

## **William Demant Holding A/S**

On Thursday 9 April 2015 at 4.00 pm, the annual general meeting of William Demant Holding A/S, Central Business Registration (CVR) no. 71 18 69 11, was held at Kongebakken 9, 2765 Smørum, Denmark.

The Chairman of the Board of Directors addressed a few words of welcome to the shareholders and thanked them for attending the meeting.

The Board of Directors had appointed attorney Jesper Schultz Larsen as Chairman of the meeting.

The Chairman announced that the notice of the general meeting had been given in accordance with the Articles of Association and the Danish Companies Act (*selskabsloven*) and that the general meeting had been lawfully convened and formed a quorum for the transaction of the business on the agenda.

Shares in the nominal amount of DKK 41,929,830 were represented at the general meeting, corresponding to 77.1% of the share capital after adjustment for the Company's treasury shares.

The Company had issued 180 admission cards for the general meeting, of which 119 were present. The participants included 101 shareholders with voting rights. A total of 44 shareholders had granted a proxy to the Board of Directors, and 24 shareholders had completed a proxy form or cast their votes by post. 499 had granted a proxy to a third party.

In accordance with article 8.2 of the Articles of Association, the agenda was as follows:

1. Report of the Board of Directors on the Company's activities during the past year.
2. Presentation for approval of the audited annual report, including the consolidated financial statements.
3. Approval of remuneration for the Board of Directors for the current financial year.
4. Resolution on the appropriation of profit or covering of loss according to the approved annual report.
5. Election of members to the Board of Directors.
6. Election of auditor.
7. Any proposal from the Board of Directors or shareholders.

The Board of Directors had submitted the following proposals:

- a) Reduction of the Company's share capital.
- b) Authorisation to the Board of Directors to let the Company acquire treasury shares.

- c) Authority to the Chairman of the annual general meeting.
8. Any other business.

### **Re 1: Report of the Board of Directors on the Company's activities during the past year**

The Chairman of the Board of Directors, Lars Nørby Johansen, reported on the Company's activities during the past financial year and explained the Company's position on the Recommendations on Corporate Governance.

### **Re 2: Presentation for approval of the audited annual report, including the consolidated financial statements**

Niels Jacobsen, President & CEO, went over the 2014 annual report. The Chairman then opened the floor for questions and comments concerning both the report of the Board of Directors and the presentation of the annual report.

Jørgen Siiger took the floor on behalf of Dansk Aktionærforening (*the Danish Shareholders' Association*) and thanked the Chairman and the President & CEO for the presentation of the Chairman's report and the annual report. Jørgen Siiger noted that the previous year had been a lean year for the shareholders of William Demant and that 2014 ended in a negative return of 11%. However, he also noted that, since then, the share price had recovered strongly as, so far in 2015, a return of approx. 25% had been obtained which was a very good result. He then noted that, from a business perspective, it was a year which largely met the expectations despite the intensified competition and the resulting price pressure. However, the EBIT margin was steady, as was the return on equity. In that connection, Dansk Aktionærforening (*the Danish Shareholders' Association*) considered it gratifying that the free cash flow had increased significantly which increased the possibility of increased buy-back of shares, dividends or new investments to the benefit of future earnings. Consequently, the association would appreciate it if, in the future, dividends would be distributed. Then, Jørgen Siiger commented on the purchase of Neurelec in 2013 and noted that this appeared to have materialised in 2014 with a revenue growth of 36%. In addition to this, several new products would be launched in 2015, and such products may contribute to ensuring the competitiveness and further progress in the years ahead. The aiming at new markets would also require substantial resources and specific competences, including approval and marketing culture, and therefore, an expansion of the Board of Directors may become relevant. He also noted that "retained earnings" was lower than that of comparable companies. Dansk Aktionærforening (*the Danish Shareholders' Association*) considered it to be very positive that all members of the Board of Directors elected by the general meeting held shares in the Company. Finally, Jørgen Siiger noted that the annual report was only presented in Danish as a summary and that it lacked a description of risks and notes to the annual report. He finished with thanking the Board of Directors, the Ex-

ecutive Board and the employees for their great efforts in the previous year and wished the Company all the best in 2015.

The Chairman of the Board of Directors, Lars Nørby Johansen, answered the questions from Dansk Aktionærforening (*the Danish Shareholders' Association*) and, in that connection, he stated that the Board of Directors regularly considers the size and composition of the Board of Directors through the nomination committee set up by the Board of Directors for the purpose of professionalising and strengthening the Board of Directors' competences. With respect to dividends, the Chairman of the Board of Directors stated that the Company's overall policy is that the Company's generation of cash will be sent back to the shareholders. The Company had decided to do this by way of a share buy-back programme based on an assessment of dividends versus share buy-backs. After having consulted professional investors, the Board of Directors assessed that, if the Company's share actually was to be deemed to be a dividend share, it would require such large distributions of dividends that there was no room for this. Against that background, the Company had decided to continue with the share buy-back programme which provides better flexibility.

CEO & President, Niels Jacobsen, addressed the question from Dansk Aktionærforening (*the Danish Shareholders' Association*) concerning presentation of the annual report in English. In that connection, he informed the meeting that the preparation of financial statements is a process during which regular changes are made to the text, notes and figures. Therefore, it was crucial that there was only one version of the financial statements being the correct one. Instead of having to keep track of two versions of the financial statements, it was assessed that it was more important to prepare a good, instructional and readily understandable – for non-accounting experts – Danish summary which, from a business perspective, provided a better insight and an easier access to understanding the business conducted by the Company. As a result, the Company has decided to prepare the financial statements in English which comply with the formal requirements, and, as a supplement to this, to prepare a readily understandable summary in Danish.

In her capacity as deputy chairman of the shareholders' association Best.Women, Helena G. Hansen took the floor and informed the meeting that the association had purchased shares in William Demant since the number of women on the Board of Directors and the senior management was low. In that connection, she noted that, today, only one woman elected by the general meeting was on the Board of Directors and there were no female members on the Executive Board. Women at the senior management level only constitute 14%. For example, she noted that the number of women in Danish listed companies only constituted 11% if you disregard the employee representatives on the Board of Directors and 6% in the senior management which placed Denmark at the bottom of the statistics in Europe. Against that background, the association encouraged William Demant to continue actively to consider diversity and gender in connection with the next election of members to the Board of Directors and appointment of competent persons to the Executive Board and asked what William Demant specifically did to promote more female members in the Company's management. Moreover, she asked the Chairman of the Board of Directors to inform

the meeting of the specific internal initiatives taken to promote more female members on the Company's management and thereby comply with the Company's own diversity policy.

The Chairman of the Board of Directors answered the questions from Best.Women and, in that connection, stated that the Company was working actively to increase the number of women on the management levels of William Demant. As regards specific initiatives, William Demant is one of the companies which actually has a policy and an action plan which had also been sent to Best.Women before the annual general meeting. The policy and action plan are available at the Company's website and contain the specific initiatives applied by the Company. The Company has an objective to increase the number of women on all levels of the organisation and significant progress had been ascertained. Moreover, the Chairman of the meeting noted that, in connection with this discussion, account should also be taken of the Company's recruitment base which, traditionally, has been very male-dominated with a relatively low share of women e.g. within the engineering programmes. Fortunately, however, this appeared to be changing. As regards the question concerning women on the Board of Directors, the Chairman referred to the fact that, in 2013, the Company had drawn up an objective which had been met already within the first year to the effect that, today, the Board of Directors has a female member. At present, the Board of Directors is in the process of drawing up a new objective which is expected to be ready no later than at the next annual general meeting. Consequently, the Company took this issue very seriously and worked intensively on the subject.

Annelise Hegner (shareholder) thanked the Chairman for the report, called for the distribution of dividends and asked the Board of Directors whether it would be possible for shareholders to obtain a discount when purchasing the expensive hearing aids. Moreover, she agreed with the two former speakers with respect to the question concerning women on the Board of Directors. The question was answered by CEO & President, Niels Jacobsen, who stated that, in Denmark, the hearing aids are distributed either through the public system where the hearing aids are free of charge for everyone or through private hearing clinics. He agreed with Annelise Hegner that, in the public system, it is not always possible to get the best hearing aids, which the Company regretted. The Company was also frustrated with the fact that – considering that three of the world's six large hearing aids came from Denmark – public Denmark does not think that the Danes, at least, should have the best hearing aids as public Denmark appears to have decided that the price is more important than helping the hearing-impaired with the best hearing aids. With respect to the private clinics, he noted that, as a manufacturer, William Demant sells to the distributors and not directly to the end-users and, therefore, is unable to grant discounts to the end-users. He further explained that a substantial share of the price covers the adaptation carried out by the hearing clinics.

The Chairman of the meeting then announced that discussions had been closed and that the general meeting had taken note of the Chairman's report and that the 2014 annual report had been approved.

### **Re 3: Approval of remuneration for the Board of Directors for the current financial year**

The Board of Directors proposed that the basic remuneration for 2015 should remain at DKK 300,000, and that the Chairman should receive three times and the Deputy Chairman twice the basic remuneration.

The proposal was adopted.

### **Re 4: Resolution on the appropriation of profit or covering of loss according to the approved annual report**

The Board of Directors proposed that the profit for the year of DKK 1,095m should be transferred to the Company's reserves.

The proposal was adopted.

### **Re 5: Election of members to the Board of Directors**

Under article 11.2 of the Articles of Association, members of the Board of Directors elected by the general meeting are elected for one-year terms. All member of the Board of Directors elected by the general meeting – i.e. Lars Nørby Johansen, Peter Foss, Niels B. Christiansen and Benedikte Leroy – stood for re-election.

The Chairman of the meeting provided information on a change to the managerial posts of the candidates in the period between the date of the notice convening the general meeting and the date of the general meeting as Niels B. Christiansen had been elected to the board of governors of the Technical University of Denmark.

Section 120 of the Danish Companies Act had been observed.

The proposed candidates were elected and re-elected, respectively.

The Chairman of the meeting also stated that, in connection with the election of employees in February 2015, the existing employee representatives on the Board of Directors Ole Lundsgaard and Karin Ubbesen were re-elected, whereas Thomas Duer was elected a new employee representative on the Board of Directors.

The Board of Directors then consists of:

- Lars Nørby Johansen
- Peter Foss

- Niels B. Christiansen
- Thomas Duer (elected by the employees)
- Benedikte Leroy
- Ole Lundsgaard (elected by the employees)
- Karin Ubbesen (elected by the employees)

#### **Re 6: Election of auditor**

The Board of Directors proposed re-election of Deloitte Statsautoriseret Revisionspartnerselskab.

The proposal was adopted.

#### **Re 7: Any proposal from the Board of Directors or shareholders**

##### **Re 7a) – Reduction of the Company's share capital**

The Board of Directors proposed that the Company's share capital be reduced by a nominal amount of DKK 2,236,403, equal to the Company's portfolio of treasury shares as at 26 February 2015. The portfolio of treasury shares was acquired as part of the Company's share buy-back programme in 2013, 2014 and 2015. The reduction amount will be used for distribution to the shareholders; see section 188 of the Danish Companies Act. The shares have been acquired at a total amount of DKK 1,051,279,203 to the effect that, in addition to the nominal reduction amount, an amount of DKK 1,049,042,800 has been distributed.

As a result of the capital reduction, it was proposed that article 4.1 of the Articles of Association be amended to the following wording after the expiry of the time limit set out in section 192 of the Danish Companies Act:

*"The Company's share capital is DKK 54,425,235 divided into shares of DKK 1 each or multiples thereof"*

The proposal was adopted by the required majority of votes.

##### **Re 7b) – Company's acquisition of treasury shares**

The Board of Directors proposed that, until the next annual general meeting, the Board of Directors should be authorised to allow the Company to acquire treasury shares of a nominal value of up to 10% of the share capital. The purchase price for the shares must not deviate more than 10% from the price quoted on NASDAQ OMX Copenhagen A/S at the time of the acquisition. The price quoted on NASDAQ OMX Copenhagen A/S at the time of the acquisition means the closing price – all transactions at 5 pm.

The proposal was adopted.

**Re 7c) – Authority to the Chairman of the annual general meeting**

The Board of Directors proposed that the Chairman of the annual general meeting was authorised to make any such amendments and additions to the resolutions passed at the annual general meeting and the application for registration with the Danish Business Authority that may be required by the Authority in connection with the registration of the amendments passed.

The proposal was adopted.

**Re 8: Any other business**

As no one else wished to take the floor, the Chairman of the meeting announced that there was no further business to transact and gave the floor to the Chairman of the Board of Directors.

The Chairman of the Board of Directors then closed the general meeting by thanking the Chairman of the meeting and the shareholders for attending.

The Chairman of the Board of Directors closed the general meeting at 4.59 pm.

Chairman of the meeting:

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Jesper Schultz Larsen, Attorney-at-Law