

Remuneration policy and general guidelines on incentive pay

This remuneration policy for the Board of Directors and the executive management of William Demant Holding A/S (the "Company") sets out the principles for remuneration of the Board of Directors and the executive management of the Company, as well as general guidelines for incentive pay to the executive management of the Company pursuant to section 139 of the Danish Companies Act.

It is the Company's policy to offer (i) fixed remuneration to the Board of Directors and (ii) a combination of fixed remuneration and incentive pay to certain members of the executive management as further set out below.

In the opinion of the Board of Directors, the remuneration of the Board of Directors and the executive management of the Company reflects a competitive remuneration level.

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.

Audit committee members receive an additional fixed fee for their work in the audit committee and the Chairman receives three times the basic fee.

Nomination committee members do not receive additional remuneration for their work in the nomination committee.

The Board of Directors are not eligible for any incentive or performance-based remuneration or any other variable components. Accordingly, the guidelines on incentive pay pursuant to section 139 of the Danish Companies Act only apply to the executive management.

Executive management:

Each member of the executive management receives a fixed remuneration.

In order to provide further incentive for the executive management of the Company to continue their service to the Company, and to align the interests of the executive management with the interests of the shareholders of the Company, the Board of Directors may offer members of the executive management a variable cash remuneration component in the form of an annually revolving retention scheme.

To ensure clarity regarding the criteria for payment under such retention scheme, the scheme shall i.a. contain (i) a qualifying retention period of two to five years, (ii) a base calculation amount of one to six months' fixed salary, (iii) an adjustment of the base calculation amount according to the development in the Company's share price during the relevant retention period and (iv) a mechanism whereby an executive management member who gives or is given notice of termination, shall not be entitled to any retention remuneration, neither in full nor pro rata.

If the Company terminates the employment of the President & CEO, a notice period of 2.5 years has been agreed upon. Furthermore, the President & CEO is entitled to a seniority bonus matching one year's salary for every four years of employment after 2005. In the consolidated financial statements, this seniority bonus is recognised as a defined benefit plan commitment that will be paid out on termination of the employment.