is to find a sensible balance between ambitious global Group goals and local freedom to operate, making sure that we support the innovative and enterprising culture of which we are so proud.

After evaluating our sustainability work so far, we are ready to change our approach. We are replacing our former Corporate Social Responsibility Framework, which consists of 14 principles for good behaviour, with a new approach that sets a clear direction and drives action in the areas that are most material to us and our stakeholders. The 14 principles of the former framework have been integrated into our Group-wide Code of Conduct – the standards for ethical behaviour as well as good social and environmental governance for all employees.

Our approach to sustainability

The Sustainable Development Goals

Working on our new Sustainability Strategy, we revisited the Sustainable Development Goals to assess not only our current contributions and positive impact but similarly identify where we can do more. Please find an overview of the SDG targets, to which we mainly contribute, in [appendix 2](#).

The Demant Group, along with its owners, contribute directly or indirectly to more goals than the ones mentioned here. However, we have chosen to focus on the goals on which we have the biggest and most direct impact.

Purpose and core contribution

Life-changing differences through hearing health

3

GOOD HEALTH AND WELL-BEING

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Main priorities

Strategic sustainability projects

5

GENDER EQUALITY

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

Continuous improvement

Other areas of special attention

4

QUALITY EDUCATION

8

DECENT WORK AND ECONOMIC GROWTH

16

PEACE, JUSTICE AND STRONG INSTITUTIONS



Our approach to sustainability

Purpose and core contribution



Goal 3
Good health and well-being
Here lies our main contribution to sustainable development. Our core business and purpose changes the lives of people with hearing loss. From when they are hearing screened as newborns or tested in our clinics, until their hearing loss is treated; we stay in their lives, consistently, improving their hearing abilities and experiences.

We contribute to ground-breaking health research through our daily work and R&D efforts as well as through special projects funded by William Demant Foundation. Finally, we do our best to promote a system of care and rehabilitation within hearing health by collaborating with national and political institutions on seeking the best way to treat hearing loss.



Goal 9
Industry, innovation and infrastructure
By providing ground-breaking scientific research and boosting R&D spending in the countries where we operate with R&D, we bring innovation to society. Through William Demant Foundation, we make donations to universities around the world and contribute with cutting-edge health research.

Main priorities



Goal 5
Gender equality
Here, we have an opportunity to make a larger contribution to the goals by increasing our focus on equal access to positions, development opportunities and management roles at all levels.

Diversity is fundamental to driving a successful business, but women are underrepresented in top managerial positions, where we also see an underrepresentation of nationalities (other than Danes). We are working on creating an even more diverse and inclusive organisational culture, considering diversity to be much broader than gender.



Goal 12
Responsible consumption and production
There is much to gain by further addressing how our products, services and business operations impact the environment. Challenging business as usual, we continue to limit waste, packaging and the use of plastic and pursue using more sustainable materials in our operations, production and products.



Goal 13
Climate action
We are committed to reducing our climate impact and support The Paris Agreement. We strongly believe all large-scale companies can do their part to combat climate change and we have joined the Danish climate committee to support this obligation. Addressing our product footprints, waste, our sourcing of energy as well as our transport and travels, we have the potential to make a solid contribution to goal 13.

Continuous improvement



Goal 4
Quality education
Through our products and services, we offer the gift of sound to people with hearing loss. Good hearing capabilities are essential for inclusive and equal access to education and employment. Furthermore, we foster education by donating to educational projects through William Demant Foundation.



Goal 8
Decent work and economic growth
As a responsible employer, we offer quality job opportunities and good working conditions for our employees. As a catalyst for jobs, we stimulate the economy while reducing the negative impact we have on our surroundings.

We protect labour rights and promote safe and secure working environments for all employees within our group and we work with suppliers to ensure good working conditions in their end as well.



By providing the ability to hear, we make it possible for people with hearing loss to enter or stay in the labour market. Through our audio solutions, we boost collaboration and productivity.

Goal 16
Peace, justice and strong institutions
Our main contribution to this goal lies within our work with our Code of Conduct, especially our efforts to eliminate bribery and corruption. To us, business ethics are an undeniable part of conducting a sustainable business. We are committed to detect non-compliant and unethical behaviour within our value chain and to act as a role model.

Our approach to sustainability

Our sustainability framework

It is clear where our core contribution to society lies: creating life-changing differences through hearing health. This is the core of our sustainability framework. Connected to the core, we have four pillars that have to do with our operational practices. For each pillar we have individual ambitions, projects and targets that drive our progress.

We will reveal more details on our strategy in 2021 as we are still working on the specifics of some of our targets. For now, we present the essence of our framework and the top priorities that will guide our work and contribution to the Sustainable Development Goals.

The core: Life-changing differences through hearing health

Demant is an impact business. Through more than 115 years, our company has developed hearing health and from this platform we have taken new steps into the broader area of audio. Hearing and the ability to innovate this area is the essence of our Group.

Read more about the life-changing differences we create through hearing health on [pages 28-49](#).

Society & local community

A company is an important part of society and, to the Demant Group, it is imperative to be a good neighbour in the communities in which we operate. That means sharing our resources, donating to purposeful causes and engaging in impactful projects around the world.

Read about the results of our work with Society & local community in 2020 on [pages 68-77](#).

People & culture

Our employees are our biggest strength and most valuable resource. Their well-being and engagement are fundamental to our success and a top priority of our management.

One of our main priorities in our Demant Sustainability Strategy is diversity and inclusion. We want to foster an unbiased and inclusive culture with equal opportunities.

Read more about the results of our work with People & culture on [pages 50-67](#).

Environment & climate

In the Demant Group, we want to leave the planet in good shape for future generations. Therefore, we need to address our impact and limit our footprint.

One of the main priorities in our Sustainability Strategy is addressing our climate impact. In 2021, we will continue to work thoroughly to improve our data and baseline, setting specific targets for our emission reductions. This work includes getting ready to set Science Based Targets.

Read about the results of our work with Environment & climate in 2020 on [pages 78-95](#).

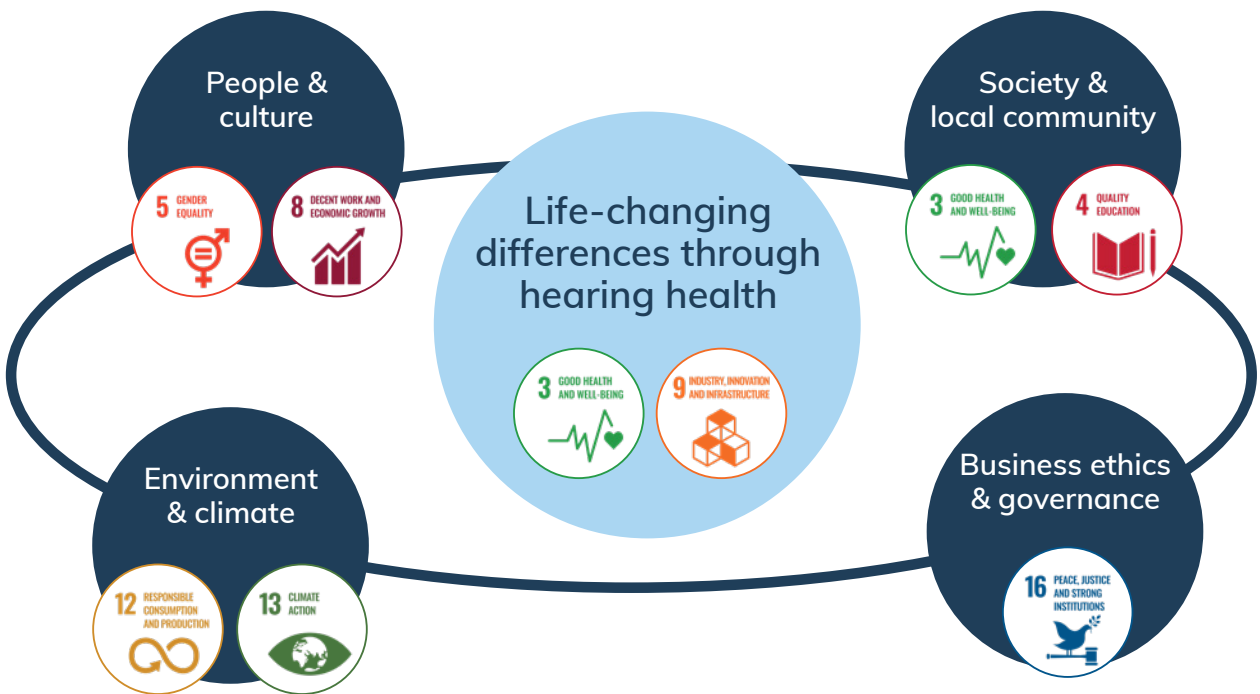
Business ethics & governance

In Demant, we comply with all rules and regulations and it is important that we always conduct our business in an ethical manner. We believe that going further than what local laws prescribe can be necessary and have a positive effect on local governments and practices.

Read about the results of our work with Business ethics & governance in 2020 on [pages 96-113](#).

- Employee engagement & well-being
- Leadership & talent development
- Diversity & inclusion

- Charitable donations
- Special hearing health projects
- Community engagements



- Green energy
- Waste, plastics & packaging
- Transport and travel activities

- Ethical behaviour
- Responsible procurement
- Human rights

Life-changing differences through hearing health





As an impact business, Demant contributes to the world’s hearing health. The core of our business and what we do has a positive impact on health and well-being, as life without access to proper sound can have several consequences for our mental health and general quality of life.

Area	2020 target	2020 actions or results	2021 targets
Quality of Life	Initiate project	Defined research project that enables us to quantify our core contribution, life-changing hearing health, by assessing and measuring how a remedied hearing loss improve hearing-related Quality of Life	Scope study
New BrainHearing™ perspective	Gain insights from the latest scientific discovery on how the brain naturally processes and understands sounds	Integrated the new insights into the development of the latest technology. Completed research studies, in collaboration with Eriksholm Research Centre, which demonstrated BrainHearing benefits such as better representation of the full sound scene, more successful and less effortful listening using Oticon More hearing aids	Continue to deepen our knowledge in different areas related to BrainHearing and explore new dimensions of benefit using new outcome measures
BEAR study	Scope insights into and kick off large-scale study	Gained insight into customisation in public hearing care clinics and scoping these into a large-scale study which was kicked off	Continue study to evaluate individualisation's impact on users
User-operated Audiometry (UAud)	N/A	Initiated study to eventually improve hearing tests to benefit both patients and hearing care professionals	N/A
Bimodal hearing at Copenhagen Hearing and Balance Centre (CHBC)	Kick off longitudinal study	Developed bimodal testing protocol, recruited new PhD student, submitted and approved for ethics	Recruit participants and begin study
Center for Music in the Brain (MIB)	Scope	Built a strong collaboration between the Center for Music in the Brain and University of Southampton	Apply for funding

Impact on hearing healthcare

Our core contribution

We take great pride in the Demant Group’s ability to contribute towards and innovate the area of hearing health and create life-changing differences to the lives of people suffering from hearing loss.

Living with an untreated hearing loss can have an array of consequences for human life, including one’s ability to communicate properly, socialise and engage actively with others without constraints that are both physically and mentally tiring. Through this contribution, we enable millions of people to experience the joy of good hearing, as sound is part of many of life’s most important moments and aspects.

In 2020 we helped nearly 2 million hearing aid users and well above 10,000 hearing implant users suffering from

profound, conductive, and single sided hearing loss. Compared to 2019, these slightly lower numbers mirror the negative effect on the hearing healthcare market by the coronavirus pandemic.

Our technology helped diagnose a three-digit million number of people with suspected hearing loss and screened a two-digit million number of new-borns. As these numbers are based on daily clinical use of our equipment, we do not expect them to change significantly from year to year.



I spend at least half my day reviewing findings with patients, and Interacoustics VisualEyes™ is by far the best system I have seen for this purpose.

Dr. Glen Zielinski, DC, DACNB, FACFN is a Chiropractic Physician, Board Certified Functional Neurologist and founder of Northwest Functional Neurology, Lake Oswego, Oregon, US



The importance of hearing health

Being able to hear and communicate clearly greatly improves how we live our lives. It improves our ability to take part in unlocking educational, social and professional potential. All things that ultimately make us capable of a more active lifestyle.

Hearing health is not only about hearing, but about overall health and well-being. We know this from years of research, which has deepened our understanding of the detailed relationship between hearing, health and the brain.

It is this type of knowledge that enable us to do what we do. For example, when we support the brain in processing sound; improve mapping of medical implants to accommodate individual needs; diagnose hearing loss among newborns; battle listening effort to relieve the brain to potentially help protect from cognitive decline; or secure a healthy audio environment in enterprises and among the top gamers in the world. Together, our core business presents a life quality improvement for people in all stages of life.

Active hearing aids use may protect against dementia

Echoing previous studies, the Lancet commission, a well-known and high impact peer-reviewed journal within general medicine, encourage active use of hearing aids in their 2020 report on dementia prevention, intervention and care. In fact, hearing loss is the largest modifiable risk factor against dementia that we can actually act upon¹.

Access and awareness

Did you know that 466 million people live with hearing loss worldwide? In fact, current estimates suggest that only 17% of the people who need their hearing loss alleviated actually use a hearing aid².

Creating life-changing differences through hearing health is not just about offering essential products and solutions that stand on the shoulders of excellent innovations and technology. Part of Demant’s responsibility as a leading hearing healthcare company is also to inform and create awareness of the negative effects of untreated hearing loss. To us, information and access are central to conveying good hearing health.

How intrusive is a hearing loss?

Though it is evident in research and hard to debate that an untreated hearing loss can have serious consequences for a person’s way of living life, we wish to dig even deeper into the consequences of untreated hearing loss, and how different types of hearing care can help.

Equal to the fundamentals of research and development, there is always more to learn. To generate even more knowledge on how lack of proper sound affects quality of life, we will initiate a new research project in 2021. This will seek to quantify our core contribution by assessing and measuring how a remedied hearing loss can improve hearing-related Quality of Life³.

¹ G. Livingston, Jonathan Huntley, Andrew Sommerlad, et al. Dementia prevention, intervention, and care: 2020 report of the Lancet Commission. The Lancet. July 30, 2020.
² WHO, March 2020
³ National Center for Chronic Disease Prevention and Health Promotion, Division of Population Health

Research and innovation

Innovation and ground-breaking technology

Our contribution to global hearing health, including the generation of knowledge and evidence in hearing health science, is our greatest pride and what enables us to do what we do. This innovative leverage is a result of strong synergies between our different departments of research, development and technology - as well as impactful collaborations across sectors.

As a life-science company, Demant innovates the hearing area and breaks boundaries to provide the joy of sound. Being innovative is a central landmark for our entire Group and our ability to rethink and develop technologies, which then come to life in our products and solutions, is part of what makes us who we are.

The remainder of this chapter is a brief look into some of the aspects of our Group's work within research, development and technology which are imperative to our contribution to health and well-being.



The positive difference is that one can hear more – there are many more ‘smaller’ sounds. When I was putting them [the hearing aids] on, I could hear someone walk – I heard someone put down a box – those sounds I would not normally react to.

Lone, Oticon More user*

*These testimonials represent the opinion of the concerned individual only and may not be representative of the experience of others. The testimonials are not paid and may not be indicative of the future performance or success of any other individuals



Research and innovation

Your brain hears as much as your ears

BrainHearing™ is the guiding star for our research and technological development. The newest perspective in BrainHearing, brought forward in 2020, sheds light on how hearing loss should be treated and provides us with valuable insights into defining the next step of hearing healthcare.

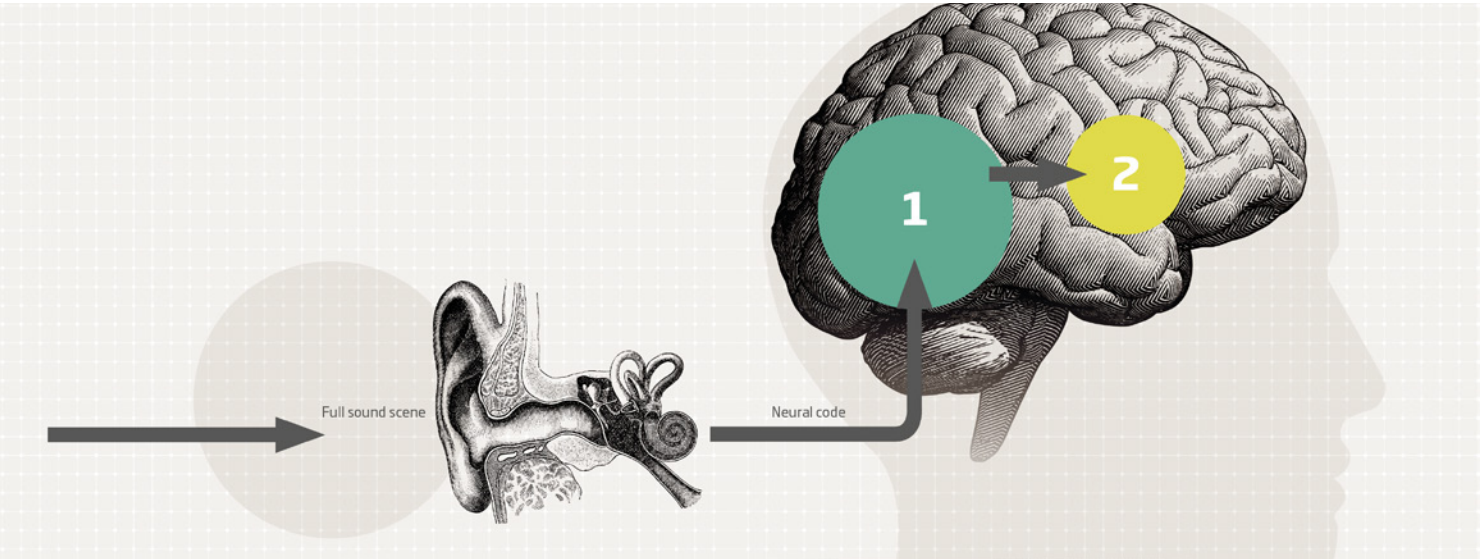
When we talk about hearing, we instinctively think about the ear as the part of our body that is responsible. Though that is true, it is not the full picture. In fact, what we now know is that is a large part of our hearing takes place in the brain, as it is the brain that processes and interprets the sounds we hear. We refer to this insight as our BrainHearing perspective.

Supporting the brain

Thanks to our BrainHearing research and approach we came to realise that how the brain processes sound has been more or less a mystery to us until now. This insight stresses that hearing care is brain care and hearing care solutions should support the brain's way of making sense of sound. Senior Research Audiologist and Ph.D. at Demant, Elaine Ng, explains the magnitude of this new knowledge:



The new perspective in hearing care is ground-breaking, I believe. Research has unfolded the next level of understanding of the hearing centre in the brain. That used to be a black box to us, and we now understand that there are two sub-systems we have to support in order to help people with hearing loss in the best way possible.



The full sound scene

The research results speak for themselves: the brain needs access to the entire sound scene to zoom in on the particular sounds that are crucial for interpretation in a given situation.

Hearing technology that fails to provide optimal access to sounds, risk increasing listening effort and mental load, which, in a long-term perspective, may lead to reorganised brain function and a changed cognitive system, Elaine Ng, explains:

“When most of our mental resources and effort goes into listening, less capacity is left for keeping fit other crucial functions that the brain is responsible for, such as the ones that remember and recognise. We also know that when your hearing sense is poor, other senses, such as vision, might take over and eventually take up the brain region responsible for hearing, also known as the auditory area.”

To accommodate for this, the BrainHearing perspective offers a direct cognitive benefit to the brain, supporting its natural hearing process:

“The brain imaging studies, which let us into the wonders of the brain and how it hears, show us that when it comes to technology that improves hearing, it is not only about making sounds loud or clear but rather, about the cognitive benefit and what is healthy and good for the brain. To put it plainly, it is about how we can help the brain understand the sounds,” she explains.

BrainHearing technology, as is used in the new Oticon More hearing aid, enables us to provide people with hearing care solutions that naturally support how the brain works and the way it processes sound. It also helps hearing care professionals by making it easier to fit the hearing aids to individual needs.

Exciting times for hearing care

The new perspective on BrainHearing has great potential for further research. It also suggests that we can use the brain scanning methods, which led us to understand how the brain processes sound, to optimise hearing at every stage across other of our business areas. In the future, we will learn more about how changes in the brain relate to listening difficulties and challenges, while continuing to expand our knowledge of how the brain hears.

Research and innovation

Eriksholm Research Centre

At Oticon’s research centre, Eriksholm, we pursue audiological discoveries with the potential to significantly enhance the benefits in future hearing healthcare.

Creating awareness

The research activities at Eriksholm are linked across three main themes to gain a new understanding of how we steer attention with the brain, the consequences of cognitive effort and peripheral hearing loss. We share our insights into hearing problems and the data describing it to help raise awareness about hearing problems. We document the impact, as well as our interaction with hearing aid users and their representative organisations highlight the responsibility that we have for making sure that hearing healthcare technology actually helps¹.

Study of everyday hearing situations

Our research is driven by the wish to maximise benefits for users of hearing devices while at the same time minimising the effort required by both the user and the hearing care professional. To pursue this ambition, we continue to involve data that is collected in the real world to supplement the laboratory-based research and in 2020 Eriksholm Research Centre completed the three and a half year long EU funded EVOTION Project <https://h2020evotion.eu/>

EVOTION is a collaboration between 12 partners in European countries and one of the largest research studies of hearing aid use in everyday hearing situations, using big data. 1000 participants wore hearing aids for a year to collect information about the sound environments and the detailed use of the hearing aids, providing an unprecedented view into how people use hearing aids in real-life situations. Based on this, we now have a better understanding of patterns in daily hearing aid use as well as the limitations that hearing loss seems to impose on everyday life² for people with hearing loss.

The key to effective communication

Hearing-impaired people often report it difficult to communicate and understand speech in noisy environments. The constant challenge to effectively communicate can have severe consequences leading to mental fatigue, poorer mental health and increased sick leave from work. We know that it is crucial to identify these challenges and to develop tools and tests that can measure communication difficulties. To strengthen this area, the H2020 EU Marie-Curie ITN project “Innovative HEaring Aid Research



Evotion at Folkemødet 2019

– Ecological Conditions and Outcome Measures” (HEAR-ECO) aims at developing and combining new tools and outcome measures for realistic communication and at translating these tools into innovative developments and evaluations of new technology for people with hearing loss.

As part of (HEAR-ECO) project, in 2020, Eriksholm Research Centre also did a study to learn more about listeners motivation and fatigue when communicating. Previous research shows that listening effort, such as the cognitive recourses that a person exerts to accomplish a listening task, might not only depend on the difficulty of the listening situation, but also on the person’s current motivation. To shed light on these dependencies, we studied interaction of motivation and fatigue on pupillary response by measuring pupillary response as an indicator of the listening effort during speech recognition.

<https://www.eriksholm.com/research/hear-eco>

Who’s talking

Everyday communication scenarios often include multiple concurrent talkers and requires the listener to be able to selectively attend to one talker while ignoring other interfering talkers or background noise. Behavioural studies show that among hearing-impaired listeners, this ability to segregate multiple talkers and selectively attend to a particular talker is not as strong. Research on electroencephalogram (EEG) signals enables us to learn how sounds are representative in the brain and how this is affected by hearing loss.



This lack of ability to perform selective attention makes complex listening situations with multiple speakers talking at the same time very difficult to follow for people with hearing loss. By mimicking real life situations (such as a crowded restaurant) in our lab, we are able to prove that modern hearing aids equipped with noise reduction help the brain organise the sounds by amplifying the speech and attenuating undesired noise.

Senior Scientist, Dorothea Wendt.

¹ Pontoppidan, N. H., & Best, L. (2019). BIG DATA supporting public hearing health policies. EFHOH Newsletter, 8, 1–39.

² Pontoppidan, N. H., Bramsløw, L., & Christensen, J. H. (2019). User behavior with EVOTION hearing aids. 23rd International Congress on Acoustics, ICA 2019, pp–3866

Research and innovation

Phasing out waiting time for tests

People with suspected hearing loss wait for months for hearing tests at the hospitals. To improve the process for users and professionals alike, Interacoustics and Oticon joined forces with Odense University Hospital and University of Southern Denmark to find a way to optimise testing.

Part of the daily job of hearing care professionals and audiologists around the world is to carry out manually run hearing tests, which can be rather time consuming. The current waiting time for getting a hearing test done in Denmark is around eight months, but what if running a hearing test could be done automatically, leaving more time for counselling and treatment?

Automated hearing tests

This is exactly what a new research project, User-operated Audiometry (UAud), seeks to remedy, by changing the approach entirely and saving time. It is said that, on average, it takes seven years to seek treatment from the first time you experience hearing loss. By eliminating several months of this period, we hope to be able to speed up the treatment processes. For example, the automated test can be taken in a doctor's waiting room or in a public library without the presence of a hearing healthcare professional.

Language independent

The UAud project not only hopes to benefit hearing loss patients in Denmark but to benefit people with hearing impairment around the world. The goal is to develop hearing tests that can be used regardless of language and do not depend on language-specific speech material.

To Demant, being part of the cross-sectorial UAud project is also an opportunity to trial the test in a large panel of people with different kinds of hearing losses – including those who really struggle with understanding speech in noisy environments.

The project is backed by millions of funding, including DKK 2.4 million from William Demant Foundation. Read more about the Foundation on [page 74](#).



Research and innovation

Music appreciation for cochlear implant users

As part of Demant’s dedication to support the research community in bringing music to cochlear implant (CI) users, Oticon Medical collaborates with Aarhus University to scope a large-scale, cross-national study of the dynamic interplay between music and brain activity.

Alongside Center for Music in the Brain (MIB) at Aarhus University, Denmark, Oticon Medical is scoping a study of complex rhythm, expected to begin in 2021. The project will look at **EEG** measures of how CI users experience a sensation of ‘groove’ when listening to a particular rhythm or a complex piece of music. Perception of music and how the brain processes music are central focal points of the study and the dynamic interplay between predictable structures in music and predictive brain processing is a key determinant of perception and enjoyment of music.

The importance of music

Listening to music evokes many cognitive processes, including emotional responses, and music can be both highly relaxing and even support management of mental health conditions such as stress. Music also triggers associations and activates motor functions such as tapping or dancing, and it plays an important role in social interactions. While CI technology is highly successful for restoring access to spoken language, music is a much more challenging stimulus for the CI, leading to significantly reduced pleasure when listening to music.



I have always loved music, but now that I have the StreamerXM it is a fantastic experience. I am discovering new instruments, new beats. The music is just a nicer experience. But I also use it for the phone. That is working great too. I am really happy about it.

Kim, CI user*

More joy in music

The collaboration with MIB can potentially teach us even more about how to make music further enjoyable to people with a CI. By presenting a complex rhythm along with vibro-tactile stimulation, we are able to see whether the brain is more entrained, which entails improved music pleasure. The tactile element can be a watch with multiple vibrating sensors that supplements the acoustic signal from the music with something that vibrates on the skin. This knowledge can turn into an accessory to support our CIs to improve experience of listening to musical sounds and help users appreciate music better, perhaps even understand speech better. We are excited about this new area of multi-sensory integration within hearing implants.

The Music in the Brain project is part of our large portfolio within music and CI, including the bi-annual Music & Cochlear Implants Symposium. Although it is not a simple fix but an effort which requires substantial research and technology development in the years to come, we are highly determined to bring a better music experience to CI users.



Cochlear implantation is a technology which is capable of restoring language perception in patients with severe-to-profound hearing loss. This success, however, is currently not mirrored in the domain of music perception, leading to significantly reduced pleasure when listening to music, because music typically is an extremely complex acoustic signal.

*These testimonials represent the opinion of the concerned individual only and may not be representative of the experience of others. The testimonials are not paid and may not be indicative of the future performance or success of any other individuals

Research and innovation

The challenge of bimodal hearing

By bringing together medical clinicians, medico-tech scientists and industrial resources, the new Copenhagen Hearing and Balance Centre (CHBC) in Denmark mobilises everything related to adult audiology under the same roof, combining testing, implant programming and surgeries.

As a partner in CHBC, Demant company Oticon Medical is involved in a large cochlear implant (CI) research study focused on bimodal CI users. Bimodal listeners combine a CI on one ear and a hearing aid on the other and today, the vast majority of CI patients are bimodal. According to Kathleen Faulkner Scalzo, Clinical Research Study Coordinator at Oticon Medical, this population is one of today's most central challenges:

"Bimodal listeners may experience greater levels of listening effort because they must make sense of two different types of sound inputs (acoustic and electric). This poses an intense task for the brain and this study aims to accommodate a large number of patients, currently wearing hearing aids, that seek cochlear implantation."

Creating value in the clinics

While bimodal fittings are considered to be the standard of care, there is a need for high quality evidence about best-practices and fitting flow to optimise patient's outcomes, including a combination of objective, subjective and real-world benefits experienced by bimodal patients. Consequently, in collaboration with the new Copenhagen Hearing and Balance Centre, we focus entirely on important clinical outcome measures that will provide the most value for driving clinical decision-making when it comes to bimodal patients.

Quality of Life

Echoing Demant's overarching purpose of creating life-changing difference, the study of bimodal hearing also seeks to tailor the bimodal fitting for each patient based on behavioral and imaging data which may lead to better bimodal outcomes. It also measures how different ways of integrating a CI with a hearing aid impact patients' life and the quality of it.



Rigshospitalet (Copenhagen University Hospital)
Photo: Adam Mørk



If a patient gets a CI and maybe does not do that well on a test of for instance speech recognition, but they report that they feel confident, less tired and even happier, then that is an important measure.

Kathleen Faulkner Scalzo,
Clinical Research Study Coordinator at Oticon Medical

Bimodal means having an implant on one ear and a hearing aid on the other and today, the vast majority of CI patients are bimodal.

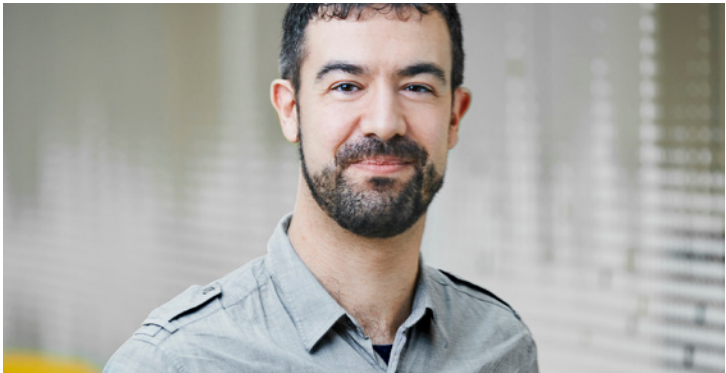
The centre covers any aspect of diagnostics, treatment and patient care, rehabilitation, basic and applied science, clinical studies and trials and education and training of patients and staff at any level. In 2019, William Demant Foundation helped fund the establishment of The Hearing and Balance Centre with DKK 40 million. The study runs in parallel to another bimodal study at Odense University Hospital funded by the Foundation. This study aligns assessments to be able to pool data on speech outcomes and listening effort across the two studies. Together the studies comprise a cohort of up to 100 bimodal patients. Data on such a large cohort of bimodal patients is unique in Denmark and even at international level. Learn more about the Foundation on [pages 74-77](#).

Research and innovation

Improving hearing rehabilitation across sectors

Demant continues to be actively involved in the Danish BEAR study that innovates and investigates the benefits of better individualisation of treatment for people who are fitted with hearing aids from the public healthcare system.

It is a common problem that Danish public healthcare providers do not have the proper resources to provide customisation. To facilitate better hearing rehabilitation, the long-term BEAR (Better Hearing Rehabilitation) project, going on four years now, investigates how diagnosis of hearing loss and customisation of hearing aids can be improved. According to Sébastien Santurette, Senior Researcher at Oticon's Centre of Applied Audiology Research, the project is about thinking outside the box:



BEAR is about rethinking and being innovative to find new ways of addressing how we fit hearing aids in the clinics, and particularly how we can individualise diagnosis of hearing loss. We want to understand the workflow in the clinics to find out how to support and improve it from the first fitting. It is us challenging the status quo, really.

Sébastien Santurette, Senior Researcher at Oticon's Centre of Applied Audiology Research



The importance of individualisation

Two different patients can have the same audiogram that categorises the nature of their hearing, but they might still experience very different issues with speech understanding in noise, as well as other aspects of sound perception. These variances are not optimally reflected in what is measured in the clinic today and it is this situation the BEAR project seeks to improve.

Everyone wins

The BEAR project is a large collaboration between the industry, public clinics and academia. We join forces in the collective cause for better hearing rehabilitation. According to Sébastien, the industry plays an essential role in the study: "We have people that sit on central knowledge of the technical aspects of hearing aids and on what works and does not work in terms of fittings. These are people who are used to working with hearing care professionals and knowledgeable on how to train and guide," he explains. "All parts in the study need one another's expertise to turn the project insights into real-life hearing care and in the end, everyone wins: patients, clinics, universities and companies."

Prospects

In 2020, the project gained insight into the relevant considerations to make in the clinic. This year was about scoping these into the next step: a large-scale, clinical study. It began at the end of 2020 and involves over 500 patients across two large Danish cities to evaluate individualisation's impact on users, including testing the four different prescriptions of how to adjust hearing aids. Despite uncertainty related to the coronavirus, the prospects for the future are exciting:

"In the long run, the hope is that we come up with some sort of standardisation for how to better assess hearing loss and fit hearing aids. In parallel, in Demant, we are already working on implementing the knowledge that we gain from the study into, for instance, diagnostic tools," Sébastien Santurette concludes.

Research and innovation

The power of audio

Our Communications business, EPOS, strive to unleash human potential by perfecting audio experience and delivering innovative design and performances with all their audio solutions. In 2020, EPOS conducted a study that shed light on the mental benefits of having excellent audio in the workplace.

EPOS provides premium audio that enables easy communication, collaboration and immersion experiences, which is not just about good technology. Premium audio experiences assist individuals and teams to reach their goals and perform better. In an age where urgent action is required to mitigate the impact of rapid change, allowing people to connect globally from their own location is crucial. As a result, access to good quality video and collaboration tools is very important and the coronavirus pandemic has merely accelerated, not created, the need for new audio and video solutions. Yet, access to proper audio is not just about reaching colleagues, partners and customers, it can be a driver for improved physical and mental well-being.

Excellent audio benefits well-being

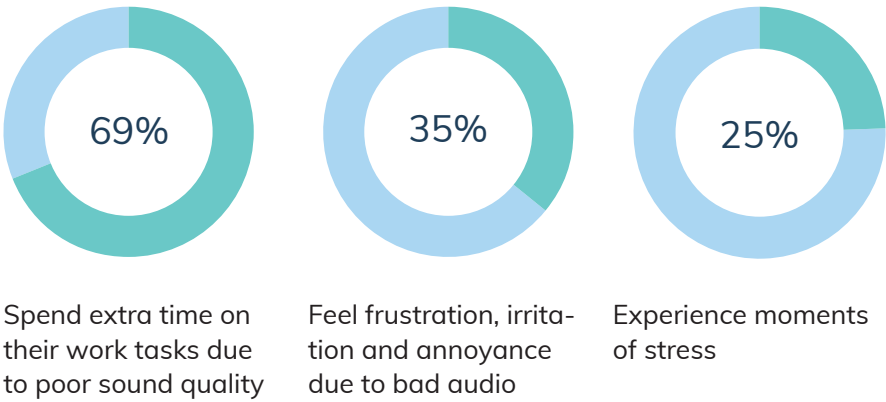
In 2020, EPOS examined the current state of audio in modern working environments. The research surveyed decisionmakers and end-users of audio solutions and it showed that 95% of today’s modern workers admit that their concentration and efficiency at work has suffered

due to sonic setbacks. 25% of the sample experience moments of stress and 35% feel frustration and irritation due to bad audio¹.

The most common issues include excessive background noise, having to repeat oneself and asking for others to repeat something being said. The emotional impact shown here, indicates that poor audio affects our well-being and, as a consequent hereof, potentially our confidence (15%) and focus (48%).

69% of the sample spend extra time on their tasks due to bad sound quality. This indicates that poor audio becomes a matter of loss of productivity, which connect to cost repercussions. Based on the findings, we can hypothesise on the effects of excellent audio quality. It can result in a less stressful work situation; easier access to what is being said on the other end of the connection and ability to move around more freely.

95% of today’s modern workers admit that their concentration and efficiency at work has suffered due to sonic setbacks



¹ “What”: The most expensive word in business – Understanding Sound Experiences, 2020

People & culture





The Demant Group holds numerous innovative and entrepreneurial employees that are driven by a desire to make a change and to do business in a proper way. Our employees are our biggest strength and most valuable resource. Their well-being and engagement are fundamental to our success and a top priority of our management.

Being in an industry with low risk of accidents in our production, 2020 probably brought some of the biggest risks we have seen in a long time to our employees' well-being: the consequences of the coronavirus. Being isolated, working from home, trying to balance home life with work were challenges that we were – and still are – very aware of. The new situation required new ways of working for managers and employees alike and we did our best to keep team spirits high and stay connected virtually.

Area	2020 target	2020 results	2021 targets
Diversity and inclusion	N/A	Female ratio in management increased with one percentage point	N/A
Diversity and inclusion	N/A	First steps to establish a new Demant Diversity and inclusion policy	Introduce new Demant Diversity and inclusion policy
Diversity and inclusion	At least two female members in the Board of Directors	Board of Directors elected another female member	N/A
Engagement	Grow engagement	Engagement rate increased from 3.83 to 3.93 (on a 5-scale)	Engagement rate 4.15 in 2021
Engagement	Further implementation of employee engagement survey	Consolidated our engagement processes in our current scope	Enroll the new brand EPOS, sales offices and clinics in Israel and production site in Mexico
Engagement	Increase ability to work with employee engagement globally	Supported existing process	Understand impacts of coronavirus on engagement
Stress management	Reduce stress incidents at Danish sites	Percentage of stress affected employees at Danish sites reduced by nearly one percentage point	Increase sick leave efforts and introduce stress awareness workshops
Health and safety	N/A	Reduced number of reportable accidents in Hearing Aids Global Operations and Diagnostics	N/A
People development	To utilise new ways of learning	Implemented a new global learning experience and knowledge sharing platform aimed at strengthening learning, knowledge sharing and networking across the group. We piloted a new leadership development program anchored in our new leadership framework	Continue development of a new leadership training program to support our use of the Leadership framework

Diversity

Diversity and inclusion

We want to promote an organisational culture characterised by care and respect for others. With an increasing need to attract talent across genders, borders, cultures and backgrounds, diversity and inclusion are important drivers to us.

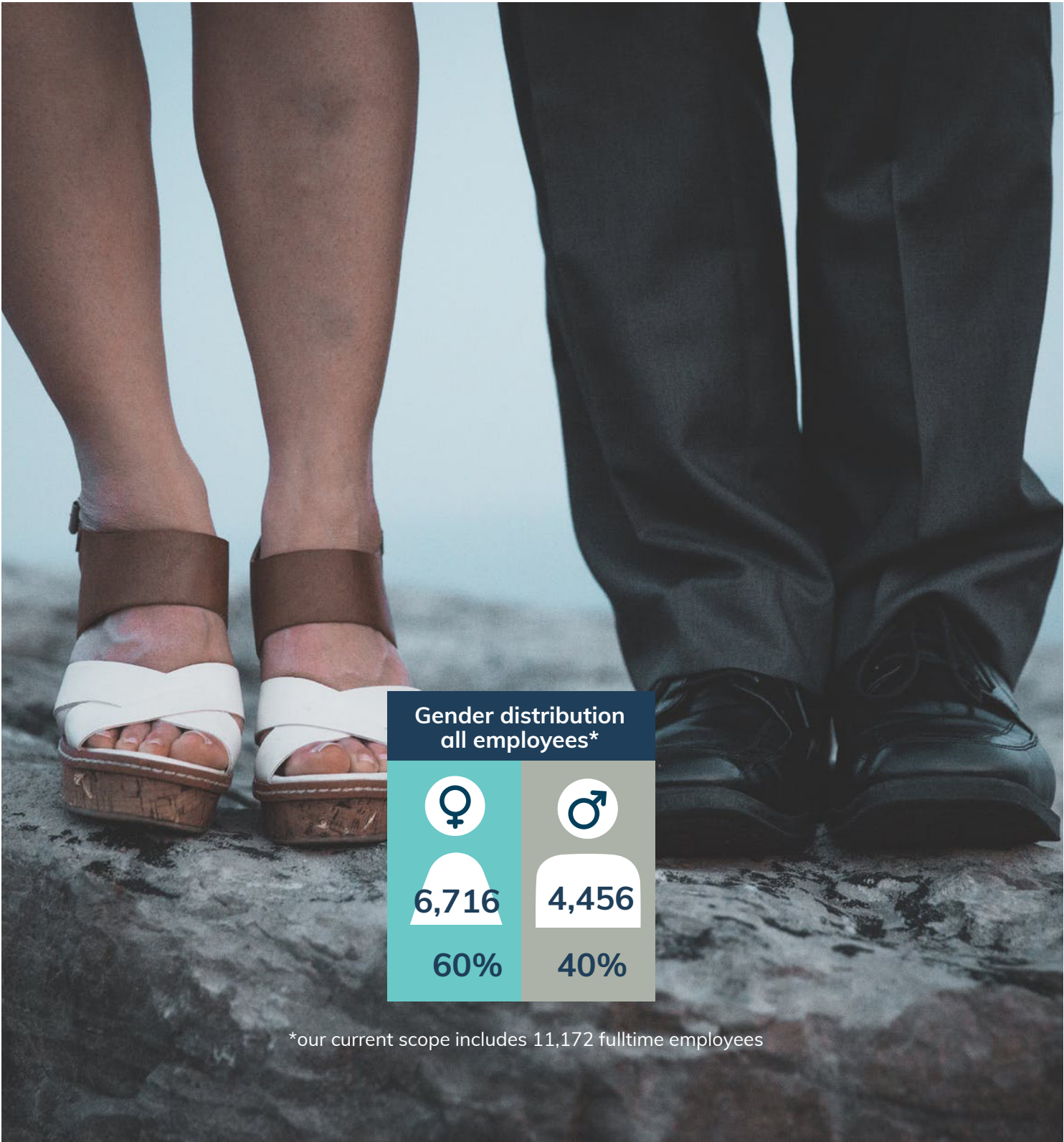
Demant wishes to remain an open and inclusive Group that nurtures diversity and strives for it in candidate shortlists for any vacancy. We take pride in ensuring equal access to positions, development opportunities and management roles at all levels, not only to play our part in redeeming imbalance, but simply because diversity is fundamental to a successful business.

Diversity and inclusion policy

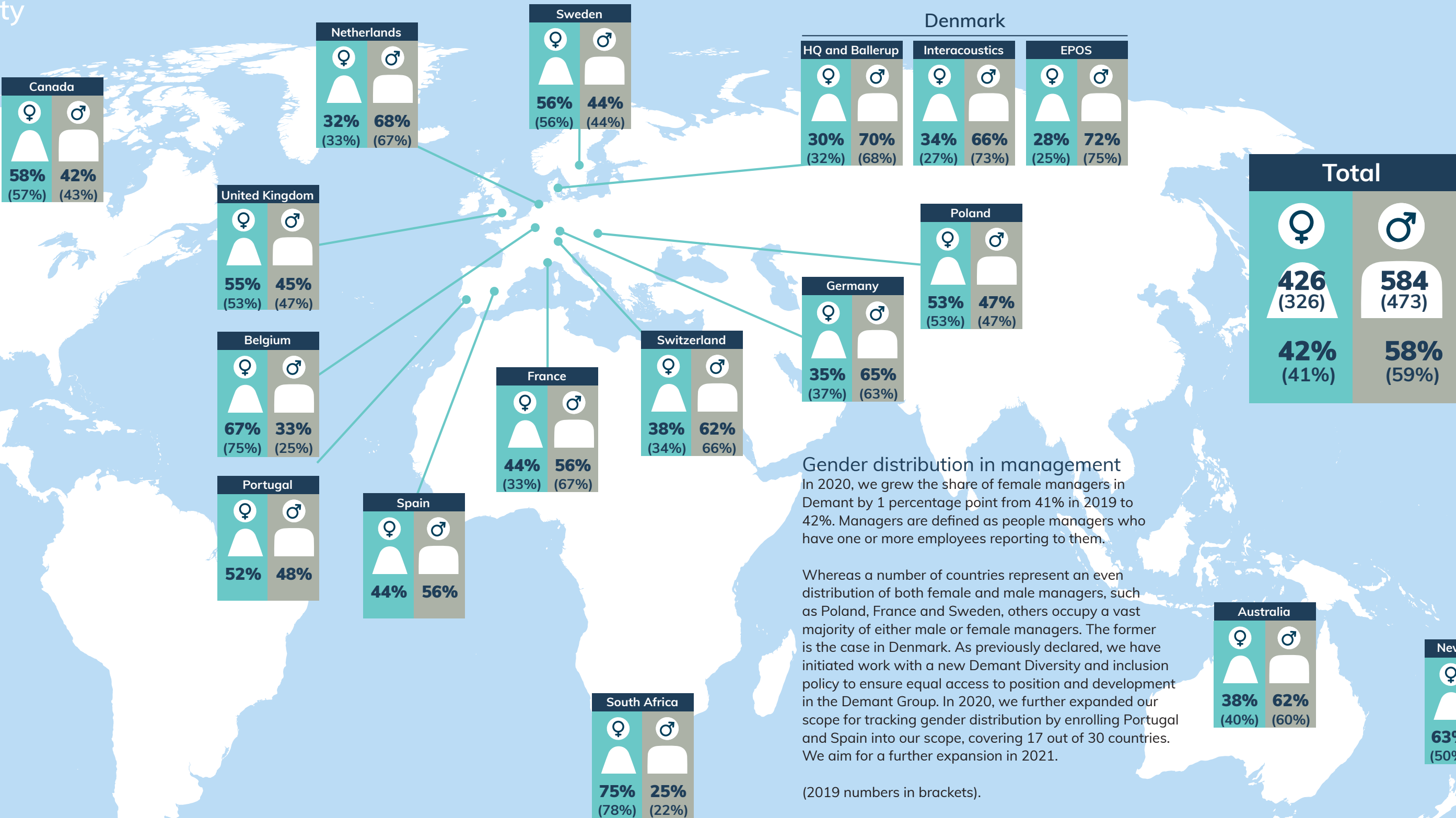
Since 2012, Demant has had a diversity policy as well as specific initiatives aimed at ensuring equal terms between genders. Age, gender, education and background of the members of Board of Directors and Executive Board are listed in the Annual Report 2020. At the annual general

meeting in March 2020, the Board of Directors reached its target to have at least two female members of the five shareholder elected members before the end of 2020. With a ratio of 40/60% the target was met.

As part of our ambitions in terms of diversity and inclusion, we have worked on preparing a new Demant Diversity and inclusion policy, which will cover a broader definition of diversity than merely gender. In 2020, we took steps towards this ambition and expect to introduce the policy in 2021. We are still working on amending this policy for the Group and will in that context decide on our need to have a Diversity policy with a broader definition of diversity for the Board of Directors and Executive Board.



Diversity



Work environment

Health and safety

It is our duty to take good care of our employees by ensuring that our workplaces are operated in a safe and sound manner. Demant honours freedom of association and the right to collective bargaining, encourages that people treat one another with respect and fairness and urges action if the opposite is experienced.

Accidents

In production of hearing health equipment people are not exposed to dangerous situations, hazardous materials or chemicals. Consequently, this type of manufacturing is not considered unsafe or risky. Yet, as part of ensuring a healthy and safe work environment, we take pride in upholding a considerably low accidents rate within our Global Operations. The figure below shows recordable incidents across our key production and distribution sites in Mierzyn in Poland, Tijuana in Mexico and Somerset in the US, as well as our production site and headquarters in Ballerup and Smørum, Denmark. Recordable incidents are defined as incidents that result in days away from work or restricted work. We have not observed any systematic patterns to the incidents and most of them, such as stumbling while walking or cutting a finger, are accidents likely to occur in any situation.

Year	Reportable accidents Hearing Aids and Diagnostics
2018	23
2019	13
2020	12

Harassment

We are committed to providing a safe work environment free of any form of discrimination and harassment at work and refer to the Demant Group Code of Conduct for principles for workplace behaviour. Please see more on the Code of Conduct on [pages 100-103](#). All allegations of bullying, violence or sexual harassment will be taken seriously and treated with respect and in confidence. No one will be victimised for making such a complaint and can do so either via their manager, their Health and safety executive representative, HR or via our global Whistleblower scheme. Read more about this on pages 102-103.

At our Danish headquarters, we have not received any formal allegation of harassment and bullying in 2020, but our recently performed Workplace Assessment shows, that though we in general have a very good result on the experienced working environment, a very limited number of our employees have experienced some incidents of harassment that potentially should have been reported and handled. We will therefore initiate further actions to support that incidents are reported and handled.



Work environment

Stress

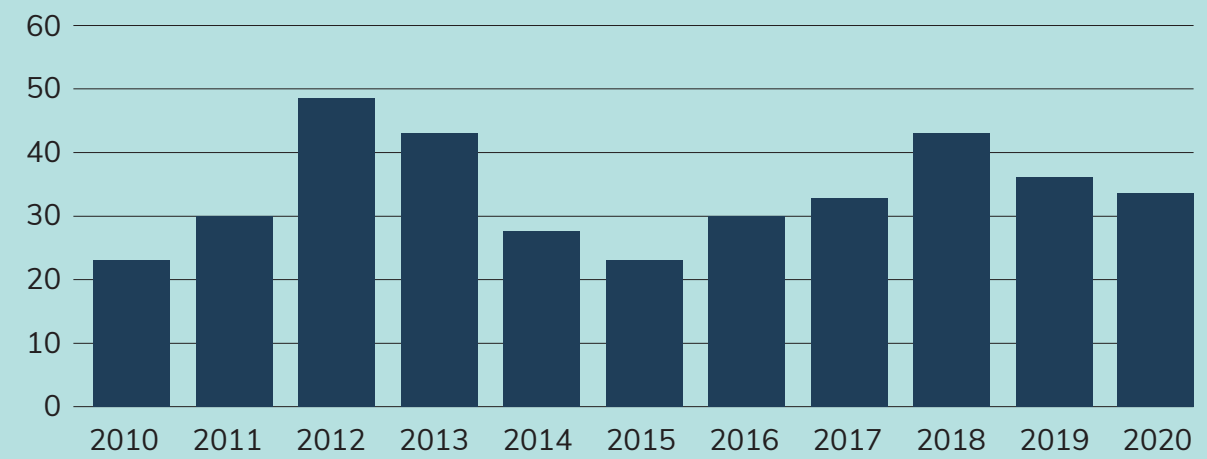
In 2020, well-being in general, and stress management in particular, have been highly influenced by the fact that we had to rethink how we structure our work due to coronavirus. The lockdowns forced us to work from home, which meant a total reorganisation of people’s every day and work life. For some, this has been very challenging, for example due to loneliness and isolation from friends, family and colleagues, the urgent necessity to juggle between family needs and a home office, and the general fear of a global pandemic and the consequences hereof.

Our reality has been, and is still, highly influenced by coronavirus and working from home. In order to help employees maintain their work well-being, we engaged managers in how to handle management at a distance, especially by paying attention to people’s well-being. As part of this, we deployed a separate guide with different situations that managers and employees can find themselves in, as well as how these challenges can be handled to minimise negative impact on well-being.

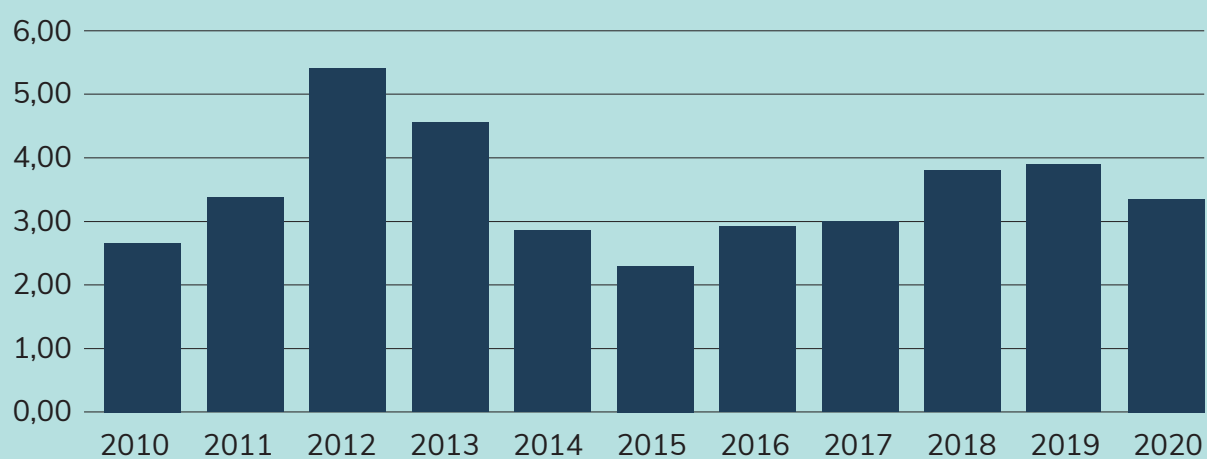
Stress management in Denmark
Despite the tough situation during 2020, we have had fewer stress related incidents this year compared to 2019 as shown in table below. This covers occurrences from minor, short-term situations to longer, monthly leaves of absence due to stress. Considering the coronavirus crisis, the numbers of stress-related incidents has remained at a fair level. However, as always, we strive to reduce stress-related incidents further in the coming years.

We have a clear process for handling situations when people experience stress, and our core purpose is unceasingly to prevent stress as much as we possibly can.

Employees at Danish sites affected by stress per year



Percentage of employees at Danish sites affected by stress per year



Work environment

Our ambition for 2021 is to increase the effort towards those employees that return from sick leave. The goal is to make the experience of returning to work at Demant even better than it is today.

We also want to maintain managers' and the employees' engagement when it comes to stress prevention, and plan to offer stress awareness workshops and make more information about stress and inspirational materials available to everyone. There is already a stress preventing toolbox in place that we continuously update and improve. Lastly, we report on a monthly basis to management about stress cases and how they progress in order to be able to act if the development goes in the wrong direction.

Stress management globally

At Demant, we strive to make stress management a natural and incorporated part of work life throughout our group. In Denmark, we have clear processes in place for both handling and preventing stress. We work hard to diffuse this good practice towards more parts of the group, recognising that the perception of stress and approach to stress handling can differ significantly depending on country culture. This year, our Bern site in Switzerland took a strong initiative to guide managers and employees about how to structure working from home to ensure mental well-being, as well as introducing a new time management tool to manage overtime. The Polish sites initiated online stress management workshops for both managers and employees.



Engagement & development

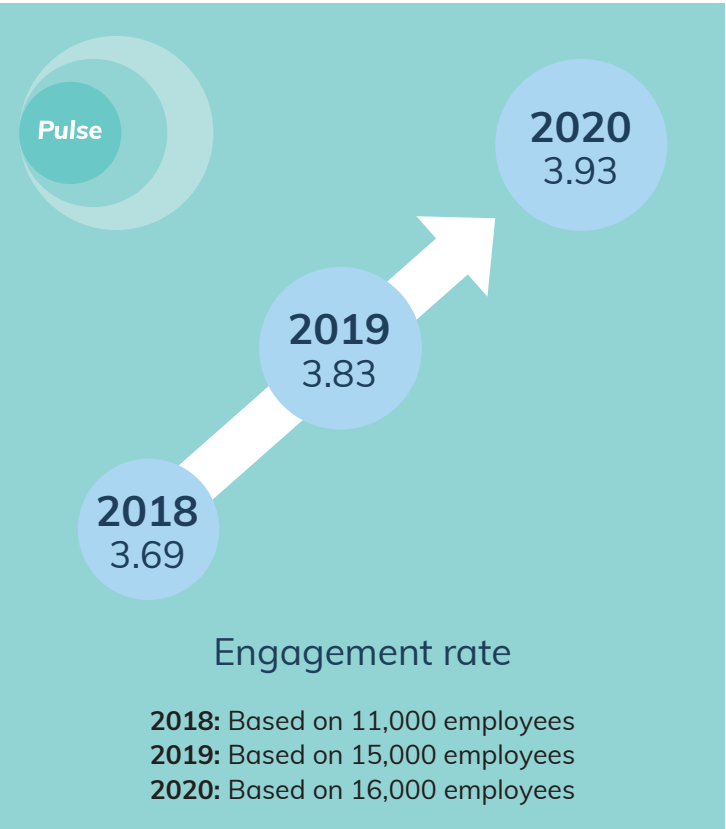
Engaged employees

An engaged workforce is a central part of maintaining a sustainable business. At Demant, employee engagement is measured yearly and assessed continuously to keep up with trends and attend to potential concerns globally and on a team level. Our global engagement rate continues to grow steadily, and we still keep an eye out for opportunities for further improvement.

Engaged employees are more innovative, productive and positive and work to improve processes, structures and working habits. They help and inspire others to feel and act the same. While engaged people often breed engagement among fellow colleagues, it is Demant managements' responsibility to ensure a culture and work environment that continue to induce engaged employees. To experience an engaging workplace is a central part of well-being and performance, and as we mobilize engaged employees, our Group can continue to ensure a content workforce, evolve and maintain a leading position globally.

Employee engagement survey

We track engagement through an annual employee survey, Pulse, that paints a picture of the current levels of engagement in the individual teams as well as in all of Demant. Whereas the survey is the base, the real work lies within each team in collaboration among managers and employees, who yearly discuss the results and agree on attention areas and actions for working with them continuously. Conversations on the survey results are carried out locally in the respective teams and highly urged and supported from Demant headquarters.



Increased engagement

We generally experience that people are happy and proud to be part of our group and making a difference to others. As our engagement survey now reaches the whole Group, we did not include any new entities in the Pulse survey in 2020. Our main target for this year was to increase our ability to work with employee engagement in Demant globally. The main focus has been to support the existing processes in the currently included entities. Overall, we are pleased with the steady growing engagement rate in Demant. According to Gallup, our advisory and analytics company, this is a significant statistic increase from 2019. Compared to Gallup's benchmark, our rate continues to be just below average. We will continue to seize opportunities and improve our capability to work with employee engagement globally, whilst enrolling the newest additions to the continuously growing Demant Group. Though more rapid increase would be great to see, we respect the speed with which it is possible to make changes to support engagement in a sustainable way in a global and complex business such as Demant.

Impact of coronavirus on engagement

The global pandemic proved a challenge for our employee engagement work as it quickly shifted the focus throughout our entire business. Coronavirus directly affected the process we run with Pulse survey results, which is annually kicked-off in March, and consequently mainly had to be carried out virtually. Despite the sudden challenges delaying the process, coming into the last quarter of 2020, all parts of our business have worked with engagement. Moreover, we have experienced that knowledge of what engages and how we talk about engagement and general well-being has helped many of our teams cope with the difficult working conditions during the pandemic.

We are not yet completely aware of how coronavirus will affect the engagement level. We therefore await the results of the survey to settle on relevant initiatives aimed at increasing engagement levels.

Engagement & development

People development

With people at our core, in our purpose and business model alike, it is essential to us to support employees in their development and growth, while ensuring that Demant employees have the right roles and competencies to match our business needs and challenges. Consequently, people and talent development are high on our agenda.

In Demant, people development is an ongoing process between manager and employee, and our concept of an annual employee development dialogue supports this process with follow-ups and actions during the year to ensure further progress.

Our Training Academy offers internal training within leadership, project management, people development and professional skills. The training is conducted by internal trainers or selected external trainers. During 2020, our development activities were naturally impacted by coronavirus. As part of our contingency approach, we reduced the number of trainings as well as closed off external training. In 2020 we implemented a new global learning experience and knowledge sharing platform aimed at strengthening learning, knowledge sharing and net working across the group. We piloted a new leadership development program anchored in our new leadership framework.

We further invested in a learning experience platform called Fuse that enables us to learn, collaborate and knowledge share with communities in Demant. We now have the entire workforce on Fuse, giving us the ability to offer global learning and development solutions, which will allow us to roll out learning in a more agile way.

Competent leaders

To strengthen our focus on leadership development in 2020, we developed a leadership framework. The framework clarifies expectations of leaders and is a guiding star in how we asses and develop leaders individually on different leadership levels, across business areas and country sites. Assessment and development tools, including a new leadership training program, are under development to support our use of the leadership framework.



Society & local community



Concert at Ofelia Beach, Copenhagen 2019



As a company we are an important part of society. Being a good neighbour in the communities in which we operate includes ensuring that we are aware of any risks we might pose to the local society and environment. As part of being a responsible and law-abiding business, we consider our impact to be mainly positive providing good jobs and engaging in local and charitable activities. It is imperative to us to give back to the society that raised us by boosting hearing health as well as supporting educational, social and cultural causes.

Area	2020 target	2020 actions	2021 targets
Reinvesting in society	N/A	William Demant Foundation donated a total of DKK 111.9 million	N/A
Supporting healthcare professionals	N/A	New Oticon Learning Hub: supported 971 hearing healthcare professionals with e-learning and online webinars	N/A
RemoteCare	Rollout of RemoteCare service	Speeded up rollout of RemoteCare in the US due to the pandemic	N/A
Resourceful collaborations	N/A	Screened and tested 52,342 people through our Campaign for Better Hearing and raised US dollars 267,277	Sustain pre-corona progress

Resourceful collaborations

Campaign for Better Hearing

Campaign for Better Hearing is a global initiative from our Hearing Care business area, our clinics, which puts hearing on the healthcare agenda. Through the campaign, we offer free hearing aids and provide crucial information and education about hearing healthcare and the consequences of untreated hearing loss.

Our hearing health is closely connected to our brain's health and our overall well-being. Recent research confirms that hearing loss becomes more prevalent as we age. The Campaign for Better Hearing wants us to understand the links between hearing loss and depression, mental fatigue, reduced cognitive capacity and dementia. Since 2018 we have screened 517,975 people with a Campaign for Better Hearing campaign code, raised nearly USD 2.1 million and helped 676 people by providing 985 free hearing aids. During 2020, we screened and tested 52,342 people, raised USD 267,277 and helped 67 people by providing 55 free hearing aids*.

When someone, who participates in the campaign, gets their hearing tested in one of the clinics, the clinic donates to Campaign for Better Hearing. With the donated money, free hearing aids are handed out to people who need them but cannot afford them. The recipients are picked based on nominations from the clinics. The campaign operates in ten markets: Australia, Brazil, Canada, France, Ireland, the Netherlands, Spain, UK, US and Belgium. Greece will join in early 2021. Our Hearing Care business encompasses around 2,500 clinics in 18 countries.



*The remaining 12 users bought the hearing aids at their own expense

Remote help for healthcare professionals and users

With Oticon RemoteCare, hearing care professionals can communicate with patients and make real-time adjustments to the patients' hearing aids remotely using a camera, microphone, speaker and a stable internet connection.

In the extraordinary situation in which we have found ourselves in 2020, many healthcare providers have been forced to serve their clients remotely. Even in situations where face-to-face is the most appropriate way to provide care. Our RemoteCare service, which we developed jointly with Veterans Affairs in the US, played a significant role in our care services during 2020, particularly during coronavirus, as it gives access to healthcare even when people are hindered from seeing their hearing healthcare professionals.

RemoteCare 2020

As planned, we spent this year further informing and training our customers in the clinics on how to use the service to help their patients. We also sped up the US rollout of RemoteCare due to the pandemic affecting healthcare systems and Hearing Care clinics. Oticon RemoteCare, alongside other Demant companies' equipment, is part of what makes it possible for healthcare professionals to care for their patients and provide nearly the same service as an in-clinic visit. Additionally, during Summer 2020, we e-trained 25 clinicians in RemoteCare via webinars in Australia and New Zealand and turned a planned roadshow into a virtual one reaching over 600 participants.

New Oticon Learning Hub

To show customers that we are here for support and training, even when our circumstances change, we launched

a new Oticon Learning Hub featuring webinars, e-learning and guides. From May to December 2020, 971 hearing healthcare professionals participated in webinars or undertook e-learning to attend to their clients during the challenges caused by the coronavirus.

World Hearing Day

World Hearing Day 2020 highlighted how timely and effective interventions can ensure that people with hearing loss are able to achieve their full potential. We followed in these footsteps by creating awareness around why testing your hearing as soon as possible could be the key to ensure that you achieve your full potential in life.

On World Hearing Day 2020, the WHO drew attention to the importance of early identification and intervention for hearing loss with the theme "Hearing for life: don't let hearing loss limit you." We celebrated this day by spreading awareness on our social media platforms and in our clinics on how healthy hearing connects us to each other, our communities and the world.

Due to coronavirus, the World Hearing Day was celebrated differently in our clinics across the world. For instance, in Denmark we held an open house arrangement in our clinics, whereas Ireland mainly held it online with radio campaign giveaways and press releases.

William Demant Foundation

Reinvesting in society

Demant channels its pure philanthropic activities through William Demant Foundation, based on a wish to separate grants and donations from the commercial activities of the brands within the Group. We believe that this model allows us to allocate resources to people and society in the best possible way.

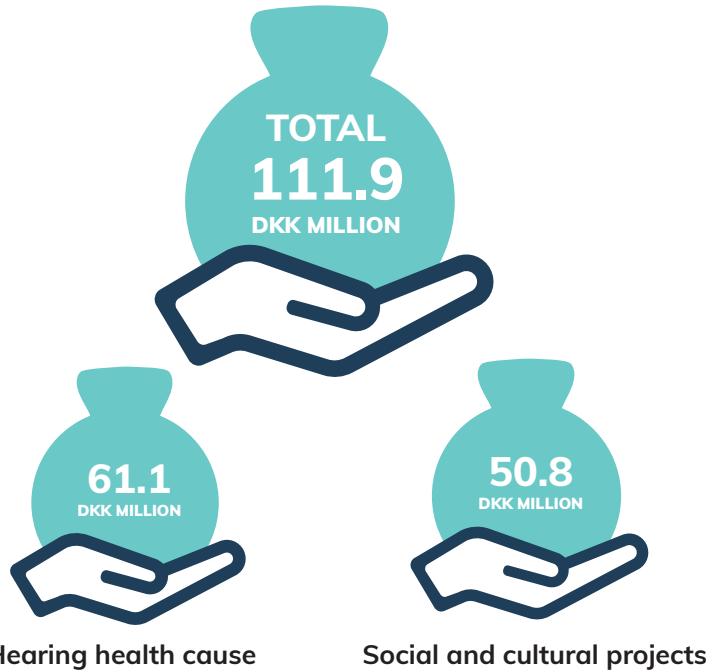
William Demant Foundation, the majority shareholder of Demant, is a charitable business foundation whose main purpose is to give back to society in form of philanthropic donations and to secure and expand the commercial activities of the Demant Group. The Foundation's donations are based on the profit of Demant and through the ownership structure we find there to be a strong connection between Demant and William Demant Foundation.

William Demant Foundation reinvests in society by donating to altruistic causes and by expanding its sustainable investments, particularly in the MedTech industry. Since 1957, the Foundation has donated more than DKK 1 billion, especially to research projects and knowledge-sharing within the field of audiology. Two experts, both specialists in audiology and related disciplines, work with the board to ensure necessary expertise and see to it that applications are reviewed in a professional manner.



We are proud to continue the legacy of William Demant by reinvesting and giving back as an active part of society through contributions to ground-breaking research, education and impactful collaborations in the name of the hearing health cause.

Lars Nørby Johansen, Chairman,
William Demant Foundation



2020
During 2020, William Demant Foundation contributed greatly to the hearing loss cause, as well as research, education, culture and care and donated a total of DKK 111.9 million. The receiving projects include DKK 5.4 million for hearing and dementia research at Ear Science Institute in Australia, DKK 2.2 million to study how to improve behavioural hearing test practice in infants and funding of DKK 1.5 million for a case competition for young aspiring researchers within natural sciences and technology. Among others, ENIGMA Museum, Engineer The Future and Tycho Brahe Planetarium received funds in 2020.

Ida Institute
The Foundation also allocates continuing funds for projects that span over multiple years. One of them is the Ida Institute, a non-profit organisation working to build a community that embraces person-centred care and empowers people to get the hearing care they need. Together with clinicians, academics and people with hearing loss, the institute creates resources that help people develop knowledge, skills and confidence to better manage hearing loss. Since 2007, William Demant Foundation has funded the institute with around DKK 12 million annually. Today, the institute has a community of more than 18,000 hearing care professionals and partners with 28 leading organizations in hearing care, including patient associations, professional organisations, and universities around the world to advance person-centred care in hearing.

Read more about the Ida Institute here:
www.idainstitute.com/

Read more about William Demant Foundation and its activities here: www.williamdemantfonden.dk

William Demant Foundation



Training health workers in Ethiopia

With a donation of DKK 500,000, William Demant Foundation provided vital support for the Danish non-profit, Maternity Foundation, to build the capacity of midwives and other health care workers in managing complications related to childbirth and pregnancy. With the use of technology – particularly the Safe Delivery App – and remote training, thousands of health care workers will be reached across Ethiopia in 2021. The app is used worldwide and has reached more than 173,000 health workers.

The problem

Every year, around 300,000 women die from complications in pregnancy or childbirth, 2.4 million babies die during the first 28 days of life and just as many are stillborn – that means every day, over 800 women and 13,000 babies lose their lives. Around 94% of maternal deaths and the vast

majority of newborn deaths occur in low- and middle-income countries, particularly in sub-Saharan Africa and Southeast Asia.

The majority of these deaths are preventable through access to skilled and quality care during pregnancy and

childbirth. A key element is building the capacity of health workers when managing childbirth emergencies. The Safe Delivery App does just that. Through simple, animated instructional videos, drug lists and quizzes, the app teaches health workers how to handle the most common childbirth emergencies. All features and functions are designed for low-literacy, low-resource settings and function offline once installed.

A challenged country

Since 2014, William Demant Foundation has supported the Maternity Foundation's country program in Ethiopia with great success. For instance, the Safe Delivery App has achieved national scale and thousands of health workers have been trained, enhancing their skills and knowledge.

But, with 401 maternal deaths per 100,000 live births and 28 neonatal deaths per 1,000 live births, Ethiopia is still among the highest rated countries for maternal and newborn mortality in the world – far from reaching the Sustainable Development Goal 3 of good health and well-being and targets 3.1 and 3.2. There continues to be a large need to reach and support health workers with efficient tools and training across the country.

Fatal consequences of the coronavirus

The coronavirus has immense consequences worldwide, also for pregnant and labouring women. Program Director at Maternity Foundation, Anne Marie Barrie, says:

“The coronavirus pandemic has put incredible pressure on the world’s midwives and other health professionals, not least the women and infants they care for every day. Due to the pandemic and resulting reductions in the capacity of the health system, it is estimated that maternal and neonatal mortality will increase with up to an additional 100,000 maternal deaths and 1.8 million deaths among children under five years old. Digital technologies can play an important role in mitigating adverse effects on maternal and newborn health and survival – even more during times with travel and assembly restrictions.”

With support from William Demant Foundation, Maternity Foundation will work to mitigate these adverse effects by supporting health care workers in Ethiopia with personal protective equipment, such as face masks and hand sanitizer as well as remote digital trainings on infection prevention and training on how to care for pregnant or labouring women and newborns during the pandemic.



Environment & climate





In Demant we strongly believe all large-scale companies can do their part to combat climate change. Therefore, we are committed to reducing our climate impact and support the Paris Agreement. Day-to-day, we are guided by our Group Code of Conduct that holds our principles for good environmental practices.

Area	2020 target	2020 actions	2021 targets
Environmental footprint	Expand reporting scope	Project to expand reporting scope initiated	Further qualify our data on scope 1 and 2 Prepare baseline on scope 3 Set targets for emission reductions
Energy consumption	Reduce energy consumption	Emissions decreased by 22% and emissions per employee reduced by 20% compared to 2019	Further reduce energy consumption, set targets and begin transition to green energy
Use of plastics	Reduce, reuse and recycle	Project to reduce 11.5 tonnes plastic in hearing aid accessories production	Potential to perform same exercise in other parts of production
Packaging	Reduce, reuse and recycle	More sustainable hearing aid packaging solution in Oticon with up to 80% less packaging and IFUs in selected markets	Implement new packaging on all hearing aid brands Replace virgin paper and cardboard with FSC materials where possible Implement new sustainable dome packaging on all brands
Packaging	N/A	Eliminated coloured or treated carton packaging for EPOS products and turned to printing the quick guide for the ADAPT range directly on the packaging to reduce paper	N/A
Environmental management	Continue improvements from ISO 14001 certification of Diagnostics site in Poland	Cardboard boxes to ship equipment with 100% recycled material	Further continue improvements

Climate impact

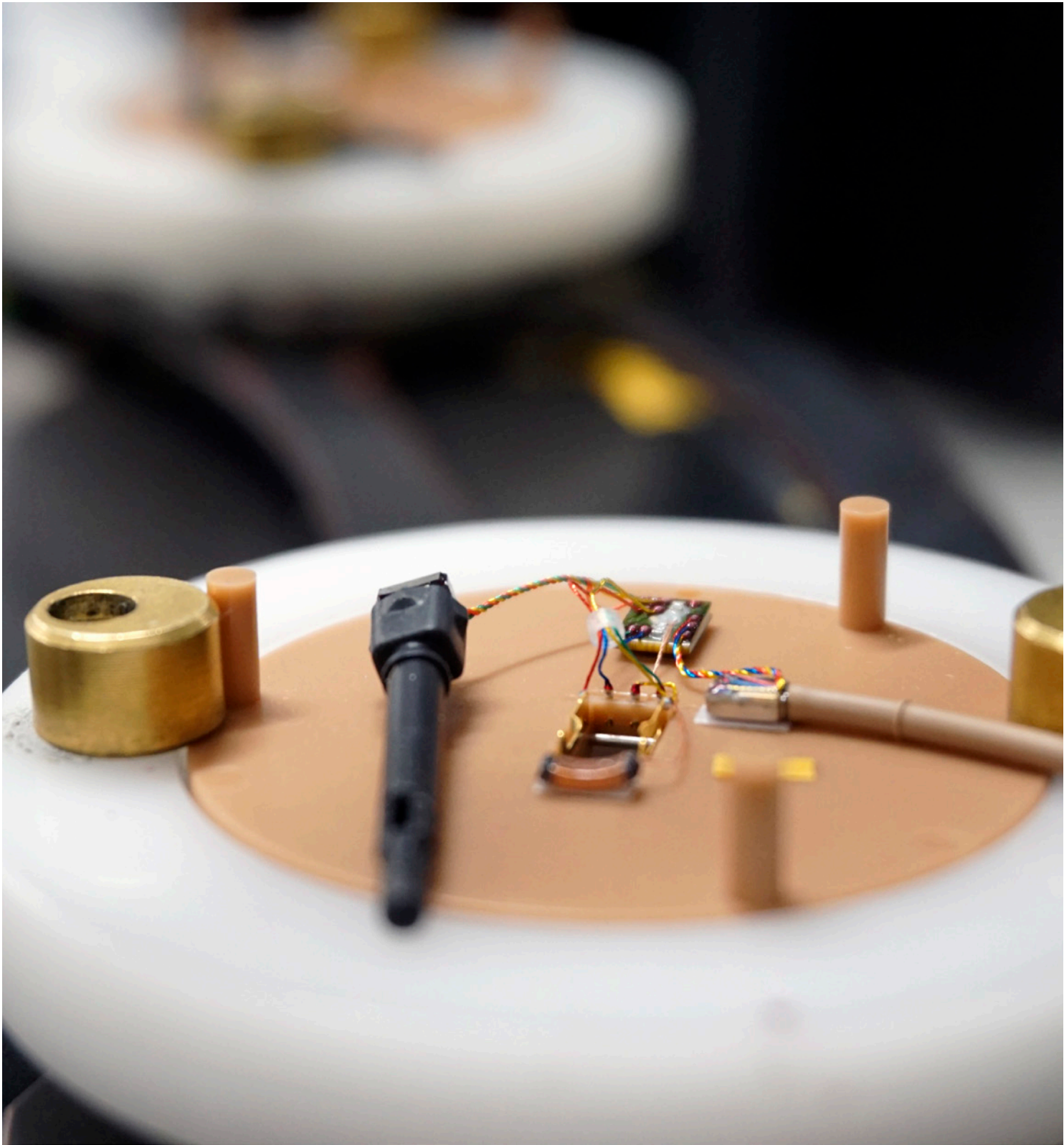
Climate change and risks

We want to leave the planet in good shape for future generations. To do so, we must address our impact and limit our footprint.

On a group level, we have been tracking our carbon emissions under scope 1 and 2 for several years. To advance on our ambitions to reduce emissions, we launched a project in late 2020 to further qualify our data on scope 1 and 2 (including estimates), expand our reporting to scope 3, identify concrete actions for emission reductions across the group and set measurable targets - including setting emission reduction targets grounded in climate science through the Science Based Targets initiative. The project was originally scheduled to commence in the first half of 2020 but was delayed due to the shifting business priorities caused by the coronavirus. Initial assessments show

that increasing our sourcing of green energy, looking into emissions from transport, further adopting a circular mindset addressing our packaging and waste and introducing more sustainable materials should be among the most material actions across the Demant Group.

While we have not yet identified any material risk to our company from climate change, we cannot deny that our operations present a risk of negative impact on the climate. As a growth company, we must try to decouple our emissions from our business growth. Our new project will support us in doing so.



Climate impact

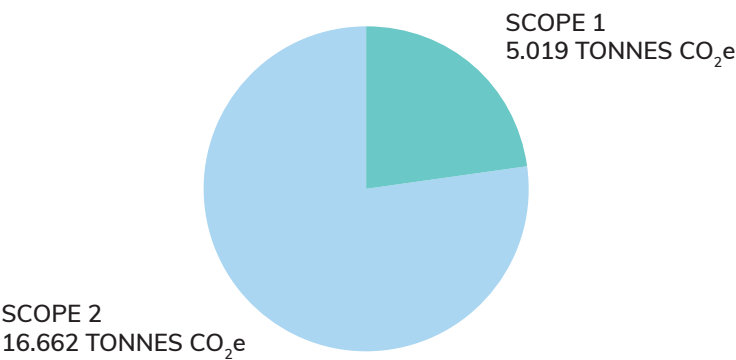
Energy consumption

Energy consumption scope

As part of a larger effort to reduce our environmental footprint, we work to expand our greenhouse gas (GHG) emissions tracking and thus our reporting. Please read more about this project on [page 82](#). We want to ensure that we focus our efforts where they are most impactful and performing such an exercise successfully takes time.

In 2020 we continued to track our corporate emissions using scope 1 (vehicles) and scope 2 (electricity and heating). We track consumption in offices and production facilities on sites that hold more than 35 employees. We also continued to track 80% of the clinics in our Hearing Care business as well as our new communications business, EPOS, which is now part of our sustainability reporting scope.

GROUP TOTAL
21.681 tonnes CO₂e

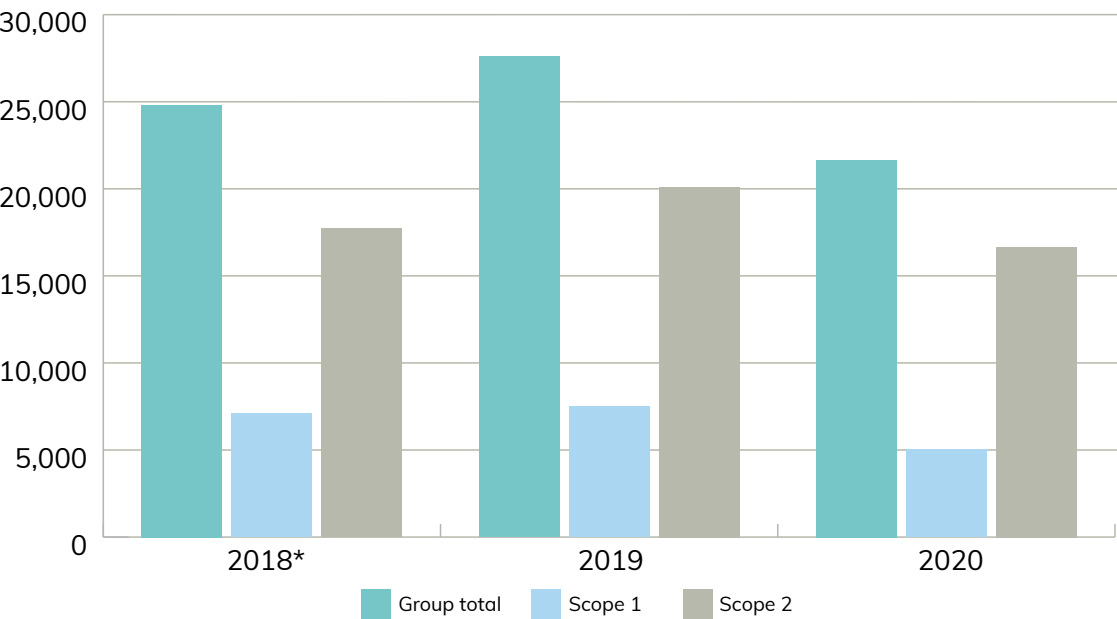


Group emissions per employee



*Adjusted number due to over-statement in 2018.

Emissions in tonnes CO₂e over the last three years



Reduced emissions

Compared to 2019, our 2020 emissions have been reduced by 22%. It is no surprise that our emissions of 2020 are lower compared to the previous years, as the majority of the reduction is mainly due to coronavirus impact on our activities. More or less all sites in our tracking scope were affected by government restrictions on society and the consequences which led to us closing down many offices and clinics. Field activities were also slowed down, causing significantly less travel locally and globally.

We also saw short periods with closed – or reduced – operations at our production sites, which is detectable in our emissions as well. At the end of 2020, several offices still ran at very low capacity, continuously encouraging people to work from home.

Please find a few examples and explanations of the energy consumption in 2020 from a few relevant sites on the following page.

*Adjusted number due to over-statement in 2018.

Climate impact

At the Danish headquarters, we experienced a somewhat lower consumption of electricity and use of company vehicles due to coronavirus, whilst the heating consumption increased slightly because we expanded the premises with approximately 30% opening a new building at the headquarter site. Environmental aspects and reduction of energy use of the new building have been a focus of ours and the site is lit inside and out with LED lighting sources. The parking area offers an addition of six double charging post for electrical cars to the two double posts already there.

At Demant Japan, the operation for air conditioning changed from a cold-water heater with gas to an electric turbo chiller, saving energy consumption by 26% compared to 2019.

Demant's wholesale office in France saw a reduction of their electricity consumption by 33% due to impact from coronavirus restrictions on society, but also because of a new more efficient energy supplier.

Due to a new office change and increase in square meters, the electricity consumption increased by 47% in Demant Turkey, compared to last year.

Emission factors

Demant's GHG emissions are calculated using emission factors and reported as carbon dioxide gases (CO₂e) as required by the GHG Protocol. Emission factors convert operational activity data (e.g., kilometres driven, kilowatt hours of purchased electricity) into a value indicating the GHG emissions generated by that specific activity. We use emission factors based on datasets that are globally utilised and recognised by GHG protocol standard: Department for Environment, Food and Rural Affairs (DEFRA) and International Energy Agency (IEA) from 2019.

Estimating

Though the initial results of our effort to expand our emissions reporting are not fully evident in the reporting of 2020, we want to do what we can while we work. Consequently, we have estimated energy consumption in scope 2 for the clinics that are not yet part of our scope. The estimates are calculated based on the average electricity and heating consumption per square meter in the clinics currently in our scope. We estimate the remaining 20% of the clinics to account for 1.459 tonnes CO₂e. Total Group emissions, including scope 2 estimates, is then 23.115 tonnes CO₂e. When addressing the differences in energy consumption from 2018-2020 on the previous pages, we refer to our emissions without estimates, for the sake of comparability.

Contributing to green energy production

In 2012, William Demant Foundation, through its investment company William Demant Invest (WDI), made an active choice to contribute to a cleaner world in the form of green electricity production. The company has invested in the Bokum Riffgrund 1 wind farm, and WDI's share of the electricity produced amounts to 183,700,000 kwh annually.

By comparison, we in the Demant Group uses less than 20% of that amount or the equivalent of 33,700,000 kwh of electricity annually.

Reduce, reuse and recycle

Greener and smarter

A new packaging concept for all hearing aid brands saw the light of day in 2020. The new solution improves the user experience, optimises the packing setup and reduces waste.

In 2018, Demant’s Hearing Aids business embarked on a packaging journey to improve the unboxing experience and optimise the way in which hearing aids are packed. As a result, in 2020, we launched a greener and better packaging solution for all hearing aid brands. The improved packaging setup introduces sustainable alternatives and reduces excess material, bringing value to users, hearing healthcare professionals, the environment and the Demant Group.

The binaural challenge

Demant works actively to reduce waste, substitute materials and opt for more sustainable solutions. As part of this, we have looked at how our hearing aids are packed. This is not only a concern to us but a priority for our customers and users as well. Based on a global study from 2018/2019 that showed a great stakeholder interest in reducing excess packaging material, we optimised our hearing aid packaging solution in its design, production and distribution. The new solution also remedies a common challenge, namely the binaural challenge. In short, when a hearing care professional in a clinic needs two hearing aids for one user, which is around 80% of cases, the previous packaging setup offered two complete sets of hearing aids with appertaining boxes, accessories, user guides and carrying cases. The new solution reduces this excess packaging and introduces sustainable materials.



The packaging of our products is essential to how we introduce our products to the market. A greener and more current solution will not only minimise material waste and reduce our environmental footprint, but it also certainly improves the user experience.

Heidi Gade, Packaging Development Manager



- Paper and cardboard in boxes made from 70-100% recycled materials and boxes produced on 100% green energy
- FSC-certified materials
- Improved workflow for healthcare professionals
- Fewer components equal less waste
- Design for manufacturing
- Reduced transportation

Dare to rethink

Not only is the new hearing aid packaging made with less components, but the paper and cardboard is also made from 70-100% recycled and FSC-certified materials. According to Heidi Gade, the key to this great outcome was a process-rethink from start to finish: “It has been a comprehensive and cross-functional project, involving many different stakeholders, but the optimised packaging project is a great example of what can happen when you dare to rethink the process and tip your supply chain upside down. The result is a solution that brings value to our business, our customers and users, and, of course, the environment,” she says.

Up to 80% less material

In selected markets, we estimate to use around 80% less packaging and Instructions for Use (IFU) when solving the binaural challenge and reducing the need for repacking products and discarding packaging as a result hereof. The process and the saving will vary from market to market though.

In addition, the new packaging concept has been designed for manufacturing, meaning that it is created for mass production on high-technology machinery. Due to fully automatic production with very few manual processes, the new packaging material can be produced within the EU and closer to the point of packing. This reduces the

amount of transportation needed before the packaging material arrives at the warehouse.

“The new hearing aid packaging is not only more customer- and user-friendly and more cost efficient, but also easier to produce while less wasteful. However, the new setup does imply modified freight, as the boxes are nearly fully assembled when they are distributed, which we of course need to keep in mind in the bigger picture,” Heidi Gade explains. In 2020, Oticon was the first brand of the four hearing aid brands in the Demant Group to introduce the new packaging, while the others followed.

Psst.. We also introduced greener packaging in EPOS

2020 also entailed more sustainable packaging updates at the newest Demant brand, EPOS, which stopped using coloured or treated carton packaging for products in both the enterprise and the gaming segment. Finally, EPOS turned to printing the quick guide for their ADAPT range directly on the packaging to reduce paper use as well as optimise the user-experience.

Reduce, reuse and recycle

Turtles of tomorrow

In 2019, we took the first steps towards a technical optimisation and major material reduction in parts of our hearing aid accessories production. As a result, in 2020 we could confirm a forthcoming reduction of 11.5 tonnes of plastic a year in small containers for ear-wax filters for hearing aids.

Demant hearing aids come with a small filter in place to prevent earwax from getting into the hearing aids. As the small filter gathers the wax, it needs to be changed quite frequently. The fresh filters are stored in a plastic container, which internally is referred to as a turtle, because of its turtle-like shape. Our hearing aids business produces around 13.5 million turtles each year and as demand for hearing aids grows, so does the need for more turtles. Therefore, our toolshop has been on a mission: to find a way to optimise the turtle itself, the technology behind the moulding of it, or both. As a result, we welcome the Turtles of Tomorrow.

Did not believe in the first forecast

A previous forecast on the turtles predicted a material reduction of around 10,000 kg plastic a year. According to Design for Manufacturing and Tool Design specialist, Klaus Falk Hansen, who works in Demant’s toolshop and is one of the people behind the Turtles of Tomorrow, at first, the forecast seemed almost too good to be true.

Yet, it was true. What we now know is that the optimisation will cut off around 11.5 tonnes in a year. Mainly because the part itself, as well as how it is produced, is optimised without compromising functionality and quality. In short, the new turtles make for a huge plastic reduction, a more effective production and eliminate use of chemicals due to the new moulding technology.

Design for manufacturing

Klaus’ job is to make sure that the design ideas that come out of our R&D department are feasible and optimised for production. The new turtles are made in a moulding tool using a technology new to Demant. One important aspect of the project is design for manufacturing and exploring whether elements of the turtle or production could be left out. Klaus explains:

“My job, essentially, is to make sure that when the moulding tool is made, it will give us the most optimal results in relation to production of the turtles, both minding the visual aspects and resources and without compromising quality and functionality, of course. So, I sort of work in the gap between our developers and the production of the moulding tool itself, to ensure that it is feasible to produce,” he says.

Enormous potential

When asked about the biggest challenge of the project, Klaus Falk Hansen quickly refers to the complex organisation. However, the support he experiences across teams is a big help.



I expected it to be challenging to get this type of optimisation through with so many stakeholders and needs to be accommodated. However, I have not experienced anything but faith and support from both management and colleagues, which also tells me that we are company that seeks the optimal and will spend the needed resources on getting there.

Klaus Falk Hansen, Tool Design Specialist

The project is an effort across many different departments and teams, such as Logistics, Marketing, Sourcing, In-market Product Support and of course our Prototype and Tooling department. It does not take Klaus much time to



think of the best part of the project: “The results. A material reduction of 11.5 tonnes plastic and a price per parts that is more than 50% lower than before. That is incredible to me and my experience tells me that 11.5 tonnes reduction is a significant amount, especially in our industry. Also, of course, there is the fact that there is huge potential for transmitting this in other parts of our production makes me really excited to be part of this project,” he says.

While the material reduction is evident, there is also a lot to gain for hearing aid users, as the new turtles are simply better with a sleeker look and feel. In mid-2020, the first turtles came out of their mould. The second ‘first out of tool’ test was run to make sure that the moulds worked as desired and to make final adjustments. According to plan, the Turtles of Tomorrow will reach hearing aid users in the beginning of 2021.

Based on the great results, we are looking into replicating this exercise on other hearing aids accessories.

Reduce, reuse and recycle

Environmental management
– ISO 14001

In 2019, Diagnostics implemented a new environmental management system according to ISO 14001 at our production and storage site in Mierzyn, Poland. The overall goal is to minimise the environmental impact.

Environmental management system in our Diagnostics business

In 2019, our Diagnostics business implemented a new environmental management system according to ISO 14001:2015 at the production and storage site in Mierzyn, Poland. The overall goal is to minimise the environmental impact. In 2020, goals were centred around non-hazardous waste. Three goals were introduced:

- To minimise packaging materials which are used during production processes
- To minimise printing paper in all departments of our organisation
- To introduce proper segregation and sorting of waste

Reviewing the 2020 goals shows a very positive tendency and that we have met our targets. We have reduced the number of packaging materials relative to the number of produced units used in our Diagnostics production. We also reduced the number of print-outs by nearly 50% compared to 2018.

ISO 14001:2015 in our Communications business

In EPOS Group, the main contractual suppliers used all hold relevant certifications including the ISO/EN 14001 Environmental certification. Through making sure that suppliers are EN14001 certified, we ensure our production fulfils environmental standards and compliance obligations.



Reduce, reuse and recycle

The green pipeline

We continue to work to deploy sustainability and a circular economy mindset in more parts of our business. Here is a sample of what is in the green pipeline for 2021.

Our Diagnostics business will continue to work on a sustainable materials project, initiated in 2020, to reduce and replace plastic for packing and shipments

Preliminary tests of a plastic grinder, purchased in 2019, show strong indication of opportunities to reuse some of our plastic waste in other parts of the production

As part of the improvements made to continue to meet the ISO 14001:2015 standards, Diagnostics' production site in Mierzyn, Poland, will begin to reuse bubble foil, replace plastic tape with paper tape and reduce extra label printing

Based on the successful optimisation of turtles (storage for earwax filters for hearing instruments), we work to implement similar processes in production of other hearing aids accessories, whilst also reusing our own plastic waste

Business ethics & governance

A photograph of two people sitting at a table with coffee. The person on the left is gesturing with their hand while holding a glass of coffee. The person on the right is holding a glass of coffee. The background is a bright, out-of-focus window.



Care for people’s wellbeing has always been at the core of our business. As part of this responsibility, we never compromise on our high standards for ethical behaviour and integrity. We require third parties to do the same and urge for concerns to be raised if behaviour or activities fail to comply with Demant’s standards.

Area	2020 target	2020 results	2021 targets
Business ethics	Launch Demant Group Code of Conduct	Launched the new Demant Group Code of Conduct	Further training of employees
Business ethics	Global Whistleblower scheme and hotline	Implemented global Whistleblower scheme and hotline	Further training of employees
Tax policy	N/A	N/A	Publish Tax policy
Data privacy	Further training of employees	Increased work with IT security and data privacy when working from home	Further training of employees
Responsible procurement	N/A	322 of the 327 active direct suppliers signed the Third Party Compliance Code	Map potential to further integrate Third Party Compliance Code with direct suppliers

Global business ethics

Ethics first

In Demant, the high standards we set are reflected in the way we act and how we connect with our third parties, including customers, partners and distributors. We want to act responsibly and are committed to doing business based on high ethical principles and in accordance with the law.

We are committed to respecting everyone's human rights and dignity, support international efforts to promote and protect human rights and adhere to principles under the Demant Group Code of Conduct. Where local legislation does not naturally protect human and labour rights, we apply UN Global Compact principles as well as principles from the Universal Declaration of Human Rights, ILO's Declaration of Fundamental Principles and Rights at Work, and the UK Modern Slavery Act as well as our Group Code of Conduct. We did not identify any human rights violations during 2020. We consider the most significant risks of adverse impact on human rights to exist in the certain parts of our supply chain.

Tax Policy

In the Demant Group, we naturally comply with all tax laws and have not until recently seen the necessity to publicly communicate our tax practices, policy and principles. With the rising demand for disclosure in this area, we will make available our tax policy in 2021.

Business ethics compliance program

In 2020, we launched a new global business ethics compliance program with our Demant Group Code of Conduct alongside a Whistleblower scheme, both of which reflect our commitment to this high level of business ethics.

Whereas the Code of Conduct outlines the behaviour we expect of us all, we refer to our Demant Group Third Party Compliance Code when dealing with third parties. Together, our Code of Conduct, Third Party Compliance Code and Whistleblower scheme represent the framework of Demant's global business ethics compliance program.

This also includes policies and principles on an array of compliance matters, including anti-corruption, workplace environment (see more on [pages 58-63](#)) and data-privacy. Our Code of Conduct is presented below.

**Anti-Corruption**

**Compliance with Competition Laws**

**Fraud**

**Data Privacy**

**Human Rights**

**Environment**

**Workplace Environment**

**Business Partner Relations**

**Export Controls & Sanctions**

**Raise Concern**

Read more about policies and regulations at www.demant.com/policies-and-regulations

Global business ethics



Training and communication

As part of Demant's global business ethics compliance program, it is imperative that all employees receive information on the policies and principles that apply to them. This year, we carried out global communication supporting the launch of the new Group Code of Conduct and Whistleblower scheme, alongside which we trained selected internal champions, country managers and all top managers. The training is carried out by our Group Compliance Manager as well as local compliance champions and tailored towards different parts of the Group. We also zoomed in on training and communication of our new Demant Group Anti-Corruption Policy. We aim to offer e-learning to all employees in the future as well as enhancing and maturing the global compliance program. During 2021, we will focus on documentation of implementation exercises, such as additional training.

Whistleblower scheme

Should any employee or business partner encounter serious, sensitive or improper actions that fail to comply with our Demant Group Code of Conduct, the Demant Group Whistleblower scheme provides a secure and confidential platform to raise concerns. It consists of a Whistleblower Policy, Whistleblower Hotline and an Investigation Guideline.

The Whistleblower Hotline is a global reporting system, through which concerns can be raised confidentially and anonymously in various languages via www.demant.com, internal channels and the Demant Business Ethics app. It is operated by an external systems provider. We aim at reaching benchmark target number of reports for our industry. Receiving reports means that people are not afraid to speak up if they question the behaviour of their colleagues or management and that trust is highly important to us.

We deploy an investigation guideline, prepared by Group Legal & Compliance, as a practical guide for anyone responsible for conducting investigations. Demant ensures that any report is treated carefully and genuinely, while guaranteeing protection from reprisals and retaliation for any whistleblower that has raised a serious concern in good faith.

Anti-corruption

We oppose use of corruption wherever we do business. It is part of our fundamental principles that we compete for business on fair terms and solely on the merits of its services. Corruption is a criminal offence in most jurisdictions and as a global company, Demant adheres to all applicable laws and regulations, including but not limited to the United Nations Convention against Corruption, the Foreign Corrupt Practices Act and the UK Bribery Act.



We understand that failure to comply with anti-corruption laws could have serious adverse consequences and to ensure compliance, we adhere to our Demant Group Anti-Corruption Policy.

Our Group policy includes basic rules on anti-corruption and sets the minimum standards for all employees. It is meant to provide guidance on behaviour in grey areas and for particularly exposed employees. We aim to ensure that all relevant targeted managers and their employees are familiar with this policy and have a solid understanding of the rules laid out.

As a global company, we also operate in countries where laws on anti-corruption are flawed, not followed or even not enforced. As a minimum, this policy shall always be applicable and govern the behaviour of employees regardless of local regulations and enforcement. We value our business integrity, and no budgetary commitments can justify a violation of this policy. Our Demant Group Anti-Corruption Policy is publicly available at www.demant.com. We consider the most significant risk of corruption to be in relation to trading with countries that are high on Transparency International Corruption Index, which is typically in our export business to emerging markets.



Data privacy

Data privacy continues to be among our top compliance priorities. We are aware and highly respectful of the sensitive nature of the personal data that our customers, end-users, employees and other stakeholders trust us with. We are committed to protecting such personal data through high levels of security measures and responsible policies. During the global coronavirus pandemic, our focus for 2020 was shifted to ensure that the employees' increased use of working from home was conducted in accordance with all necessary data privacy and IT security measures. During the autumn, we have shifted our focus back to our original priorities and have picked up many of the initiatives we paused during the spring and summer. Therefore for 2021, we still envision the primary focus to be on the general training of relevant employees and we will continue to adhere to policies and monitoring the international development in privacy regulations. We have decided to invest further resources in 2021 to strengthen our compliance efforts within this area even further.

Global business ethics

Cyber security

Continuously improving our cyber security is a constant priority. A ransomware incident in 2019 further affirmed the importance of the issue and in the wake of the incident we launched the Board of Directors Security Committee and The Armstrong security improvement program.

The incident taught us that nothing can be produced, sold, customer adjusted or to some extent developed without IT supporting the comprehensive documentation, sales, logistics management and knowledge-share infrastructure. As an example, in our Hearing Care business around the world, we saw how important our customer appointment systems were in ensuring a good customer experience when we had to shut the systems down during the incident.

In 2020 we focused our efforts on ensuring business recovery capabilities and raise the business protection bar of our infrastructures, both externally and internally. We will continue and further enhance this work in 2021, focussing on clients, servers and our production facilities globally.

We are aware that we cannot completely prevent such ransomware incidents, but we do our outmost to lower the security risks and ramp up our capabilities to recover faster. Key factors in this work are automation, streamlining, monitoring, testing and training with a constant eye on rising regulatory requirements, as compliance is our license to operate.



Corporate governance

In order to balance our many stakeholders' interests, we have established a set of processes and relations by which we control and direct our company.

Demant has a two-tier management structure consisting of a Board of Directors and an Executive Board. The annual general meeting is the supreme authority in all company matters. The Board of Directors is responsible for the overall strategic management as well as the financial and managerial supervision of the company, evaluating the work and performance of the Executive Board. The Board of Directors' duties and responsibilities are set out in its rules of procedure.

As a listed company, the Group strives to maintain an accountable and efficient management structure and communicate in an open, transparent, impartial and timely manner with the stock market about the Group's strategy, objectives and risks.

Demant's Board of Directors and the Executive Board are in an ongoing dialogue on the identification, description and handling of the business risks to which the Company may be exposed. Any material risks are described in the Annual Plan and Budget on an annual basis, which the Board of Directors approves. Control mechanisms are in place with an objective to monitor, manage and mitigate any material risks associated with our business.

In the chapter on risk management activities in our annual report, we provide a review of the main elements of our internal control and risk management systems in connection with the financial reporting process.

A complete schematic presentation of the recommendations and our compliance, Corporate Governance 2020 – Statutory report on corporate governance, under section 107 b of the Danish Financial Statements Act, is available on our website <https://www.demant.com/media> please go to Corporate Governance in Media Library.



Global business ethics

Responsible procurement

As a global business that engages suppliers all over the world, we are attentive to how we deal and interact with our suppliers. We require that the majority of our direct suppliers sign and comply with our Demant Group Third Party Compliance Code.

The code is part of our Compliance and business ethics programme. It lists criteria governing aspects of human and labour rights, including slavery prevention, health and safety measures, environmental issues, as well as anti-corruption. It helps our suppliers adhere to social and environmental standards and contributing towards the protection of human rights.

Direct procurement 2020

In 2020, Demant worked with a total of 327 active direct suppliers, out of which 322 suppliers have signed our Demant Group Third Party Compliance Code.

The Code is not re-signed each year. Instead, we risk assess our direct suppliers based on their ability and willingness to comply with our Demant Group Third Party Compliance Code. The assessment groups suppliers into three categories. Each category determines a sustainability action that should be taken towards the supplier. The risk assessment is based on the supplier’s geographical presence, business sector and certified quality management systems.

Should we identify a high risk, where an active direct supplier has failed to meet our standards, our principles guide us to carry out a sustainability audit with an appertaining audit report to list areas of concern.

Actions in 2020

Given the unique circumstances of this year, it is difficult to compare the 2020 activities with those of 2019. Naturally, the impact of coronavirus also impacted our ability to onboard and discover new potential suppliers. No new suppliers were added to Demant’s supplier base and, consequently, no new sustainability audits were conducted in 2020. The only sustainability audit conducted in 2020 was a reaudit of an existing and approved supplier.

Today, Demant’s indirect suppliers are not directly covered by our Demant Group Third Party Compliance Code. In 2020, we wanted to investigate how to deploy certain sustainability criteria within indirect procurement as well. However, due to the coronavirus, the reality was quite different than expected. Therefore, we continue to work towards this as a 2022 target.



Direct and indirect procurement

Direct procurement involves purchasing of raw material and products directly applied to our own production.

Indirect procurement refers to the goods and services required to operate the business.

Demant Group Third Party Compliance Code

- Further assurance to prevent and reduce modern slavery
- Defining a maximum amount of weekly working hours
- Provision of religious breaks
- Clearer and better-defined health and safety rules, including signs on machinery, machine guarding, precautionary rules for pregnant women, clear instructions in languages understandable to all workers, physically demanding tasks needing to be identified and controlled
- Bonded labour and recruitment fees defined and prohibited
- Increased focus on environmental issues, impacts and proactive preventative measures
- Defined data privacy
- Defined fair business
- Encouragement of management systems and management processes to ensure compliance and follow-up

Year	Active direct suppliers	Direct suppliers signed
2018	360	309
2019	381	313
2020	327	322

Material compliance and safety

Restricted list

Although the use of raw material is limited in our manufacturing compared to other industries, we still enforce a precautionary approach to environmental and health challenges connected with raw materials.

We have implemented the use of a “restricted list”, which provides instructions and information on the utilisation and categorisation of substances and materials in our Hearing Aids business. The aim is to ensure that the Group complies with relevant regulations related to specific substances. In the restricted list, all relevant substances that are banned or restricted are listed.

The restricted list is based on the following regulations

- Restriction of Hazardous Substances (ROHS)
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) directive
- Toys directive

In relation to conflict minerals that are subject to the requirements of Dodd-Frank Section 1502 or Regulation (EU)2017/821, suppliers are requested to declare content.

Substances are categorised as below:

<p>Class I: Prohibited (not to be introduced in in any products put on the market by companies of Demant)</p>
<p>Class II Restricted (for restricted use only)</p>
<p>Class III Subjected to special deliberation (can be used, but under observation)</p>
<p>Class IV Under observation (can be used after thorough risk assessment)</p>

On top of the mandatory requirements according to law, we have enforced extra specifications; for example, a ban on the use of all phthalates and natural rubber latex. Working with the restricted list ensures full transparency on the use of hazardous substances, compliance with relevant directives and the opportunity to set a higher bar than the external required or recommended standards. We have introduced a risk-based approach where material compliance is not only secured by supplier declarations, but also via material analysis for high-risk materials.



Material compliance and safety

Quality management

Guided by quality policies, the Demant Group pay special attention to the quality assurance of our products and services. Delivering expected and required quality is vital to our purpose.

Product compliance and safety within hearing aids

With people at our core, it is essential to us that we produce and provide safe products and services. As a quality-focused healthcare company, we adhere to EU and national regulations for product safety. Thus, we follow the safety standard IEC 60606 and conduct safety tests in accredited test houses following ISO 17025, as assessed by our notifying body. In the end, it is the responsibility of the Demant Management that our products and services are safe when they reach the customers and users, and we take this on with great care.

We carry out risk assessments on all products. Safety procedures are available for the products on the market in order to identify, correct and prevent any safety issues. Our quality team attends to external databases to capture any potential safety reporting from other MedTech companies and we have internal procedures to ensure that we report any safety issues to national authorities. All the above is assessed through audits conducted by our notifying body. Today, all employees working within hearing aids are carefully introduced to the department of quality and to how we work with product safety. Some employees are also enrolled in national committees, through which matters concerning medical safety are brought forward.

Quality and safety of medical implants

Within our Hearing Implants business we have a lifelong commitment on safety and quality for our patients. New products, implants, sound processors, instruments and

software are developed by internal experts in close collaboration with external researchers and medical professionals. Before launch, products are extensively tested in accredited test houses following international recognised standards, as well as in clinical settings. We carry out risk assessments on all products. Safety and post-market surveillance procedures are in place to identify, correct and prevent any safety or quality issues. Before our products are placed in the market, authorities worldwide review our product files ensuring we comply with international as well as local requirements and regulations. During 2020, we focused on developing new innovative products, considering what we learned via the complaint system, return investigations of previous-generation products, as well as learnings from development and testing across the Demant Group.

The Oticon Medical management team continuously review the quality policy and quality objectives ensuring we reach set targets on quality and safety. We measure product quality, complaints, vigilance and delivery quality, and we follow up on project goals, supplier monitoring, delivery performance, employee training, launch quality and continuous improvement to the quality management system to ensure efficiency and support a fast-growing organisation. Through regular audits by our notified bodies, we ensure maintained certification according to ISO 13485, MDSAP, MDD and AIMDD. During the forthcoming year, we will add certification to the EU Medical Device Regulation (MDR).

Quality Management System in Communications

The Process Quality function hold the overall responsibility for the QMS (Quality Management System) in EPOS. It is based on the ISO 9001:2015 standard, contains relevant documentation of requirements, guidelines and internal standards. It is available to all employees.

The Process Quality function holds updates and maintenance in relation to EPOS' ISO 9001:2015 certification, including performance of internal and external audits with yearly surveillance or re-certification every third year. Having joined Demant, EPOS, including the offices in Dongguan, China, and Hong-Kong was re-certified in 2020. The certificate is deemed necessary for many larger customers and is valid for three years.

Our Communications products fall under EU mandatory WEEE (Waste Electrical and Electronic Equipment) regulations and we have global sub-contractors for customer returns under the warranty or returns for scrap. These are handled according to regulations applicable in the specific regions.

All EPOS products go through all legal safety requirements and local or regional certifications. We also passed the Microsoft Teams Certification for many products in our Enterprise Solutions portfolio. For 2021, we are looking into establishing the TCO (Telecommunication Certifications Organization) certification, which can support us in taking further sustainable steps in our Communications business.



Material compliance and safety

Biological evaluation - ISO 10993

We use ISO 10993 to evaluate the biological safety of our products and commit to reducing animal testing as much as we possibly can. The following describes how we operate with testing of this kind within our three main business activities: Hearing Aids, Hearing Implants and Diagnostics.

Hearing aids

ISO 10993 are the guiding standards in our work with biological safety evaluation of our hearing aids. We evaluate materials in skin contact in accordance with the standard and when necessary we perform animal testing according to ISO 10993-10. It is also evaluated whether chemical extraction and characterisation is suitable instead. External partners conduct the tests.

a framework to plan a biological evaluation and promote methods yield equally relevant information to that obtained from in vivo models as in vitro models and chemical, physical, morphological and topographical characterisation testing. Thereby, we utilise assessment by chemical extraction and characterisation of materials when viable and, thanks to the new ISO 10993-23 standard, the use in vitro testing to replace animal irritation will be privileged.

Hearing implants

In our implants business, the key safety objective is to ensure that our devices are safe for skin contact and for long-term implantation in the body. We evaluate products' contact safety according to ISO 10993-1 and the 3R principles, which encourage that animal testing is kept at a minimum. This standard and these principles serve as

Diagnostic equipment

In our Diagnostics business area, we commit to reducing animal testing as much as we possibly can in accordance with ISO 10993-1. We solely utilise animal testing whenever it is necessary in order to test the safety of our products. The test is conducted by authorised test laboratories.

Marketing claims

Within the Demant Group we work extensively with research to ensure that we hold evidence to substantiate all product and campaign claims stated in our marketing materials.



For our hearing health business, it is essential that health-care professionals and users can trust the claims we make. The research spans from audiology and acoustics research for Hearing Aids and Diagnostics to surgical, medical and biological research for Hearing Implants. As a deep understanding of the intimate links between hearing and the brain is fundamental to ensure very high-performance standards of our hearing solutions, we are increasingly conducting auditory neuroscience work to document performance improvements. For the Hearing Aid brands, the claims in our materials are created and substantiated at Headquarters based on scientific standards and involving independent researchers.

2021

Having spent 2020 framing our overall sustainability strategy for the Group, 2021 will be the year where it must come to life. Central to our future activities is improving our data collection in a vast number of areas, particularly for our greenhouse gas emissions, and setting measurable targets for our performance. When we publish our next sustainability report, we want to be able to show tangible progress in this area.

We will also focus much of our effort on implementing our new sustainability strategy, including working with all business areas and functions to translate the strategy into concrete action on a local level. As we are a diverse Group, not all projects should be prioritised equally in all parts of the business. However, we all share the same overall sustainability priorities and ambitions for our positive contribution to society.



Appendix 1: Materiality matrix 2019

In 2019, we conducted a materiality assessment – a recognised systematic process to identify the sustainability topics most relevant to our Group to prioritise them depending on how they impact Demant and how important they are to key stakeholders.

A lot happens in a year, and since our materiality analysis in 2019, we have already seen certain areas, such as addressing our climate impact, becoming even more material. The matrix on the next page is the original materiality matrix from 2019, adopted to external purposes. As any materiality analysis, the matrix shows

what topics should be prioritized when the analysis was conducted. That means that all topics are important to the company but that the highest scoring topics were the ones deemed most relevant to upscale work on, while work with others was sufficient as is.

Our new brand, EPOS, was not included in the materiality matrix at the time. Most material areas for EPOS are: 1. address climate impact, 2. reduce, reuse and recycle materials, 3. diversity & Inclusion, 4. responsible procurement & supply chain management.












Importance to stakeholders

		<ul style="list-style-type: none">• Climate impact	<ul style="list-style-type: none">• Diversity and inclusion	<ul style="list-style-type: none">• Life-changing hearing health• Employee engagement & wellbeing• Talent development
	<ul style="list-style-type: none">• Labour rights	<ul style="list-style-type: none">• Health and safety• Conflict minerals & metals• Charitable donations• Product quality and compliance	<ul style="list-style-type: none">• Supply chain management• Ethical behaviour and compliance• Hearing health research	
	<ul style="list-style-type: none">• Animal testing• Trainees and students• Product end-of-life• CSR partnerships			
	<ul style="list-style-type: none">• Water and waste water• Dangerous substances			

Impact on Demant

Appendix 2:
Our Sustainability Framework in
relation to SDG targets

Our Sustainability Framework	SDG	SDG target
Life-changing differences through hearing health		3.8 Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all
		9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, particularly developing countries, including by 2030 encouraging innovation and increasing the number of R&D workers per one million people and public and private R&D spending
People & culture		5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life
		8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.8 Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.
Society & local community		3.8 Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all
		4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations
Environment & climate		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse
		13: Take urgent action to combat climate change and its impacts
Business ethics & governance		16.5 Substantially reduce corruption and bribery in all their forms
		16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements