



# Demant Remuneration Policy

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# 1. Scope of the policy

This Remuneration Policy sets out the principles of the remuneration of the Board of Directors and the Executive Board of Demant A/S. The Executive Board includes the executives registered with the Danish Business Authority.

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

Demant is a global hearing healthcare group with a strong foundation in care, health and innovation. Our purpose is to create life-changing differences through hearing health, and our ambition, as the leading hearing healthcare company, is to improve as many lives as possible. We are committed to long-term value creation for shareholders and stakeholders in a sustainable and responsible way.

The overall objective of this Policy is to support the strategy, sustainable value generation and long-term interests of the company and its shareholders.

The Policy is prepared by the remuneration committee and presented to the Board of Directors for discussion and approval before being submitted for approval at the general meeting.

## 2. General principles

The overall purpose of the Policy is to ensure:

- That the remuneration of the Board of Directors and Executive Board is aligned with Demant's strategy and Demant's shareholders.
- That Demant is able to attract qualified members to the Board of Directors and the Executive Board, and, once appointed, to retain and motivate them.
- That Demant realises its strategy, which aims to develop the business to ensure Demant's continued growth and long-term commitment to shareholders as described in the by-laws of William Demant Foundation, Demant's majority shareholder.

# 3. Governance

The Board of Directors has the overall responsibility for the Remuneration Policy.

Established by the Board of Directors, the remuneration committee is responsible for ensuring compliance with the Remuneration Policy and for completing an annual review of the Policy. Any material amendments to the Policy are recommended to the Board of Directors, which will propose them for approval by the shareholders at the annual general meeting. The Remuneration Policy must be approved at the annual general meeting at least every four years.

The Board of Directors has assessed that the governance process set up to review and approve this Policy does not pose a risk of conflict of interest, as the Policy is prepared and recommended to the Board of Directors by the remuneration committee and approved at the annual general meeting, and as the Executive Board has no decision-making power regarding the Remuneration Policy.

Further, the remuneration of the Executive Board is determined by the Board of Directors based on the recommendations of the remuneration committee, thus ensuring that the Executive Board is not involved in the determination of their own remuneration. The remuneration of the Board of Directors for the current year is approved at the annual general meeting and does therefore not pose a risk of conflict of interest.

# 4. Remuneration of the Board of Directors

## Purpose and alignment with strategy, long-term interests and sustainability

The remuneration of the Board of Directors consists of an annual fixed base fee linked to the role and responsibility of the Board member. This remuneration structure aims to support the Board's focus on the strategy, supervision, organisation and governance of the company. To ensure the implementation of the Group's strategy in a sustainable way by taking the long-term interests of Demant into consideration, the Board members do not receive any variable remuneration based on performance.

## Fees and benefits

### Fixed base fee:

- Each Board member receives an annual fixed base fee.
- The Chair can receive up to three times the annual fixed base fee.
- The Vice Chair can receive up to twice the annual fixed base fee.

### Board committee fee:

- Audit committee members receive an annual audit committee fee.
- The chair can receive up to three times the annual audit committee fee.
- No separate fee is paid to members of the nomination and remuneration committees.

### Fee for ad hoc tasks:

- In rare circumstances, a Board member may be assigned special ad hoc tasks that fall outside the member's normal duties as defined by the Board. In such cases, the Board member may receive a separate fee based on a recommendation by the remuneration committee. The fee for ad hoc tasks is disclosed in the Remuneration Report and is subject to approval at the annual general meeting.

## No variable components:

- Board members elected at the annual general meeting are not eligible to receive any incentive or performance-based remuneration or any other variable components. Staff-elected Board members, on the other hand, may be eligible to participate in ordinary share salary arrangements in their capacity as employees with Demant.

## Expenses:

- Board members' travel expenses and similar expenses incurred through their participation in Board meetings are reimbursed by the company.

## Term

Board members elected at the annual general meeting are up for election each year at Demant's annual general meeting, whereas staff-elected Board members are up for election every fourth year. No special termination terms apply to Board members, including compensation terms in the event of resignation from the Board of Directors. There are no special retention and redundancy schemes for Board members.

# 5. Remuneration of the Executive Board

## Purpose and alignment with strategy, long-term interests and sustainability

To support sustainable value creation for the shareholders, part of the Executive Board's remuneration is performance-based. The components are structured in such a way that they provide strong alignment between the interests of the Executive Board and those of the shareholders, including focus on meeting Demant's strategic ambitions.

Combining fixed remuneration with both short- and long-term variable components ensures that the interests of the Executive Board are closely aligned with those of the company's shareholders. This structure encourages the Executive Board to create value, support long-term growth and promote sustainable development. Demant strives to have a balanced mix of fixed and variable remunerations components.

The short-term incentive programme is designed to incentivise executives to obtain short-term achievements in line with the company's needs and to ensure a high level of both collective performance and individual performance within their functional area.

The long-term incentive programme is designed to promote the collective performance of the Executive Board and to align the interests of the Executive Board with those of the shareholders through long-term value creation. The annual performance assessment, with a vesting period, rewards consistent and sustained long-term value creation, while providing further incentive for the executives

to maintain their commitment to the company. Furthermore, the revolving share-based programme ensures that the long-term commitment and the interests of the Executive Board are aligned with the long-term interests of the shareholders.

## Fixed base salary

The annual fixed base salary is determined with a view to offering a competitive remuneration to attract members to the Executive Board with the required professional and personal competences and – once a member – to retain them. The annual fixed base salary is based on the individual member's responsibilities and performance. Additionally, customary non-monetary benefits are offered.

## Variable remuneration

### Short-term incentive programme (STIP)

The short-term incentive programme is a one-year cash-based incentive programme linked to the level of achievement of a number of predefined performance criteria for each member of the Executive Board.

The performance criteria are closely aligned with Demant's strategy and will typically be linked to the achievement of financial, business and sustainability targets. Targets comprise Group and business area targets, as applicable, and may include financial targets based on for instance organic growth and operating profit (EBIT), as well as non-financial targets that support Demant's sustainability targets and ambitions. These targets

are disclosed in further detail every year in the Remuneration Report.

Performance criteria are set at the beginning of the performance year and determine the threshold and the level of performance to be obtained to achieve maximum payout. Hence, STIP rewards annual performance based on stand-alone one-year targets.

The level of achievement of the performance criteria is assessed at the beginning of the year following the performance year. Payout is made subsequently and ranges from 0% to 20% (target is 10%) of the individual Executive Board member's annual fixed base salary in the performance year.

The assessment is based on the achieved results and on relevant external information and internal reports.

### Long-term incentive programme (LTIP)

The long-term incentive programme offers restricted stock units (RSUs), which vest after three years (vesting period). At vesting, the RSUs are converted into shares in the company on a 1:1 ratio. The programme is linked to the level of achievement of a number of preset performance criteria during the first year of the vesting period after granting of the RSUs (performance period).

The long-term incentive programme (LTIP) is structured as a three-year vesting period with an annual performance assessment. The annual assessments and the revolving nature of the LTIP promote consistent and sustained alignment between the interests of the Executive Board and those of the shareholders.

Vesting of the RSUs is conditional upon the Executive Board member's continued employment with the company at the end of the three-year vesting period.

The calculation of the number of RSUs granted is based on the individual Executive Board member's expected annual fixed base salary in the performance year.

At the beginning of the performance period, the maximum number of RSUs that will vest at the end of the three-year vesting period is calculated. The share price used for the calculation of the number of RSUs is determined at the beginning of each performance year based on the average share price quoted on Nasdaq Copenhagen during the period following the date of publication of Demant's annual report for the year prior to the relevant performance year.

Performance criteria are set at the beginning of the performance period and include the determination of the threshold and the level of performance to be obtained to achieve maximum payout. Performance criteria are closely aligned with Demant's strategy and will typically be linked to financial, business and sustainability targets. Targets comprise Group and business area targets and may include financial targets based on for instance organic growth and operating profit (EBIT), as well as non-financial targets that support Demant's sustainability targets and ambitions.

At the end of the performance period, the number of RSUs is calculated by assessing the level of achievement of the performance criteria. The value of the RSUs cannot be less than 25% or

more than 75% (target is 50%) of the annual fixed base salary of the Executive Board member.

The assessment of the level of achievement of performance criteria is based on the achieved results, which appear from the financial reports submitted to the stock market, and on relevant external and internal reports. During the three-year vesting period, the market value of the granted RSUs will change, as Demant's share price goes up or down.

The Board is of the view that with the current LTIP structure it achieves the right objectives while improving the programme's overall impact: it enables more accurate target setting, provides the right incentives and a more straightforward follow-up.

#### Other provisions in STIP and LTIP

As far as short- and long-term incentive pay is concerned, the remuneration committee may – acting fairly and reasonably – waive or adjust a performance criterion if, during the performance period, the performance criterion has become obsolete or is no longer appropriate due to events that could not be taken into account at the beginning of the performance period, such as strategy changes, acquisitions/divestments, unforeseen external factors etc.

As far as the short- and long-term incentive programmes are concerned, actual payout, grants and adjusted grants are calculated based on the performance assessment and released for payment around 1 April when the performance period ends. If additional information relating to the assessment of the performance criteria surfaces after the assessment, the amount will be adjusted accordingly. Changes made to the actual annual fixed base salary during the performance period will be aligned at the end of the performance period.

## Size and relativity of the components

The aggregate maximum amount that may be granted as an incentive pay for a given year equals 95% of the annual fixed base salary of the individual Executive Board member.

By splitting remuneration into fixed and variable remuneration, we ensure that an appropriate portion of the Executive Board member's salary is tied to performance in promoting sound business decisions in alignment with Demant's strategy and ambitions.

The percentages in the table show the relative weight of the components at minimum, on-target and maximum performance.

Remuneration component	Relative size at minimum performance	Relative size at on-target performance	Relative size at maximum performance
Fixed base salary	80%	63%	51%
Short-term cash-based	0%	6%	10%
Long-term share-based	20%	31%	39%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# 6. Clawback and other provisions

## Clawback

The company has an option to reclaim, in whole or in part, any earned, paid or vested variable remuneration if it was based on information that subsequently proves to be materially incorrect, or if the member of the Executive Board acted in bad faith in respect of other matters, either of which situation has led to payment of a too large variable remuneration. Such option to reclaim will only be valid for up to 12 months after payout or vesting of the variable remuneration. Further, there is a mechanism that allows for clawback of granted, but unpaid out/unvested, remuneration, if a member of the Executive Board resigns or is given notice of termination due to gross negligence.

## Other benefits

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

## Term

Executive employment contracts are entered into for an indefinite period with a mutual right of termination.

## Termination of employment and severance pay

In the event of dismissal, the notice period for Executive Board members cannot exceed 24 months. During the notice period, the Executive Board member is entitled to continued remuneration. However, the members of the Executive Board are not entitled to severance pay.

## Non-competition clause

If a member of the Executive Board resigns, the company has an option to exercise a non-competition clause for up to 12 months. In such case, the Executive Board member is entitled to remuneration throughout the period. This does not apply to the CEO.

# 7. Other considerations

## Benchmarking

The remuneration of the Board of Directors and Executive Board is benchmarked annually against remuneration levels in primarily other Danish listed C25 companies.

## Consideration of 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 and compared the Executive Board's terms of employment with the terms of employment of other employees. The Board of Directors believes that an appropriate balance between employee and management remuneration exists.

Short- and long-term incentive programmes are not broadly offered to Demant's employees. The Board of Directors finds that the short- and long-term incentive programmes outlined in this Remuneration Policy are appropriate and necessary in order to align the interests of management responsibilities with the interests of the company and its shareholders.

With respect to resignation conditions, the Board of Directors believes that the comparatively longer resignation periods and terms of employment for members of the Executive Board reflect market practice and are appropriate as a retention element and as part of the overall remuneration package offered to the members of the Executive Board.

Demant applies a gross salary principle to its remuneration structure for all employees, including the Executive Board, to ensure consistency. Under this principle, employees may opt into company-offered benefits through salary deductions. Executive Board members participate in share salary arrangements on the same terms as other employees. Consequently, the company does not make separate pension contributions for Executive Board members.

## Deviations from the Remuneration Policy

To achieve the overall objective of this Remuneration Policy – to support the strategy, sustainable value generation and long-term interests of the company and its shareholders – the Board of Directors may in special circumstances and based on the recommendations of the remuneration committee decide to deviate on an individual basis from the Policy, if parts of the Policy no longer contribute to driving business performance, achieving the company's strategy or motivating and retaining Board members. 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 this annual general meeting.

## Approval

This Remuneration Policy was adopted by the Board of Directors on 11 December 2025 and proposed by the Board of Directors for adoption at the annual general meeting on 5 March 2026.

# 8. Appendix: Amendments

This Remuneration Policy will replace the Remuneration Policy approved at the annual general meeting in March 2022.

The Remuneration Policy remains materially unchanged. However, it has undergone targeted clarifications and editorial adjustments to improve readability, making its core principles and provisions more transparent and easier to navigate.

The non-material changes further aim to clarify that the LTIP combines operational simplicity with the desired impact.

The Remuneration Reports for 2022-2024 were approved at the annual general meeting without any comments from shareholders.

5 March 2026.