



# Letter to shareholders

## Dear shareholders,

Having entered the 2021/22 financial year in a position of strength, the Sonova Group continued to make significant progress on its growth strategy, deepening consumer access by expanding sales channels organically and through acquisitions, as well as by advancing its innovative portfolio of hearing solutions. The recovery in the global hearing care market from the impact of the pandemic was sustained, despite some regional differences and residual challenges, and shows that the fundamentals of our industry remain solid. Through the year, consumer behavior was increasingly resilient in the face of varying COVID-19 infection rates, and we expect that trend to continue.

We committed significant capital during this financial year to our strategic effort to get ever closer to the consumer. In March 2022, we completed the acquisition of the Sennheiser Consumer Division, which has a long-established successful business in high-end consumer audio products, including headphones and earbuds. The strong Sennheiser brand and its dedicated sales channels provide a solid foundation for our newly created Consumer Hearing business and advance our strategy to reach consumers wherever their journey to better hearing begins. At the same time, we are attracting ever more consumers through our Audiological Care business, where we have significantly accelerated the expansion of our network.

To ensure that we continue to provide our growing markets with the innovation they expect from us, we have further increased our R&D investments, which rose at a double-digit rate for the third year in a row. We are committed to sustain our technology leadership by establishing skills in new and developing areas. We have kept up our speed of innovation with successful product introductions throughout the year and will launch further significant innovations in the year to come.

The fundamental message this year is the same as it was before: our strategy is sound and continues to bear fruit. Our commitment to operational and commercial excellence gives us the resources to make meaningful and timely investments to secure further sustainable growth, bringing ever closer connection to the needs and hopes of our consumers. You will see this described in more detail in the [Strategy & Business section](#) of this report.

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**We continue to build on our well proven strategy, delivering solid results.**

Robert Spoerry

Each year, we like to bring you [the story](#) of one consumer who has discovered the power of our hearing solutions to transform their daily life. This year, we meet Amanda Storkey, a Canadian teacher who uses her own experience of dealing with hearing loss to help, encourage, and inspire others.

#### Hearing Instruments segment

Sonova's Hearing Instruments segment saw a rise in sales of 27.2% in local currencies, driven by organic growth and acquisitions. The segment's hearing instruments and audiological care businesses each contributed to the good performance, despite residual pandemic-related market challenges. Their contribution is now complemented by the newly created Consumer Hearing business, strongly augmented by the successful acquisition of the Sennheiser Consumer Division in March 2022.

The continuing success of the Phonak Paradise platform was a key contributor to the sustained performance of the Hearing Instruments business. Over 2.5 million Paradise-based hearing aids were sold in the 2021/22 financial year: a new record for a single platform. We further expanded the Paradise product portfolio in August 2021 by introducing Audéo Life, the world's first rechargeable and fully waterproof hearing aid, and ActiveVent™, the world's first intelligent hearing aid receiver, which self-adjusts based on the listening environment. In February 2022, the benefits of Paradise technology, including outstanding sound quality and universal connectivity, became available in the Virto line of custom-made hearing aids. Further adding to the strong performance was the successful launch of the Unitron BLU platform in April 2021, powered by the same Sonova PRISM™ chip as Phonak's Paradise platform.

The Audiological Care business also made significant progress in executing its strategy, expanding its network with a double-digit percentage increase in the number of stores globally. This was achieved both by opening additional stores and through acquisitions, the largest of which, completed in March 2022, was Alpaca Audiology, which doubled the business' footprint in the US.

We expanded our digital lead generation expertise as part of our omni-channel sales and marketing approach, which gives consumers full control over how they interact with us through a seamless combination of face-to-face, remote, and online interactions. We also embarked on a planned expansion of our range of solutions, starting to roll out additional medical services such as tinnitus care and cognitive training.

The new Consumer Hearing business contributed to the segment for one month of the financial year, following the successful completion of the acquisition of the Sennheiser Consumer Division. We are confident that the business will open up unique paths to growth, allowing Sonova to reach consumers earlier in their hearing journey. It is an exciting prospect, combining Sonova's deep audiological expertise with the strong Sennheiser brand based on many decades of delivering audiophile sound experience through a broad in-store and online distribution network.

The new business provides a strong platform for expanding our offering into early entry speech enhancing "hearable" devices. The first such solution from Sonova will be launched in 2022, and also gives us the option to enter the emerging market for over-the-counter hearing aids. Moreover, establishing close contact with consumers earlier in their hearing journey will ultimately benefit our Hearing Instruments business by gathering the data to establish leads for when consumers seek a medical solution.

### Cochlear Implants segment

The Cochlear Implants segment, which operates under the Advanced Bionics brand, saw a welcome return to profitable growth in the 2021/22 financial year, with sales up by 51.7% in local currencies. This was partly due to a recovery in the number of elective surgeries performed worldwide, although these are still below pre-pandemic levels. The more important growth driver was the successful launch of two new sound processors – Naida™ CI Marvel for adults and Sky CI™ Marvel, the first sound processor designed specifically for children.

The strongly positive market response to these latest products also helped to now recapture market share lost after the voluntary field corrective action in February 2020. We continue to work closely with affected customers and clinics, and remain adequately provisioned for product liabilities. The revised versions of the HiRes™ Ultra and Ultra 3D implants launched in February 2020 have shown excellent reliability. Separately, Advanced Bionics has appealed a recent first-instance judgment in a patent dispute brought by MED-EL Elektromedizinische Geräte GmbH related to one of our implants in Germany.

Strong revenue development, coupled with good progress on productivity and commercial excellence measures, resulted in an adjusted operating margin in the double-digits for the first time in the history of the segment. We confidently expect continued sustainable growth in sales and profitability over the years to come.

### Financial performance

Group consolidated sales for the 2021/22 financial year were CHF 3,364 million, up 29.3% in Swiss francs and 29.0% in local currencies. Relative growth figures, particularly for the first half-year, reflect a favorable comparison base from the prior year. Compared to pre-pandemic levels from the 2019/20 financial year, sales were up by 20.4% in local currencies, representing a two-year compound annual growth rate (CAGR) of 9.7%.

Reported operating profit before acquisition related amortization (EBITA) reached CHF 802.9 million, a rise of 21.0% in Swiss francs and 20.3% in local currencies. Adjusted for restructuring costs, acquisition-related transaction costs as well as certain legal costs, EBITA was CHF 844.4 million, up 40.0% in Swiss francs and 39.3% in local currencies. In the 2020/21 financial year, adjusted EBITA excluded restructuring costs, an impairment of previously capitalized development costs, and a one-time income item from a successful patent-infringement lawsuit. Adjusted earnings per share (EPS) were CHF 10.76, a rise of 38.7% in local currencies and 39.6% in Swiss francs.

Sonova achieved a strong cash flow and ended the year with a net debt position of CHF 1,006.8 million. The balance sheet remains solid with an equity ratio of 43.5% and a Net Debt/EBITDA ratio of 1.0x.

### Returning cash to shareholders

In June 2021, Sonova initiated a new share buyback program for the 2021/22 financial year. At its conclusion in March 2022, the value of repurchased shares was CHF 699.3 million; these shares will be proposed for cancelation to the June 2022 Annual General Shareholders' Meeting (AGM). Following the conclusion of the program, the Board of Directors approved a new share buyback program of up to CHF 1.5 billion, which is expected to run for up to 36 months.

The Board of Directors will propose to the 2022 AGM a dividend of CHF 4.40 per share, an increase of 37.5% and representing a payout ratio of 41%.

### Environmental, social, and governance (ESG)

Sonova's mission is to make a positive impact on our consumers' lives and on our wider society and environment. We are convinced that good environmental, social, and governance (ESG) performance is a cornerstone of our business and of its continued success in the medium to long-term. We therefore aim to continuously improve our ESG performance indicators with the same focus and intensity as we do our financial ones. Major rating agencies and sustainability indices such as the Dow Jones Sustainability Index and FTSE4Good continue to confirm our industry-leading performance in the area of ESG.

We have made important progress on our ESG indicators during the 2021/22 financial year. In the environmental sphere, we achieved carbon neutrality in our own operations (Scope 1 and 2 emissions) through energy efficiency measures, strongly increasing our renewable energy ratio, and investing in certified offset projects. We are committed to setting science based emissions targets for Scope 1, 2, and 3 emissions in alignment with the Science Based Targets initiative (SBTi). And we are advancing on our diversity and inclusion goals, increasing the share of women in key positions from 33.5% to 35.2% – closing in on our target of 40% by the end of 2025/26.

These are just a few examples and there is still a lot of work to be done. We will continue to drive tangible, measurable actions in all aspects of our ESG strategy during the coming year. You can find more information about our activities and performance in the [ESG Report](#), which is part of the Sonova Annual Report.

### Changes to the Management Board and to the Board of Directors

Sonova announced in July 2021 its intention to strengthen the business unit leadership on its Management Board. Robert Woolley joined the Management Board as Group Vice President Hearing Instruments from April 1, 2022. Starting with the 2022/23 financial year, all Hearing Instruments business functions are combined under his leadership. Rob brings us a broad range of experience including key roles in general management, sales and marketing, product portfolio management, and business development in the medical technology sector. Most recently, he was a member of the Management Board of Straumann, a global leader in esthetic dentistry, where he held the position of Executive Vice President Western Europe.

Martin Grieder, who has been leading the Hearing Instruments Marketing function and has extensive consumer experience from his previous business-leading positions at Nestlé, will now represent the newly formed Consumer Hearing business on the Management Board.

The Board of Directors has nominated Julie Tay as a new independent Board member for election at the 2022 AGM. Ms. Tay has over 20 years of management experience in the medical device sector, most recently as Senior Vice President and Managing Director Asia Pacific for Align Technology. She has a successful track record of driving sustainable profitable growth in the Asia Pacific region, and is a valuable addition to the Board of Directors. Her nomination forms part of the Board's medium-term succession planning and also represents a further step in advancing the Board's diversity.

In connection with the nomination of Ms. Tay, the Board will propose to the 2022 AGM to increase the maximum number of Board members from nine to ten; this should be considered as a temporary measure, as Jinlong Wang intends not to stand for reelection at the 2023 AGM.

If the 2022 AGM elects Julie Tay to the Board of Directors, this – along with the new structure of the Management Board – will mean that Sonova is in compliance with the Swiss gender diversity standards for corporate leadership well before these become legally binding in 2026.

**Our thanks**

A year of strongly delivering on our strategy – of accelerating innovation and deepening consumer interaction – clearly demonstrates that our employees have risen to the challenge of the global pandemic and its aftermath; we sincerely thank them and congratulate them on their success. We are also grateful to our hearing care customers for the drive and versatility they show in serving a fast-changing market. We feel a deep obligation to our own consumers for their enthusiastic willingness to engage with us and for letting us help them find the best individual solutions. And we thank our shareholders for their trust and support throughout an eventful couple of years and are happy that the results reflect their confidence in us.

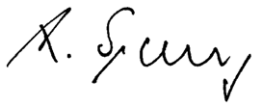
**Outlook**

Global consumer demand for hearing care has shown its resilience in the aftermath of the pandemic. Despite certain supply chain constraints and variation in recovery rates, and barring a further significant deterioration of the geopolitical situation, healthy demand will continue to support market resurgence, which will be further bolstered by the opening of new channels and market segments. Sonova’s growth focus, founded on innovation, targeted investments, and ever closer consumer contact, puts it in an excellent position both to expand the overall market and to increase its market share.

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**By further expanding our strong growth platforms, we are well placed to benefit from the market recovery.**

Arnd Kaldowski



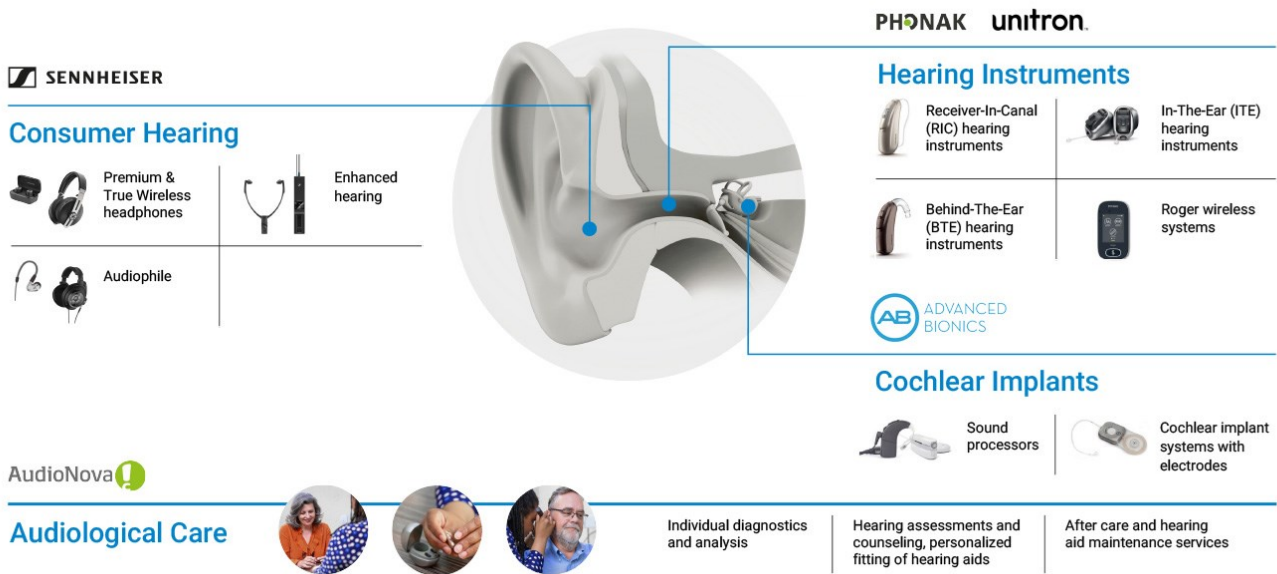
**Robert Spoerry**  
Chair of the Board of Directors



**Arnd Kaldowski**  
CEO

# Our product and service offering

Sonova is a global leader in innovative hearing care solutions: from personal audio devices and wireless communication systems to audiological care services, hearing aids and cochlear implants. Our product brands – Phonak, Unitron, Sennheiser (under license) and Advanced Bionics – create compelling new products to offer the optimal solution for an ever growing consumer base through our globally diversified sales and distribution channels, including our well established global audiological care business.



## Phonak

### Phonak Audéo Life

Phonak's Audéo Life hearing aid introduced in August 2021 is the world's first rechargeable hearing aid that is waterproof<sup>1)</sup>, showerproof and sweatproof. Audéo Life is another addition to the company's industry-leading Paradise line of hearing aid technology, now the best-selling<sup>2)</sup> platform in Phonak history. Paradise delivers crisp, natural sound in any environment for excellent sound quality. On the inside, Audéo Life hearing aids are powered by proven Paradise technology including universal connectivity with multiple active Bluetooth® connections, truly hands-free conversations, Tap Control for easy access to voice assistants, and more.

Audéo Life hearing aids feature a unique housing and special coating that seals the device. In addition, they are the first Phonak hearing aids designed with a new induction charger called the Phonak Charger Case Go™. When a consumer places their Audéo Life hearing aids into the new charger case, the hearing aids are magnetically held into place for hassle-free charging at home and on the go.

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- 1) Up to 50cm
  - 2) Compared to Marvel, Belong, Venture and Quest in first 12 months

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## Unitron

### Blu platform

Unitron's new Blu platform introduced in April 2021 provides next-generation sound performance. Powered by the new Sonova PRISM™ (Processing Real-Time Intelligent Sound Management) chip, Blu delivers an adaptable, personalized and freeing experience. It starts with Integra OS, the new signal processing system, that optimizes the listening experience to each wearers specific situation from highly complex to very quiet. Furthermore, with five new hearing aids, three Receiver-In-Canal (RIC) and two Behind-The-Ear (BTE) products that offer Made-For-All technology, plus enhanced personalization capabilities and seamless connectivity, Unitron Blu is designed to keep up with the complexity of everyday life wherever the day may take them.

Unitron's Moxi B-R hearing aid was recognized in 2021 with the prestigious Red Dot: Product Design award, Unitron's 7<sup>th</sup> award since 2014. The Moxi family and Stride family of products on the Blu platform are Unitron's next generation of hearing instruments, thoughtfully designed to meet the needs of real people.





## Sennheiser

### MOMENTUM True Wireless 3

Sennheiser's <sup>1)</sup> MOMENTUM True Wireless 3 was introduced in April 2022 and transforms every listen with best-in-class audio and next generation Adaptive Noise Cancellation (ANC).

Delivering unrivalled high-fidelity sound thanks to Sennheiser's acclaimed TrueResponse transducer system and aptX™ Adaptive, the MOMENTUM True Wireless 3 also features advanced Adaptive Noise Cancellation (ANC) that automatically adjusts to one's environment for an immersive listening experience without distractions. Transparency Mode lets the consumer hear the surroundings at a touch, while the personalized sound feature and built-in EQ let you experience audio on your terms. For impressively natural communication, the MOMENTUM True Wireless 3 features an advanced six-microphone system for noise free voice pick-up.

The latest generation of Sennheiser's acclaimed true wireless earbuds takes ease-of-use to the next level with wireless charging and customizable touch controls. IPX4 splash resistance and improved ergonomic design ensure outstanding versatility and all day wearing comfort.

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1) Sennheiser™ is a registered trademark of Sennheiser electronic GmbH & Co. KG used under license by Sonova



## Advanced Bionics

### Naída CI Marvel

Through the close collaboration between the brands Advanced Bionics (AB) and Phonak, people with severe or profound hearing loss can now benefit from the breakthrough Marvel cochlear implant technology. With AB's Sky CI™ Marvel, the world's first dedicated CI sound processor for children, and Naída™ CI Marvel for adults, people can connect to the moments they love.

Marvel technology also benefit people with bimodal fittings<sup>1)</sup> through the introduction of Phonak Sky Link Marvel and the Naída Link Marvel. As a bimodal system, these devices wirelessly communicate with each other and feature all of the connectivity benefits of Marvel, including Sonova's unique universal Bluetooth® connectivity and RogerDirect™.

Naída CI Marvel is powered by AutoSense OS™ 3.0, which delivers excellent sound quality and performance in a variety of situations throughout the day. This machine-learning algorithm analyzes the sounds in the listener's environment every 0.4 seconds and identifies whether the listener is, for example, in a noisy restaurant, car, concert hall or at home. It then engages the appropriate cochlear implant system features to customize and enhance their hearing experience based on the specific characteristics of the listening environment. AutoSense Sky OS™ 3.0 works similarly to the adult version but is uniquely designed for a child's typical listening environments, providing excellent sound quality and performance wherever the child goes.

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1) Many people hear through one hearing aid and one cochlear implant in what's known as a bimodal fitting.

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We work to provide a solution to every hearing loss and to bring the delight of hearing to consumers worldwide.

Hearing is universal, yet deeply individual. Hearing loss is a worldwide issue, yet also an intensely personal challenge. Sonova's mission is to apply the expertise, resources, and commitment of a leading global hearing-care company to address each person's specific needs, providing innovative, targeted solutions to help ever more people enjoy a life without limitations.

#### [The Sonova Group](#)

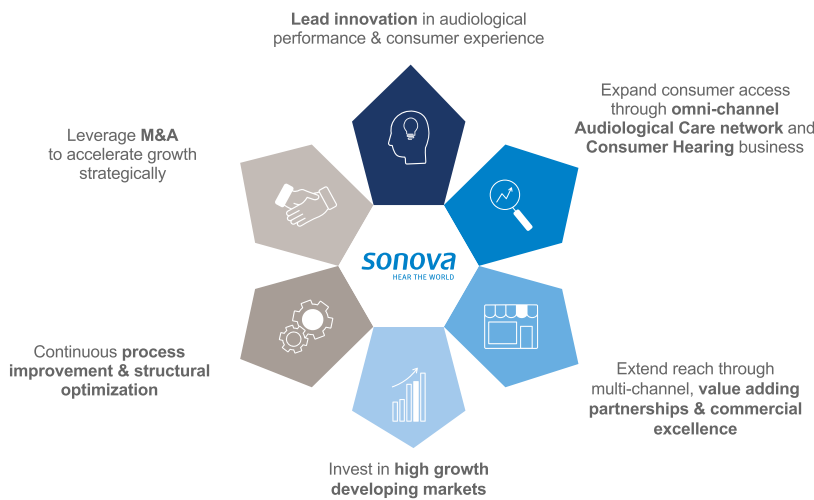
The Sonova Group is a vertically integrated hearing health business, focused on building, expanding, and sustaining relationships with consumers – and the hearing care professionals who support them – throughout their hearing journey. The Group's range of products, solutions, and services addresses every type of hearing loss at all ages, and is provided through a broad spectrum of marketing and sales channels. Our innovation cycle continuously matches evolving consumer needs with technology advances, ensuring that each new product provides a significant improvement in the quality of hearing experience.

Our four core businesses share their expertise, innovation, and market knowledge to deliver this comprehensive offering. Hearing Instruments regularly sets new benchmarks in sound quality, comfort, and convenience through a succession of technology platforms, harnessing major step-changes in chip design, sensors and electronics, software, and connectivity to power new generations of hearing aids, wireless communication devices, and healthy living solutions. Audiological Care serves consumers in key markets around the world directly, meeting their needs through our full range of products, supported by deep professional expertise and delivered through multiple points of interaction, in-store, online, and by phone. Cochlear Implants extends our reach to include people with the most significant hearing loss, putting our skills in sound quality and processing at the service of those for whom a hearing aid is not enough.

The fourth core business, launched this past financial year, is Consumer Hearing, which was established through combining the consumer division of Sennheiser with our own consumer hearing activities. This Consumer Hearing Business supports an essential element of Sonova’s strategy: to reach ever more consumers, wherever their journey towards better hearing begins. Sennheiser’s strong, globally-recognized brand, established consumer sales channels, and proven track record in audiophile-quality headphones and True Wireless hearables combine seamlessly with Sonova’s comprehensive expertise in audiological performance and miniaturization, enabling exciting new product families that combine the key functionalities of headphones and hearing aids to meet the needs of consumers who want to continue to enjoy the best of hearing.

**A strategy that delivers**

We continuously review our strategy, and see that it still serves our purpose well. Despite the disruptions of a global pandemic and a recovery at varying speeds, our initiatives to support organic growth – leading innovation in audiological performance, expanding our omni-channel audiological care network, extending our reach through value-adding partnerships, and investing in high-growth markets – continue to bear fruit both in terms of revenue and profitability. Our structural optimization projects are largely completed and our emphasis on continuous process improvement – now ingrained in Sonova’s culture as the Sonova X Business System of improvement principles, initiatives, and tools – is delivering the year-on-year efficiencies that free up funds to invest into further growth initiatives.



### Driving growth through consumer relationships

Our growth investments are concentrated in five broad areas: advancing our innovation leadership, expanding our consumer and medical solutions, broadening our consumer access, delivering sales-and marketing excellence, and accelerating in high-growth markets. Each of these investments – whether it is in the acquisition of what is now our Consumer Hearing business, or rolling out our new IT infrastructure in Audiological Care, or strengthening our sales presence in China – brings us closer to more consumers, generating valuable relationships, market knowledge, and data that will help to drive our business forward, not just this year but for the years to come.

We have therefore committed significant capital in this financial year to support this strategic focus: we spent a total of around CHF 600 million on acquisitions, adding an expected 15% to our annual sales and increasing the number of our employees by around 10%. This included not only the Sennheiser consumer division, but Alpaca Audiology, a major audiological care network that doubles the footprint of our Audiological Care business in the US market, and a variety of bolt-on acquisitions to expand the geographic footprint of our Audiological Care business.

### Driving innovation in our products and solutions

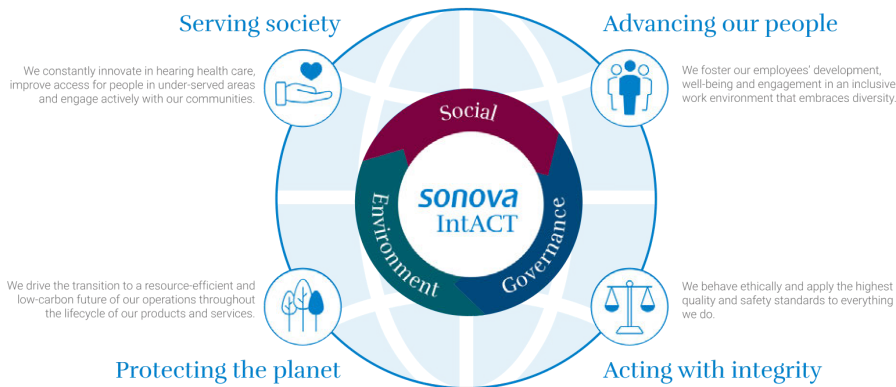
As part of our growth investments, we are continuing to step up our R&D spending, expanding our mobile app capabilities, building our competence in artificial intelligence and sensors, and continuing the development of our proprietary processing and connectivity chip technology.

This financial year saw the continued worldwide success of the family of hearing instruments based on Phonak's Paradise platform, which has set new standards for listening comfort, speech intelligibility, and ease of use. We have sustained its sales momentum with Paradise 2.0, a range of innovative enhancements including Audéo Life, the world's first waterproof rechargeable hearing aid, and ActiveVent™, the first intelligent hearing aid receiver, which automatically adjusts to provide significantly better sound and understanding in noisy environments. Our Naída™ Marvel CI and Sky CI™ Marvel sound processors have delivered a new level of sound quality to cochlear implant patients, driving substantial consumer demand.

In our Audiological Care network, we are expanding the services we offer to address more medical needs beyond better hearing, including tinnitus support and cognitive as well as balance training. These services complement the increasing use of sensors in our products, such as the soon-to-be-launched Audéo Fit, the world's first hearing aid with heart rate tracking, which allows all the cardiac fitness features of a smart watch to be included in our myPhonak hearing app.

**ESG: an integral part of our business success**

We are convinced that a good environmental, social, and governance (ESG) performance is an important cornerstone of our business and our continued success. We intend to continuously improve our ESG performance indicators with the same focus and intensity as we do our financial ones, and are therefore pleased that major rating agencies and sustainability indices continue to confirm our leading performance in these areas. For example, Sonova ranked third in our category in the 2021 Dow Jones Sustainability Index and received a score of 'A-' in the 2021 CDP assessment, which puts us in the top 10% of our industry.



Sonova's enhanced ESG strategy, IntACT, was launched in early 2021, incorporating a new range of measurable commitments. Such ESG metrics continue to be included in the targets for the Management Board's variable cash compensation. We have made good progress in many areas, but know that there is still a lot of work to be done; we therefore have plans to take tangible, measurable actions in all four aspects of our ESG strategy during the coming year. These are described in our extensive annual ESG Report which you can read here, and which is published as part of our commitment to transparency and data-driven disclosure in this field.



Feature story

## “I want to blaze a trail”

Losing her hearing in her early 20s proved to be the beginning of a life-changing journey for educator and advocate Amanda Storkey, who wears hearing aids from Sonova’s Unitron brand. Hearing loss has not limited Amanda – in fact, it has added new dimensions to her life.

When she is not teaching high school students in Ontario, Canada, you can find Amanda Storkey out on the water with family and friends. Sports fishing has been her passion since she was very young, a love passed from father to daughter – and her confidence in this environment is evident in the nimble way she moves about the boat. Amanda feels at peace when she is immersed in nature. From the soothing notes of birdsong and waves meeting shore to the sudden zipping of reels when there are fish on the line, sound is integral to her experience.

When she learned she was losing her hearing, Amanda, who is now 34, was afraid she would not be able to get the same enjoyment from being outdoors and many other activities that were part of her lifestyle. She also feared the career she had always dreamed of might be over before it had really begun. Today, she would love to be able to go back in time and talk to her younger self about what life will be like with hearing loss. Her message would carry the conviction that has helped Amanda overcome her own struggles and which motivates her now to speak up for others. “This is not going to limit you. It’s going to be okay,” she would say.

### “I was turning up the volume on everything”

Amanda was taking her first steps in her teaching career when she realized she was having problems with her hearing. “I was having a lot of challenges understanding my students when they were asking questions,” she says. Amanda was encountering issues at home, too: “Day to day, I was turning up the volume on everything. I couldn’t hear sounds I was accustomed to, like the noise of the engine when driving. Everything was becoming a struggle.”

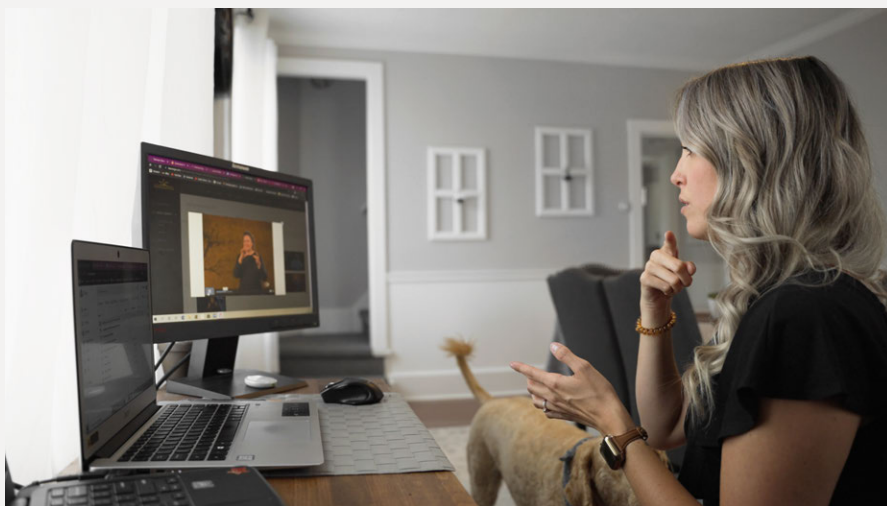
It took multiple visits to her doctor and hearing care specialists to confirm this was not a temporary problem. Amanda was experiencing gradual hearing loss due to a genetic condition – she was 23 years old. From her difficulties in getting a diagnosis to the emotional impact of the news, the experience marked the beginning of a parallel journey, as an advocate for people with hearing loss. Due to her age and good health, Amanda had to be persistent to get access to the right medical attention. “I had to push to see the hearing care practitioners over and over again,” she says with a frown, as she recalls the frustration she felt during that time. A year of hearing tests, with worsening results, removed all doubt.

Amanda knew what she was dealing with at last, but the diagnosis also brought new uncertainties: “I didn’t know anybody else my age who had hearing loss. I was frightened as to what it would mean for my career, my ability to parent one day, to socialize. I had a stigma about it. I was worried what people would think.”

**“Don’t see this as something that will inhibit your next steps in life”**

Amanda’s audiologist helped her work through her fears and feelings of isolation. One of their first conversations has stayed with Amanda, as it was a turning point in her perspective on hearing loss: “He told me, don’t see this as something that will inhibit your next steps in life.” She began talking about her condition beyond her circle of family and friends. Her school principal was one of the first people that Amanda told, and she found that sharing what she was going through made it feel less of a burden, and even empowering.

Her lived experience of hearing loss led Amanda to make some big changes in her career and her life. She realized that while she loved teaching, the sensory demands of her working environment were overwhelming. The number of students rotating through her classroom alone created an exhausting hubbub of voices and general noise. Today Amanda works with smaller classes providing alternative education for students who require intensive support. After going back to school herself to learn American Sign Language, she is also bilingual. Her face lights up when she describes being able to speak with the deaf community through sign language. The next step is to work with people of all ages who are deaf, hearing impaired or have disabilities.





### “Hearing loss is not the same for everybody”

Having found her voice, Amanda started to look for ways to use it. “I had to learn how to speak up because I need accommodations and I deserve to be heard,” she says. “It was challenging for me and I want others to have an easier time of it. I want to blaze that trail for them.” It is a mission that has extra meaning for Amanda since the progression of the genetic condition within her family makes it likely that her children will be born deaf. She says: “If I have a daughter who experiences hearing loss, I want her to know she can do whatever she wants, just like mom.”

Characteristically, Amanda’s strategy is to educate and social media is her platform. She has gained a following on Instagram through her sports fishing prowess – her handle is [al87\\_outdoors](#). “People are interested in the things I enjoy and I use that interest to share different ideas about hearing impairment,” she says. “I think it helps to see how hearing technology has improved the quality of my life.” Amanda wants to do more than change perceptions for people with hearing loss though, and her goals include improving access to hearing care and technology. “People should have access to professional advice because it will make their experience so much better,” she explains. “Hearing loss is not the same for everybody. You need to be able to ask questions and give feedback, which was a huge part of how I was supported.”



### “I got better at understanding my hearing needs”

With bilateral hearing loss, Amanda must be able to rely on her hearing aids – and she is very candid about the difficulties she experienced with getting used to wearing them and finding the right fit. She laughs as she remembers her initial priorities. “I was young and vain, so I started out with these teeny hearing aids because I didn’t want anyone to know this was happening,” she says. Even though she would keep her hair down to conceal them, those hearing aids brought joy by returning all the sounds that had been missing from Amanda’s life. As her hearing deteriorated, an upgrade was needed: “I got better at understanding my hearing needs over time and that gave me more confidence. I trialed three or four pairs before I found something comfortable to wear every day.”

Amanda wears her current hearing aids, Unitron Blu BTEs, from the time she gets up to when she goes to sleep. They are part of her life now. She has seen unimaginable advances in technology since that first pair of hearing aids. “These are like regular headphones or earbuds I can control from my cell phone,” she says. “I can take phone calls and listen to music on them. And when I’m in the classroom or a restaurant, if go to see live music or I’m outdoors, I can modify them to those environments.” There are other benefits too: “I’ve got capabilities other people don’t have. I can adjust the volume of a conversation or turn my ears off.”

**“Obstacles often lead to opportunities”**

Back when she was coming to terms with losing her hearing, in the rare quiet moments at school between classes, or gazing at the water while waiting for the fish to bite, Amanda would think about the future — a future she now realized was going to be very different from the one she had imagined for herself. She knew hearing loss would be life-changing. What she did not expect was that it would lead to new skills, new dreams, and a new sense of self. It’s a journey she describes with her typical positivity. “This has made life that much more deep and colorful. It’s only enriched my life,” she says. “That’s why I want to share my story. I want people to know that obstacles often lead to opportunities.”





Strategy and businesses

# Hearing Instruments business

We innovate tirelessly to give consumers the best hearing experience, and provide the hearing care market with solutions to bring the delight of hearing to ever more people.

Sonova's Hearing Instruments business serves a global market through our Phonak and Unitron brands. Our goal is to maintain and extend our industry-leading position in innovation, both in technology and applications, making a substantial positive difference in the lives of our consumers. Our solutions are designed first and foremost to provide an ever-better hearing experience, with excellent sound performance, comfortable listening, and easy, intuitive use. But they also do more: through advances in sensor technology, apps, and connectivity, they are evolving into "healthy living companions," essential supporters for a full, active life long after the first appearance of a hearing loss. This evolution will bring us ever closer to our consumers: their as-yet-unmet needs and hopes will continue to shape our innovation and the way we build our business.

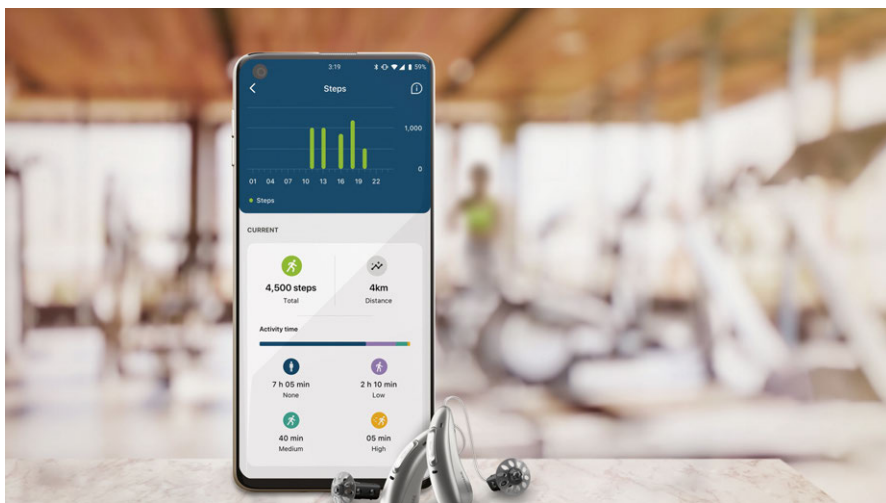
## Innovation across the cycle

Our structured innovation process builds on successive advances in fundamental technology: each new platform supports breakthrough capabilities that transform performance and functionality across our product range. Introduced in August 2020, the Paradise technology platform offers unrivaled sound quality, universal Bluetooth® connectivity with multiple connections, hands-free calling, and Tap Control for easy control of streaming functions. Over 2.5 million Phonak Paradise hearing aids were sold in the 2021/22 financial year, despite the challenges of a global pandemic: a new record for a single platform. In surveys, 90% of consumers said they would recommend Paradise to family or friends and 92% of hearing care providers would recommend Paradise to their peers.

Midway through the innovation cycle, we extended the appeal of Paradise with several significant new capabilities. The ActiveVent™ Receiver is the world's first hearing aid receiver that automatically opens and closes based on the listening environment, intelligently balancing speech clarity with listening comfort, delivering superior sound quality for streaming media, and providing an average of 10% better speech comprehension in noisy situations.

Launched in August 2021, Phonak's Audéo Life is the world's first rechargeable hearing aid that is waterproof, showerproof and sweatproof, offering all the functionality of Paradise in a form that enables a healthy, active lifestyle without limitations.

Paradise-powered Phonak hearing aids already have a motion sensor that helps to assess hearing situations and adjust sound processing for clearer conversations on the go. Now Audéo Fit, introduced in mid-2022, adds a heart-rate sensor, allowing users to monitor their daily steps and exercise programs through the MyPhonak app, just as they would with a fitness smart watch. Audéo Fit represents another significant step toward the hearing instrument as a healthy living companion.



#### Meeting customer needs through commercial excellence

The wholesale customers of Sonova's Hearing Instruments business are almost as varied in their needs as the consumers they serve. They range from independent audiologists to buying groups, small and large retail chains, government agencies, and managed care providers. Giving a tailored service to each of them requires a multi-channel approach which is systematic in its planning but agile in its execution.

Our relationships with customers range from straightforward sales transactions to a more consultative partnership backed by value-added services. These can include training and education, bespoke marketing support, or help with building a stronger business including enablement for e-screening, digitalization, and omni-channel sales. As part of the Sonova X Business System, we back these relationships with a structured sales excellence program based on optimized territory design and coverage; segmentation and targeting; coordinated B2B marketing; and close integration between global and local teams. The aim is to sustain sales growth throughout the innovation cycle, gaining new customers and helping them to gain and retain new consumers.

### Building presence in high growth markets

Hearing loss is a global reality, but it is treated very differently in different countries. The territories that Sonova identifies as “high-growth markets” include the most populous countries in the world, where currently only around 3% of consumers with hearing loss adopt a hearing aid, against approximately 30% in developed markets. There is huge untapped growth potential for Sonova, especially in countries such as China, where the population is aging and hearing loss is becoming more prevalent.

Realizing that potential, however, requires addressing the various issues that lead to low adoption in these markets directly. We are increasing our physical sales presence, adding new representatives and building local strategic partnerships: in China, we will expand our sales coverage by close to 30% in the next two years, moving beyond the top-tier cities. We are also in continuous dialogue with the Chinese government and institutional stakeholders to help increase access to audiological treatment.

Possibly most important, we are addressing one of the key obstacles to hearing aid adoption: the lack of trained audiologists. In the US, there is one hearing care professional for every 9,000 potential consumers; in China, the figure is one in 90,000. We therefore established in 2020 the award-winning Swiss International Hearing Academy (SIHA), which offers extensive in person and online audiology training. We are continuing to expand the number of students and courses available, with a particular emphasis on audiologists based in smaller cities. The goal is to put in place the building blocks of a vibrant hearing care industry to meet pent-up demand and realize the growth potential.



Strategy and businesses

## Audiological Care business

We engage directly with ever more consumers around the world through their choice of channel, providing the highest level of technology and expert service.

Sonova's Audiological Care business stands as the second largest hearing care provider in the world, with more than 3,600 points of sale in 20 markets, employing more than 7,600 people – the vast majority of whom work directly with our consumers to help them navigate their hearing journey in the best and most convenient way possible. Our profitable growth strategy is founded on continuously improving in-store sales execution and productivity, and supporting these with integrated systems and targeted lead generation. This systematic retail approach boosts bottom-line profitability, but more importantly releases funds for further growth investments: acquisitions and greenfield store development to expand our network and to optimize store density in new and established markets; innovation in consumer contact and lead generation; and extension of our product and service range to increase the value we offer to each consumer.

The key enabler for accelerated growth is our omni-channel approach to consumer engagement. In an increasingly digitalized and connected world, consumers expect to be able to begin or advance their interactions with us at any time, anywhere. We have therefore built our business to take a proactive role in this evolution of consumer habits, creating a seamless experience from website to store to call center to supporting apps, leveraging our global systems, unique audiology and marketing expertise – and the unrivaled connectivity of Sonova products – to provide each consumer with the appropriate blend of digital and face-to-face interactions.

### Expanding and deepening our network

The Audiological Care business has pursued an active network expansion in the 2021/22 financial year, adding over 500 stores to its global portfolio, both through acquisitions (such as the Alpaca audiologist-led network in the US and the Neurosensory network in Australia) and by organic growth in the number of new store openings. Our strong balance sheet supports an increase in our capital deployment target for bolt-on acquisitions from CHF 50–70 million to CHF 70–100 million, and we are ready to surpass it when appropriate opportunities present themselves. The goal is not simply to expand into new territories, but to achieve optimum density in all the geographies where we operate, supporting our hub-and-spoke model of standard audiological care centers close to one larger store (such as our World of Hearing stores) that offers the full spectrum of Sonova products and services. The key to our efficient network expansion is

that it is achieved through a systematic, sustainable process, based on uniform criteria for strategic growth markets and supported by established integration programs using Sonova's globally consistent IT systems, the Sonova X Business System, talent development, marketing, and lead generation.

In China – a highly digitalized market – we initially established our presence in the digital space, building followers through strategic online platform partnerships and engaging consumers through apps for hearing screening, appointments, and ecommerce. In less than two years since entering the market, we now have more than twice the WeChat online followers of the next five hearing care companies combined. We added a physical presence through network partners as our first in-store channel, and now have opened thirteen greenfield stores of our own with a first flagship World of Hearing store in Shanghai, providing a base for acceleration in greenfield development. This physical presence may still be small in comparison to the potential market, but it gives us the experience on the ground to expand, both organically and through strategic acquisitions.



### Enriching the consumer journey

Lead generation is what opens the door to an omni-channel interaction with the consumer. It creates the profile to which all subsequent consumer data is attached and – when done right – provides the impetus that powers a long-term consumer relationship. We are convinced that such an important function should not be contracted out, so we established our own lead-generation factory in Berlin in late 2019. Its purpose is to build our in-house digital marketing platform for Europe's strategic growth markets, linking a growing consumer database with new digital competencies to deliver a younger, more affluent consumer profile at lower cost per contact. It has achieved all this, so we are scaling up the initiative for global roll-out. Lead-generation hubs will provide us with invaluable data that we can apply, not just for targeted marketing efforts, but to store-by-store consumer contact, ensuring that however we talk to the consumer, electronically or in person, we know how to best address their needs from our full range of solutions, including Sennheiser-branded consumer hearing products.

A seamless consumer experience goes well beyond lead generation, and we have invested significantly to ensure that our in-store systems support the same deep customer engagement as our initial marketing. Our new unified Audiological Care IT system provides a consistent backbone for our global network, aligning all points of consumer contact and making sales, marketing, scheduling, orders, reporting, and finance all part of a single consumer-centered information landscape. The IT system has been rolled out in Italy and Denmark and is being launched in Germany, with further markets to follow in 2022.

### Broadening consumer access

Getting ever closer to the consumer means expanding our offering beyond simply treating hearing loss. Hearing well is part of a healthy life, and research increasingly shows that hearing care overlaps with care for other significant age-related health conditions. The expansion of our in-store and app-based service offering helps our consumers gain further benefits from our product range: tinnitus and hearing loss are correlated, so we offer tinnitus therapies and support. Hearing and cognitive function are correlated, so we offer cognitive training, with a gamified experience and exercises to build cognitive skills and auditory perception. We are also exploring the correlations between hearing, balance, fall risk, and osteoporosis. Each of these efforts broadens our consumer base and expands the value we add per consumer.

These services are part of the full spectrum of Sonova solutions available through our audiological care network, including our World of Hearing stores, of which 22 now operate in markets around the world. They also represent a new channel opportunity for the products of Sonova's Consumer Hearing business. The Sennheiser name is well-known and respected in the wider audio as well as the audiology market. By carrying Sennheiser-branded products that bridge the gap between audio and hearing care – such as speech-enhanced hearables and TV listeners – our audiological care network will gain enhanced access to a younger, more affluent consumer segment.





Strategy and businesses

# Consumer Hearing business

Linking the common values and complementary strengths of Sonova and Sennheiser, we can reach consumers earlier in their hearing journey, creating new paths to growth.

The consumer's desire to hear every single detail begins, for most, long before there is any hearing loss. Recorded music, phone conversation, computer games, and remote meetings all call on audio technologies – headphones or earbuds – to deliver a clear, immersive hearing and sound experience without distracting noise or loss of quality. The key difference between these technologies and Sonova's own hearing solutions comes down to the amount of amplification and the specific sound processing to deliver clear speech, but – as with hearing itself – there is a continuum of consumer needs from the pure audiophile headphone to progressively greater hearing assistance.

In May 2021, Sonova announced the acquisition of Sennheiser's consumer division; the deal was closed in March 2022, and grants Sonova an exclusive license in perpetuity to the well-respected Sennheiser brand in the consumer market. This acquisition supports a key part of Sonova's strategy: to reach ever more consumers, wherever their journey towards better hearing begins.

Personal audio is an integral part of everyday life for most people, as they increasingly interact with their digital devices through sound. Normal, age-related hearing loss can appear several years on average before a consumer will actively seek audiological help, but many would accept a non-medical solution to enhance hearing and speech comprehension in specific situations. This complementary approach can ultimately expand the hearing aid market by increasing adoption at an earlier stage of the hearing journey. Sonova has done extensive development work in this area over recent years, and the acquisition of Sennheiser's consumer division will significantly accelerate our efforts.

### Sonova and Sennheiser: an excellent fit

Both companies share a passion for sound. Their history is similar in having been entrepreneur-led businesses with a culture centered on customers, innovation, and quality – respected names in their industries for more than 70 years, with strong brands and well-established consumer bases. The new business combines their strengths: Sonova's in audiological expertise and Sennheiser's in premium sound quality.

There are significant synergies, from Sonova's expertise in custom fitting and battery life to Sennheiser's in noise cancellation. Together, they address at the highest level the needs that consumers consider essential: wearing comfort, sound quality, and better hearing in noisy situations. The complementarity extends to R&D, production and distribution: Sonova's in-depth know-how in miniaturization, Sennheiser's world-leading bespoke transducer manufacturing and multiple channels for reaching the audio consumer, online and in-store – all these combine to make a business that is primed to grow profitably from day one.

The new enterprise will also benefit from Sonova's strategic strengths: consistent, proven business systems, continuous improvement through the Sonova X Business System, a growth focus, and cooperation with the other Sonova businesses to expand the consumer base.

### Building on strong base

The Sennheiser brand is recognized worldwide as guarantee of high-quality sound: audiophile and premium headphones contribute around 80% of its revenue. True Wireless headphones are a particularly high-growth market, expanding by 10–15% per year and expected to more than double in size.

It is in this premium segment, offering the highest sound quality and speech clarity with the best wearing comfort, where we are concentrating the joint efforts of the Consumer Hearing business. The Sennheiser True Wireless product portfolio has gained a strong competitive position in the two years since its launch, and we anticipate that the addition of Sonova expertise will further enhance that position. Our ambition for the business is to deliver double-digit sales growth with the potential to expand EBITA margins.

**Early entry solutions: a new growth vector**

The most immediate application of Sonova expertise to Sennheiser consumer products is in using our digital sound processing expertise to improve speech clarity and comprehension when using headphones. Research shows that around 7% of consumers buying True Wireless headphones are also interested in speech enhancement; given the growth of the segment, this translates into an estimated market opportunity over time of greater than EUR 3 billion in so-called “speech-enhanced hearables”. It also opens a potential market entry point for providing over-the-counter hearing instruments under the strong Sennheiser consumer brand, if Sonova concludes this to be an attractive business.



Success in grasping this opportunity depends on a range of factors that the combined Consumer Hearing business is well-placed to provide, including technological, audiological and sound knowledge from both the hearing instrument and consumer audio space, as well as established audiological and consumer audio sales channels, both online and offline.

Moreover, the Sennheiser consumer division has an existing hearing care portfolio, including TV listeners with a leading market position, and thus is already serving Sonova’s target consumers. Add in the worldwide sales channels represented by Sonova’s wholesale Hearing Instrument and retail Audiological Care businesses, and we are well positioned to pursue this promising growth vector, with its first new solutions expected to launch in calendar year 2022.



Strategy and businesses

# Cochlear Implants business

We bring the full range of Sonova innovation to consumers of all ages with the most significant hearing loss.

Sonova's Cochlear Implants business, which operates through the Advanced Bionics brand, is a global provider of innovative solutions for those with severe or profound hearing loss. Some consumers have a hearing loss, appearing in childhood or later in life, that goes beyond what a hearing aid can treat; for these consumers Sonova provides its range of cochlear implants.

A hearing aid improves hearing through sophisticated, targeted amplification of the acoustic signal whereas a cochlear implant bypasses the ear and directly stimulates the hearing nerve. A sound processor behind the ear captures sound and converts it into an electronic signal transmitted to the implant: this means that we can leverage the innovations in digital sound processing and connectivity that we develop for our Hearing Instruments business to drive improved performance in our cochlear implant systems. The Cochlear Implants business therefore works in close R&D partnership with Phonak, Sonova's premium hearing instrument brand, to bring its recipients the benefits of the latest breakthroughs in hearing technology.

Deciding to have a cochlear implant is a major commitment for the recipient and the recipient's family. We therefore make every effort to establish strong relationships with our consumers, with the audiologists who serve them, and with the surgeons and clinics who perform the implantation. We have reinforced our commitment to product quality and reliability, and we have the processes in place to further raise our operational and commercial excellence.

### Innovation driving strong recovery

This financial year has seen the introduction of our new Naída™ CI Marvel and Sky CI™ Marvel systems, which bring the breakthrough features of Phonak's Marvel platform – automatic adjustment to different listening environments with AutoSense™ OS 3.0, universal Bluetooth® connectivity, hands-free phone calling, integrated RogerDirect™ wireless communication – to adult and child recipients.

The response from consumers and hearing care professionals has been overwhelmingly positive. The re-order rate in North America alone has been a remarkable 95%. Among consumers, 78% report significantly improved hearing performance – always important, but even more so in times of social distancing and mask-wearing<sup>1)</sup>. Audiologists praise

the wireless connection to the Target CI fitting system, allowing touch-free adjustment in a familiar software program, very much like that which is used for Phonak hearing aids. Marvel gives existing CI users the opportunity to upgrade their technology, but has also attracted new users to Advanced Bionics, increasing consumer interaction and convincing potential recipients of the value of a cochlear implant.

Universal connectivity is particularly important for the Sky CI™ Marvel, which is the world's first dedicated pediatric cochlear implant system. Children live connected lives and need easy access to all their digital life companions – especially at a time when so many classrooms are online. Easy, hands-free connection to phones, tablets, televisions, and remote learning platforms is a vital help during these key years of speech and social development. These meaningful innovations contributed to Advanced Bionics winning the 2021 Hearing Technology Innovator Award for Sky CI™ Marvel.

#### Extending market and consumer reach

There are many stakeholders in the cochlear implants business, and we understand the importance of engaging closely with all of them as an essential part of our commitment to commercial excellence. In our approach to clinics and hospitals in North America, we have increased our field staff by 20% in the past two years, and have redesigned our sales territories to increase contact frequency, support and depth. As a result, sales in the new territories grew at twice the rate of the old ones.

We have always considered existing and potential recipients and their families as a community, and strive to engage with them directly to help them identify the right solution. We host a range of online events and resources covering topics from technology to aural rehabilitation, helping those dealing with severe hearing loss to explore available solutions and make an informed decision. We also work with Sonova's own Hearing Instrument and Audiological Care businesses to open new sales pathways by identifying potential recipients among our existing consumers. In Germany, 30% of new cochlear implant recipients were referred from Sonova partner businesses, and we are expanding this effort in other key markets too.

#### Strong operational progress

We are proud that the Cochlear Implant business has returned to profitable growth, posting not only a substantial revenue increase but double-digit EBITA margins for the first time. The structural and continuous improvements we have driven over the last three years, coupled with targeted growth initiatives, have borne fruit and will continue to do so. Our primary operational focus remains on what matters most to consumers: product quality and reliability. Over the past two years, we saw a reduction of more than 30% in processor return rates and we target a further significant reduction in the current year. The Marvel-based products have had the lowest return rates of any Advanced Bionics processor in the first year of its launch.

This reliability focus is built into the design and manufacturing process, and is complemented by a number of initiatives drawn from the Group-wide Sonova X Business System toolbox, which provides templates and metrics for a wide array of operational and commercial improvement opportunities. Having at the same time reinforced our leadership team with new members who bring strong medical device experience from various backgrounds, we are confident in our ability to earn and retain the loyalty of our consumers, offering them the highest standard of technology, service, and support.

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1) Strong D et. Al, Clinical Outcomes with a Next-Generation Sound Processor. CI2021 Cochlear Implants in Children and Adults, Orlando, FL, USA. ePoster 2349

# Corporate governance

Good governance supports responsible corporate behavior, transparency, and sustainable business practices.

Sonova's mission is to have a positive effect on our consumers' lives. This closely aligns with our aspiration to have a positive impact on society as a whole by running our business in a sustainable, responsible manner. "We take accountability" is one of our core values: Environmental, Social, and Governance (ESG) improvement indicators are therefore embedded throughout our business and we strive to optimize them with the same intensity as we do our financial ones. We see good corporate governance as an essential pillar of our ESG strategy, ensuring that the company is managed in the long-term interests of its key stakeholders. The details of what constitutes good corporate governance continue to evolve, and the Board of Directors as well as the CEO constantly monitor developments to ensure that our commitments keep pace with expectations.

At Sonova, corporate governance is based upon, and structured to conform with, relevant standards and practices. The company meets its legal duties under the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance, and the standards defined in the Swiss Code of Best Practice for Corporate Governance. This report describes the principles of corporate governance for the Sonova Group and provides background information on the Group's executive officers and bodies as of March 31, 2022. All relevant documents can be accessed at the corporate governance section of the Sonova website: [www.sonova.com/en/regulations-principles](http://www.sonova.com/en/regulations-principles). For clarity and transparency, the [Compensation Report](#) is presented as a separate chapter of the annual report.

## Group structure

### Operational group structure

The Sonova Group is headquartered in Stäfa, Switzerland, and is active in over 100 countries. Sonova has subsidiaries in over 30 countries and a network of independent distributors serving additional markets. Details of its business segments can be found in [Note 2.2](#) to the consolidated financial statements.

### Listed companies

Sonova Holding AG is listed on the SIX Swiss Exchange. Of all the companies in the Sonova Group, only the ultimate parent company of the consolidated Sonova Group, Sonova Holding AG, is listed on any stock exchange.

Key data for the shares of Sonova Holding AG as of March 31, 2022:

	2022	2021	2020
Market capitalization in CHF million	24,486	16,125	11,231
In % of equity	1,007%	582%	538%
Share price in CHF	387.60	250.40	174.40

Registered office	8712 Stäfa, Switzerland
Listed on	SIX Swiss Exchange
Security number	1254978
ISIN	CH0012549785
Ticker symbol	SOON
Par value	CHF 0.05

### Non-listed companies

[Note 7.7](#) to the consolidated financial statements provides a list of the significant companies of the Sonova Group as of March 31, 2022.

## Shareholders

### Registered shareholders

As of March 31, 2022, the shareholdings of registered shareholders were distributed as follows:

Number of shares	Registered shareholders 31.3.2022	Registered shareholders 31.3.2021
1 – 100	13,177	9,321
101 – 1,000	8,174	8,201
1,001 – 10,000	1,260	1,322
10,001 – 100,000	219	216
100,001 – 1,000,000	31	34
> 1,000,000	7	8
<b>Total registered shareholders</b>	<b>22,868</b>	<b>19,102</b>

### Significant shareholders

The following overview shows the significant shareholders as of March 31, 2022 based on shareholdings recorded in the share register and notifications on the [SIX Swiss Exchange online reporting platform](#). Significant shareholders may also hold non-registered shares.

	2022 <sup>1)</sup>	2022 <sup>2)</sup>	2021 <sup>1)</sup>	2021 <sup>2)</sup>
	No. of shares	In %	No. of shares	In %
Beda Diethelm <sup>3)</sup>	6,712,878	10.63	6,710,440	10.42
Family of Hans-Ueli Rihs <sup>3) 4)</sup>	3,683,648	5.83	3,692,049	5.73
BlackRock, Inc.	3,334,293	5.10	3,334,392	5.10
The Capital Group Companies, Inc <sup>5)</sup>	3,087,638	4.89	n/a	<3
UBS Fund Management (Switzerland) AG	1,948,684	3.03	1,948,684	3.03

1) Or at last reported date if shareholdings are not registered in the share register.

2) On the basis of the shares registered in the commercial register at last reported date.

3) Beda Diethelm and Hans-Ueli Rihs were already shareholders before the Initial Public Offering in November 1994. There are no shareholders' agreements among these individuals and they can trade freely.

4) Hans-Ulrich Rihs, Gabriela Rihs and Stefan Rihs as a group jointly control 3,683,648 registered shares (corresponding to 5.83% of total Sonova share capital) pursuant to the last disclosure notice. These shares were previously controlled by Hans-Ulrich Rihs as a single shareholder.

5) The Capital Group Companies, Inc is held by (i) Capital Research and Management Company ("CRMC"), (ii) Capital Group Private Client Services, Inc. and (iii) Capital International, Inc.

For information on shareholders of Sonova Holding AG that have reported shareholdings of over 3% or a reduction of shareholdings below 3% in the financial year (FY) 2021/22, please refer to the [website](#) of the Disclosure Office of the SIX Swiss Exchange.

### Cross-shareholdings

Sonova Holding AG has no cross-shareholdings with other companies.



## Articles of Association

The Articles of Association of Sonova Holding AG remained unchanged in FY 2021/22 except for article 3: The share capital as stipulated by the previous version of article 3 was reduced according to the resolution of the 2021 Annual General Shareholders' Meeting (AGM) (see section capital structure below; the Articles of Association are available [here](#)).

## Capital structure

### Share capital

As of March 31, 2022, the ordinary share capital of Sonova Holding AG was CHF 3,158,607.85 fully paid up and divided into 63,172,157 registered shares with a par value of CHF 0.05 each.

Sonova Holding AG has issued neither participation certificates nor profit-sharing certificates.

With the exception of the treasury shares held by the company itself, each share represents one vote at the Annual General Shareholders' Meeting and is entitled to dividend payments. As of March 31, 2022, the company held 2,084,471 treasury shares (1,355,464 in the previous year).

More information on the share capital can be found in Art. 3 of the Articles of Association available [here](#).

### Conditional and authorized share capital

#### Conditional share capital

The conditional share capital may be increased by a maximum amount of CHF 266,107 by issuing 5,322,133 registered shares with a par value of CHF 0.05 per share which equates to 8.42% of the existing share capital. Out of this conditional share capital an amount of (i) CHF 101,050.65 (equaling 2,021,013 registered shares) may be used for distribution to key employees of the Sonova Group through an equity participation program and (ii) CHF 165,056 (equaling to 3,301,120 registered shares) may be used for exercising option and conversion rights granted in connection with bonds or similar debt instruments issued by the company to finance the acquisition of companies, parts of companies or shareholdings.

More information on the conditional share capital can be found in Art. 4 of the Articles of Association, available [here](#).

#### Authorized share capital

The Board of Directors shall be authorized to increase the share capital at any time until June 11, 2022 by a maximum amount of CHF 321,990.65 by issuing a maximum of 6,439,813 registered shares that are to be fully paid up, each with a nominal value of CHF 0.05 and which equates to 10.19% of the existing share capital. Increases in partial amounts shall be permissible. The Board of Directors did not make use of this authorization in FY 2021/22.

More information on the authorized share capital can be found in Art. 5 of the Articles of Association, available [here](#).

### Limitations on exercising of conditional and/or authorized share capital

In case the conditional and/or authorized share capital may be exercised and subscription or advance subscription rights may be excluded, the total of the capital increase shall not exceed an amount in total of CHF 321.990.65 by issuing 6,439,813 registered shares which corresponds to 10% of the currently issued share capital.

More information on the limitation of exercising conditional and/or authorized share capital under the exclusion of subscription or advance subscription rights can be found in Art. 6 of the Articles of Association, available [here](#).

### Options

In FY 2021/22, a total of 112,656 options and Stock Appreciation Rights (SARs) were granted as part of the Sonova Executive Equity Award Plan (EEAP). In FY 2020/21, the number of options and SARs granted totaled 170,694. As of March 31, 2022, there were 985'697 options, performance options and SARs outstanding (compared with 1,119,468 in the previous year). Each of the options entitles the holder to purchase one registered share in Sonova Holding AG with a par value of CHF 0.05 at the respective exercise price and upon meeting certain performance criteria, while the SAR entitles to receive a cash settlement equal to the option value. The EEAP is described in greater detail in the [Compensation Report](#) and in [Note 7.4](#) to the consolidated financial statements.

### Convertible bonds

Sonova Holding AG has not issued any convertible bonds.

### Changes in capital

As of March 31, 2022, the capital of Sonova Holding AG comprised the following:

	2022	2021	2020
Ordinary capital (in CHF)	3,158,608	3,219,907	3,219,907
Total shares	63,172,157	64,398,137	64,398,137
Authorized Capital (in CHF)	321,990.65	321,990.65	
Authorized shares	6,439,813	6,439,813	
Conditional capital (in CHF)	266,107	266,107	266,107
Conditional shares	5,322,133	5,322,133	5,322,133

The 2021 AGM approved a reduction of the share capital by CHF 61,299.00 through cancellation of 1,225,980 registered shares. This capital reduction was the result of the share buyback program, announced on August 31, 2018, in which the company repurchased 1,225,980 registered shares between April 1, 2019 and March 31, 2021. More information to this share buyback program is available [here](#).

The Board of Directors did not make use of the authorized capital in FY 2021/22.

## Share buyback program 2021–22

On May 18, 2021, Sonova announced a share buyback program that started on June 4, 2021. The program was targeted to buy back shares worth up to CHF 700 million and ended on March 28, 2022 (details available [here](#)).

The transactions connected with this program were conducted via a separate trading line on the SIX Swiss Exchange.

The Board of Directors intends to propose cancelling the shares repurchased under this buyback program at the 2022 AGM.

## Share buyback program 2022–2025

The Board of Directors of Sonova Holding AG has initiated a further share buyback program with a duration of up to 36 months, a maximum overall value of CHF 1.5 billion, and an expected start date of April 11, 2022. This share buyback program will be conducted via a separate trading line on the SIX Swiss Exchange. The shares will be repurchased for the purpose of capital reduction, subject to approval by future Annual General Shareholders' Meetings. More information to this share buyback program is available [here](#).

## Limitations on transferability and nominee registrations

### Limitations on transferability for each share category

To be recognized as a shareholder with full voting rights, the acquirer of shares must submit a written application for registration in the share register. The company may refuse registration in the share register if applicants do not explicitly declare that they have acquired and will hold the shares in their own name and for their own account. The company may further refuse entry of the acquirer as a shareholder or usufructuary with a voting right to the extent that the shares held would exceed 5% of the overall number of shares shown in the Commercial Register (Art. 8 para. 6 of the [Articles of Association](#)). Linked parties are considered as one person. This registration restriction does not apply to the founding shareholders. The Board of Directors may grant exceptions where there is justified cause, in which case no special quorum is required.

More information on the limitations on transferability and registrations can be found in Art. 8 of the Articles of Association, available [here](#).

### Exceptions granted in the year under review

No exceptions were granted by the Board of Directors during the reporting period.

### Admissibility of nominee registrations

The Board of Directors can issue regulations specifying the conditions under which trustees/nominees are recognized as shareholders with voting rights (Art. 8 para. 5 of the Articles of Association, available [here](#)).

### Procedure and conditions for cancelling statutory privileges and limitations on transferability

A resolution of the General Shareholders' Meeting approved by a relative majority of the votes cast is sufficient for cancellation (Art. 15 para. 4 no. 3 of the Articles of Association, available [here](#)).

# Board of Directors

## Introduction

The Board of Directors of Sonova Holding AG sets the overall direction and supervision of the management (see Art. 716a para. 1 of the Swiss Code of Obligations). Its working methods are reflected in the Organizational Regulations (available [here](#)) and the Board Committee Charters (available [here](#) for the Audit Committee and [here](#) for the Nomination and Compensation Committee).

As determined in Art. 1 of the [Organizational Regulations](#), the Board of Directors plans the succession of its members and defines the criteria for selecting candidates so that the composition is well-balanced in terms of size, professional skills, international experience, and diversity. Sonova ensures that newly elected members receive appropriate introduction and orientation and that the members of the Board of Directors receive continuing training with respect to their responsibilities.

## Board of Directors independence

Members of the Board of Directors are considered to be independent, according to Art. 14 of the Swiss Code of Best Practice for Corporate Governance and Art. 6 lit. c of the Organizational Regulations, if they personally or in association with related persons have not been a member of the Management Board during the last three years, and have no or only comparatively minor business relations with the company. According to these rules all members of Sonova's Board of Directors are considered to be independent.

## Board of Directors fees

Fees for members of the Board of Directors are structured to be consistent with the principle of independence; members therefore only receive fixed fees paid in the form of a cash retainer and non-discounted shares with a blocking period of five years and four months (Chair of the Board of Directors) or four years and four months (all other members of the Board of Directors). The allocation of shares strengthens alignment with shareholders' interests. In addition, members of the Board of Directors receive committee retainers for their services on Sonova's committees. Members of the Board of Directors do not receive performance-related compensation, severance payments, or benefits.

## Executive management positions

No member of the Board of Directors holds an executive management position with Sonova Holding AG or any of its subsidiaries.

## Business connections of Board members with Sonova Holding AG or its subsidiaries

In the 2021/22 financial year, there were no business connections between individual members of the Board of Directors, including companies or organizations represented by them, and Sonova Holding AG or its subsidiaries.

## Other activities and vested interests

Except as disclosed in the biographies of the members of the Board of Directors, no member of the Board of Directors holds any position in a governing or supervisory body of any important private or public sector organization, institution, or foundation; none holds any permanent management or consultancy position with an important interest group, or any public or political office.

## Mandates outside Sonova Holding AG

No member of the Board of Directors may hold more than four additional mandates in listed companies and in total no more than six additional mandates. The following mandates are not subject to these limitations:

- Mandates in companies which are controlled by Sonova or in companies which control Sonova;
- Up to ten mandates held at the request of Sonova or companies controlled by Sonova; and
- Up to six mandates in associations, charitable organizations, foundations, trusts, and employee welfare foundations.

For further details please see Art. 30 of the Articles of Association, available [here](#).

## Board of Directors competence and evaluation

The Nomination and Compensation Committee and the Board of Directors evaluate current and prospective members of the Board according to a skills and experience competency matrix to ensure that an appropriate mix of relevant skills and experience is represented in the Board of Directors. The matrix includes criteria relating to executive management expertise, board experience, relevant industry know-how, strategic thinking (including M&A), international/regional experience, technology/product development experience (hardware and software), digital expertise, IT expertise, Supply Chain Management expertise, financial expertise, sales/marketing expertise, retail and service expertise, HR expertise, and expertise in ESG. By following the matrix criteria in the nomination and evaluation processes, the Nomination and Compensation Committee and the Board of Directors are committed to consider characteristics including but not limited to, gender, age, nationalities or country of origin, ethnicity, cultural background, ways of believing and mindsets, in order to establish balance in terms of diversity and inclusion.

The Nomination and Compensation Committee and the Board of Directors make use of this information to identify potential gaps, and to help create profiles for new director searches.

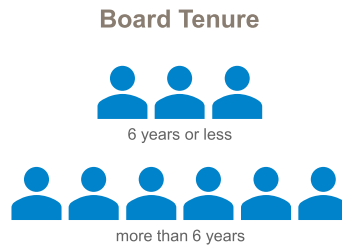
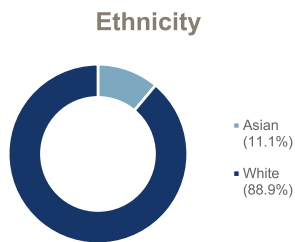
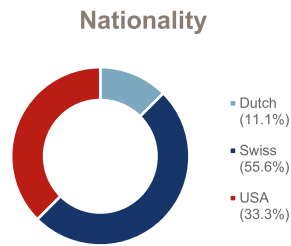
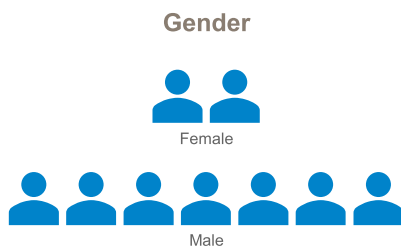
The Board of Directors also conducts an annual self-assessment to:

- Ensure and enhance its comprehensive understanding of the business and the company;
- Evaluate the work of the Board of Directors, its committees, the individual board members and the Chair;
- Make the best use of the human capital represented on the Board of Directors; and
- Optimize efficiency, effectiveness of working methods, and cooperation among members of the Board of Directors and members of the Management Board.

The Chair of the Board of Directors initiates the annual Board of Directors self-assessment by distributing an evaluation questionnaire, previously approved by the Board of Directors. The Chair of the Board of Directors is responsible for collecting the assessments and for initiating the review of the consolidated results by the Nomination and Compensation Committee and subsequently the full Board of Directors.

## Composition of the Board of Directors

As of March 31, 2022, the composition of the Board of Directors is as follows:



## Elections, terms of office and biographies

### Election procedure and limits on the terms of office

Art. 16 para. 1 of the Articles of Association of Sonova Holding AG states that the Board of Directors must consist of a minimum of three and a maximum of nine members. The members of the Board of Directors are elected by the shareholders at the General Shareholders' Meeting (Art. 10 no. 2 of the Articles of Association, available [here](#)).

Re-elections for successive terms are possible. Members of the Board of Directors shall retire automatically at the first General Shareholders' Meeting following their seventieth birthday. In justified individual cases, the Board of Directors may make an exemption. For further details please see Art. 16 of the Articles of Association, available [here](#), and Art. 6 of the Organizational Regulations, available [here](#).

### First election and remaining term of office

The following table shows the date of first election for each member of the Board of Directors. The Articles of Association require that the term of office of a Board member ends after completion of the next Annual General Shareholders' Meeting. As a consequence, each Board member will have to be re-elected annually at the General Shareholders' Meeting. All previous Board members were re-elected by the 2021 Annual General Shareholders' Meeting except Beat Hess (Vice Chair) who reached Sonova's age limit for Board membership, and Michael Jacobi, who served as a member of the Board of Directors since 2003 and did not stand for re-election (the Articles of Association are available [here](#)). Gregory Behar and Roland Diggelmann were elected to the Board of Directors for the first time at the 2021 AGM.

Name	Position	First elected
Robert F. Spoerry	Chair	2003
Stacy Enxing Seng	Vice Chair	2014
Lynn Dorsey Bleil	Member	2016
Gregory (Greg) Behar	Member	2021
Lukas Braunschweiler	Member	2018
Roland Diggelmann	Member	2021
Ronald van der Vis	Member	2009
Jinlong Wang	Member	2013
Adrian Widmer	Member	2020

### Robert F. Spoerry

(born 1955, Swiss citizen) has been Chair of the Board of Directors of Sonova Holding AG since March 30, 2011, and a non-executive member of the Board of Directors since 2003.

Robert F. Spoerry is also the non-executive Chair of the Board of Directors of Mettler Toledo International Inc., a leading global manufacturer and marketer of precision instruments and related services for use in laboratory, manufacturing, and food retailing applications. He joined Mettler Toledo in 1983 and was CEO from 1993 to 2007. He led the buyout of Mettler-Toledo from Ciba-Geigy in 1996, and the company's subsequent Initial Public Offering on the New York Stock Exchange (NYSE) in 1997. In 1998, he was nominated as Chair of the Board of Directors.

His long-standing experience in the technology sector, his deep knowledge of Sonova and his strong technical background with innovation-driven companies provides a substantial benefit to the Group and its shareholders. Robert F. Spoerry devotes a substantial amount of his time to his service as Chair of the Board of Directors.

Robert F. Spoerry graduated in mechanical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland, and holds an MBA from the University of Chicago.

#### Outside mandates:

- Member of the Board of Directors of Bystronic Holding AG (former Conzzeta Holding AG)
- Non-executive Chair of the Board of Directors of Mettler Toledo International Inc.



## Stacy Enxing Seng

(born 1964, US citizen) has been a non-executive member of the Board of Directors since 2014 and serves on the Nomination and Compensation Committee. She became Vice Chair of the Board of Directors at the Annual General Shareholders' Meeting in June 2021.

She previously served as President of Covidien's Vascular Therapies division. Stacy Enxing Seng joined Covidien in July 2010 through its acquisition of ev3 where she was a founding member and executive officer responsible for leading ev3's Peripheral Vascular Division from inception. She has also held various positions at Boston Scientific, SCIMED Life Systems Inc., Baxter Healthcare, and American Hospital Supply.

With her broad experience in the medical technology sector and her strong track record in growing startups and leading multinational companies, she brings further important perspectives to the Group. Her expertise in working with regulatory agencies around the globe brings valuable insight to the Board of Directors.

Stacy Enxing Seng received a Master of Business Administration from Harvard University and has a Bachelor of Arts in Public Policy from Michigan State University.

### Outside mandates:

- Member of the Board of Directors of LivaNova, Inc.
- Operating Partner, Lightstone Ventures
- Independent non-executive Director, Corza Medical

## Lynn Dorsey Bleil

(born in 1963, US citizen) has been a non-executive member of the Board of Directors since 2016. She serves on the Audit Committee.

She retired as Senior Partner (Director) from McKinsey & Company in the US in 2013 after more than 25 years of advising senior management and boards of leading healthcare companies on corporate and business unit strategy, mergers and acquisitions, and public policy across all segments of the healthcare value chain. She was also a member of the Board of Directors of Auspex Pharmaceuticals until its sale to Teva in March 2015, and DST Systems until its sale to SS&C in April 2018.

With her extensive experience in advising North American healthcare companies across the entire value chain and through her various board mandates in this sector, she brings very valuable strategic perspectives to the Group and contributes her broad knowhow as a Board member.

Lynn Dorsey Bleil holds a Bachelor's degree in Chemical Engineering from Princeton University and a Master's degree in Business Administration from the Stanford University Graduate School of Business.

### Outside mandates:

- Member of the Board of Directors of Alcon Inc.
- Member of the Board of Directors of Stericycle, Inc.
- Member of the Board of Directors of Amicus Therapeutics, Inc.
- Vice Chair of the Governing Board of Intermountain Healthcare Park City Hospital





## Gregory (Greg) Behar

(born in 1969, Swiss citizen) has been a non-executive member of the Board of Directors since 2021.

He has been the CEO of Nestlé Health Science, a global leader in the science of nutrition, since 2014 and a member of the Nestlé Executive Board since 2017. From 2011 to 2014, he was President & CEO of Boehringer Ingelheim Pharmaceuticals Inc. (USA). Prior to that, he held various leadership positions with Boehringer Ingelheim GmbH (Germany), Novartis AG, and Nestlé SA.

Besides this and on behalf of his employer, Nestlé Health Science, he holds a board seat at Seres Therapeutics Inc. which is a strategic investment of Nestlé. This is therefore not considered to be an additional external mandate since managing the strategic collaboration with this investment – such as joint product development, license agreements etc. – forms part of Greg Behar's day-to-day activities as the responsible executive at Nestlé.

With his broad international business and executive experience in the healthcare industry as well as his strong track record in leading successful global businesses, Greg Behar brings valuable insight to the Board of Directors.

Greg Behar earned an MBA from INSEAD, France, a Master of Science in mechanical engineering and manufacturing from EPFL Lausanne, Switzerland, and a Bachelor of Science in mechanical engineering from the University of California in Los Angeles, USA.

### Outside mandates:

- CEO of Nestlé Health Science
- Member of the Board of Directors of Seres Therapeutics, Inc. (mandate held at the direction of Nestlé as part of his role as CEO of Nestlé Health Science and thus, shall not be considered as an additional external mandate)

## Lukas Braunschweiler

(born 1956, Swiss citizen) was the CEO of the Sonova Group from November 2011 until March 31, 2018 and has been a non-executive member of the Board of Directors since 2018 and serves as member and chair on the Nomination and Compensation Committee.

Before joining the company, Lukas Braunschweiler was CEO of the Swiss technology group RUAG. From 2002 to 2009, as President and CEO, he headed the Dionex Corporation. The California-based company, active in the life sciences industry, was listed on the Nasdaq stock exchange. Previously, from 1995 to 2002, he held various group executive positions in Switzerland and the US for Mettler Toledo, a precision instruments manufacturer.

Lukas Braunschweiler brings broad CEO experience from a variety of tech-oriented companies and industries in an international environment. Having served as CEO of Sonova from 2011 to 2018, he has not only a comprehensive knowledge of Sonova as a company and its business but also a broad experience in the global hearing aid industry.

Lukas Braunschweiler received a Master of Science in analytical chemistry (1982) and was awarded a Ph.D. in physical chemistry (1985) from the Swiss Federal Institute of Technology (ETH) in Zurich.

### Outside mandates:

- Chair of the Board of Directors of Tecan Group AG
- Member of the Board of Directors of private, non-listed BURU Holding AG
- President of Swiss Management Association SMG



## Roland Diggelmann

(born in 1967, Swiss citizen) has been a non-executive member of the Board of Directors since 2021 and serves on the Nomination and Compensation Committee.

From 2019 until March 31, 2022, he has been CEO of Smith & Nephew plc, a UK-based leading global medical technology company active in orthopedics, sports medicine, and advanced wound management. From 2008 to 2018 he was managing director for the Asia/Pacific region and later CEO of Roche Diagnostics. He previously held senior management positions in sales and marketing as well as strategic planning at Zimmer Holdings and Sulzer Medica (later known as Centerpulse).

With more than 20 years of executive experience in the medical device industry across many parts of the world and as an active CEO, Roland Diggelmann provides valuable input to the implementation of Sonova's strategy.

Roland Diggelmann studied Business Administration at the University of Bern, Switzerland.

### Outside mandates:

- CEO of Smith & Nephew plc (until March 31, 2022)
- Member of the Board of Directors of HeartForce AG



## Ronald van der Vis

(born 1967, Dutch citizen) has been a non-executive member of the Board of Directors since 2009 and Chair of the Audit Committee since 2019.

Ronald van der Vis was Executive Director of the Board and Group CEO of Esprit Holdings Limited, a global fashion and lifestyle company listed on the Hong Kong Stock Exchange, from 2009 until November 2012. Prior to this, since 1998, he held various general management positions at GrandVision NV, the world's leading optical retailer. He was group CEO at GrandVision NV from 2004 to 2009.

With his extensive international expertise in the retail sector and his broad M&A, corporate finance and strategic experience, Ronald van der Vis provides valuable input to the Group's vertically integrated business strategy.

Ronald van der Vis graduated from the Nyenrode Business University in the Netherlands and received his Master's degree in business administration from the Alliance Manchester Business School in the UK. He has gained significant financial expertise both through his education and through his business experience as CEO and private equity partner.

### Outside mandates:

- Operating Partner, Co-Investor and Industry Advisor
- Chair of the Supervisory Board of European Dental Group Holding BV
- Chair of the Supervisory Board of Equipe Zorgbedrijven
- Chair of the Supervisory Board of United Veterinary Care
- Member of the Supervisory Board of HEMA BV



## Jinlong Wang

(born 1957, US citizen) has been a non-executive member of the Board of Directors since 2013; he will not stand for re-election at the 2023 AGM.

He served as operating partner at Hony Capital while he was Chair and CEO at PizzaExpress Group Holdings Limited from July 2017 to September 2020. Previously he held a number of senior positions at Starbucks including Senior Vice President of Starbucks Corp., President of Starbucks Asia Pacific Region, as well as Chair and President of Starbucks Greater China Region. He started his career as a government official in the Ministry of Foreign Economic Relations and Trade in China.

With his broad business and legal background, particularly in the retail sector with a strong network both in China and in the United States, Jinlong Wang brings valuable insights to the Board of Directors. Thanks to his extensive operational and business development expertise he has made tangible contributions to the Group's strategy in Asia and in particular in China.

Jinlong Wang graduated with a Bachelor's degree in International Economics and Trade from the University of International Economics and Trade in Beijing in 1982 and received his Juris Doctor degree at Columbia Law School, Columbia University, in 1988.

### Outside mandates:

- Independent non-executive director of Swire Properties Limited
- Independent non-executive director of Kerry Group PLC.

## Adrian Widmer

(born 1968, Swiss citizen) has been a non-executive member of the Board of Directors since 2020 and serves as a member and Chair on the Audit Committee.

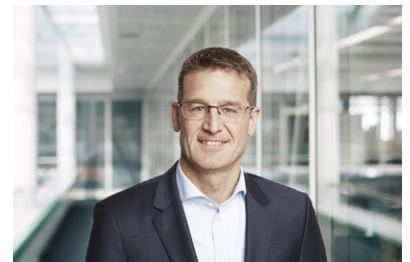
Since 2014 he is Group CFO of Sika AG, a global specialty chemical company based in Switzerland. He previously served as Head Group Controlling and M&A at Sika from 2007 to 2014. Prior to joining Sika, he held various management positions at BASF, Degussa and Textron Inc. in the areas of finance and controlling, business development and general management.

With his broad management background, his experience in M&A and business development and particularly his financial expertise as active CFO, Adrian Widmer is well qualified to serve on the Audit Committee as a financial expert and is an ideal sparring partner for Sonova's CFO.

Adrian Widmer holds a Master of Science degree in Business and Economics from the University of Zurich, Switzerland and completed the Advanced Management Program of INSEAD Fontainebleau in France.

### Outside mandates:

- Group CFO of Sika AG
- Member of the Board of Directors and Chair of the Audit Committee of Swiss Steel Holding AG (until its 2022 AGM on April 26, 2022)



## Internal organizational structure

### Allocation of tasks within the Board of Directors

As specified in Art. 17 para. 1 of the Articles of Association, the Board of Directors constitutes itself, except for the Chair and the members of the Nomination and Compensation Committee, who must be elected by the shareholders. If the office of the Chair or a member of the Nomination and Compensation Committee is vacant, pursuant to Art. 16 para. 4 of the Articles of Association the Board of Directors appoints a replacement from among its members for the remaining term of office (the Articles of Association are available [here](#)).

In accordance with Art. 13 para. a of the Organizational Regulations which supplement the Articles of Association, the Board of Directors appoints an Audit Committee (the Organizational Regulations are available [here](#)).

### Tasks and areas of responsibility of Board of Directors' committees

The duties and authorities of the committees are defined in the Articles of Association, the Organizational Regulations (available [here](#)) and the Board Committee Charters (available [here](#) for the Audit Committee and [here](#) for the Nomination and Compensation Committee). The committees usually meet before the Board of Directors meetings, report regularly on activities and make proposals to the Board of Directors based on their findings. The overall responsibility for duties delegated to the committees remains with the Board of Directors.

### Audit Committee

The members of the Audit Committee are Adrian Widmer (Chair), Lynn Dorsey Bleil and Ronald van der Vis.

The duties of the Audit Committee include reviewing the performance and effectiveness of external and internal audit on behalf of the entire Board of Directors; evaluating the company's financial control systems, financial structure, and risk management control mechanisms; and verifying the interim and annual accounts and financial statements of the Sonova Group. The Audit Committee is also kept regularly informed on the company's compliance program. The Audit Committee Charter is available [here](#).

The Audit Committee meets as often as required but no fewer than four times per year. During the reporting period, the Audit Committee met six times. The Chair of the Board of Directors was invited to, and attended, every Audit Committee meeting as a guest.

### Nomination and Compensation Committee

The members of the Nomination and Compensation Committee are Lukas Braunschweiler (Chair), Stacy Enxing Seng and Roland Diggelmann.

The Nomination and Compensation Committee supports the mission of the Board of Directors to attract, retain, and motivate people with outstanding professional and human capabilities at the Board of Directors and top management levels. In the selection and nomination processes, the committee considers independence, expertise, experience, and skills (including those related to economic, environmental and social aspects) needed for the respective corporate body's tasks, seeking where possible to establish balance in diversity terms including but not limited to: gender, age, nationalities or country of origin, ethnicity, competencies, experiences, ways of believing and mindsets. The Nomination and Compensation Committee also supports the Board of Directors in preparing the [Compensation Report](#), establishing and reviewing the Company's compensation principles, guidelines, and performance metrics, and preparing proposals to the Annual General Shareholders' Meeting on the compensation of the Board of Directors and Management Board. The committee may also submit proposals and recommendations to the Board of Directors on other compensation-related issues. The Nomination and Compensation Committee Charter is available [here](#).

The Nomination and Compensation Committee meets as often as required but no fewer than three times per year. During the reporting period, the committee met seven times.

The Chair of the Board of Directors was invited to, and attended, every Nomination and Compensation Committee meeting as a guest.

#### Working methods of the Board of Directors and its committees

During the reporting period, the Board of Directors held five regular virtual meetings and had six extraordinarily scheduled virtual meetings on additional subjects relevant to the challenges posed by COVID-19. The table below shows the individual members' attendance at Board of Directors and committee meetings, as well as the average length of the meetings:

	Reg. BoD meetings <sup>1)</sup>	BoD add. calls <sup>2)</sup>	AC meetings <sup>3)</sup>	AC calls <sup>3)</sup>	NCC meetings <sup>4)</sup>	NCC calls <sup>4)</sup>
No. of meetings in 2021/22	5	6	4	3	4	2
Robert F. Spoerry	5	6	4 <sup>5)</sup>	3 <sup>5)</sup>	4 <sup>5)</sup>	2 <sup>5)</sup>
Stacy Enxing Seng	5	6			4	2
Lynn Dorsey Bleil	5	6	4	3	–	–
Gregory (Greg) Behar	4	5				
Lukas Braunschweiler	5	6			4	2
Roland Diggelmann	4	5			3	2
Ronald van der Vis	5	6	4	3	–	–
Jinlong Wang	5	6	–	–	–	–
Adrian Widmer	5	6	4	3		
Average meeting length	7 h	1 h	3 h	1 h	2 h	1 h

1) Regular Board of Directors meetings in person.

2) Additional calls of the Board of Directors.

3) Regular Audit Committee meetings and calls.

4) Regular Nomination and Compensation Committee meetings and calls.

5) As guest.

Urgent business matters were discussed in various telephone conferences. In addition to formal meetings at which minutes were taken, members of the Board of Directors or of the committees also frequently met informally for other topics and discussions that required additional time. These included but were not limited to, preparations for formal meetings, interviews and nomination of key individuals, and reviewing M&A projects.

The agenda for a meeting of the Board of Directors or of a Board committee is set by its respective Chair. Any member of the Board of Directors or a committee may request a meeting or ask that an item be put on the agenda. Members of the Board of Directors and the committees are provided in advance of meetings with all relevant documents that enable them to prepare for the discussion of the agenda items during the meeting. The Board of Directors and its committees constitute a quorum if at least half of the members are present. The Board of Directors and its committees approve resolutions by a majority of members present at the meeting. In the event of an equal number of votes, the Chair has the casting vote.

The Board of Directors works closely with the Management Board. In general, the meetings of the Board of Directors and its committees are also attended by the CEO and the CFO and, depending on the agenda, other members of the Management Board. The Board of Directors and the committees meet in executive session after every Board and committee meeting, respectively. The Board of Directors consults external experts in connection with specific tasks when necessary.

During the 2021/22 business year, the five regular meetings of the Board of Directors were attended by the CEO, the CFO, and other members of the Management Board to review, amongst other topics, performance against plan, key initiatives, and strategic matters. Five out of six additional conference calls of the Board of Directors were attended by the CEO and four as well by the CFO. If necessary, the Board of Directors also consults with other internal experts (such as the Group General Counsel) or external advisors. One regular Board of Directors meeting was attended by an external party in the last business year.

All four meetings as well as all three calls of the Audit Committee were attended by the Chair as guest. The CEO, the CFO, and the Head of Internal Audit and Risk participated in all four meetings and in two out of three calls of the Audit Committee. Representatives of the auditors have been invited to four of these meetings.

All four meetings of the Nomination and Compensation Committee were attended by the Chair as guest and were held in the presence of the CEO and the Group Vice President Corporate Human Resources.

### Definition of areas of responsibility

The Board of Directors of Sonova Holding AG is responsible for the overall direction of the company, except in matters reserved by law to the Annual General Shareholders' Meeting. The Board of Directors decides on all matters that have not been reserved for or conferred upon another governing body of the company by law, by the Articles of Association, or by the company's Organizational Regulations. The division of responsibility between the Board of Directors and the Management Board is set out in detail in the company's Organizational Regulations (available [here](#)).

### Information and control instruments vis-à-vis the Management Board

The Management Board reports regularly to the Board of Directors and its committees. At each Board meeting, the Management Board informs the Board of Directors of the status of current business matters and financial results, and presents relevant strategic initiatives as well as major business transactions such as M&A. Each year a Board of Directors' meeting is reserved for presentation and discussion of the company's strategy and long term financial plan. The Board of Directors is provided with monthly consolidated sales reports providing data on revenue, average selling prices, and units for each major product, subsidiary, and market. The Board of Directors also receives on a monthly basis the financial report with the full profit and loss statement, the balance sheet, and the cash flow statement, as well as the CEO's report on business performance, the competitive situation, updates on various initiatives, and an outlook. Telephone conferences are held as required between Board members and the CEO or CFO. Furthermore, each member of the Board of Directors may request information on all matters concerning the company.

## Internal audit, risk, and compliance

The mandates of the Internal Audit and Risk Management functions, along with their reporting lines and scope of activities, are defined in the Internal Audit & Risk Charter approved by the Audit Committee and the Board of Directors. Internal Audit carries out compliance and operational audits and assists the business units in attaining their goals by providing assurance from independent evaluation of the effectiveness of internal control processes. The Management is responsible for the control of business risks and for compliance with laws and regulations. The Audit Committee approves the annual work plans of Internal Audit and ensures that the relevant Group companies are adequately reviewed according to their risk scoring. The Audit Committee also reviews and discusses the reports on completed audits submitted by Internal Audit. Internal Audit, together with Business Controlling, monitors the implementation by Group companies of any measures necessary to address findings from previous audits, and regularly reports progress to the Audit Committee. The Head of Internal Audit & Risk reports to the Chair of the Audit Committee. In addition, the Chair of the Board of Directors is invited to the Audit Committee as a guest, and is thus kept fully informed but has no voting rights.

The Group has implemented an efficient and comprehensive system to identify and assess strategic, operational, financial, legal, and compliance risks related to the Group's business activities. Risk management and mitigation proposals are prepared by the Management Board, reviewed by the Audit Committee and subsequently approved by the entire Board of Directors. The risk management function categorizes risks by severity and probability and supports the Management Board in determining the measures necessary to address or mitigate them.

The Board of Directors approves the risk assessment and provides guidance from a strategic point of view. To continuously monitor key risks and their mitigation, Risk Management prepares risk status reports which are presented to the Audit Committee on an ad hoc basis.

Risk Management also assumes responsibility for the internal control system (ICS) for financial reporting risks. The Board of Directors receives annual updates on the Group companies' compliance with the ICS guidelines.

The Group compliance program supports Sonova's core values of ethical behavior and unquestionable integrity. The program is administered by the Head Group Compliance & Data Privacy and ultimately overseen by the Group General Counsel & Compliance Officer. Among other activities, the program administers the Ethics Hotline and other reporting channels and ensures that reports are adequately addressed; structures the policy framework for ethical business conduct and trains the businesses on it; counsels and advises on proposed business approaches; and supports the businesses in their vetting of business partners. Quarterly compliance reports are provided to the Audit Committee and an annual compliance report is addressed to the Board of Directors. The Group General Counsel has an activity-specific or "dotted-line" reporting relationship to the Chair of the Audit Committee with respect to Compliance responsibilities.

## Environmental, Social and Governance Management (ESG)

Sonova's environmental, social and governance (ESG) strategy is integrated into its overall strategy. Exemplary behavior in these areas is an essential part of Sonova's way of doing business. "We take accountability" is one of our core values: ESG improvement indicators are therefore embedded throughout our business and we strive to optimize them with the same intensity as we do our financial ones, making significant efforts and setting ambitious targets.

Sonova has established an ESG Council, which oversees and further develops the Group's ESG strategy, including commitments and targets, and monitors progress on key performance indicators and initiatives. The ESG Council meets at least on a quarterly basis and consists of the Group CEO, selected members of the Management Board, the Group General Counsel & Compliance Officer, and the Corporate Responsibility team. Progress on ESG targets is also regularly reviewed by the full Management Board and ESG targets are an element of each Management Board member's variable compensation. The Board of Directors approves the ESG strategy, initiatives, and targets, and regularly receives progress updates from the Management Board (see the comprehensive [ESG Report](#)).

Some of the key ESG topics at Sonova include climate change, diversity & inclusion (D&I), talent development & employee engagement, responsible supply chain management, data privacy and digital ethics. Among other reports, a comprehensive D&I report including initiatives and specific targets is prepared by the CEO and Corporate Human Resource Management and reviewed annually by the entire Board of Directors.

Responsible behavior also includes full compliance with tax laws and regulations at all times. Sonova's tax principles (available [here](#)) provide high level information on procedures and internal guidelines for tax compliance throughout the Sonova Group (see the relevant chapters in the [ESG Report](#) for more information on the specific ESG topics).

Good governance is supported by a regular dialogue on ESG topics with proxy advisors, investors, and rating agencies, and by Sonova's continuously active risk management and our compliance functions.



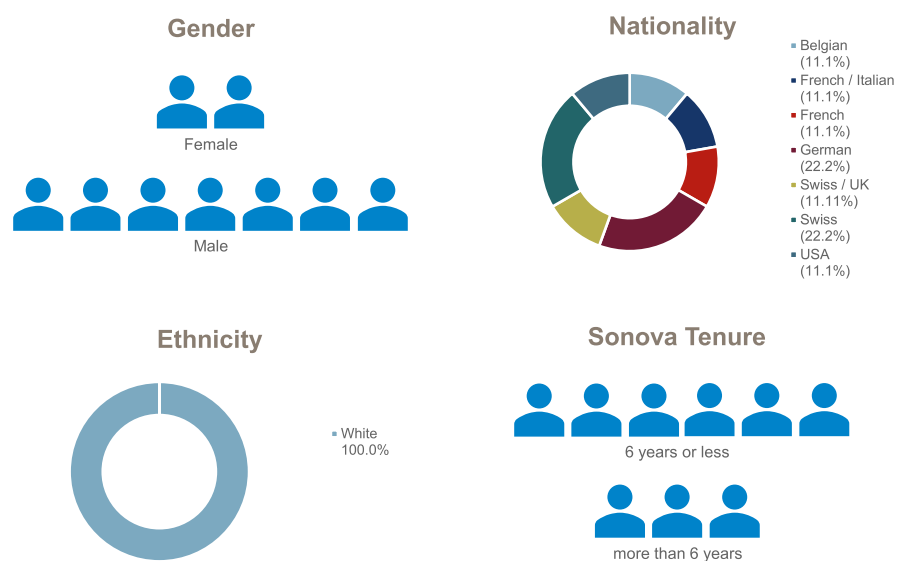
## Management Board

The Management Board is responsible for the business and affairs of the company and the preparation, implementation, and monitoring of Sonova’s strategy, the management of the members’ respective Group functions, and the preparation, implementation, and delivery of the annual plan and budget. The Management Board also prepares for and executes decisions made by the Board of Directors. In accordance with the Organizational Regulations of Sonova Holding AG (available [here](#)), the Management Board is chaired by the CEO and comprises at least the CFO, plus such additional members as appropriately reflect the company’s structure and activities. The members of the Management Board are proposed by the CEO and are appointed by the Board of Directors based on the recommendation of the Nomination and Compensation Committee (NCC).

The yearly evaluation of the CEO is based on the input of each member of the Board of Directors addressed to the Chair. The consolidated input is reviewed first by the NCC and subsequently finalized by the entire Board of Directors. Finally, the results are reviewed and discussed between the Chair and the CEO.

### Composition of the Management Board

As of March 31, 2022, the composition of the Management Board is as follows:



### Arnd Kaldowski

(born 1967, German citizen) joined the Sonova Group in October 2017 as Chief Operating Officer and became CEO as of April 1, 2018. He joined Sonova from Danaher Corporation, where he served in various leadership capacities since 2008, most recently as Group Executive of the Diagnostics Platform and President Beckman Coulter Diagnostics. Arnd Kaldowski led significant sales growth, innovation and productivity initiatives. He also brings significant experience and a successful track record in M&A, commercial excellence, and new product introduction, which he gained in the course of his career at Danaher and as SVP Point-of-Care Solutions at Siemens Medical, following his previous assignments as Investment Director of Atila Ventures and as a Manager with the Boston Consulting Group.



Arnd Kaldowski holds a Master of Science in Physics from the Technical University Darmstadt, Germany, and an MBA from INSEAD in Fontainebleau, France.

### Birgit Conix

(born in 1965, Belgian citizen) joined the Sonova Group as CFO in June 2021. She was previously Chief Financial Officer and member of the Executive Board of TUI AG, a global leader in tourism, from 2018 to 2021. Before joining TUI AG, she was Chief Financial Officer of the Belgian media, cable and telecommunications group Telenet Group NV. Prior to that, she held various top-level positions in finance, strategy and business operations in the pharmaceuticals and medical devices business units at Johnson & Johnson, and in finance at Heineken, Tenneco and Reed Elsevier.



Birgit Conix holds an MBA from University of Chicago, Booth School of Business, USA and a Master of Science in Business Economics from the University of Tilburg, Netherlands.

#### Outside mandates:

- Supervisory Board member at ASML Holding N.V.

### Ludger Althoff

(born 1964, German citizen) joined the Sonova Group in January 2019 as Vice President (VP) Operations and became Group Vice President Operations as of April 1, 2019.

Before joining the company, he was Senior VP Quality and Operations at ABB Power Grids where he held functional responsibility for all factories and engineering centers of the business. Before that, he held various key operation leadership positions within the Danaher Corporation, including the role of VP Global Operations of Danaher's Dental Group and the role of VP Global Operations of Leica Microsystems. Ludger Althoff brings with him over 25 years of international management experience in operations, global sourcing and logistics as well as continuous improvement.



Ludger Althoff completed his education at the City of Mönchengladbach Technical School and was certified Quality Manager (EOQ) by the European Organization for Quality.

### Claudio Bartesaghi

(born in 1973, Swiss citizen) was appointed Group Vice President Corporate Human Resources Management (HRM) & Communications of Sonova in October 2017. He gained international experience in his long-time career at Sonova, not least in his positions as Head of HRM of Sonova North America, based in the US, and as Head of HRM Sonova APAC, based in Singapore. Before joining Sonova in 2010, Claudio Bartesaghi was Deputy Head of HRM at Jelmoli Holding AG in Zürich.

Claudio Bartesaghi holds a Bachelor of Science in Business Administration and Management from the Zurich University of Applied Sciences (ZHAW) and a Master of Advanced Studies in HRM from the University of Applied Sciences and Arts Northwestern Switzerland (FHNW).



### Victoria Carr-Brendel

(born 1964, US citizen) was appointed Group Vice President Cochlear Implants and President of Advanced Bionics in April 1, 2019.

She is an accomplished medical device executive with vast experience across several therapeutic areas, in both 510K and PMA devices. She started her career as a scientist in research and development, and took on increasingly larger business and management roles throughout her career. Before joining Sonova, she worked for JenaValve Technology Inc., a global and innovative transcatheter heart valve company, where she became CEO in mid-2015. Prior to that, she worked at Boston Scientific in roles spanning R&D, project management, franchise general manager/general manager for the neurovascular, electrophysiology, and peripheral interventions divisions, and the Bayer acquisition.

Victoria Carr-Brendel holds a Ph.D. in microbiology and immunology from University of Illinois at Chicago.



#### Outside mandates:

- Board member at MDMA (Medical Device Manufacturers Association)

### Claude Diversi

(born 1964, French and Italian citizen) joined the Sonova Group in March 2005 as Managing Director of Phonak France. He was appointed Group Vice President Hearing Instruments Wholesale in April 2016. He was previously Vice President Hearing Instruments Phonak Wholesale for the Region Europe and South America from May 2012 until March 2016. Claude Diversi has an extensive track record as a sales executive with a broad experience in all disciplines of sales, including reporting, sales force management, and executing trade marketing strategies. Prior to joining Phonak, he worked in sales management positions in companies such as British American Tobacco, DowBrands & Melitta Europe, Pillsbury, and Kraft Foods France.

Claude Diversi majored in international business at the University of Paris Descartes in France.



### Christophe Fond

(born 1966, French citizen) joined the Sonova Group in February 2017 as Group Vice President Retail. Most recently he held the role of President Latin America and was a member of the Executive Board at GrandVision, a global leader in optical retailing. In the course of his career he gained extensive experience in global retail management, leading transformational growth of large-scale retail enterprises, including acquisitions, mergers, and integrations.

Prior to joining GrandVision he held various roles of international responsibility at Pearle, Bata, and FNAC.

Christophe Fond received a Master of Business Administration from IMD-Switzerland and graduated from the Superior School of Military Engineering (ESAG) in France.



### Martin Grieder

(born 1965, Swiss and British citizen) has been Group Vice President Phonak since August 2014 and was appointed Group Vice President Hearing Instruments Marketing in September 2016. He joined Sonova from Nestlé, where he was Vice President and Global Head of Nestlé BabyNes. Martin Grieder joined Nestlé in 1992 and brings over 20 years of experience in senior management roles within the company. His diversified cross-functional work experience in 18 countries ranges from leading the global Nespresso professional division to managing Nestlé Nespresso North America. Further senior roles at Nestlé included Vice President, Head of Finance for the Americas and Head Nestlé Group Audit as well as R&D Head for Food & Beverage systems solutions for the Nestlé Group.

Martin Grieder received a Master of Business Administration degree from IMD-Switzerland and a Bachelor's degree in business and economics from the University of Applied Science and Arts (FHNW) in Basel.



### Andi Vonlanthen

(born 1961, Swiss citizen) has been Group Vice President Research & Development since April 2012. He started his professional career at Phonak in 1984 in the area of product development, where he contributed significantly to a large number of technological innovations and product launches. As one of many innovations, he developed the first ever multi-microphone system for hearing instruments, which revolutionized the entire industry. From 2002 to 2004, he was Vice President R&D at Unitron. As of 2004 he was responsible for the Group System Integration function.

Andi Vonlanthen received a degree in electronic engineering at the School of Engineering (HTL) Brugg Windisch, Switzerland in 1984.



## Other activities and vested interests

Except as disclosed in the biographies of the members of the Management Board, no member of the Management Board holds any position in a governing or supervisory body of any important private or public sector organization, institution, or foundation; none holds any permanent management or consulting position with an important interest group, or any public or political office.

## Mandates outside Sonova Holding AG

According to Art. 30 of the Articles of Association, no member of the Management Board may hold more than one additional mandate in a listed company and in total no more than five additional mandates (all such mandates are subject to approval by the Board of Directors). Just as stipulated for the [Board of Directors](#), some mandates are not subject to these limitations. The Articles of Association are available [here](#).

## Management contracts

The Board of Directors and the Management Board conduct business directly and have not delegated any management tasks to companies outside the Group.

## Compensation, shareholdings and loans

Details of Board and Management compensation are contained in the [Compensation Report](#). In accordance with the Articles of Association, no loans were granted to the members of the Board of Directors or the members of the Management Board.

# Shareholders' participation rights

## Voting rights and representation restrictions

### Voting rights restrictions

When exercising voting rights, no shareholder can combine, with their own and represented shares, more than 10% of the total number of shares as shown in the Commercial Register (Art. 14 para. 2 of the Articles of Association, available [here](#)). Linked parties are considered as one person. This voting rights restriction does not apply to founding shareholders. The Board of Directors may approve other exceptions if it has good reason to do so, in which case no special quorum is required.

### Exceptions granted in the year under review

During the reporting period, no exceptions to the above-listed rules were granted.

### Statutory rules on participation in the General Shareholders' Meeting

According to Art. 14 para. 4 of the Articles of Association, every shareholder entered in the share register with voting rights may have its shares represented by a person with written authorization from him who does not need to be a shareholder, or by the Independent Proxy. All the shares owned by a shareholder can only be represented by one person.

The Articles of Association are available [here](#).

### Independent Proxy and electronic voting

The Law Office Keller Partnership, Zurich was elected as the Independent Proxy by the 2021 AGM for the period until completion of the 2022 AGM.

Sonova Holding AG offers shareholders the option of using an online platform and of granting proxy and providing voting instructions to the Independent Proxy electronically.

### Statutory quorums

According to Art. 15 of the Articles of Association, resolutions and elections by the Annual General Shareholders' Meeting require the approval of a relative majority of the votes cast, taking voting right restrictions into account, except as otherwise provided by law or the Articles of Association (available [here](#)).

### Convocation of the General Shareholders' Meeting

The ordinary Annual General Shareholders' Meeting is held within six months following the close of the financial year.

Extraordinary General Shareholders' Meetings may be called as often as necessary, especially if required by law.

General Shareholders' Meetings are convened by the Board of Directors and, if necessary, by the auditors. Shareholders with voting rights, who together represent at least 10% of the share capital, may request that the Board of Directors convene an Extraordinary General Shareholders' Meeting, provided that they do so in writing and set forth the reason for the meeting (Art. 11 of the Articles of Association, available [here](#)).

### Inclusion of items on the agenda

According to Art. 12 para. 3 of the Articles of Association (available [here](#)) shareholders with voting rights who represent at least 1% of the share capital may request that an item be put on the agenda for discussion by indicating the proposal or motion. Such requests must be addressed in writing to the Chair of the Board of Directors no later than 60 days before the meeting.

### Registration in the share register

For administrative reasons, the share register is closed approximately one week prior to the date of the General Shareholders' Meeting (the exact date is communicated in the invitation to the General Shareholders' Meeting). Admission cards and voting forms are sent to shareholders during this period. The shares can be traded at any time and are not blocked.

## Changes of control and defense measures

### Duty to make an offer

The Articles of Association of Sonova Holding AG do not contain provisions for opting out or opting up. The result is that an investor who directly, indirectly, or in concert with third parties acquires shares in the company and, together with the shares he/she/it already possesses, thereby exceeds the 33⅓% threshold of voting rights in the company is required to submit an offer for all shares outstanding, according to Swiss stock exchange law. The Articles of Association are available [here](#).

### Clauses on changes of control

In case of a change of control and a related termination of employment (double trigger), unvested equity instruments granted under the Sonova Executive Equity Award Plan (EEAP) vest on a pro-rata basis only.

## Auditors

### Duration of the mandate and term of office of the lead auditor

At the Annual General Meeting on June 15, 2021, Ernst & Young AG, Zurich, was re-elected as auditor for Sonova Holding AG and the Sonova Group for the 2021/22 financial year. Martin Mattes has served as lead auditor for the auditing mandate.

### Fees

The auditors charged the following fees during FY 2021/22 and 2020/21:

1,000 CHF	Ernst & Young 2021/22	Ernst & Young 2020/21
Audit services	2,342	1,665
Audit-related services	298	34
Tax services	27	103
Other non-audit services	212	12
<b>Total</b>	<b>2,879</b>	<b>1,814</b>

The increase in audit fees for the 2021/22 financial year results from a number of additional Group companies that fall within the scope of audit following the closing of the acquisition of the Sennheiser Consumer Division, an increase in audit fees agreed with Ernst & Young for certain entities, and certain specific audits performed by Ernst & Young.

Audit services are defined as the standard audit work performed each year in order to issue an audit opinion on the parent company and consolidated financial statements of the Sonova Group, as well as opinions on the local statutory financial accounts or statements. Also included is extra work within the audit that can only be provided by the Sonova Group auditor, such as auditing of non-recurring transactions or the implementation of new accounting policies, as well as consents and comfort letters in relation to regulatory filings.

Audit-related services consist of support to the audit, such as providing advice on new accounting rules; this could be provided by sources other than the auditor who signs the audit report.

Tax services consist of services in connection with compliance with tax laws.

Non-audit services mainly consisted of consulting fees in connection with local regulatory requirements.

The values of audit, audit-related, tax, and non-audit services are in line with ratios suggested by commonly applied good practice standards that relate to the independence of auditors. A formal policy issued by the Audit Committee is in place that regulates all non-audit assignments of the auditors.

### Informational instruments pertaining to the external audit

The external auditors report their findings semi-annually directly to the Audit Committee of the Board of Directors. In FY 2021/22, the external auditors attended 3 out of 4 Audit Committee meetings physically or by telephone conference and also attended one call of the Audit Committee. The Audit Committee of the Board of Directors reviews the performance, compensation, and independence of the external auditors on a regular basis. The Audit Committee reports its findings to the Board of Directors on a quarterly basis.

## Information policy

The Sonova Group pursues an open and active information policy. A governing principle of this policy is to treat all stakeholders alike and to inform them at the same time. It is our aim to inform our shareholders, employees, and business partners in the most direct, open, and transparent way possible about our strategy, our global activities, and the current state of the company.

All publications are made available to all shareholders, the media, and the stock exchange at the same time. All shareholders entered in the share register automatically receive the summary report and an invitation to the AGM of Sonova Holding AG. Sonova uses a news service that delivers press releases to interested stakeholders.

The website of the Sonova Group, [www.sonova.com](http://www.sonova.com), contains information on the company results and the financial calendar as well as current investor presentations. The Investor Relations function includes presentations of annual and interim results, investor presentations, and presentations held at other events.

On the [www.sonova.com/en/registration-sonova-news-alert](http://www.sonova.com/en/registration-sonova-news-alert) website, it is possible to subscribe to news alerts about Sonova via email. Messages are sent in English and German, and it is possible to state theme preferences for the alerts received. All Sonova media releases can be found at [www.sonova.com/en/media/news](http://www.sonova.com/en/media/news).

More information tools, permanent sources of information, and contact addresses are shown at the [end of this annual report](#).



## Securities trading policy and black-out periods

The Board of Directors maintains a policy that prohibits the use of confidential information by corporate insiders. It institutes blocking periods to prevent insiders from trading in securities of Sonova Holding AG during sensitive time periods and requires pre-trading clearance for members of the Board of Directors, the Management Board, and selected employees.

This policy defines general trading blackout periods, during which the members of the Board of Directors and the Management Board as well as certain employees of Sonova Group are prohibited from trading in securities of Sonova Holding AG and/or related financial instruments, subject to exemptions provided by Swiss law (e.g., for share buyback programs). The recurring trading blackout periods begin one month prior to the end of any half year or full year reporting period of Sonova and ending two full trading days following the respective public release. The exact dates are communicated by email to all persons involved. Sonova may impose additional special trading blackout periods at any time for any reason.

In cases of personal hardship, the CEO and the CFO, acting jointly and following consultation with the Group General Counsel, may allow exceptions to a Black-out Period upon reasoned request by the employee concerned. In case options or warrants granted under any employment compensation plan falls within a black-out period and if the applicable plan provides for the automatic exercise or sale of such options or warrants during the black-out period, such options or warrants may be automatically exercised or sold during the black-out period by the plan administrator and as provided for in the relevant plan.

# Compensation report

The employees of the Sonova Group help people to hear the world, thus changing lives. At Sonova, we come to work every day knowing that continuous innovation across all disciplines, our shared engagement as a team, and our responsible approach to all things we do bring the delight of hearing to millions of people. We team up. We grow talent. We collaborate with people of diverse backgrounds to win with the best team in the marketplace. Thus we strive to attract, retain, and develop skilled, dedicated, and ambitious colleagues who continuously improve and grow the company for all our stakeholders.

This compensation report describes Sonova's compensation principles and system, as well as the method of determining the compensation of members of the Board of Directors and the Management Board. It also explains the roles, responsibilities, and governance procedures involved in the design, approval, and implementation of compensation plans. More information on topics such as Board composition, independence, diversity, competence, evaluation, and risk and compliance management, as well as corporate responsibility, can be found in the corporate governance report.

The compensation report provides the context for the shareholder votes on the compensation of the Board of Directors and the Management Board, submitted for approval at the 2022 Annual General Shareholder Meeting (AGM). It is written in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations, the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

It has the following structure:

1. Introduction by the Chair of the Nomination and Compensation Committee
2. At a glance
3. Compensation policy and principles
4. Compensation governance
5. Compensation components and system
6. Compensation for the financial year
7. Share ownership information

For ease of reference, abbreviations are also summarized in a glossary at the end of this report.

# I. Introduction by the Chair of the Nomination and Compensation Committee

Dear Shareholders,

The Nomination and Compensation Committee (NCC) focused on its regular activities throughout the year, including the determination of compensation for members of the Board of Directors and the Management Board, the succession planning for positions on the Board of Directors and the Management Board, and the preparation of the compensation report as well as of the say-on-pay votes at the Annual General Shareholders' Meeting (AGM).

I am pleased to share with you Sonova's 2021/22 compensation report. Our compensation system is strongly aligned with the company's strategy, our business results, and the interests of our shareholders. Transparency is key for us and we continuously work to improve the clarity of our disclosures. We have therefore further enhanced the information provided on the compensation framework and particularly on the link between performance and compensation.

## Review of compensation framework

To ensure that our compensation framework continues to be attractive, effective, and sustainable, the NCC again dedicated substantial time to its respective tasks during the reporting year. Adaptations to the compensation framework are made only when and if deemed appropriate, also taking into consideration the ongoing dialogue with our shareholders and with proxy advisors.

The NCC carried out its periodical review of the market alignment of compensation for the members of the Board of Directors and of the Management Board. The analysis confirmed that Sonova's compensation structure and levels are broadly in line with prevalent market practice. It also re-confirmed Sonova's Management Board compensation is more performance-oriented (and less fixed) than at other companies. The NCC concluded that both the compensation framework of the members of the Board of Directors and of the Management Board are appropriate and do not need to be amended.

## Environmental, social and governance (ESG)

To support Sonova's corporate social responsibility and sustainable business approach and ongoing efforts, relevant environmental, social, and governance (ESG) targets are reflected in the Variable Cash Compensation (VCC) of the Management Board.

As part of our ESG strategy, we strongly believe that a more balanced gender representation on the Board of Directors and in the Management Board is in the best interests of the Sonova Group. We will have achieved a proportion of 30% women on the Board of Directors, assuming that Julie Tay is elected to the Board of Directors at the 2022 AGM, and 25% on the Management Board. At the end of fiscal year 2021/22, women represented 35.2% of key positions across the global Sonova organization, up from 33.5% a year ago.

### Changes in the Board of Directors

As of the 2021 AGM, we welcomed two new members of the Board of Directors: Gregory Behar and Roland Diggelmann. Roland Diggelmann and myself were also newly elected to the NCC. Julie Tay is proposed for election to the Board of Directors at the 2022 AGM.

The NCC and the Board of Directors had several sessions focusing on succession planning. An assessment matrix was used encompassing the breadth and depth of competencies and experience required by Sonova to support our business and strategies. To ensure a balanced overall board composition and long-term planning, these criteria include, among others: executive management experience and acumen, international experience, expertise on the areas of finance, M&A, and human resources, industry affinity, as well as diversity in terms of background, industry, functional knowledge, nationalities, gender, and age.

Julie Tay, the new member of the Board of Directors proposed for election at the 2022 AGM has an outstanding executive track record in successfully leading sizeable businesses, particularly in Asia. She brings extensive and invaluable experience in medical technology industries and in growing businesses through healthcare professional and direct-to-consumer models.

### Changes in the Management Board

Birgit Conix was appointed as CFO on May 1, 2021. We also announced the appointment of Robert Woolley to the Management Board as GVP Hearing Instruments and the appointment of Martin Grieder within the Management Board as GVP Consumer Hearing. Both appointments are effective April 1, 2022.

### 2022 AGM

The total compensation awarded to the members of the Board of Directors for the actual term of office is well within the limit approved by the 2021 AGM. The compensation awarded to the members of the Management Board for the reporting year is also within the limit approved by the 2020 AGM.

At the 2022 AGM, you will have the opportunity to express your opinion on our compensation principles and system by way of a consultative vote on this compensation report. We will also ask for your approval of the maximum aggregate compensation amounts for the Board of Directors for the next term of office, which ends at the 2023 AGM, and for the Management Board for the 2023/24 financial year. No changes to the compensation system of the Board of Directors and the Management Board are foreseen.

On behalf of the Board of Directors, I would like to thank you for your continued support. We hope that you find this report informative, and we remain confident that our compensation system rewards for performance in a balanced and sustainable manner, that aligns well with our shareholder interests. We look forward to our continued dialogue.

Yours sincerely,



Lukas Braunschweiler  
Chair of the NCC

## 2. At a glance

Board of Directors compensation																																	
<p>To ensure their independence in their supervisory function, members of the Board of Directors receive a fixed compensation in form of board retainer in cash and restricted shares and committee fees in cash.</p> <p>Shares are restricted for a period of 5 years and 4 months (chair) and 4 years and 4 months (members) to strengthen the alignment with shareholder interests.</p>		<p>The expected compensation paid for the period from the 2021 AGM until the 2022 AGM of CHF 3,070,000 is within the amount of CHF 3,140,000 approved by shareholders.</p> <p>The effective compensation paid for the period from the 2020 AGM until the 2021 AGM of CHF 2,425,000 is within the amount of CHF 2,600,000 approved by the shareholders.</p>																															
<p><b>Approved versus effective total compensation for the members of the Board of Directors</b></p>																																	
<table border="1"> <thead> <tr> <th>Annual retainer</th> <th>Cash (CHF)</th> <th>Shares (CHF)</th> </tr> </thead> <tbody> <tr> <td>Board chair</td> <td>430,000</td> <td>370,000</td> </tr> <tr> <td>Board member</td> <td>100,000</td> <td>160,000</td> </tr> <tr> <td>Travel allowance <sup>1)</sup></td> <td>500</td> <td></td> </tr> <tr> <td><sup>1)</sup> per meeting</td> <td></td> <td></td> </tr> </tbody> </table>		Annual retainer	Cash (CHF)	Shares (CHF)	Board chair	430,000	370,000	Board member	100,000	160,000	Travel allowance <sup>1)</sup>	500		<sup>1)</sup> per meeting			<table border="1"> <thead> <tr> <th>Total compensation</th> <th>Approved</th> <th>Effective</th> </tr> </thead> <tbody> <tr> <td colspan="3">in CHF 1,000</td> </tr> <tr> <td>2021 AGM–2022 AGM</td> <td>3,140</td> <td>3,070<sup>2)</sup></td> </tr> <tr> <td>2020 AGM–2021 AGM</td> <td>2,600</td> <td>2,425</td> </tr> <tr> <td>2019 AGM–2020 AGM</td> <td>2,900</td> <td>2,735</td> </tr> </tbody> </table> <p><sup>2)</sup> this compensation period is not completed yet, estimated amount</p>		Total compensation	Approved	Effective	in CHF 1,000			2021 AGM–2022 AGM	3,140	3,070 <sup>2)</sup>	2020 AGM–2021 AGM	2,600	2,425	2019 AGM–2020 AGM	2,900	2,735
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Management Board compensation																																	
<p>The compensation of the Management Board consists of fixed and variable performance-based compensation and is based on the following principles:</p> <ul style="list-style-type: none"> <li>– Pay for performance</li> <li>– Alignment with shareholder interests</li> <li>– Market competitiveness</li> <li>– Alignment with company's values</li> </ul>		<p>The compensation awarded for the 2021/22 financial year of CHF 12,800,000 is within the amount of CHF 15,200,000 approved by the shareholders.</p>																															
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<p>The CEO and members of the Management Board are subject to minimum share ownership requirements of CHF 1,000,000 and CHF 200,000 respectively.</p>		<p>The STI payout amounted to 89.03% for the CEO and 85.28% for the other members of the Management Board on average.</p> <p>The LTI vesting level amounted to:</p> <ul style="list-style-type: none"> <li>– 100% for the options</li> <li>– 189.94% for the PSUs</li> </ul>																															
Governance																																	
<ul style="list-style-type: none"> <li>– Authority for decisions related to the compensation of the Board of Directors and the Management Board is governed by the Articles of Association.</li> <li>– The prospective maximum aggregate amounts of compensation of the Board of Directors and of the Management Board are subject to binding shareholder votes at the AGM.</li> <li>– The compensation report is subject to a consultative shareholder vote at the AGM.</li> </ul>																																	

### 3. Compensation policy and principles

Sonova’s objective is to engage the best talent needed to ensure our success and maintain our position as the world’s leading manufacturer and provider of innovative hearing care solutions and services. To support this objective, our compensation system is based on the following principles:



As an employer, Sonova actively fosters diversity and inclusion. We are committed to the principle of equal pay for equal work and are taking all necessary steps in our job evaluation and grading processes to ensure a fair compensation system. We regularly review compensation in terms of relevant local legal and regulatory equal pay requirements as they continue to evolve. Internally, we analyze whether we pay female and male employees equally for the same job or for a job of the same value and take corrective actions if necessary. In Switzerland, we conducted the legally required equal pay analysis, confirming Sonova’s compliance with Swiss legislation, including the Fair-On-Pay analysis and certification by the international leading testing and certification company Société Générale de Surveillance SA (SGS).

The compensation of the Board of Directors consists of fixed compensation only, paid partly in cash and partly in the form of restricted shares. The independence of the Board of Directors in its supervisory function is reinforced by the practice that no performance-related compensation is awarded.

The compensation of the Management Board consists of fixed and variable, performance-based, compensation components. The base salary and benefits form the fixed components and are determined based on current market practice. The performance-based compensation includes a short-term cash incentive (VCC) and a long-term equity incentive (EEAP). Performance targets for the VCC and EEAP are defined at the beginning of the performance period and assessed at the end.

To avoid compensation for inappropriate risk taking or short-term profit maximization at the expense of the long-term health of the company, a cap applies to both the short-term and the long-term variable compensation component and claw-back provisions are applicable to the VCC.

## 4. Compensation governance

### 4.1 Nomination and Compensation Committee

As determined in the Articles of Association, the Organizational Regulations, and the NCC Charter of Sonova Holding AG, the NCC supports the Board of Directors in the fulfilment of its duties and responsibilities in the area of compensation and personnel related matters. Its tasks and responsibilities include, among others:

- Periodical review of Sonova's compensation principles
- Periodical benchmark reviews covering the compensation of the members of the Board of Directors (including the Chair of the Board of Directors), the CEO, and the other members of the Management Board
- A yearly review of the individual compensation of the CEO and of the other members of the Management Board, including the VCC and the EEAP
- Review and amendment of the target setting and related performance appraisal of the members of the Management Board (prepared by the CEO) and of the CEO (prepared by the Chair of the Board of Directors)
- Preparation of the compensation report
- Succession planning of the Management Board and the Board of Directors
- Selection and nomination of candidates for the role of the CEO, for nomination to the Management Board as proposed by the CEO, as well as pre-selection of suitable candidates for the Board of Directors; and
- Periodical review of the employment terms and policies.

#### Approval and authority levels on compensation matters:

Decision on	CEO	NCC	Board of Directors	AGM
Compensation principles and system for the Board of Directors and the Management Board		proposes	approves	
Maximum aggregate amount of compensation for the Board of Directors and the Management Board to be submitted to shareholders' vote		proposes	reviews and proposes to AGM	binding vote
Individual compensation, including cash components and shares, to be granted to the members of the Board of Directors <sup>1)</sup>		proposes	approves	
Individual compensation, including fixed base salary, variable cash compensation and long-term equity incentives, of the CEO <sup>1)</sup>		proposes	approves	
Employment terms of the CEO <sup>1)</sup>		proposes	approves	
Individual compensation, including fixed base salary, variable cash compensation and long-term equity incentives, of the Management Board (excluding CEO) <sup>1)</sup>	recommends	proposes	approves	
Annual total amount of long-term equity incentives to be granted to all other eligible employees	recommends	proposes	approves	
Compensation report		proposes	approves	consultative vote

<sup>1)</sup> Within the framework of the Articles of Association and the maximum aggregate amount of compensation approved by the AGM.

The NCC consists exclusively of independent and non-executive members of the Board of Directors, who are elected individually and annually by the AGM. For the period under review, the NCC consisted of Lukas Braunschweiler (Chair of the NCC), Stacy Enxing Seng, and Roland Diggelmann.

The NCC meets as often as business requires but at least three times per year. In the 2021/22 financial year, it held five meetings covering, among others, the following pre-defined recurring agenda items during the course of the regular meetings:

Item	May Beginning of the financial year	July	September	November	February End of the financial year
Compensation policy & process	<ul style="list-style-type: none"> <li>– Review of equal pay considerations</li> </ul>	<ul style="list-style-type: none"> <li>– Preview of benchmarking analysis BoD and MB (every 2–3 years)</li> </ul>	<ul style="list-style-type: none"> <li>– Review of benchmarking analysis BoD and MB (every 2–3 years)</li> </ul>	<ul style="list-style-type: none"> <li>– Preview of group wide salary review for the following financial year</li> <li>– Approval of group wide EEAP grant size</li> <li>– Approval of EEAP plan regulations</li> </ul>	<ul style="list-style-type: none"> <li>– Reconfirmation of group wide salary review for the following financial year</li> <li>– Reconfirmation of group wide EEAP grant size</li> <li>– Equity valuation for EEAP (options and PSU)</li> </ul>
Management Board (MB) & Board of Directors (BoD) matters	<ul style="list-style-type: none"> <li>– Approval of payout of VCC for the previous financial year and vesting of EEAP for the previous EEAP cycle</li> <li>– Setting of VCC performance targets for the new financial year incl. individual targets</li> </ul>		<ul style="list-style-type: none"> <li>– Approval of performance targets for the VCC</li> </ul>	<ul style="list-style-type: none"> <li>– Preview of target compensation review for the following financial year (incl. EEAP grant)</li> </ul>	<ul style="list-style-type: none"> <li>– Review of target compensation for the following financial year (incl. EEAP grant)</li> <li>– Setting of EEAP performance targets for the next EEAP cycle</li> </ul>
Governance	<ul style="list-style-type: none"> <li>– Approval of corporate governance and compensation report as well as compensation part of the AGM invitation</li> <li>– Proposal of maximum aggregate amount of compensation of MB and BoD to be submitted to AGM vote</li> <li>– Share ownership status review of the MB and BoD</li> <li>– Review and approval of NCC charter</li> </ul>		<ul style="list-style-type: none"> <li>– Review of proxy advisor/ shareholder feedback on compensation report</li> <li>– Board evaluation</li> </ul>	<ul style="list-style-type: none"> <li>– Review of BoD skills matrix</li> </ul>	<ul style="list-style-type: none"> <li>– Review of draft compensation report</li> <li>– NCC agenda for the following financial year</li> </ul>
Nomination		<ul style="list-style-type: none"> <li>– Succession planning for the BoD</li> </ul>	<ul style="list-style-type: none"> <li>– Succession planning for the BoD</li> </ul>	<ul style="list-style-type: none"> <li>– Succession planning for the BoD</li> </ul>	



Special ad hoc items such as personnel changes at executive level are covered as and when appropriate.

As a general rule, the Chair of the Board of Directors, the CEO, and the GVP Corporate Human Resource Management & Communications (HRM) participate in the meetings of the NCC. However, they do not participate during the sections of the meetings where their own performance and/or compensation is discussed.

There is a closed session (without participation of any executive or guest) after each NCC meeting. The Chair of the NCC reports to the Board of Directors on its activities and recommendations after each meeting and the minutes of the meetings are available to the full Board of Directors.

### **External advisors**

The NCC may decide to consult external advisors for specific compensation matters. In the 2021/22 reporting year, Aon was tasked with the performance share unit (PSU) valuation and performance measurement under the EEAP; Algofin performed the option valuation. Agnès Blust Consulting provided support in the context of the market review of compensation for the Board of Directors and the Management Board and in the preparation of this compensation report. Support and expertise are also provided by internal compensation experts such as the GVP HRM and the VP Total Reward.

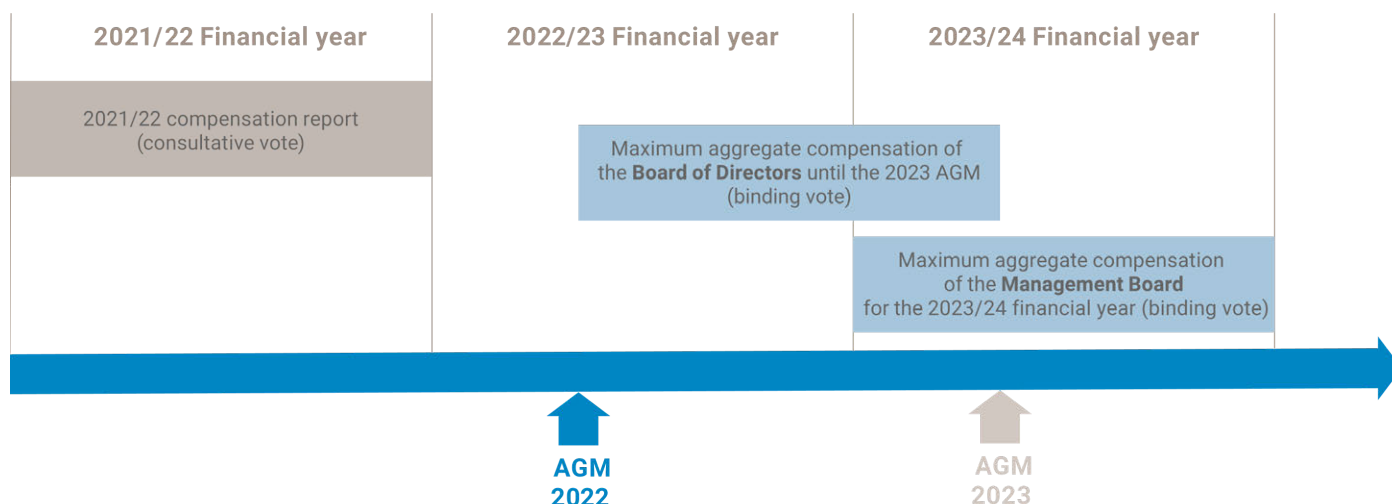
The external advisors had no other mandates for Sonova during the reporting year.

## 4.2 Governance and shareholder involvement

Authority for decisions related to compensation of the members of the Board of Directors and the Management Board is governed by the Articles of Association.

The prospective maximum aggregate compensation amounts to be awarded to the Board of Directors and the Management Board are subject to a yearly binding shareholder vote at the AGM. The provisions of the Articles of Association foresee that shareholders vote prospectively: on the maximum aggregate compensation for the Board of Directors for the period until the next ordinary AGM, and for the Management Board for the following financial year. In addition, Sonova annually submits the compensation report to a consultative shareholder vote, so that our shareholders have an opportunity to express their opinion on the compensation of the previous financial year.

Over the past several years Sonova has engaged in ongoing dialogue with shareholders and proxy advisors and has made significant efforts to continuously improve its compensation disclosure in terms of transparency and level of detail provided about its principles and system of compensation.



### Matters to be voted on at the 2022 Annual General Shareholders' Meeting

The maximum aggregate compensation amount for the Board of Directors comprises fixed compensation components, including a cash retainer and restricted shares as well as committee fees (as applicable). The travel allowance will be discontinued as from the 2022 AGM.

The maximum aggregate compensation amount for the Management Board (including the CEO) comprises:

**Fixed compensation components:**

- Fixed base salary, value of benefits and employer's contributions to Sonova's pension plan.

**Variable compensation components:**

- Short-term cash incentive award (VCC): maximum possible payout under the VCC, should the achievement of all performance objectives reach the cap.
- Long-term equity incentive award (EEAP): fair value of the equity awards at grant (options and PSUs).

Due to the maximum possible VCC payout, the maximum aggregate compensation amount submitted to shareholder vote is very likely to be higher than the actual amount of total compensation for the members of the Management Board based on the performance achieved in the financial year. The total compensation amount awarded to the Management Board will be disclosed in the compensation report of the respective financial year, which will be subject to a consultative shareholder vote at the AGM.

We are convinced that the binding prospective votes on the maximum aggregate compensation amounts, combined with a consultative retrospective vote on the compensation report, provide Sonova's shareholders with a far-reaching "say on pay."

### Articles of Association

The Articles of Association regarding the compensation of the members of the Board of Directors and the Management Board were revised in 2014 and approved by the shareholders at the 2014 AGM. The Articles of Association include the following provisions on compensation:

- Powers and duties (Art. 24)
- Approval of compensation by the General Shareholder Meeting (Art. 10 para. 5/Art. 26)
- Additional reserve amount for changes in the Management Board (Art. 27)
- General compensation principles (Art. 28)
- Maximum consideration for non-competition agreement (Art. 29 para.3)
- Prohibition on loans (Art. 31)

The Articles of Association are available in their entirety [here](#).

## 4.3 Process of determining compensation

### Compensation structure and components

The compensation structure and components for the Board of Directors and the Management Board are reviewed periodically (at least every three years) to ensure they continue to be aligned with Sonova's strategy as well as with market practice.

### Benchmarks

Sonova conducts a benchmarking analysis of the levels of total compensation for members of the Board of Directors and of the Management Board at regular intervals (every two to three years). The benchmark reviews for the Management Board take into consideration our principles of both market and performance related compensation.

A thorough benchmarking review was conducted during the course of the 2021/22 reporting year to help ensure appropriate compensation for the Board of Directors and the Management Board both in terms of structure and overall levels.

For the Board of Directors, the review considered companies in the SMI Expanded index with a market capitalization below CHF 50 billion, and excluding financial services and real estate companies, as well as companies with a non-Swiss compensation structure. The resulting peer group consists of 26 companies: Adecco, Barry Callebaut, Clariant, Dufry, EMS Chemie, Galenica, Geberit, Georg Fischer, Givaudan, Holcim, Kühne+Nagel, Lindt, Logitech, Lonza, OC Oerlikon, Schindler, SGS, SIG Combibloc, Sika, Straumann, Swatch Group, Swisscom, Tecan, Temenos, VAT Group, and Vifor Pharma. The analysis confirmed that both the overall fees paid to members of the Board of Directors and the structure of board retainer and committee fees are in line with the market, and that the equity compensation is subject to a longer restriction period than market practice, which strengthens alignment with shareholder interests.

For the Management Board two different peer groups were considered: a Swiss general industry peer group of companies that are comparable in terms of market capitalization, revenue, industry, number of employees and geographic reach; and an international peer group of medical device companies. The Swiss peer group includes Barry Callebaut, Bucher Industries, dormakaba, EMS-Chemie, Geberit, Georg Fischer, Givaudan, Lindt & Spruengli, Mettler Toledo, OC Oerlikon, Schindler, SGS, SIG Combibloc, Sika, Straumann, Sulzer, Swatch Group, Tecan, and VAT Group. The international medical device peer group comprises Alcon, Amplifon, Cochlear, Coloplast, Dentsply Sirona, Fielmann, Fresenius Medical Care, GN Store Nord, GrandVision, Hill-Rom, Hologic, Smith & Nephew, Demant (William Demant) and Carl Zeiss (Zeiss Meditec).

As a general outcome and compared to both peer groups, the compensation structure of the Management Board continues to be more performance oriented (and less fixed) than that of peer companies. Otherwise, the compensation structure and compensation levels are in line with prevalent market practice.

### Performance management

The actual compensation of the members of the Management Board in a financial year depends on the performance of the Group and/or respective business unit, as well as on individual performance, which is assessed through the formal annual performance review process. Financial, business unit, and individual performance objectives are normally approved at the beginning of the financial year and achievements against those objectives are generally assessed at the end of the financial year, according to Sonova's performance appraisal process.

## 5. Compensation components and system

### 5.1 Overview of compensation components

The table below provides an overview of the compensation components for the Board of Directors and the Management Board, with more details on both included later in the report:

	Management Board <sup>1)</sup>	Board of Directors <sup>1)</sup>
	CEO/CFO/GVPs	BoD
<b>Fixed compensation components</b>		
Fixed base salary		
Benefits <sup>2)</sup>		
Expense allowance <sup>3)</sup>		
Cash car allowance <sup>3) 4)</sup>		
Cash retainer (fixed fee)		
Restricted shares		
Committee fee <sup>5)</sup>		
Travel allowance <sup>6)</sup>		
<b>Pension benefits</b>		
Pension Fund		
<b>Variable compensation components (performance related)</b>		
<b>Short-term cash incentive award</b>		
VCC		
<b>Long-term equity incentive award<sup>7)</sup></b>		
EEAP		
<b>Social and other benefits</b>		
Other benefits		

<sup>1)</sup> Mandatory social security contributions (AHV/ALV or for the international MB the local equivalent company costs) are paid by Sonova and disclosed in the compensation report

<sup>2)</sup> MB members under a non-Swiss employment contract receive benefits in line with local practice

<sup>3)</sup> Only for MB members with a Swiss employment contract

<sup>4)</sup> Flat rate cash car allowance

<sup>5)</sup> If applicable

<sup>6)</sup> Discontinued as from the 2022 AGM

<sup>7)</sup> Awarded in the form of options and PSUs

## 5.2 Board of Directors compensation system

### Role, responsibility and commitment

Sonova needs to be able to attract and retain members of the Board of Directors who are highly experienced and motivated to contribute their specific business expertise and perform a critical role in the strategic oversight of the company. Their compensation must enable this, while taking account of the way their contribution to Sonova's success differs from that of the members of the Management Board.

Requirements – in terms of qualifications, skills, and experience – for directors of international listed companies are becoming ever more stringent. Sonova's Board of Directors has the relevant and necessary skill set to ensure proper professional supervision, including international, industry, and subject specific experience.

The compensation structure reflects varying responsibilities, committee memberships, workloads and time commitments, so individual compensation levels are not the same. The Chair of the Board of Directors, for example, devotes a substantial amount of his time to mandated duties, including leading the Board of Directors, coordinating Board and committee meeting agendas and topics with committee chairs, and contributing to and participating in committee meetings as guest.

The Chair of the Board of Directors is also responsible for the continued development and adaptation of Sonova's governance to meet regulatory and corporate requirements, preparing for and conducting the AGM, and overseeing the annual report, as well as advising the CEO on key strategic, financial, HR, and operational matters. His role also encompasses third party interactions such as shareholder inquiries and requests about corporate governance and corporate responsibility as well as meetings with proxy advisors. His sound understanding of the company, developed over many years of service, is a unique and valuable qualification that we believe provides a substantial benefit to Sonova and its shareholders.

More details on the Board of Directors' composition, diversity, competencies, evaluation, risk and compliance management, as well as corporate responsibility, can be found in the corporate governance report.

### Compensation structure

It is important that compensation components are structured to create a strong alignment with the interests of our shareholders. In line with best practice, a significant portion of the compensation of the Board of Directors consists of restricted shares; members of the Board of Directors receive no variable or performance-based compensation and are not eligible to participate in the occupational pension plan.

The compensation of members of the Board of Directors is defined in a regulation adopted by the Board of Directors. It consists of fixed compensation: a cash retainer and shares with a restriction period of five years and four months (Chair of the Board of Directors) or four years and four months (all other members). In addition, members of the Board of Directors receive committee fees (if applicable) and, until the 2022 AGM, a travel allowance.

Compensation structure 2021 AGM to 2022 AGM

Annual fees in cash in CHF	Chair <sup>1)</sup>	Board members excl. Chair
Cash retainer	430,000	100,000
Vice-Chair	n.a.	15,000
Chair of AC/NCC	n.a.	40,000
Member of NCC/AC	n.a.	20,000
Travel allowance <sup>2)</sup>	500	500

Restricted shares in CHF	Chair	Board members excl. Chair
Market value at grant	370,000	160,000

<sup>1)</sup> Including attendance as guest in the NCC and the AC

<sup>2)</sup> Multiplied by the number of meeting attended. The travel allowance will be discontinued as from the 2022 AGM.

The compensation of members of the Board of Directors is subject to mandatory employer social security contributions (AHV/ALV). These contributions are paid by Sonova and are disclosed in the compensation report in compliance with Sonova's reporting obligations.

Sonova does not grant contractual severance payments to members of the Board of Directors, nor does Sonova make advance payments or grant loans to them.

**Sonova Share Ownership Guidelines**

To further align the interests of the Board of Directors with those of our shareholders, the Sonova share ownership guidelines require the members to hold a fixed value in shares.

Members of the Board of Directors are required to maintain a minimum shareholding equivalent to CHF 200,000. They have five months from the first grant of restricted shares to achieve 80% of the required shareholdings, and one year and five months from the same point in time to achieve the full required shareholdings. The requirements of the guidelines can be met through shareholdings in the form of the restricted shares awarded as part of compensation and, if applicable, through share purchases on the open market. Compliance with the shareholding requirement is reviewed annually by the NCC.

## 5.3 Management Board compensation system

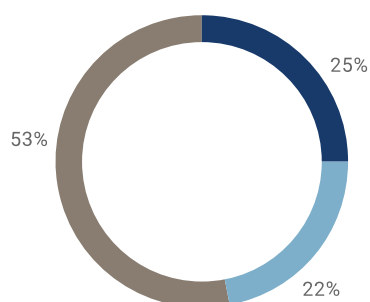
As outlined in the introduction to this compensation report, the compensation system of the Management Board is linked to the company’s strategy and business results, and aligns with the interests of our shareholders, rewarding performance in the context of the business and the market. This compensation system has proven to be effective over several years.

The compensation of the Management Board (including the CEO) is defined in several regulations adopted by the Board of Directors and comprises:

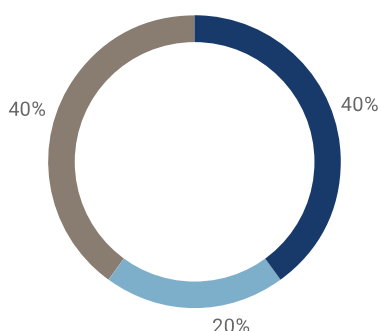
- A fixed base salary;
- A short-term cash incentive award (VCC);
- A long-term equity incentive award (EEAP); and
- Employee benefits, such as pension benefits, flat rate cash car allowance, expense allowance, relocation benefits for certain affected members, as well as social security contributions.

The charts below illustrate the compensation mix excluding employee benefits at target for the CEO, Arnd Kaldowski, and the Management Board in the 2021/22 financial year:

**Compensation mix of the CEO, Arnd Kaldowski**



**Compensation mix of the other members of the Management Board<sup>1)</sup>**



■ Base salary ■ VCC ■ EEAP

■ Base salary ■ VCC ■ EEAP

<sup>1)</sup> Average mix

The table below provides an overview of the compensation components of the Management Board, with more details on the following pages. The ratio of the VCC and the EEAP as a percentage of the fixed base salary shown in the table on the next page can vary slightly year-on-year, depending on which component (if any) is adjusted as a result of the compensation review.



Compensation structure 2021/22 financial year

	Fixed compensation components		Variable compensation components	
	Fixed base salary	Benefits	Short-term cash incentive award (VCC)	Long-term equity incentive award (EEAP)
<b>Purpose</b>	Ensures a predictable payment, depends on the market value of the role and the profile of the incumbent	Establishes level of security in line with local market practice  Mandatory and voluntary benefits plans offered by the employer	Rewards performance against key performance indicators (KPIs) at Group and business unit level as well as the achievement of individual objectives	Rewards long-term value creation and reinforces alignment with shareholder interests
<b>Vesting Period</b>	n.a.	n.a.	financial year	Options 16 – 52 months PSUs 40 months
<b>KPIs</b>	n.a.	n.a.	A – Group Sales, EBITA, FCF, EPS  B – Business Unit Sales, EBITA, ASP, OPEX  C – ESG objectives  D – Individual objectives	ROCE  rTSR
<b>Delivery</b>	Cash, regularly	Country specific	Cash	Options PSUs
<b>Restriction period</b>	n.a.	n.a.	n.a.	Five years from grant date
<b>Cap</b>	n.a.	n.a.	yes	yes
<b>CEO</b> Ratio in % of fixed base salary:	n.a.	n.a.	Target of fixed base salary: <b>89%</b>  Range of fixed base salary: <b>0 % – 178%</b>	Target of fixed base salary: <b>214%</b>  Range of fixed base salary: <b>0 % – 294%</b>
<b>MB (excl. CEO)</b> Ratio in % of fixed base salary:	n.a.	n.a.	Target of fixed base salary: <b>50%</b>  Range of fixed base salary: <b>0 % – 100%</b>	Target of fixed base salary: <b>up to 112%</b>  Range of fixed base salary: <b>0 % – 167%</b>

Fixed base salary

The fixed base salary ensures a recurrent payment in cash in regular instalments. The salary level is based on the scope and complexity of the position, market norms and benchmarks, and the individual's profile in terms of experience and skills. Salary progression depends primarily on the individual's performance, as well as on market developments and the economic environment.

Short-term cash incentive award (Variable Cash Compensation)

Sonova's VCC aims at aligning a significant part of compensation to budget achievements in a given financial year. The VCC is an integral component of the compensation for members of the Management Board, defined as a percentage of the annual fixed base salary. At target, it amounts to 89% of fixed base salary for the CEO and to 50% for the other members of the Management Board.

The Board of Directors normally determines the target performance level for each key performance indicator (KPI) annually for the following financial year, based on the recommendation of the NCC. The targets are generally set in such a way that on an adjusted base, substantial improvements from the previous financial year's achievement are required, in line with the company's ambitious mid- and long-term financial plans.

Setting demanding and ambitious targets helps Sonova strive to deliver best-in-class performance and stay ahead of the market. Lower and upper performance thresholds are also set, below which the payout percentage is zero, and above which it is capped at 200%, with the exception of sales at 250% and certain ESG targets at 100%. Payout levels between the threshold, the target, and the maximum are calculated by linear interpolation.

The VCC for the Management Board is based on four categories of performance objectives: Group and/or business unit financials, ESG performance, and individual performance objectives.

Group performance objectives are based on the budget; the specific KPIs can include sales, EBITA, FCF, and EPS. Business unit performance objectives can include sales, EBITA, OPEX, ASP, and margin of the respective business unit. These KPIs have been chosen because they are the key drivers for the long-term success of Sonova; they reward for expanding the business, gaining market share, and further increasing profitability through operating leverage.

In broad terms, the rationale for applying these particular Group and business unit performance indicators in determining the VCC is as follows: sales correlate with market success, EBITA reflects profits, and margins reflect profitability, ASP tracks value add and price discipline, OPEX and FCF represent operational and capital efficiency, respectively. As for the performance indicators linked to the external market, earnings per share is important to shareholders and for the determination of the share price. Group and business unit financial performance objectives are generally weighted at 75% of the overall VCC.

In line with our strategy and to reflect Sonova's corporate social responsibility and sustainable business approach, business relevant ESG targets are formally reflected in the VCC based on IntACT, our ESG strategy outlined in Sonova's corporate responsibility report. IntACT operates in four key areas: serving society, advancing our people, acting with integrity, and protecting the planet. ESG performance objectives represent 10% of the overall VCC: 5% allocated for two objectives consistent for all Management Board members and 5% for one to three individual objectives each.

The individual performance component is based on the achievement of individual objectives defined at the beginning of the financial year between the CEO and individual members of the Management Board – and, for the CEO, between the Board of Directors and the CEO. The total weight of the three to eight individual performance objectives for each member of the Management Board is generally 15% of the overall VCC. The weight can be increased up to 35% for exceptional reasons, such as supporting key strategic initiatives, including research and development.

**Ranges of performance objectives for members of the Management Board**

Performance Objective	CEO/CFO	Other members of the MB	Minimum payout (threshold)	Target payout (target)	Maximum payout (cap) <sup>1)</sup>
<b>A – Group objectives</b>					
Sales	20%	10% – 20%	0%	100% <sup>2)</sup>	250%
EBITA	0%	10% – 20%			200%
FCF	20%	10% – 20%			
EPS	35%	0% – 15%			
<b>B – Business objectives<sup>3)</sup></b>					
Sales		0% – 25%	0%	100%	250%
EBITA		0% – 20%			200%
OPEX		0% – 10%			
ASP		0% – 10%			
Margin		0% – 15%			
<b>C – ESG objectives</b>					
ESG objectives	10%	10%	0%	100%	100–200%
<b>D – Individual objectives<sup>4)</sup></b>					
Initiatives/Projects	15%	15% – 25%	0%	100%	200%

<sup>1)</sup> The overall maximum payouts is capped at 200%.

<sup>2)</sup> At target the VCC amounts to 89% of base salary for the CEO and to 50% for the other members of the Management Board.

<sup>3)</sup> Not all of the business objectives apply to all members of the Management Board.

<sup>4)</sup> In exceptional circumstances, up to 35% (e.g. to support key strategic initiatives).

**Long-term equity incentive award (Executive Equity Award Plan)**

The purpose of the EEAP is to ensure long-term value creation for the company, alignment of the interests between shareholders and the members of the Management Board, and the long-term retention of talent at Sonova.

The EEAP is offered annually to the members of the Management Board. The Board of Directors determines the individual grant level to the members of the Management Board based on the recommendation of the CEO, and to the CEO based on the recommendation of the NCC. Generally, the grant date is on February 1 each year.

Under the EEAP, the CEO receives an equity compensation mix of 62.5% in options and 37.5% in PSUs and the other members of the Management Board are awarded 50% in options and 50% in PSUs.

**Options**

A portion of the EEAP is allocated in the form of performance options. This reflects the growth-focused strategy and the desire to further strengthen the alignment of the Management Board compensation with our shareholder interests.

Options granted under the EEAP vest in four equal annual instalments over a period of 16–52 months, depending on ROCE achievement. The first tranche vests on June 1 of the year following the grant year (16 months after grant date). The exercise price of the options is the closing price of the Sonova share on the Swiss Stock Exchange (SIX Swiss Exchange) at the grant date, and the life of the options is 10 years.

The fair value of the options is calculated at the grant date by a third party using the “Enhanced American Pricing Model.” Additional information is available in Note 7.4 to the consolidated financial statements. Re-pricing of any out-of-the-money options granted under the EEAP is prohibited.

For reference, the average vesting period of the options is 34 months. Options are typically exercised approximately one and a half years after their respective vesting date. In this way options align management with shareholder interests, as value creation is only realized in the event of increasing share price (see [section 6](#) for more information on the overall levels of the target achievements as well as other qualitative comments).

The vesting of the option granted in the 2021/22 financial year to members of the Management Board is based on ROCE as performance criterion because this metric reflects multiple KPIs, including both the profitability of the company and the efficiency with which Sonova’s capital is being employed. The Board of Directors generally determines the target level of performance at which the options will vest in full and a minimum performance threshold below which there is no vesting. Payout levels on ROCE performance between the threshold and the target are determined by linear interpolation. There is no provision for over-achievement; the proportion of options that can vest ranges from 0% to 100%. The ROCE target is ambitious and represents a multiple of the weighted average cost of capital. The ambition is to continuously improve ROCE over time, in line with strategic planning.

Starting with the options granted in February 2020, and to further foster long-term alignment with shareholder interests, options are subject to a five-year restriction period from the grant date. During this period, even after the vesting date, options cannot be exercised, sold, pledged, assigned, transferred or otherwise disposed of.

### Performance Share Units

The other portion of the EEAP is allocated in the form of PSUs.

PSUs are subject to a cliff-vesting of three years and four months, depending on the relative Total Shareholder Return (rTSR) achievement. This external criterion is measured against a peer group of relevant companies and thus incentivizes the Management Board to outperform the peers. Sonova’s TSR is measured against the SLI®<sup>(1)</sup> constituents that remain in the index during a performance period of three years and two months from the grant. A performance period slightly shorter than the vesting period provides for sufficient time to measure the performance achievement and receive approval of the calculation prior to vesting. The SLI® was selected in order to compare Sonova’s performance to other Swiss listed companies with a comparable complexity and geographic footprint, providing a relevant and challenging benchmark for Sonova’s value creation.

Depending on the rTSR performance ranking, the vesting schedule of PSUs is as follows:

- 20<sup>th</sup> percentile or below: no cliff vesting occurs and granted PSUs are forfeited (threshold)
- 50<sup>th</sup> percentile: 100% of granted PSUs vest (target)
- 80<sup>th</sup> percentile or above: 200% of granted PSUs vest (cap)
- Linear interpolation between the threshold, target and cap

As an additional performance alignment measure, if Sonova’s (absolute) TSR is negative over the performance period, the vesting is capped at 100%.

The calculation of rTSR target achievement will be conducted using the average closing price for three calendar months prior to grant and end of performance period, respectively.

The fair value of the PSUs is calculated at the grant date by a third party by using the “Monte Carlo Pricing Model.” Additional information is available in Note 7.4 to the consolidated financial statements.

As with the options, and to further foster long-term alignment with shareholder interests, PSU grants from February 2020 onwards are subject to a five-year restriction period from the grant date. During this period, even after the vesting date, PSUs and underlying shares cannot be sold, pledged, assigned, transferred or otherwise disposed of.

1) The Swiss Leader Index (SLI) includes the 30 largest and most liquid securities in the Swiss equity market.

### Summary of the EEAP instruments

EEAP 2022		
Equity	Options	PSUs
Grant Date	February 1, 2022	February 1, 2022
Fair Value (to derive number of instruments granted)	Based on Enhanced American Model valuation (Black-Scholes Model for the impact of the restriction period)	Based on Monte Carlo Model valuation
Exercise/Strike Price	CHF 333.60 (Sonova closing SIX share price on February 1, 2022)	n.a.
Vesting Date	25% vests on June 1, 2023 25% vests on June 1, 2024 25% vests on June 1, 2025 25% vests on June 1, 2026	3 years + 4 months cliff vesting  100% vest on June 1, 2025
Vesting multiple	0%–100% of grant (ROCE)	0%–200% of grant (capped at 100% if the absolute TSR is negative)  Floor: 20 <sup>th</sup> percentile TSR (multiple = 0%) Target: 50 <sup>th</sup> percentile TSR (multiple = 100%) Cap: 80 <sup>th</sup> percentile TSR (multiple = 200%) linear interpolation in between
Performance criterion	ROCE	rTSR (against the SLI constituents)
Restriction Period	Five years from the grant date (January 31, 2027)	Five years from the grant date (January 31, 2027)
Exercise Period	After the end of the restriction period until expiry	n.a.
Maturity/Expiry Date	Total 10 years (January 31, 2032)	No maturity/expiry restriction after vesting

### Termination of employment under the long-term equity incentive award (Executive Equity Award Plan)

In the event of termination of employment, unvested awards (PSUs, options, and outstanding RSUs from previous programs) are forfeited. Any applicable restriction period for grants from 2020 onwards continues to apply, unless specifically provided otherwise below. Vested options can be exercised within a period of three months.

EEAP termination provisions					
	Unvested PSUs	Vested PSUs	Unvested Options	Vested Options	Unvested RSU
Death, disability	Regular vesting	Immediate unblocking	Immediate vesting	Immediate unblocking, 12 months exercise period	Immediate vesting
Retirement	Regular vesting pro rata (if qualified retirement condition is met) or forfeiture (other retirement cases)	Regular restriction	Regular vesting if vesting date within year of termination, otherwise forfeiture	12 month exercise period after the end of the restriction period	Regular vesting if vesting date within year of termination, otherwise forfeiture
Transition-rule <sup>1)</sup>	Regular vesting pro rata (until May 2021)				
Termination for cause	Forfeiture	Forfeiture	Forfeiture	Forfeiture	Forfeiture
Termination due to change of control (double trigger)	Immediate vesting pro rata (performance achievement)	Immediate unblocking	Immediate vesting pro rata (performance achievement)	Immediate unblocking	Immediate vesting pro rata

<sup>1)</sup> Transition rule for voluntary resignation or termination by company if termination before 31 May 2021 and MB member on service on 1 April 2017

### Disclosure of targets

Internal individual and/or financial targets under the VCC and the EEAP plans are generally considered sensitive information with the exception of the information relating to rTSR for PSUs. Disclosing internal targets would allow insight into our confidential strategic goals and thereby create a competitive disadvantage for Sonova. Therefore, after another review and careful consideration during the reporting year, the decision was made not to disclose the specifics of the VCC and EEAP internal targets at the time of their setting, but to ensure transparency by disclosing target achievements and their respective payouts at the end of the relevant period.

As a general rule, substantial improvements on a comparable basis against the previous period's achievements are required in order to meet the growth targets, in line with the company's ambitious strategic and financial plans and as communicated to the capital market.

### Sonova Share Ownership Guidelines

To further align the interests of the Management Board with those of our shareholders, the Sonova share ownership guidelines require Management Board members to hold a minimum fixed value in shares equivalent to the following amounts:

- CEO: CHF 1,000,000
- Other members: CHF 200,000

They have three years and five months after receiving the first grant as a Management Board member to build up the shareholding, with a required progression of one year and five months for a 12.5% achievement, and two years and five months for a 25% achievement. Only shares in the form of fully vested shares awarded as part of compensation and, if applicable, share purchases on the open market are counted. Compliance with the shareholding requirement is reviewed annually by the NCC.

### Benefits

As the Management Board is international in its nature, the members participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance, and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents in respect to retirement income, healthcare provision, and coverage against the risk of disability or death.

Sonova maintains defined-contribution plans under the Swiss occupational pension regulations. Pension benefits are provided through the regular pension plan. Members of the Management Board who are under a Swiss employment contract are eligible for the same benefits as all other employees in Switzerland. Members of the Management Board who are under a foreign employment contract receive benefits in line with local current regulatory practice.

The compensation of members of the Management Board who are under Swiss employment is subject to mandatory employer social security contributions (AHV/ALV).

The benefits and company contributions covered by Sonova are disclosed in the compensation report in compliance with Sonova's reporting obligations.

The CEO and selected members of the Management Board are entitled to a flat rate cash car allowance as well as an expense allowance in line with the expense regulations applicable to all members of management in Switzerland, which is approved by the Swiss tax authorities. In an international context, members may also be provided with benefits such as relocation, temporary housing, travel benefits, and tax advice, in line with policies and practices. These other benefits are included in the compensation table at their fair value.

### Employment terms and conditions

As part of its commitment to good corporate governance, Sonova has a forfeiture provision in all employment agreements with the Management Board members. It provides for repayment of any compensation paid or granted prior to approval by the AGM if the proposed aggregate compensation of the members of the Management Board is not approved.

All members of the Management Board have permanent employment contracts with a notice period of a maximum of six months. The notice period for the CEO is 12 months. Sonova does not grant contractual severance payments to members of the Management Board, nor does Sonova make advance payments or grant loans to them. There are no change of control provisions other than those highlighted in the EEAP termination provisions. The employment contracts of the members of the Management Board may include non-competition arrangements of a duration of up to 12 months, without any compensation.

### Claw-back

Sonova has introduced a claw-back provision allowing the company to reclaim any VCC payment, in part or in full, in the event of an accounting/financial restatement due to non-compliance with financial reporting requirements under the Swiss laws at the time of disclosure. This provision applies to all VCC payments for a period of three years following the financial year related to which the VCC payment has been made.

We believe that the five-year restriction period under the EEAP represents an effective solution to mitigate any impact in the event of an accounting/financial restatement due to non-compliance with financial reporting requirements under the Swiss laws at the time of disclosure.

## 6. Compensation for the financial year

### 6.1 Board of Directors compensation

The tables in this section are audited by the external auditor.

The following table shows the compensation for the individual members of the Board of Directors for the 2021/22 financial year (9 members from the 2021 AGM) and for the 2020/21 financial year (9 members). The total compensation in the 2021/22 financial year was CHF 2.9 million (2020/21: CHF 2.6 million).

#### Board of Directors compensation

in CHF

						2021/22
	Cash retainer (fixed fee)	Expenses <sup>1)</sup>	Total cash compensation	Grant value of restricted shares	Total compensation	Employer's social insurance contribution (AHV/ALV) <sup>2)</sup>
Robert F. Spoerry <sup>3)</sup> Chair of the Board of Directors	340,466	1,500	341,966	369,962	711,928	39,329
Stacy Enxing Seng Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	126,879	–	126,879	159,794	286,674	18,653
Lynn Dorsey Bleil Member of the Audit Committee	115,003	500	115,503	159,794	275,297	17,813
Gregory (Greg) Behar <sup>4)</sup>	79,178	1,500	80,678	159,794	240,472	15,006
Lukas Braunschweiler Chair of the Nomination and Compensation Committee	127,507	1,500	129,007	159,794	288,801	47,402
Roland Diggelmann Member of the Nomination and Compensation Committee <sup>4)</sup>	95,014	1,500	96,514	159,794	256,308	16,127
Ronald van der Vis Member of the Audit Committee	118,334	500	118,834	159,794	278,629	18,049
Jinlong Wang	95,836	500	96,336	159,794	256,130	16,457
Adrian Widmer Chair of the Audit Committee	130,838	1,500	132,338	159,794	292,133	18,933
<b>Total (active members)</b>	<b>1,229,055</b>	<b>9,000</b>	<b>1,238,055</b>	<b>1,648,318</b>	<b>2,886,372</b>	<b>207,769</b>
Beat Hess Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee <sup>5)</sup>	22,488	–	22,488	–	22,488	1,255
Michael Jacobi Member of the Audit Committee <sup>6)</sup>	19,989	–	19,989	–	19,989	1,091
<b>Total (including former members)</b>	<b>1,271,532</b>	<b>9,000</b>	<b>1,280,532</b>	<b>1,648,318</b>	<b>2,928,849</b>	<b>210,115</b>

The compensation shown in the table above is gross and based on the accrual principle.

- 1) Travel expenses are paid only for attended meetings.
- 2) Employer social security contributions on the cash retainer and restricted shares granted during the financial year.
- 3) Including NCC and AC work and attendance.
- 4) Member of the Board of Directors since June 2021
- 5) Vice-Chair of the Board of Directors until June 2021
- 6) Member of the Board of Directors until June 2021



in CHF

2020/21

	Cash retainer (fixed fee) <sup>1)</sup>	Expenses <sup>2)</sup>	Total cash compensation	Grant value of restricted shares	Total compensation	Employer's social insurance contribution (AHV/ALV) <sup>3)</sup>
Robert F. Spoerry <sup>4) 5)</sup> Chair of the Board of Directors Chair of the Nomination and Compensation Committee	15,450	1,500	16,950	369,011	385,961	17,858
Beat Hess Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	138,162	3,500	141,662	159,519	301,181	16,460
Lynn Dorsey Bleil Member of the Audit Committee	122,529	3,000	125,529	159,519	285,048	18,425
Lukas Braunschweiler	104,219	2,500	106,719	159,519	266,238	245,809
Stacy Enxing Seng Member of the Nomination and Compensation Committee	122,529	3,500	126,029	159,519	285,548	18,460
Michael Jacobi Member of the Audit Committee	126,076	3,500	129,576	159,519	289,095	15,634
Ronald van der Vis Chair of the Audit Committee	139,318	3,000	142,318	159,519	301,837	19,610
Jinlong Wang	104,219	2,500	106,719	159,519	266,238	17,098
Adrian Widmer <sup>6)</sup>	77,063	–	77,063	159,519	236,582	14,811
<b>Total</b>	<b>949,566</b>	<b>23,000</b>	<b>972,566</b>	<b>1,645,164</b>	<b>2,617,730</b>	<b>384,165</b>

The compensation shown in the table above is gross and based on the accrual principle.

- 1) As of the 2020 AGM, fee payment is aligned with the term of office (instead of the financial year). For the transition, catch up payments in a total amount of CHF 178,111 had to be made in June 2020.
- 2) Travel expenses are paid only for attended meetings. No travel expenses paid from 2020 AGM to 2021 AGM due to COVID-19.
- 3) Employer social security contributions on the cash retainer, the tax value of income derived from outstanding EEAP awards (former CEO) and restricted shares granted during the financial year.
- 4) Including NCC and AC work and attendance.
- 5) Amount of CHF 15,450 included under Cash retainer was not paid out, but covers the netting of the social security contributions on the restricted shares.
- 6) Member of the Board of Directors since June 2020

As outlined in the 2020/21 compensation report, the compensation related short-term measures taken in response to the COVID-19 related crisis included that the Chair of the Board of Directors waived his cash retainer (net of social security contributions for the portion delivered in restricted shares) from April 2020 until the 2021 AGM. Additionally, the other members of the Board of Directors waived 20% of their cash retainer and committee fees for this term of office from the 2020 AGM to the 2021 AGM. For more details, please refer to the compensation table above and to the 2020/21 compensation report. – On a 2-year CAGR basis from the 2019/20 to the 2021/22 financial year, no changes were made to the Board of Directors compensation.

in CHF							2019/20
	Cash retainer (fixed fee)	Expenses <sup>1)</sup>	Total cash compensation	Grant value of restricted shares	Total compensation	Employer's social insurance contribution (AHV/ALV) <sup>2)</sup>	
Robert F. Spoerry <sup>3)</sup> Chair of the Board of Directors Chair of the Nomination and Compensation Committee	476,343	2,500	478,843	372,664	851,506	52,535	
Beat Hess Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	132,541	4,500	137,041	161,000	298,041	15,713	
Lynn Dorsey Bleil Member of the Audit Committee	117,532	4,500	122,032	161,000	283,033	17,757	
Lukas Braunschweiler	100,000	4,000	104,000	161,000	265,000	376,364	
Stacy Enxing Seng Member of the Nomination and Compensation Committee	117,532	4,500	122,032	161,000	283,033	17,757	
Michael Jacobi <sup>4)</sup> Member of the Audit Committee	129,058	4,500	133,558	161,000	294,559	15,491	
Ronald van der Vis Chair of the Audit Committee	133,489	4,000	137,489	161,000	298,489	18,856	
Jinlong Wang	100,000	4,000	104,000	161,000	265,000	16,515	
<b>Total (active members)</b>	<b>1,306,494</b>	<b>32,500</b>	<b>1,338,994</b>	<b>1,499,667</b>	<b>2,838,662</b>	<b>530,988</b>	
Anssi Vanjoki <sup>5)</sup> Member of the Audit Committee	21,795	3,000	24,795		24,795	1,785	
<b>Total (including former members)</b>	<b>1,328,289</b>	<b>35,500</b>	<b>1,363,789</b>	<b>1,499,667</b>	<b>2,863,456</b>	<b>532,773</b>	

The compensation shown in the table above is gross and based on the accrual principle.

- 1) Expenses are based on the number of meetings attended by each member of the Board of Directors (attendance fees discontinued from the 2019 AGM forward).
- 2) Employer social security contributions on the cash retainer, the tax value of income derived from outstanding EEAP awards (former CEO) and restricted shares granted during the financial year.
- 3) Including NCC and AC work and attendance.
- 4) Including a compensation of CHF 10,000 for the term of office for extraordinary, supplemental work and contribution during the transition to the new Chair of the Audit Committee as well as on the hiring process for a new member of the Board of Directors.
- 5) Member of the Board of Directors until June 2019

#### Explanatory comments to the compensation tables

The amounts reported for members of the Board of Directors in the tables do not necessarily correspond to the amounts voted on at the AGM, as the reporting period follows the Sonova financial year, whereas the voting follows the term of office – the period between AGMs. The relative increase of compensation of 11.9% compared to previous year is driven by the compensation related short-term measures taken in the previous year in response to the COVID-19 related crisis. The underlying compensation structure and levels of the Board of Directors remained unchanged compared to previous year.

### 6.1.1 Approved versus expected total compensation for the members of the Board of Directors

The total compensation paid to the Board of Directors for the period from the 2021 AGM to the 2022 AGM is expected to be CHF 3.1 million. The total compensation is within the limit of CHF 3.1 million approved by the 2021 AGM.

#### Approved versus expected total compensation for the members of the Board of Directors

in CHF 1,000	Approved for AGM 2020 – AGM 2021	Effective for AGM 2020 – AGM 2021	Approved for AGM 2021 – AGM 2022	Expected for AGM 2021 – AGM 2022
AGM approval year		<b>2020</b>		<b>2021</b>
<b>Total compensation</b>	<b>2,600</b>	<b>2,425</b>	<b>3,140</b>	<b>3,070</b>
Breakdown total compensation:				
Fixed fees including expenses <sup>1)</sup>	875	779	1,456	1,421
Market value of restricted shares	1,725	1,645	1,684	1,649
<b>Number of members of the Board of Directors</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

<sup>1)</sup> Fixed fee amounts for AGM 2020 – AGM 2021 reflect the impact of the COVID-19 related measures outlined in this report.

### 6.1.2 Other compensation, loans, and credit for current and former members of the Board of Directors and related parties

No other compensation was paid to current members of the Board of Directors for additional services beyond the total compensation disclosed in the tables above. No other compensation was paid to former members of the Board of Directors beyond the total compensation disclosed in the tables above.

In the year under review, no payments were made to individuals who are closely related to any current or former member of the Board of Directors.

No loans were granted by Sonova or any other Group company to current or former members of the Board of Directors in the 2021/22 financial year, and no such loans were outstanding as of March 31, 2022. Furthermore, neither Sonova nor any other Group company has granted any loans to related parties of current or former members of the Board of Directors.

## 6.2 Management Board compensation

The tables in this section are audited by the external auditor.

### 6.2.1 Compensation awarded for the 2021/22 financial year

As stated above, Sonova's basic principle is that any changes to the fixed or target compensation for the Management Board are made only if and when they are deemed necessary and appropriate. Such changes are generally in line with those across the organization, with a primary focus on the variable compensation components, and they can be differentiated in cases such as, for example, a change to a position's responsibilities. They are also aligned with data from executive compensation surveys and published benchmarks from companies of similar size.

The highest total compensation for a member of the Management Board in the 2021/22 financial year was paid to Arnd Kaldowski, CEO.

The following tables show the compensation of the CEO and of the other members of the Management Board for the 2021/22 financial year (9 members) and for the 2020/21 financial year (9 members).

#### Management Board compensation

in CHF

	Fixed base salary	Variable compensation <sup>1)</sup>	Fringe benefits	Employer's pension contribution	Total cash compensation	Value of PSUs <sup>2)</sup>	Value of options <sup>3)</sup>	Total compensation	Employer's social security contribution
Arnd Kaldowski, CEO	900,000	712,240	55,650	113,601	1,781,491	721,875	1,203,125	3,706,491	297,825
Other members of the MB	3,455,539	1,686,494	334,774	565,549	6,042,355	1,525,000	1,525,000	9,092,355	2,116,865
<b>Total</b>	<b>4,355,539</b>	<b>2,398,734</b>	<b>390,424</b>	<b>679,150</b>	<b>7,823,846</b>	<b>2,246,875</b>	<b>2,728,125</b>	<b>12,798,846</b>	<b>2,414,690</b>

The compensation shown in the table above is gross and based on the accrual principle.

- 1) The variable compensation will be paid out only when the Group's audited financial statements for the financial year have been publicly disclosed by the Group in its consolidated financial statements.
- 2) Fair value per PSU at grant date CHF 334.87. Fair Value of PSUs provided by a third party based on the Monte Carlo pricing model; this is an appropriately balanced approach, taking account of the possibility of either over- or under-achievement. The settlement will be determined based on actual performance achievement prior to the vesting in June 2025 and the PSUs are blocked after vesting to arrive at the total mandatory restriction period of five years from grant date.
- 3) Fair value per option at grant date provided by a third party based on the "Enhanced American Pricing Model" (including the impact of the restriction period based on a "Black-Scholes Model") of CHF 71.31. The options are blocked after vesting to arrive at the total mandatory restriction period of five years.

in CHF									2020/21
	Fixed base salary	Variable compensation <sup>1)</sup>	Fringe benefits	Employer's pension contribution	Total cash compensation	Value of PSUs <sup>2)</sup>	Value of options <sup>3)</sup>	Total compensation	Employer's social security contribution
Arnd Kaldowski, CEO	709,615	800,000	69,515	111,231	1,690,361	609,375	1,015,625	3,315,361	125,508
Other members of the MB	2,817,903	1,459,448	291,180	486,524	5,055,056	1,449,500	1,449,500	7,954,056	908,102
<b>Total</b>	<b>3,527,519</b>	<b>2,259,448</b>	<b>360,695</b>	<b>597,754</b>	<b>6,745,417</b>	<b>2,058,875</b>	<b>2,465,125</b>	<b>11,269,417</b>	<b>1,033,610</b>

The compensation shown in the table above is gross and based on the accrual principle.

- 1) The variable compensation will be paid out only when the Group's audited financial statements for the financial year have been publicly disclosed by the Group in its consolidated financial statements.
- 2) Fair value per PSU at grant date CHF 198.67. Fair Value of PSUs provided by a third party based on the Monte Carlo pricing model; this is an appropriately balanced approach, taking account of the possibility of either over- or under-achievement. The settlement will be determined based on actual performance achievement prior to the vesting in June 2024 and the PSUs are blocked after vesting to arrive at the total mandatory restriction period of five years from grant date.
- 3) Fair value per option at grant date provided by a third party based on the "Enhanced American Pricing Model" (including the impact of the restriction period based on a "Black-Scholes Model") of CHF 39.90. The options are blocked after vesting to arrive at the total mandatory restriction period of five years.

As outlined in the 2020/21 compensation report, the compensation related short-term measures taken in response to the COVID-19 related crisis included a freeze on salary increases for the Management Board in the 2020/21 financial year. Moreover, the CEO waived 50% of his monthly base salary, and each of the other Management Board members 20% of their monthly base salaries, from April 2020 to September 2020. Additionally, target setting for the VCC was governed on a rolling basis while the maximum VCC payout during the 2020/21 financial year was capped at 100% for Management Board members. For more details, we refer to the compensation table above and to the 2020/21 compensation report. – On a 2-year CAGR basis from the 2019/20 to the 2021/22 financial year, only minor changes were made to the Management Board compensation.

in CHF									2019/20
	Fixed base salary	Variable compensation <sup>1)</sup>	Fringe benefits	Employer's pension contribution	Total cash compensation	Value of PSUs <sup>2)</sup>	Value of options <sup>3)</sup>	Total compensation	Employer's social security contribution
Arnd Kaldowski, CEO	900,000	986,560	74,944	109,338	2,070,841	562,500	937,500	3,570,841	110,466
Other members of the MB	3,138,129	2,147,971	356,124	515,913	6,158,137	1,649,000	1,649,000	9,456,137	888,687
<b>Total</b>	<b>4,038,129</b>	<b>3,134,531</b>	<b>431,068</b>	<b>625,251</b>	<b>8,228,978</b>	<b>2,211,500</b>	<b>2,586,500</b>	<b>13,026,978</b>	<b>999,153</b>

The compensation shown in the table above is gross and based on the accrual principle.

- 1) The variable compensation will be paid out only when the Group's audited financial statements for the financial year have been publicly disclosed by the Group in its consolidated financial statements.
- 2) Fair value per PSU at grant date CHF 266.80. Fair Value of PSUs provided by a third party based on the Monte Carlo pricing model; this is an appropriately balanced approach, taking account of the possibility of either over- or under-achievement. The settlement will be determined based on actual performance achievement prior to the vesting in June 2023 and the PSUs are blocked after vesting to arrive at the total mandatory holding period of five years from grant date.
- 3) Fair value per option at grant date provided by a third party based on the "Enhanced American Pricing Model" (including the impact of the holding period based on a "Black-Scholes Model") of CHF 33.34. The options are blocked after vesting to arrive at the total mandatory holding period of five years.

### Explanatory comments to the compensation tables

The total compensation of CHF 12.8 million for the 2021/22 financial year is above the total of CHF 11.3 million for the previous year. This is explained by the following main contributing factors:

- The fixed compensation is higher compared to the previous year mainly given the COVID-19 related compensation measures during the 2020/21 financial year.
- Selected members of the Management Board did receive salary increases at the beginning of 2021/22 aligned with those across the organization, as well as with data from executive compensation surveys and published benchmarks from companies of similar size.
- The total EEAP grant value awarded increased as a result of a combination of selective higher awards.

### Variable Cash Compensation performance outcomes 2021/22

The system of the VCC is outlined in more detail in [section 5.3](#) of this report.

The overall Group sales (excluding acquisition of Sennheiser) target was exceeded at 1.5% on the back of strong commercial execution, despite some volatility caused by new variants of COVID-19 and supply challenges related to the sourcing of certain electronic components. While the Hearing Instruments and Cochlear Implants businesses exceeded their growth targets, the Audiological Care business was slightly below target.

The target achievement on EBITA resulted at 98.3%. The lower than targeted achievement was driven by a strengthening of the Swiss franc against key currencies compared to the currency target scenario, and by the headwind from the supply chain and component cost. The Hearing Instrument segment slightly missed the profitability target, while the Cochlear Implant segment clearly exceeded its target on the back of the strong upgrade business following the introduction of the new Marvel processor. The EPS target was met (100%). The assessment of these targets was undertaken based on the adjusted metrics as disclosed in the [financial review](#) of this Annual Report.

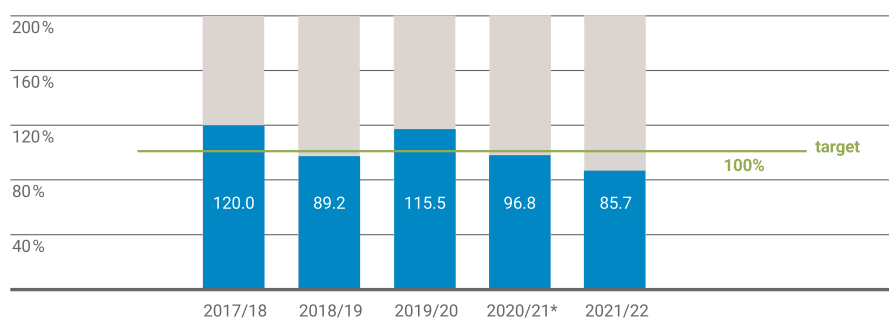
Despite the strong business performance for most of the financial year, not all envisioned improvements in working capital management could be realized to their full extent. This resulted in an Operating Free Cash Flow achievement of 96.7%.

ESG targets were defined around eight categories, with energy and climate, as well as talent & employee engagement, set as a target for all Management Board members. Additionally, members each had a selection of targets set depending on their role and responsibilities. These included eco-friendly products, diversity & inclusion, talent development, customer satisfaction, product quality, safety & reliability and responsible supply chain. On average, ESG targets for management were achieved at 82.8%.

Individual qualitative targets for management were, on average, slightly overachieved at 103.0%.

The overall target achievement for the 2021/22 financial year for the CEO was 89.0% (2020/21: 100.0%) and between 66.9% and 134.8% (2020/21: 77.6% –100.0%) for the other members of the Management Board. The average variable cash payout to Management Board members, including the CEO, was 85.7%, whereas the equivalent average overall payout ratio for the previous year was 96.8%. As noted later in this report, the VCC achievement for the 2020/21 financial year was capped at 100.0%, impacting the year-on-year comparison.

## 6.2.2 Historical variable cash compensation for the members of the Management Board over the last five years



■ Average payout ratio versus target Variable Cash Compensation ■ Target Cap

\* VCC FY 2020/21 capped at target due to Corona

The above chart illustrates that the design of the VCC is effective: in line with Sonova’s ambitious target-setting, substantial progress needs to be made to reach the target (100%).

## 6.2.3 Approved versus actual total compensation for the members of the Management Board

The actual total compensation for the Management Board for the 2021/22 financial year was CHF 12.8 million. This figure is below the maximum aggregate compensation amount of CHF 15.2 million approved at the 2020 AGM for the 2021/22 financial year.

The approved compensation for EEAP applies fair value at grant, which is based on 100% target achievement; this is an appropriately balanced approach, taking account of the possibility of either over- or under-achievement for PSUs. The actual number of shares allocated for each PSU will depend on the achievement of pre-determined performance conditions, and ranges from 0 to 2 shares per PSU. Actual achievement will be disclosed upon vesting in each respective financial year.

Additional information to support the shareholder votes on compensation can be found in the invitation to the 2022 AGM.

## 6.2.4 Executive Equity Award Plan performance outcomes 2021/22

### Options

The vesting of the options is subject to a pre-defined ROCE target. In the 2021/22 financial year, the ROCE target was exceeded. Since there is no provision for over-achievement in the EEAP, the vesting of the options is capped at target, namely at 100%. This applies to the option tranches awarded under the EEAP 2017, 2018, 2019 and 2020 that vested in the reporting year.

#### Performance Share Units

The PSUs vest based on relative TSR measured against a pre-defined peer group. The number of shares allocated for each vested PSU between the 20th and 80th percentile is calculated by linear interpolation within a range of 0% to 200%. The PSUs awarded under the EEAP 2019 vest in June 2022 based on the performance period ending on March 31, 2022.

The actual TSR was 107.8%, which corresponds to a 82.4% percentile rank relative to the peer group, and results in a 200.0% vesting in June 2022. For the PSUs awarded under the EEAP 2018 vesting in June 2021, the actual TSR was 46.5%, which corresponded to a 77.0% percentile rank relative to the peer group and resulted in a 189.9% vesting.

#### Restricted Share Units

The RSUs that were awarded under the EEAP in the 2018/19 financial year vested in the reporting year. They were not subject to any performance conditions but to employment conditions.

#### 6.2.5 Other compensation, loans and credits for current and former members of the Management Board and related parties

No other compensation was paid to current or former members of the Management Board beyond the total compensation disclosed in the tables above.

No payments were made to individuals who are closely related to any current or former member of the Management Board.

No loans were granted by Sonova or any other Group company to current or former members of the Management Board in the 2021/22 financial year, and no such loans were outstanding as of March 31, 2022. Furthermore, neither Sonova nor any other Group company has granted any loans to related parties of current or former members of the Management Board.



## 7. Share ownership information

### 7.1 Shareholdings of members of the Board of Directors

The tables in this section are audited by the external auditor.

The following table shows the equity of the individual members of the Board of Directors and persons closely linked to them.

	31.03.2022				31.03.2021			
	Shares	Restricted Shares <sup>1)</sup>	RSUs	Options	Shares	Restricted Shares <sup>2)</sup>	RSUs	Options
Robert F. Spoerry, Chair	44,368	12,261			41,227	14,293		
Stacy Enxing Seng, Vice-Chair	4,744	4,319			3,231	5,353		
Lynn Dorsey Bleil, Member	1,543	4,319			30	5,353		
Gregory (Greg) Behar, Member <sup>3)</sup>		479						
Lukas Braunschweiler, Member	26,490	2,967	700	96,016	25,007	2,488	2,183	96,016
Roland Diggelmann, Member <sup>3)</sup>		479						
Ronald van der Vis, Member	1,513	4,319			3,231	5,353		
Jinlong Wang, Member	6,159	4,319			4,846	5,353		
Adrian Widmer, Member		1,210				731		
<b>Total (active members)</b>	<b>84,817</b>	<b>34,672</b>	<b>700</b>	<b>96,016</b>	<b>77,572</b>	<b>38,924</b>	<b>2,183</b>	<b>96,016</b>
Beat Hess, Vice-Chair <sup>4)</sup>					6,691	5,353		
Michael Jacobi, Member <sup>5)</sup>						5,353		
<b>Total (including former members)</b>	<b>84,817</b>	<b>34,672</b>	<b>700</b>	<b>96,016</b>	<b>84,263</b>	<b>49,630</b>	<b>2,183</b>	<b>96,016</b>

1) These shares are subject to a restriction period which varies from June 1, 2022 to June 1, 2027 depending on the grant date.

2) These shares are subject to a restriction period which varies from June 1, 2021 to June 1, 2026 depending on the grant date.

3) New member of the Board of Directors since June 2021.

4) Vice-Chair of the Board of Directors until June 2021.

5) Member of the Board of Directors until June 2021.

For further details see also Note 7.4 in the consolidated financial statements.

The shareholding requirements set by the share ownership guidelines are entirely met by all members of the Board of Directors.

## 7.2 Shareholdings of members of the Management Board

The tables in this section are audited by the external auditor.

The following tables show the equity of individual members of the Management Board and persons closely linked to them.

	31.03.2022				31.03.2021			
	Shares <sup>1)</sup>	PSUs	RSUs	Options	Shares <sup>1)</sup>	PSUs	RSUs	Options
Arnd Kaldowski	14,597	9,627		189,888	6,792	11,581		173,017
Birgit Conix <sup>2)</sup>	195	991		4,655				
Ludger Althoff	1,183	2,241	528	18,421	919	1,659	792	17,448
Claudio Bartesaghi	911	2,494		23,227 <sup>3)</sup>	681	2,865	73	22,401 <sup>3)</sup>
Vicky Carr-Brendel	474	2,206	474	17,603 <sup>4)</sup>	237	1,617	711	16,413 <sup>4)</sup>
Claude Diversi	655	2,977	817	21,724	1,057	4,831	881	27,272
Christophe Fond	776	3,855	323	40,187	4,236	5,005	933	36,682
Martin Grieder	1,506	3,567	316	47,160	1,006	4,765	912	51,812
Andi Vonlanthen	21,292	3,462	316	54,558	17,174	4,831	912	65,727
<b>Total (active members)</b>	<b>41,589</b>	<b>31,420</b>	<b>2,774</b>	<b>417,423</b>	<b>32,102</b>	<b>37,154</b>	<b>5,214</b>	<b>410,772</b>
Hartwig Grevener <sup>5)</sup>					9,420	1,854	596	20,210
<b>Total (including former members)</b>	<b>41,589</b>	<b>31,420</b>	<b>2,774</b>	<b>417,423</b>	<b>41,522</b>	<b>39,008</b>	<b>5,810</b>	<b>430,982</b>

1) Shares are dividend entitled with full voting rights.

2) Member of the Management Board since June 2021.

3) includes SARs (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

4) SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

5) Member of the Management Board until June 2021.

For further details see also Note 7.4 in the consolidated financial statements.

The shareholding requirements set by the share ownership guidelines are entirely met by all members of the Management Board.

The following table shows the shareholding requirements relative to the fixed base salary and the indicative actual shareholdings.

	Base salary	Share requirements <sup>1)</sup>	Actual shares <sup>2)</sup>	Fulfillment of share ownership guidelines	Share ownership ratio to base salary
	in CHF	in CHF	in CHF	in %	ratio
Arnd Kaldowski, CEO	900,000	1,000,000	5,657,797	566	6.3
Other members of the MB <sup>3)</sup>	385,474	200,000	1,483,788	742	3.8

1) Share requirements to be achieved for the CEO as of December 31, 2017 and for all other members of the MB after 41 months.

2) Calculated with Sonova closing share price of March 31, 2022.

3) Average of other members of the MB with shareholding requirements.

The calculation of fulfillment and the ratio to base salary of the share ownership shown above are included for illustration purposes only.

The following table shows a detailed breakdown of the outstanding options of the members of the Management Board.

31.03.2022

	Options EEAP 22 <sup>1)</sup>	Options EEAP 21 <sup>2)</sup>	Options EEAP 20 <sup>3)</sup>	Options EEAP 19 <sup>4)</sup>	Options EEAP 18 <sup>5)</sup>	Options EEAP 17 <sup>6)</sup>	Options EEAP 16 <sup>7)</sup>	Total options
Arnd Kaldowski	16,871	25,454	28,119	32,901	86,543 <sup>9)</sup>			189,888
Birgit Conix <sup>8)</sup>	4,655							4,655
Ludger Althoff	2,734	4,736	5,668	5,283				18,421
Claudio Bartesaghi	2,355	4,210	4,649	4,881	4,984	2,148 <sup>10)</sup>		23,227
Vicky Carr-Brendel	2,769 <sup>11)</sup>	4,699 <sup>11)</sup>	5,398 <sup>11)</sup>	4,737 <sup>11)</sup>				17,603 <sup>11)</sup>
Claude Diversi	2,381	5,639	6,748	4,307	2,649			21,724
Christophe Fond	3,505	5,889	7,048	8,996	8,127	6,622		40,187
Martin Grieder	3,085	5,513	6,598	8,422	10,594	12,948		47,160
Andi Vonlanthen	2,278	5,639	6,748	8,614	10,594	12,948	7,737	54,558
<b>Total (active members)</b>	<b>40,633</b>	<b>61,779</b>	<b>70,976</b>	<b>78,141</b>	<b>123,491</b>	<b>34,666</b>	<b>7,737</b>	<b>417,423</b>
Hartwig Grevener <sup>12)</sup>								
<b>Total (including former members)</b>	<b>40,633</b>	<b>61,779</b>	<b>70,976</b>	<b>78,141</b>	<b>123,491</b>	<b>34,666</b>	<b>7,737</b>	<b>417,423</b>

- 1) Exercise price CHF 333.60, vesting period 1.2.2022–1.6.2026 whereas one tranche being vested each year, end of restriction period 31.1.2027, exercise period 1.2.2027–31.1.2032.
- 2) Exercise price CHF 218.70, vesting period 1.2.2021–1.6.2025 whereas one tranche being vested each year, end of restriction period 31.1.2026, exercise period 1.2.2026–31.1.2031.
- 3) Exercise price CHF 241.80, vesting period 1.2.2020–1.6.2024 whereas one tranche being vested each year, end of restriction period 31.1.2025, exercise period 1.2.2025–31.1.2030.
- 4) Exercise price CHF 182.40, vesting period 1.2.2019–1.6.2023 whereas one tranche being vested each year, exercise period 1.6.2020–31.1.2029.
- 5) Exercise price CHF 147.85, vesting period 1.2.2018–1.6.2022 whereas one tranche being vested each year, exercise period 1.6.2019–31.1.2028.
- 6) Exercise price CHF 130.00, vesting period 1.2.2017–1.6.2021 whereas one tranche being vested each year, exercise period 1.6.2018–31.1.2024.
- 7) Exercise price CHF 124.20, vesting period 1.2.2016–1.6.2020 whereas one tranche being vested each year, exercise period 1.6.2017–31.1.2023.
- 8) Member of the Management Board since June 2021.
- 9) Includes the one-time, non-recurring performance option grant (47,415 options); exercise price of CHF 147.85, vesting period of 1.2.2018 – 1.4.2025, exercise period 1.4.2023 – 30.9.2027.
- 10) SARs EEAP 2017 (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).
- 11) SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).
- 12) Member of the Management Board until June 2021.

31.03.2021

	Options EEAP 21 <sup>1)</sup>	Options EEAP 20 <sup>2)</sup>	Options EEAP 19 <sup>3)</sup>	Options EEAP 18 <sup>4)</sup>	Options EEAP 17 <sup>5)</sup>	Options EEAP 16 <sup>6)</sup>	Options EEAP 15 <sup>7)</sup>	Total options
Arnd Kaldowski	25,454	28,119	32,901	86,543 <sup>8)</sup>				173,017
Hartwig Greverer		1,649	4,211	5,297	6,474	2,579		20,210
Ludger Althoff	4,736	5,668	7,044					17,448
Claudio Bartesaghi	4,210	4,649	4,881	4,984	2,148 <sup>9)</sup>	1,529		22,401
Vicky Carr-Brendel	4,699 <sup>10)</sup>	5,398 <sup>10)</sup>	6,316 <sup>10)</sup>					16,413 <sup>10)</sup>
Claude Diversi	5,639	6,748	6,461	5,297	3,127			27,272
Christophe Fond	5,889	7,048	8,996	8,127	6,622			36,682
Martin Grieder	5,513	6,598	8,422	10,594	12,948	7,737		51,812
Andi Vonlanthen	5,639	6,748	8,614	10,594	12,948	10,315	10,869	65,727
<b>Total</b>	<b>61,779</b>	<b>72,625</b>	<b>87,846</b>	<b>131,436</b>	<b>44,267</b>	<b>22,160</b>	<b>10,869</b>	<b>430,982</b>

1) Exercise price CHF 218.70, vesting period 1.2.2021–1.6.2025 whereas one tranche being vested each year, end of restriction period 31.1.2026, exercise period 1.2.2026–31.1.2031.

2) Exercise price CHF 241.80, vesting period 1.2.2020–1.6.2024 whereas one tranche being vested each year, end of restriction period 31.1.2025, exercise period 1.2.2025–31.1.2030.

3) Exercise price CHF 182.40, vesting period 1.2.2019–1.6.2023 whereas one tranche being vested each year, exercise period 1.6.2020–31.1.2029.

4) Exercise price CHF 147.85, vesting period 1.2.2018–1.6.2022 whereas one tranche being vested each year, exercise period 1.6.2019–31.1.2028.

5) Exercise price CHF 130.00, vesting period 1.2.2017–1.6.2021 whereas one tranche being vested each year, exercise period 1.6.2018–31.1.2024.

6) Exercise price CHF 124.20, vesting period 1.2.2016–1.6.2020 whereas one tranche being vested each year, exercise period 1.6.2017–31.1.2023.

7) Exercise price CHF 121.10, vesting period 1.2.2015–1.6.2019 whereas one tranche being vested each year, exercise period 1.6.2016–31.1.2022.

8) Includes the one-time, non-recurring performance option grant (47,415 options); exercise price of CHF 147.85, vesting period of 1.2.2018 – 1.4.2023, exercise period 1.4.2023 – 30.9.2027.

9) SARs EEAP 2017 (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

10) SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

## Glossary

<b>AC</b>	Audit Committee
<b>AGM</b>	Annual General Shareholders' Meeting
<b>AHV</b>	Old Age and Survivors' Insurance
<b>ALV</b>	Unemployment Insurance
<b>Articles of Association</b>	Articles of Association of Sonova Holding AG
<b>ASP</b>	Average Sales Price
<b>BoD</b>	Board of Directors
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CHF</b>	Swiss Francs
<b>EBITA</b>	Earnings Before Interest, Taxes and Amortization
<b>EEAP</b>	Executive Equity Award Plan
<b>EPS</b>	Earnings Per Share
<b>ESG</b>	Environmental, Social and Governance
<b>FCF</b>	Free Cash Flow
<b>GVP</b>	Group Vice President
<b>HRM</b>	Human Resource Management
<b>KPIs</b>	Key Performance Indicators
<b>MB</b>	Management Board
<b>n.a.</b>	Not applicable
<b>NCC</b>	Nomination and Compensation Committee
<b>OPEX</b>	Operating Expenses
<b>PSU</b>	Performance Share Unit
<b>ROCE</b>	Return on Capital Employed
<b>RSU</b>	Restricted Share Unit
<b>rTSR</b>	relative Total Shareholder Return
<b>SLI</b>	Swiss Leaders Index
<b>SMI</b>	Swiss Market Index
<b>SMIM</b>	Swiss Market Index Mid
<b>VCC</b>	Variable Cash Compensation



## Report of the statutory auditor to the General Meeting of Sonova Holding AG

### Statutory auditor's report on the compensation report

We have audited the compensation report of Sonova Holding AG for the year ended 31 March 2022. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables of section 6.1, 6.2, 7.1 and 7.2 excluding tables 6.1.1 and 6.2.2.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the compensation report for the year ended 31 March 2022 of Sonova Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Zurich, 12 May 2022

Ernst & Young Ltd

Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Pascal Solèr  
Licensed audit expert