

Remuneration Policy

The Remuneration Policy of Demant A/S has been outlined in accordance with sections 139 and 139a of the Danish Companies Act and the Recommendations on Corporate Governance implemented by Nasdaq Copenhagen A/S.

This Remuneration Policy sets out the principles for remuneration of the Board of Directors and the Executive Board of the company.

I General principles

The overall objective of the Remuneration Policy is to describe how the members of the Board of Directors and Executive Board are rewarded for their commitment to and achieved results for the company. Additionally, the objective is to attract qualified potential members to the Board of Directors and Executive Board and – once a member – to motivate and retain them as well as to align the interests of the Board of Directors and the Executive Board with the interests of the company's shareholders and other stakeholders.

It is our strategic ambition to be a leading global hearing healthcare company and to create value through a long-term commitment to the shareholders and other stakeholders.

The remuneration of the Board of Directors and the Executive Board is designed to support the strategic goals and to generate value in Demant and thus support Demant's business strategy. Additionally, the Remuneration Policy supports a straightforward and transparent remuneration structure for the Board of Directors and the Executive Board.

The company's policy is to offer (i) fixed remuneration to the Board of Directors and (ii) a combination of fixed remuneration and a variable component to the members of the Executive Board as further set out below.

The combination of fixed remuneration and a long-term variable component should constitute an adequate balance between the interests of the company's shareholders and at the same time motivate to pursue long-term growth without promoting short-term or risky behaviour.

The realisation of Demant's overall strategy also contributes to strengthening the company's sustainability, as the business strategy, among other things, aims at developing the business to ensure Demant's continued growth as described in the by-laws of William Demant Foundation.

II Remuneration of the Board of Directors

The members of the Board of Directors of the company receive a fixed basic fee.

The Chairman receives three times the basic fee and the Deputy Chairman receives twice the basic fee.

The members of the Board of Directors are not eligible for any incentive or performance-based remuneration or any other variable components.

Members of the audit committee receive a supplementary fixed fee for serving on this permanent committee. The Chairman receives three times the supplementary fee.

No separate fee is paid to members of the nomination, remuneration and IT security committees.

The basic fee for serving on the Board of Directors and the supplementary fee for serving on the audit committee for the coming financial year are presented for approval at Demant's Annual General Meeting. In rare circumstances, a member of the Board of Directors may have special ad hoc duties assigned to her/him and may receive a separate fee, subject to prior or subsequent approval at the Annual General Meeting.

The Board members' travel expenses and similar expenses in connection with their participation in Board meetings are reimbursed by the company.

The members of the Board of Directors are up for election each year at Demant's Annual General Meeting. No special termination terms apply to members of the Board of Directors, including compensation terms in the event of resignation from the Board of Directors. There are no special retention and redundancy schemes for the members of the Board of Directors.

III Remuneration of the Executive Board

Components of remuneration

Remuneration for the members of the Executive Board consists of the following components:

- a fixed salary
- a variable component and
- customary non-monetary benefits

Fixed salary

The fixed salary is determined with a view to providing a competitive remuneration to attract and retain members of the Executive Board with the required professional and personal competences. Additionally, it is based on the individual member's responsibilities and performance.

The main part of the remuneration for the members of the Executive Board is the fixed salary.

The fixed salary is adjusted once a year.

The members of the Executive Board are entitled to usual non-cash benefits, such as company car, newspapers, telephony, internet access etc.

Variable component

To reward long-term value creation in the company, to provide further incentive for the Executive Board to continue their service to the company and to align a long-term commitment and the interests of the Executive Board with the interests of the shareholders of the company, the members of the

Executive Board receive variable cash remuneration in the form of an annually revolving retention scheme.

The scheme contains the following elements:

- (i) A retention period of two to five years before pay-out.
- (ii) Once a year, an amount equivalent to 1-6 months' fixed salary is converted into shadow shares in the company and allocated to the member of the Executive Board in question.
- (iii) After expiration of the retention period, a sum equivalent to the value of the shadow shares at that time is paid out to the member of the Executive Board in cash.
- (iv) The share price used for the calculation is determined each year based on the average share price quoted on Nasdaq Copenhagen during a specific period following the date of publication of the company's annual report.
- (v) A mechanism whereby a member of the Executive Board, who resigns or is given notice of termination due to gross negligence shall not be entitled to any pay-out.

Payment is not subject to the member of the Executive Board fulfilling his or her performance targets.

At the time of allocation, the variable component cannot exceed more than six months' pay of the total remuneration to the Executive Board member in question.

Termination and severance payment

In the event of dismissal, Executive Board members' notice period cannot exceed 24 months.

Members of the Executive Board are not entitled to severance pay.

Employment conditions in the company

As part of the determination of the remuneration for the Executive Board, Demant has assessed the ratio of the Executive Board's remuneration to the salaries of other employees as well as the Executive Board's terms of employment to the terms of employment of other employees.

The Executive Board's remuneration takes the responsibility, scale and complexity of the roles and duties of the Executive Board into consideration and the principles applied are based on general salary benchmarking practices.

In the preparation of this Remuneration Policy, Demant has also taken into account that the ratio of the Executive Board's total remuneration to the total remuneration of other employees does not differ significantly from comparable market ratios.

A gross salary principle applies to all employees of the company. To align the structures of the Executive Board's and other employees' remuneration, this principle also applies to the Executive Board.

The gross salary principle implies that the company offers a number of goods and services to the employees, which they may choose to acquire through a corresponding deduction in the salary. The members of the Executive Board may choose to enrol in the schemes that the company offers to the

employees as part of the gross salary principle. The Executive Board participates on the same terms as other employees.

For instance, the members of the Executive Board may participate in a share salary arrangement to purchase shares on the same terms as other employees in the company who work in Denmark.

Moreover, the members of the Executive Board do not receive any pension payments from the company due to the company's gross salary principle.

IV Process and remuneration committee

The Board has established a remuneration committee, which is responsible for recommending a Remuneration Policy to the Board of Directors for approval by the Board of Directors. The remuneration committee is also responsible for ensuring that the Board of Directors' and the Executive Board's remuneration is in compliance with the company's Remuneration Policy and the assessment of the performance of the persons concerned.

The remuneration committee will continuously assess the need for revision of the Remuneration Policy and if such revisions are deemed needed, the remuneration committee will prepare and propose revisions of the Remuneration Policy to the Board of Directors. The Board of Directors decide any changes to the Remuneration Policy as part of the Board of Directors' usual decision-making.

The Board of Directors must submit the revised remuneration policy to the shareholders for consideration and approval at the annual general meeting.

The Executive Board has no decision-making power in relation to the Remuneration Policy, thus there is no risk of a conflict of interest.

The members of the remuneration committee do not receive a separate fee for their work on the remuneration committee, thus there is no risk of a conflict of interest regarding the committee's work on the Remuneration Policy.

As the members of the Board of Directors only receive fixed remuneration and as such fixed remuneration for the Board of Directors is specifically approved at Demant's annual general meeting, there is no risk of a conflict of interest with regard to the Board of Directors' work on the Remuneration Policy.

V Miscellaneous

Amendments

This Remuneration Policy is an update of the Remuneration Policy adopted at Demant's annual general meeting on 19 March 2019. The Remuneration Policy has been revised to comply with new requirements as laid down in section 139 and 139a of the Danish Companies Act.

In relation to the Remuneration Policy of 19 March 2019, Demant has only implemented amendments and additional information resulting from the new requirements, meaning that for all intents and

purposes, the Remuneration Policy corresponds to the Remuneration Policy approved by the annual general meeting on 19 March 2019.

Deviations from the Remuneration Policy

To achieve the overall objective of this Remuneration Policy, the Board of Directors may in special circumstances and based on the recommendation of the remuneration committee decide on an individual basis to deviate from the policy if parts of the policy no longer drives business performance, the achievement of the company's strategy or motivation and retention. In such cases, the Board of Directors is obliged to explain the reason for the deviation at the following annual general meeting and to include a description of the deviation in the remuneration report presented at that general meeting.

Approval and publication

The Remuneration Policy is available on www.demant.com for as long as it is applicable.