



Demant Group Supply Chain Sustainability Policy

Responsible	Senior Director – Global Procurement – Hearing Aids Senior Director – Supply Chain - Diagnostics
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Demant

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1. Purpose and scope

Purpose

Demant is committed to advancing sustainability in all aspects of our operations and supply chain. As a positive impact company, doing business in an ethical way and caring for the rights of workers within our value chain is fundamental.

Our Supply Chain Sustainability Policy is designed to communicate the commitments to more sustainable supply chain practices and how our business practices and collaboration with suppliers promote environmental stewardship, social responsibility, and ethical governance throughout the value chain.

The purpose of this policy is to ensure that Demant's supply chain is managed coherently and consistently in a manner that supports and enables documenting our environmental, social and governmental (ESG) risks and opportunities.

Scope

Our Supply Chain Sustainability Policy is in use in relevant upstream buying processes within our two business areas, Hearing Aids and Diagnostics.

Through a risk-based approach, we prioritize our efforts and supply chain engagements based on comprehensive supplier screenings to drive meaningful improvements in sustainability, conduct effective due diligence, and create long-term value for all stakeholders.

Ambition

The core sustainability contribution of the Demant Group is to improve lives whereby we contribute to building a more sustainable world, enacted through the chosen following ESG priorities that form the strategic match between the material topics for Demant and our corporate strategy: **Respect for the planet, Caring for people and Performing with integrity.**

In line with the overall Demant ambition and SBTi-approved goal to be net zero across our value chain by 2050, we aim to decrease our Scope 3 emissions by 46% in 2030 and to be net zero by 2050.

Communication

Transparent communication to internal and external stakeholders is integral to our sustainability efforts. Therefore, this policy is publicly available to everyone and is shared on www.demant.com

2. Background

Trends

Global supply chains are undergoing a fundamental transformation driven by increasing regulatory requirements, stakeholder expectations, and market demands for transparency, resilience, and sustainability.

As a world-leading hearing healthcare and technology group, Demant acknowledges the potentially significant impacts that supply chain operations can have on people and the environment.

Recognising the urgency of addressing climate change, resource depletion, and social inequality, we are committed to integrating sustainable practices that align with industry standards.

This policy is designed to ensure our supply chain evolves with such key factors, positioning us to meet stakeholder expectations, be compliant with the growing ESG regulations and proactively manage risks and opportunities across our value chain.

International/national standards and legislation

Demant's sustainability goals, initiatives, and commitments are carefully aligned with leading international standards and regulations, including the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Science-Based Targets initiative's (SBTi) Corporate Net-Zero Standard, the OECD Guidelines for Multinational Enterprises and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

These frameworks shape our approach and strengthen our contribution to the UN Sustainable Development Goals and the Paris Agreement.

We seek guidance from both internal and external stakeholders and submit our ESG processes and documentation to external verification.

Impacts, risks or opportunities

Material sustainability impacts, risks and opportunities in own operations and in Demant's value chain are identified continuously through Demant's materiality assessment processes, to take strategic decisions and improve sustainability practices and reporting.

This sustainability policy supports our alignment with identified material topics that relates to Demant's supply chain.

Related policies or documents

This policy relates to the following Demant Group policies:

[Demant Group Sustainability Policy](#)

[Demant Group Code of Conduct and pertaining business ethics policies](#)

[Demant Group Third Party Compliance Code](#)

3. The content of the policy

Policy substance

Demant's Supply Chain Sustainability Policy is designed to support responsible management of supply chain relationships through:

- Risk-based screening of suppliers and due diligence process for risk mitigation.
- Collecting, calculating and reporting greenhouse gas (GHG) emissions for relevant Scope 3 categories and subsequent supplier engagement to drive down emissions.

How the policy content is applied in Demant's two business areas Hearing Aids and Diagnostics differs and is described in business area specific quality management system (QMS) procedures. However, both business areas utilize the same overall framework as described hereafter.

Supplier risk-based screening and risk mitigation is conducted through the following steps:

1. Risk assessment

Demant has developed a framework for identifying, assessing, and managing sustainability-related risks in the supply chain.

The ESG risk screening is a continuous process, using both internal assessments and third-party data providers to categorize suppliers into high, medium and low ESG risk.

The ESG risk score determines the subsequent due diligence process a supplier must undergo.

The suppliers' sustainability risks are based on a calculated compilation of the following metrics:

- Suppliers' geographical locations and product/service sector and any inherent human rights, governmental and environmental risks associated with them, based on recognized indices and databases.
- Demant's annual monetary spend with the suppliers.

2. Conformity with the Demant Group Third Party Compliance Code

Third parties that Demant cooperates with must conform to the standards described in the Third Party Compliance Code. The aim of this Code is to help third parties improve their social and environmental standards.

Demant therefore offers to cooperate with third parties to achieve compliance with the provisions of this Code, as a natural part of the supply chain due diligence process.

3. Due Diligence Process

Demant's due diligence process entails mitigating identified value chain risks.

The level of due diligence for suppliers to Demant varies according to risk level.

A tiered approach allows Demant to obtain appropriate documentation, identify potential hotspots or risk areas, and implement targeted mitigation measures where needed.

In addition to risk-based assessments, all suppliers are expected to adhere to Demant's Third Party Compliance Code and meet baseline requirements related to ethical business conduct, environmental responsibility, and labor rights.

Collecting, calculating and reporting GHG emissions is conducted through the following principles:

Demant is committed to improving the accuracy and transparency of our Scope 3 emissions reporting as part of our broader sustainability strategy. This data also serves as guidance for driving down our emissions and contributing to product circularity.

Across our business units, we apply robust and complementary methodologies tailored to the nature of our products and supply chains.

We leverage a combination of:

- Product-based emissions calculations, using material composition, weight, and emission factors, and
- Supplier-engaged emissions estimates, based on supplier-specific data and spend-based factors.

This dual approach ensures flexibility while maintaining data integrity and alignment with best practices and regulatory expectations.

Where supplier-specific data is available, we prioritize its use to improve accuracy and engagement, especially when cooperating with suppliers to reduce emissions.

By using the most relevant method in each context, we build a comprehensive view of our Scope 3 emissions footprint and continuously refine our processes as data quality and supplier collaboration improve.

4. Governance and responsibility

Target group

This serves as a policy for employees across procurement, supply chain and group sustainability functions to align on how Demant manages environmental, social, and governance (ESG) aspects within our supply chain. It outlines our operational processes and principles to ensure consistent execution of our sustainability ambitions.

Roles and responsibilities

The Supply Chain department in Diagnostics and the Procurement department in Hearing Aids are responsible for driving Demant's sustainable supply chain ambitions, targets and initiatives and for updating the Demant Group Supply Chain Sustainability Policy.

The Sustainability Managers in Hearing Aids and Diagnostics have joint responsibility for implementing this policy.

The Senior Director Global Procurement in Hearing Aids and Senior Director in Supply Chain Diagnostics have joint accountability for and approve this policy.

Engaging stakeholders

The policy was developed with input from Group Sustainability and relevant departments and sustainability specialists across the organisation. Group Sustainability serves as the primary consulting body for the policy's compliance with the Demant Group Sustainability Policy.

Sustainability Reporting

Reporting for Hearing Aids and Diagnostics on sustainability in accordance with this policy is the responsibility of the Sustainability Managers for the respective business units.

Reporting is performed on an annual basis in line with Demant's Annual report.

Enforcement

Demant procurement functions must comply with the policy. Principles are rolled out, embedded, and enforced through onboarding sessions, trainings and recurring annual follow-ups.

Demant will regularly monitor compliance with the policy, evaluate its effectiveness, and identify areas for improvement.

Updates of the policy

Implementation on this policy is communicated externally through Demant's Annual Report.

This policy is reviewed continuously and updated accordingly on an ad-hoc basis.