



# Letter to shareholders

## Dear shareholders,

After some anticipated temporary challenges in the first half of the 2023/24 financial year, Sonova saw more robust momentum in the second half and ended the year on a positive note. We continued to implement our strategy, systematically and comprehensively: advancing our product portfolio, extending direct engagement with our consumers, and delivering continuous improvement in our operational and commercial execution. These achievements give us a solid foundation on which we will build in the coming financial year.

Among the highlights of the year were the introduction of new technology solutions, which include extending the benefits of the Lumity hearing aid platform across the Phonak portfolio. At the same time, we continued our strong investment into fundamental innovation that will be demonstrated in exciting new products to be launched in the near future. We further expanded our Audiological Care network through acquisitions and new store openings, and successfully integrated HYSOUND in China. We entered the emerging over-the-counter hearing aid market in the US with All-Day Clear, a new self-fitting hearing aid sold under the Sennheiser brand. And we significantly extended the capabilities of our cochlear implants portfolio with our unique Remote Programming solution.

Basic audiological research continues to drive our innovation. Recent studies supported by Phonak and reported in *The Lancet* and elsewhere showed that treating hearing loss can slow the rate of decline in cognitive abilities among older adults with increased risk for brain disorders like dementia. Phonak has therefore introduced a dedicated awareness program for hearing care professionals and the people they serve to highlight this issue.

In operations, our new Mexicali facility for the Americas has begun production and promises substantial reduction in delivery time and costs, while optimizing our global supply chain and helping us to further reduce our CO<sub>2</sub> emissions.

The financial year also saw some temporary challenges. More than in any year in the past decade, adverse currency exchange-rate developments reduced results reported in Swiss francs. And in the first half of the financial year, our Hearing Instruments business was still affected by the non-renewal of a single major US contract.

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**"Our accelerating growth through the year reflects our focus on key strategic initiatives."**

Robert Spoerry

These challenges notwithstanding, our results for the year are solid and show improving sales momentum through the second half-year. We remain confident in the effectiveness of our strategy as a generator of profitable growth. You can find additional details in the [strategy & businesses section](#) of this report.

Innovation is a team effort: in this year's [feature story](#) our employees share, in their own words, how they bring the delight of hearing to people worldwide through passion, experience, and dedication.

#### [Hearing Instruments segment](#)

Sales in the Hearing Instruments segment rose by 3.2% in local currencies, largely driven by the good performance of the Audiological Care business. Despite challenges in the first half of the year, the Hearing Instruments business saw solid growth in the second half, as we have solved our temporary operational issues. After strong growth in the previous year, performance in the Consumer Hearing business was impeded by generally weak demand in the consumer electronics market, along with the issue of inconsistent performance from some batteries provided by a now deselected external supplier for one of our key products.

The Hearing Instruments business further extended the reach of our Phonak Lumity platform, making the latest technology accessible to even more consumers. Among many new product launches were a battery-powered Audéo Lumity hearing aid, for those who prefer multi-day power to daily recharging; Terra and Terra+, offering quality hearing and connectivity for budget conscious consumers; and new entries in the Sky and Naída families, bringing the benefits of Lumity technology to children and to adults with severe-to-profound hearing loss. Unitron's new Vivante platform was launched in April and extended through the year. Hearing Instruments also made further strong progress on product reliability, in which the Phonak Lumity platform achieved a continued improvement compared to its already dependable predecessor.

The Audiological Care business saw positive development throughout the year, thanks both to organic growth and acquisitions. Good organic sales were enabled by continuous improvements in consumer care processes, versatile approaches to bringing people in-store, and close co-operation with key stakeholders such as Ear, Nose, and Throat specialists (ENTs). We further expanded our network through bolt-on acquisitions and continued the successful integration of HYSOUND, a leading nationwide audiological care chain in China that we acquired in December 2022. HYSOUND has performed ahead of plan during its first full year with Sonova. China has attractive growth potential and we are convinced that this high quality business will allow us to further expand our presence there in the coming years.

The Consumer Hearing business saw negative sales development, for the reasons mentioned above. Integration, however, is complete and the focus is now on achieving sustained profitable growth by engaging consumers with premium products and reaching them early on their hearing journey. An important element of this was Sonova's entry into the over-the-counter hearing instrument market with the US launch in June 2023 of the Sennheiser All-Day Clear, which targets mild to moderate hearing loss. In addition we launched a number of new audio products, such as our MOMENTUM True Wireless 4 earbuds, introduced in February 2024, which include more than a dozen improvements over their predecessor in connectivity, sound quality, and active noise cancellation.

### Cochlear Implants segment

Sales for the Cochlear Implants segment, which conducts its business through the Advanced Bionics brand, rose by 3.6% in local currencies. System sales continued their year-on-year growth, while upgrade sales were down due to the lower remaining number of recipients awaiting an upgrade as the Marvel CI sound processor range enters its third post-launch year. Marvel CI's capabilities have been significantly enhanced by our Remote Programming solution, enabled through Phonak's unique universal Bluetooth® connectivity, which allows recipients to have their processors adjusted by their audiologists at a long distance via smartphone. This enables self-sufficiency for recipients while providing immediate, easy connection to professional support when necessary.

### Financial performance

In the 2023/24 financial year, the Group achieved consolidated sales of CHF 3,626.9 million, an increase of 3.2% in local currencies (4.8% excluding the previously mentioned non-renewed large US hearing instruments contract). Continued and significant strengthening of the Swiss franc reduced reported sales by CHF 232.9 million, resulting in a sales decrease of 3.0% in Swiss francs. The main growth drivers were the strong performance of the Audiological Care business, both from organic and acquisition growth, and the acceleration of Hearing Instruments in the second half of the financial year.

Reported operating profit before acquisition-related amortization (EBITA) was CHF 727.0 million, up by 3.6% in local currencies but down 9.3% in Swiss francs. Adjusted for restructuring, transaction, integration, and certain legal costs, EBITA was up 4.4% in local currencies but down 8.2% in Swiss francs at CHF 771.4 million. Adverse currency exchange-rate developments reduced the adjusted EBITA by CHF 106.1 million. This represents a margin of 21.3%, compared to 22.5% in the 2023/23 financial year. Excluding the currency exchange-rate effects, the operating margin was up by 0.3 percentage points. Compared to the 2022/23 figure of CHF 11.14, adjusted earnings per share (EPS) were up 6.4% in local currencies but down 9.6% in Swiss francs at CHF 10.06.

### Returning cash to shareholders

At the Annual General Shareholders' Meeting (AGM) in June 2024, the Board of Directors will propose a dividend of CHF 4.30 per share. This represents a stable payout ratio, in line with our total shareholder return strategy, of around 40%. Over the past ten years, the dividend has risen by a compound annual growth rate of 9.2%.

The Group intends to maintain a healthy balance sheet in line with our moderate leverage target ratio of 1.0 – 1.5x net debt to EBITDA. In the absence of any larger acquisitions and subject to the cashflow development in Swiss francs, Sonova expects to resume share buybacks under its current program during the second half of the 2024/25 financial year.

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

At the 2024 AGM, shareholders will for the first time have a vote on non-financial matters, presented in the Sonova [ESG Report](#). During the 2023/24 financial year we continued to implement *IntACT*, our ESG strategy, which is delivering significant year-on-year improvements. For example, around two thirds of leadership positions were hired from within the organization, reflecting our drive to grow talent and build leadership internally. We also increased the share of women in senior management from 22.0% to 28.3% and middle management from 36.4% to 39.9%.

The Science Based Targets initiative (SBTi) officially approved Sonova's greenhouse gas reduction targets for Group operations (scope 1 and 2) and value chain (scope 3) emissions. On a comparable basis, we have already achieved a 28% reduction of total scope 1-3 CO<sub>2</sub> emissions since 2019.

We continued to receive consistently high ESG ratings in the 2023/24 financial year across the major ratings and indices, including the highest possible MSCI rating of AAA and a tenth consecutive year of inclusion in the Dow Jones Sustainability Index, ranking fourth out of 279 companies in the healthcare equipment and supplies industry.

You will find further and more detailed information in our [ESG Report](#).

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

Gilbert Achermann has been nominated by the Board of Directors for election at the 2024 AGM as a new independent Board member. From 2010 to April 2024, he served as Chair of the Board of Directors of the Straumann Group, a global dental industry leader, having previously served as its CFO and CEO for a very successful period of more than 12 years. In 2020 he became a member, and in 2022 Chair, of the Board of Directors at Ypsomed Group, a manufacturer of injection and infusion systems.

With his in-depth understanding of the medical technology sector and his successful track record as CEO as well as his experience as Chair of multiple company boards, we are confident he will make a significant contribution to Sonova's future growth. The Board of Directors has made it clear that, as part of its commitment to medium-term succession planning, Gilbert Achermann will be nominated to succeed current Chair Robert Spoerry at the 2025 AGM.

After the end of the 2023/24 financial year, we announced the following appointments to the Management Board: Lilika Beck, Managing Director Connect Hearing Canada in Sonova's Audiological Care business, was appointed GVP Consumer Hearing, after Martin Grieder passed away in a tragic accident at the beginning of April. Oliver Lux, Managing Director Audiological Care Germany, was appointed GVP Audiological Care, succeeding Christophe Fond, who will pursue an opportunity outside the hearing care industry after successfully leading the business for seven years. Both appointments are effective as of June 2024.

Alistair Simpson will join Sonova as GVP Cochlear Implants and succeed Victoria Carr-Brendel, who has decided to retire from executive roles for personal reasons after successfully leading the business since 2019. Alistair brings longstanding expertise in the medical device industry and has a successful track record in various senior leadership positions in the sector. His appointment will take effect as of July.

Our gratitude and appreciation go to Martin, Christophe and Vicky for their contributions to Sonova's success, and we wish Lilika, Oliver and Alistair all the best in their new roles.

### Our thanks

The unwavering dedication and enthusiasm of our employees carry us forward, surmounting challenges and achieving solid results; we are deeply grateful. We also thank our consumers, whose wish for better hearing inspires all our work, along with the professionals who bring them our solutions. Finally, we remain profoundly thankful for the trust of our shareholders, which provides the firm foundation for our strategy to deliver sustainable, profitable growth.

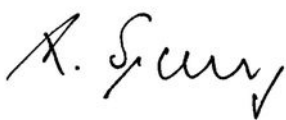
### Outlook

Sonova's solid and improving performance over this financial year confirms the strong fundamentals of our business and the soundness of our strategy. We are well positioned to accelerate growth and to engage with yet more consumers at more points on their hearing journey. The coming financial year will include further significant product launches that will elevate our industry-leading performance and drive growth, particularly in the second half-year. We therefore expect to see a year-on-year rise of 6 – 9% in consolidated sales, and of 7 – 11% in adjusted EBITA measured at constant exchange rates, with stronger momentum in both during the second half-year.

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**"I look forward to a significant year for us, continuing our momentum with exciting product launches in the coming months."**

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

### Expanding the Phonak Audéo™ Lumity platform

The Phonak Lumity hearing aid platform delivers an enlightening hearing experience. Over the past year, we broadened the Lumity portfolio to address the unique requirements of kids, teenagers and adults with severe-to-profound hearing loss, as well as individuals with unaidable hearing loss in one ear. People of all ages and hearing loss levels can now benefit from Lumity technology including improved speech understanding, universal connectivity, and outstanding sound quality.

Phonak SmartSpeech™ Technology is a collection of features that AutoSense OS™ 5.0 seamlessly adapts, each feature proven to provide either improved speech understanding or reduced listening effort in many listening environments. This technology not only highlights Phonak's dedication to providing the best possible solution for speech understanding but benefits your well-being as it has been shown from scientific literature to reduce listening effort that can free up cognitive resources.<sup>1)</sup>



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<sup>1)</sup> Additional information available at: <https://www.phonak.com/en-int/professionals/audiology-hub/evidence-library>

## Unitron

### Unitron Vivante™ platform portfolio grows

Unitron's successful Vivante™ platform introduced in April 2023 added four new products to the portfolio over the course of the year. By expanding the Vivante portfolio we have the opportunity to provide our latest technology to even more hearing aid wearers and help them live life to the fullest and enjoy all the sounds that come with it.

Moxi™ V-RS is an innovative rechargeable hearing aid that combines style, aesthetics and functionality and is a modern alternative to traditional hearing aids. Moxi V-312 is Unitron's smallest RIC in the Vivante portfolio with a traditional battery. Stride V-PR is a BTE that features a smooth seamless design with the convenience of rechargeability. Unitron also recently released the Stride V-UP which is the Ultra Power BTE designed specifically for those with severe-to-profound hearing loss. These launches further strengthen the Vivante portfolio, providing Unitron's best sound performance yet, Made For All connectivity, a style to fit consumers' lifestyles and needs and compelling technology at all levels to meet clients lifestyles and budgets. If their lifestyle, budget or hearing needs change, Unitron's unique FLEX:UPGRADE™ means their hearing instruments can evolve with them. From start to finish hearing aid wearers can feel good about the entire hearing care experience.

We also introduced our refreshed Unitron Remote Plus app that provides a modern, user-centric experience that allows for easy navigation for controlling and personalizing their hearing aids and two modes, a classic and an advanced mode to give wearers more choice with the level of their interaction.





## AudioNova

### Hearing Care Academy: The catalyst to realizing our Audiological Care vision

We are enabling the pinnacle audiology of tomorrow by unleashing the full potential of our hearing healthcare professionals (HCPs).

The ability to deliver personalized audiology solutions and elevate the required standard of audiological care is essential as we become the most trusted global brand in hearing care. With our vast footprint and expansive network of stores across the globe, engaging HCPs, sharing best practices, and creating unique learning experiences is not without its difficulties.

Sonova Audiological Care's Hearing Care Academy brings to life the AC vision of creating a global network of academies to connect, educate, and train HCPs to meet the growing demand for high quality, holistic care that differentiates us in the market. The Hearing Care Academy aims to set the global standard for audiological training and education, raise the standard of care, enable recruitment, retention, and engagement of HCPs, and create the pinnacle audiology experience that will enable the delivery of holistic hearing care across our global network. The benefits to its participants are far-reaching and lifelong. HCPs will be able to access personalized learning when they need it, engage in best-practice exchange, and have direct access to internal and external experts. For those HCPs who are doing outstanding work in the field, they will have opportunities to be recognized as experts and support their peers around the world.



Through our dynamic platform, students can become HCPs and HCPs can become experts, allowing us to ensure everyone can enjoy the delight of hearing and live a life without limitations.

In the 2023/24 financial year, the Hearing Care Academy has successfully trained over 400 hearing care professionals and onboarded over 500 graduate students to follow the curriculum in the coming year.



## Sennheiser

### Sennheiser MOMENTUM True Wireless 4

Announced to at CES Las Vegas in January 2024 and greeted with numerous 'Best of CES' awards, MOMENTUM True Wireless 4 is Sennheiser's<sup>1)</sup> latest flagship earbuds.

Introducing an exciting era for wireless audio, MOMENTUM True Wireless 4 provides an unparalleled fusion of sound quality, cutting-edge features, and personalized comfort. With a commitment to user-centric innovation, the earbuds deliver a neatly tailored audio journey to a consumer demanding both individual adaptation and versatility in everyday situations.

Loaded with more than a dozen enhancements and larger-than-life sound, MOMENTUM True Wireless 4 is Sennheiser's most capable earbud yet. It delivers unparalleled sound for the connected audio aficionado, with an impressive roster of connectivity built on the Qualcomm® S5 Sound Gen 2 platform and Snapdragon Sound™ Technology for aptX™ lossless sound quality and ultra-low latency.

The Bluetooth® 5.4 earbuds also bring Auracast™ support and an overhauled antenna design for exceptional signal continuity while on the go. Improved Adaptive ANC, evolved tuning, and an upgraded battery system make them an everyday companion for all of life's adventures, among other practical enhancements. Available in three colors, the fourth-generation MOMENTUM buds boast 7.5 hours of continuous audiophile-inspired listening, a Qi charging case, and quick charging over USB-C.



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<sup>1)</sup> Sennheiser is a registered trademark of Sennheiser electronic GmbH & Co. KG and is used under license by Sonova

The Bluetooth® word mark is a registered trademark owned by the Bluetooth SIG, Inc. and any use of such marks by Sonova AG is under license.

## Advanced Bionics

### Marvel CI Expansion with Remote Programming and CROS

The collaboration between Advanced Bionics (AB) and Phonak continues to yield industry-first innovations which change the cochlear implant landscape. AB's best-performing sound processor Marvel CI can now be fully programmed remotely by the audiologist with the new Target CI version 1.5 and Remote Support app and is now also the only CI system to feature a CROS device.

Cochlear implant patients often have difficulty getting to their appointments if they have to travel long distances or navigate mobility issues and busy schedules. Target CI version 1.5, developed together with Phonak, allows audiologists to remotely and directly adjust settings for their patients' Marvel CI and compatible Phonak hearing aid or CROS through the new Remote Support app. Patients can discuss their progress, get their questions answered in real-time, and receive full programming without a visit to the clinic. Remote programming is another step towards improving accessibility for hearing healthcare for as many people as possible.

Together with Phonak, AB remains the only manufacturer to offer linked two-ear solutions with hearing aids and cochlear implants designed to communicate and work together as a pair. Now AB's Marvel is also the only CI system with a CROS (Contralateral Routing of Signal) device. For people who have severe to profound hearing loss in both ears but hear with only one Marvel CI, having a CROS device on the other ear allows it to pick up sounds from that side and transmit them to the Marvel CI. This way, listeners can have a more complete sense of their surroundings and follow conversations from all directions. Together with a pair of Marvel CI sound processors, or a bimodal pairing with Marvel CI and a Phonak Link M hearing aid, the introduction of CROS makes Marvel the only CI system with linked bilateral, bimodal, and CROS configurations.



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Note: Remote Programming is recommended for recipients 13 years and older. Advanced Bionics cochlear implants are indicated with severe to profound bilateral sensorineural hearing loss ( $\geq 70$  dB HL) and for pediatrics with profound bilateral sensorineural hearing loss ( $\geq 90$  dB HL).



# Strategy and businesses

We drive innovation by transforming solutions, redefining services, and enriching interactions throughout the consumer hearing journey.

Hearing is connecting to the world: the soothing sounds of nature make us feel at home in our surroundings. Music links us to other people and cultures. The voices of friends and loved ones offer us energizing social interaction. Sonova's ultimate goal is to deepen and enrich these connections, bringing the delight of hearing to people at every stage of their journey with innovative technology and services, easy-to use interfaces, and seamless access to our professional support through multiple points of contact.

## The Sonova Group

The Sonova Group is a leading global provider of hearing care solutions. Its businesses are deeply connected, sharing innovation, customer access, talent, and market expertise across their various activities. They collaborate in R&D, manufacturing, marketing, sales, and customer support to ensure sustained, fruitful contact with consumers, business partners, and hearing care professionals. The Group's structured innovation process develops new breakthrough capabilities for ever-better hearing experience, while rapidly extending the benefits of new technologies right across the industry's broadest solutions portfolio.

Sonova consists of four businesses. Each serves its unique customer segment through established and well-known brands, but they also cooperate to address the full range of hearing needs in a continuous, life-long consumer journey, supported through multiple (increasingly digital) channels and extending from audiophile equipment through solutions for every type of hearing loss to hearing-related medical services.

The Hearing Instruments business, with its well respected Phonak and Unitron brands, is a global innovation leader in hearing aids and wireless communications devices, regularly launching new technology platforms that advance consumers' ability to hear and actively engage in life.

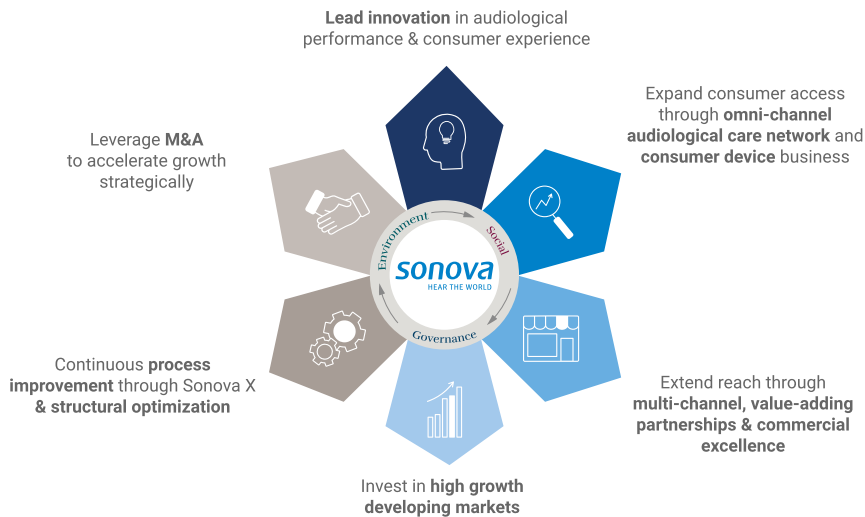
Audiological Care, represented principally by the AudioNova brand, provides consumers with expert professional hearing care and the full range of Sonova products using an "omnichannel" approach that gives consumers the choice of how they interact with us – whether through our fast-growing network of physical stores or our integrated suite of digital channels.

Consumer Hearing, operating under license through the Sennheiser brand, provides immersive hearing experiences at home and on the go with its range of soundbars, audiophile, and true wireless premium headphones – extending to innovative new early-entry hearing products that bridge the gap to hearing aids.

Cochlear Implants, operating globally under the Advanced Bionics brand, links the audiological innovations of Phonak with its own expertise in cochlear implant design to provide new solutions for those whose hearing loss is too advanced for hearing aids.

**A proven strategy**

Our strategy is straightforward and unchanged, because it has proven to be effective. We aim to lead innovation, expand consumer access, extend customer reach, invest in high-growth markets, drive continuous improvement, and leverage M&A to accelerate growth.



Each of these strategic vectors offers its own set of growth opportunities. Industry-leading innovations in hearing performance introduced with Phonak’s Lumity platform have been extended across the Hearing Instruments product portfolio, and a substantial step-up in R&D investment has set the stage for further fundamental breakthroughs to be revealed in the near future. Remote programming in our Advanced Bionics cochlear implants, enabled by Phonak technology, transforms the experience of patients and audiologists alike, saving travel and waiting time, and offering patients the chance to be more self-sufficient. Sennheiser’s temperature and heartbeat-sensing MOMENTUM Sport earbuds and All-Day Clear over-the-counter hearing aids in the US open up new growth paths for Sonova. Further store openings, well-integrated acquisitions, and evolving digital sales and support channels in Audiological Care broaden consumer access and spur growth in high-potential markets. And the initiatives across the Group established through Sonova X, our business system and mindset to improve processes, have freed up resources to invest in further growth and have meaningfully improved the delivery, quality, and reliability of our products and services, further enriching the consumer’s experience.

**The evolving consumer journey**

People’s desire for good hearing lasts a lifetime, but the ways of fulfilling that desire change over time. Our aim is to accompany our consumers throughout their lifelong journey, offering multiple opportunities to connect, explore, and understand how we can broaden and deepen their hearing experience.

It begins with scale: Sonova, as a global company focused on hearing, offers the same high level of engagement as well as the same broad portfolio of innovative solutions to people everywhere. Our companies work together to leverage our capabilities across our different businesses, sharing market, technology, and audiology insights – as well as access to consumers when their hearing needs change and require a more powerful solution.

Our products are built around audiological performance and connectivity: all our hearing aids link seamlessly to virtually all phones, tablets, and laptops; our new Sennheiser MOMENTUM True Wireless 4 earbuds feature Auracast™ broadcast audio, a new Bluetooth® LE Audio standard. Our Marvel CI cochlear implant sound processors allow remote programming via the patient's mobile device. The technology itself helps to open up new horizons and initiate dialog between the consumer and Sonova.

In the Audiological Care business, a dedicated in-house team ensures that our first contact with the consumer – whether digital, on the phone, or in person – is established on the basis of real interest, not just a demographic profile. This personal, informed approach through online and offline channels establishes strong, trustful relationships with consumers at a younger age and earlier in their hearing journey. Our tinnitus-management app, SilentCloud™, offers consumers and hearing care professionals a unique benefit that naturally leads to conversation about other hearing needs. The experience-based format of our World of Hearing stores gives consumers and their families a self-paced introduction to the reality of hearing loss and the available solutions. Meanwhile call centers, audiology stores, online communities, and phone-based apps enable an “anywhere, anytime” connection to consumers.

This omnichannel ecosystem, combining proven in-person service with novel online engagement powered by connectivity, reflects Sonova's commitment to elevating the consumer journey, and opens up unique opportunities to build consumer loyalty, expand value, and drive sustainable growth.

#### [ESG: sustainable business success](#)

We remain convinced that constantly improving our environmental, social, and governmental (ESG) performance goes hand-in-hand with our long-term market success: good ESG practice is good business practice. Each year we make substantial progress in implementing *IntACT*, our ESG strategy.

IntACT continues to deliver year-on-year achievements across key sustainability topics: in this financial year, our diversity and inclusion (D&I) initiatives have further increased the share of women in senior and middle management positions over the previous year (from 22.0% to 28.3% and from 36.4% to 39.9%, respectively), and we have further improved our high employee engagement level (currently 83%) in 2023.

We are achieving significant environmental footprint reductions, including a 28% reduction in our Scope 1-3 CO<sub>2</sub> emissions since 2019 on a comparable basis. Despite growing our business by 3.2% in local currencies, we have reduced our total packaging weight by 9.4% compared to the 2022/23 financial year. Our climate targets have been officially approved by the Science Based Targets initiative (SBTi).

Sonova's ratings from external ESG agencies and indices remain consistently high: for the first time, MSCI has awarded us their highest-possible AAA ESG rating. Sustainalytics ranked us in second place out of more than 200 assessed companies in the medical devices industry, and we are included in the Dow Jones Sustainability Index for the tenth consecutive year, ranking fourth out of 279 companies in the health care equipment and supplies sector.

You can find further detailed information in our [ESG report](#).

Feature story

# Sharing the delight of hearing

Experiencing the little things, the big things, and everything in between: that's the delight of hearing. From engineers to audiologists, business leaders to operations teams, every one of our more than 18,000 employees around the world is involved in bringing our vision to life. Making it possible for people to get lost in sound, catch every word, hear again – or for the very first time – is the motivation to do the best job we can. It is a personal passion too.

Our shared purpose connects our businesses and our people globally, and we are delighted to see how much it inspires our employees every day.





## Having an impact

The joy that Teresa Wenhart finds in sound energizes her work as an Audiological Engineer in our Hearing Instruments business. For Teresa, sound is music. Teresa plays the cello, and divides her time between developing our audiological technology and performing. Sound quality is especially important to Teresa as a musician, and that passion motivates her research into ways to upgrade the performance of our range of hearing solutions for customers. "I want to improve how people experience sound," she says.

For audiological professionals like Naeem Randera and Sarah Downing, sharing the delight of hearing is one of the most fulfilling parts of their job. Audiology is frequently a personal calling, and Naeem knew he wanted to help others after supporting his father through progressive hearing loss from otosclerosis. "When a customer says, 'I can hear my grandkids now', knowing you've made that happen is a great feeling," says Naeem, who works for the Boots Hearingcare brand in the UK.

Sarah has spent her whole career being captivated by what hearing technology can do, a passion she passes on to the teams she leads as Vice President of Global Marketing for our Advanced Bionics brand, whose cochlear implants treat the most severe forms of hearing loss. Her desire to help burns as bright as ever. Sarah says, "I thought it would never get old watching someone hear again, or for the first time, and I was right!"

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**"Being able to hear with the best possible sound quality adds so much to our lives."**

Teresa Wenhart, Audiological Engineer,  
Hearing Instruments business



Left to right: Sarah Downing and a colleague, Naeem Randera, Sandy Brandmeier and her father

## Bringing purpose to work

Hearing healthcare is more than a job for Sonova USA President Sandy Brandmeier. "Anyone I meet who is not addressing their hearing loss, I just can't help myself from speaking up," she says. Sandy went as far as wearing hearing aids herself to persuade her father to come around to the idea. For Sandy, seeing the joy her father finds in everyday sounds brings home the purpose of our work. "I want to do something that matters," she reflects. "Here, we don't think of it in terms of how many hearing aids we ship out the door, we think about the lives those hearing aids will change."

Keeping the customer in mind is just as important to Guillermo Salcedo, the leader of our new operations facility in Mexicali, Mexico, where Advanced Bionics and Hearing Instruments products are made in two separate operation centers. After training as an industrial engineer, Guillermo made a conscious choice to work in health technology. He finds it rewarding to be part of an industry where the products have a positive impact on people's lives. Guillermo makes sure every new joiner in Mexicali watches customer experience videos on their first day on the job so they appreciate the outcome of their work. "It brings us closer to the customer knowing that a person will use what we make here," he says. Working at Sonova has taught Guillermo a lot about hearing health. When he goes clay shooting with friends, he's the one recommending hearing protection.

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**"My team appreciates that every product we build is going to change lives."**

Guillermo Salcedo, Senior Director of  
Operations Management & Administration

It was the opportunity to do meaningful work that attracted Violey Xie to Sonova as well. She says, “The vision of our company really resonates with me.” As the Human Resources partner for Sonova in China, Violey interacts with colleagues rather than customers but like Guillermo, she has a clear understanding of how her team contributes to the delight of hearing. By improving employee engagement, Violey and her colleagues know they are helping to provide a better hearing experience for customers.




Left to right: Guillermo Salcedo and colleagues, Violey Xie, KianAnn Ng

### Experiencing a world of sounds

Music is a big part of KianAnn’s life too. KianAnn always has his Sennheiser True Wireless earbuds with him, and his affinity with the customers of our Consumer Hearing business means he’s especially invested in his work as a project manager. KianAnn drives the development of new products from drawing board to commercial launch. Market-leading innovation is never easy. KianAnn says staying focused on the purpose behind the product helps maintain resolve through the ups and downs of the journey. Seeing another product take off in the market is always an emotional moment for KianAnn: “It’s like watching my children grow up.”

While some love to get lost in sound, for others it’s about being taken somewhere else. Teresa is fascinated by the connection between sound, health and wellbeing. She speaks from the heart when she says, “Music has this ability to transport us out of our daily lives into an emotional world of sounds.” From the low notes to the high notes, and everything in between, we’re proud to be able to help so many people enjoy all the delights of hearing.



Strategy and businesses

# Hearing Instruments business

We drive our market leadership through consumer-centered innovation and value-added services.

Sonova's Hearing Instruments business, operating through our Phonak, Unitron, and other specialist brands, is a market-leading developer, manufacturer, and supplier of hearing aids and wireless communication products. We are innovators, continuously advancing the hearing experience through a regular cycle of new technology platforms, each extending to meet ever more consumer hearing-aid needs. We serve consumers through multiple channels, including independent audiologists and ear, nose, and throat clinics, large hearing care chains, and government health agencies. Our goal is to deepen and broaden connections: between the consumer and the world of natural sound, and between the health care professional and the consumer. We harness our deep audiological expertise to achieve this goal through constant efforts to boost audiological performance by enhancing our products' processing power, intelligence, and reliability, through our technology-enabled solutions to complement that performance and improve quality of life, and through our close engagement with our institutional and business customers to help them deliver the best service.

Our strategy drives us to seek excellence in each aspect of our business: in continuous innovation, in extending the breadth of our solutions portfolio, in enriching the experience of our business partners and the consumers they serve, and in improving our processes and expanding market access.

## Innovating for all consumers

Launched in August 2022, Phonak's Audéo Lumity hearing aid set new standards for ease of communication and reduced listening effort. Lumity's sophisticated directional microphone technology produces 16% better speech understanding from the front and an average of 15% better speech intelligibility from the back and side, while the SpeechEnhancer feature significantly improves communication with someone across a room.<sup>1)</sup>

Audéo Lumity's customer penetration matches that of its predecessor Audéo Paradise, and its innovative capabilities have now been launched across Phonak's product portfolio. Already available in the uniquely waterproof rechargeable Phonak Audéo Life, Lumity has been incorporated into Phonak Slim, a new form factor with a sleek ergonomic shape, launched in April 2023.

And in August 2023, Lumity was extended to all ages of consumer and degrees of hearing loss through the Phonak Naída range of power hearing aids and Sky pediatric solutions. It is also available in a battery model for consumers who prefer multi-day power over daily recharging. All models work seamlessly with our proven Roger wireless systems, and include our unique universal Bluetooth® connectivity to virtually all smartphones, tablets, and laptops.



Our continuous innovation cycle yields substantial improvements, even as we extend established benefits to all consumers: we are always working to further elevate the core audiological performance of our hearing aids by increasing processing power and harnessing sophisticated speech-enhancing algorithms. Each successive technology platform has introduced a significant improvement in the hearing experience – and we are confident that our strongly increased investment in R&D in recent years will deliver important new benefits for our consumers in the very near future.

Continuous, consumer-focused improvement includes commitment to quality, stability, and reliability in our hardware and software. Consumers rely on their hearing aid as a companion that enriches and eases their daily life. Hearing care professionals spend valuable time dealing with reliability issues when they could be delivering personal care. That is why we continue to invest substantially in the reliability of our hardware components, charging technology, software stability, and uninterrupted connectivity – and it is why we are proud of the results: the cumulative return rate for repair of Audéo Lumity hearing aids was 30% better than that of its predecessor, Audéo Paradise. Since the launch we have achieved an additional 30% reduction through continuous improvement. Dependability, added to best-in-class speech clarity, makes Audéo Lumity a trusted and reliable solution for consumers.

#### **Improving commercial excellence and enhancing the customer experience**

We operate in more than a hundred countries: we understand how our business partners' needs differ across our various markets. Our integrated sales and marketing process helps us bring the right proposal for our customers through the appropriate channel. We provide them with marketing help and training, along with a range of hardware and software solutions that add value for their consumers and support the growth of their business.

Commercial excellence is at the core of a good customer relationship and we work hard to further enhance these trustful relationships. Workforce planning and excellence in training of our colleagues help us respond quickly and positively to customer needs: in the US, such initiatives led to a significant improvement in our Net Promoter Score for customer support accessibility since the start of the financial year.

We strongly believe that well-hearing is well-being – and there is evidence to prove this. A recent study<sup>2)</sup> published in *The Lancet* found that hearing intervention slowed down loss of thinking and memory abilities by 48% over three years in older adults at increased risk for cognitive decline such as a loss of concentration and recall. Meanwhile, a University of Melbourne study<sup>3)</sup> found that, comparatively, these abilities remained stable after three years for hearing aid users but declined for non-hearing aid users. We recognize the importance of enhancing cognitive health, and so do our customers – so we have launched a dedicated awareness and training program that aims to give hearing care professionals the knowledge and tools to better integrate cognitive health topics such as memory and concentration into their discussions with clients.

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<sup>1)</sup> Additional information available at: <https://www.phonak.com/en-int/professionals/audiology-hub/evidence-library>

<sup>2)</sup> Lin, F.R., Pike, J.R., Albert, M.S., et al. (2023). Hearing intervention versus health education control to reduce cognitive decline in older adults with hearing loss in the USA (ACHIEVE): a multicentre, randomised controlled trial. doi: 10.1016/S0140-6736(23)01406-X

<sup>3)</sup> The ENHANCE Study: Evaluation of Hearing Aids and Cognitive Effects. The University of Melbourne. Retrieved from <https://healthsciences.unimelb.edu.au/research-groups/audiology-and-speech-pathology-research/hearing-and-cognition-research-program/research/remediation-hearing-aids>, accessed January 18, 2024.





Strategy and businesses

# Audiological Care business

We bring the strengths of Sonova – audiological and medical expertise delivered through multiple channels – to a growing global market.

Our Audiological Care business employs close to 9,000 people, serving more than two million people through its more than 3,600 audiological stores as well as numerous shop-in-shops, part-time locations, and mobile clinics in 20 countries across five continents. Our goal is to establish long-term, trusting connections with our consumers, in which personal attention from our expert hearing care professionals merges seamlessly with support and information provided in-store, online, over the phone, and through our dedicated AudioNova apps. This omnichannel approach enhances consumer satisfaction, frees audiologist time for focused care, increases market awareness of the value of Sonova solutions, and builds an efficient, profitable global business.

Our strategy for the future is to continue to build on our strengths, further expanding consumer access and enriching consumer experience. We are continuously improving processes in each of our stores and across our global network. We are deepening our digital offering with new capabilities and content, including technology-enabled medical services. We are investing in the audiological training of our hearing care professionals. And we are expanding the physical network by opening new stores and making complementary acquisitions.



### Elevating the consumer journey

Our flagship World of Hearing stores, launched five years ago and now operating in 13 markets, showcase the wide breadth of our offering, from Sennheiser audiophile and hearing-enhancing products through the full range of Sonova hearing aids and accessories. The stores' welcoming wide-open spaces connect to calm and quiet treatment rooms, all served by expert staff with time to answer questions and provide guidance.



For many visitors the most important space is the Experience Room, where they can hear how different hearing aids perform in a variety of virtual situations, such as a concert or noisy restaurant – and where friends and family can hear simulations of what their loved one's hearing loss is actually like. Buying a hearing aid is often a shared decision; having the experience of the real value that our hearing aids offer can help everyone make the right choice. The result is that World of Hearing consumers make their first purchase at a younger age and choose a more advanced technology than those who have not had the experience of its benefits: hearing is believing.

In a marketplace where purchasers are often hesitant to take the first step, attracting the first-time consumer is a vital challenge. Our dedicated in-house lead-generation team connects us with new, younger consumers, generating a higher conversion rate and average purchase value – all at a lower cost – than would be possible using an outside agency. But there are also valuable services we provide on this journey, to help establish and strengthen that first contact.

For example: tinnitus is a condition often associated with a significant hearing loss. Our SilentCloud™ app is a medically-regulated tool for self-paced tinnitus management that offers therapies, education, and counseling by audiological care experts. At the same time, it opens a way to start a one-to-one conversation about hearing, and to mobilize the data to support and inform each consumer's future hearing care. Ear, nose, and throat specialists and other hearing care professionals can see how our medical solutions add value, and therefore feel comfortable in recommending us. These professional referrals are a very important step in beginning a trusted relationship with the consumer. And when the referred consumer has been fitted with a hearing aid, our MyAudioNova app, known to some as “the audiologist in your pocket,” continues the easy-to-use, user-controlled, information-rich, and personal contact that marks all our software offerings.

### Expanding our network


Among the top ten World of Hearing stores in our network is one of the most recently opened: in Wuhan city, Hubei province, China. It is the biggest audiology store in the country, and most likely the busiest one. We have more than 200 points of sale in China, with sales per store well above the market average, and our overall local sales growth in the 2023/24 financial year has significantly outpaced our competitors.

There are some structural reasons for strong growth in China: the population is aging, with a proportional increase in the number of people with hearing loss – many of whom are nevertheless continuing to work or otherwise leading active lives. There is growing household income, which makes buying a technologically-advanced hearing aid more affordable. The Chinese government has acknowledged the role that good hearing plays in overall public health. And yet still only around 3% of people with “tested” hearing loss have a hearing aid.

There is therefore large potential demand – not necessarily for commoditized solutions. We began our involvement in the Chinese market through the online space and soon understood that Chinese consumers have a strong appetite for quality, innovation, medical value, and educational content. We opened our first stores with the intention of satisfying that appetite. And we acquired the HYSOUND network of around 200 audiological stores specifically because its team shares our values of high-quality consumer experience based on medical expertise.

In the US, we have successfully integrated the Alpaca audiology network, which has helped to expand our points of sale in this market from 200 two years ago to over 400 today. As with HYSOUND in China, we are rolling out globally uniform front- and back-office systems and services so that every store can benefit from the efficiencies of the whole network.

A personal service is only as good as its people. We are deeply aware of the importance of expert, individual care and advice to the success of our business, and therefore do not leave this to chance. We have established centers for in-depth audiological training in the US, China, Germany, the UK, France, and Brazil. These will enable more than 500 colleagues to become trained and licensed hearing care professionals in our growth markets in 2024, and we expect the figure to rise significantly over the coming years. We see this as a win-win investment: we are growing fast and need to assure that we have expert and motivated talent to deliver the best consumer experience: people who share our commitment to high-quality personal care. For our students, we are opening the doors to a fulfilling and interesting career, with the opportunity for periodic training in further specialization, such as pediatric care or cochlear implants.



Strategy and businesses

# Consumer Hearing business

Our passion for high-quality sound is the driving force to deliver premium hearing experiences to consumers.

Every life has its own soundtrack: our Consumer Hearing business, operating under the licensed Sennheiser brand, lets consumers experience their soundtrack to the fullest. Immersive soundscapes enfold them at home and outdoors; pulse-pounding music adds wings to their running shoes; and clearer conversations ensure their social lives stay vibrant and joyous.

Consumer Hearing products are designed to delight, reflecting Sennheiser's commitment to exceptional sound quality and Sonova's industry-leading expertise in hearing experience. Our four product categories comprise premium headphones, audiophile products, enhanced hearing solutions, and soundbars, each providing outstanding audio performance for a specific consumer setting.

## Advancing our shared enterprise

Following the successful integration of Sennheiser's consumer division, we are working to take the combined business forward with active steps to grow sales and profitability in the coming years. We are optimizing our product portfolio with increased emphasis on higher-margin products that build on Sennheiser's strong brand in the premium market. We see good opportunities for growth and profitability in the direct-to-consumer sales channels and are investing further in these. We aim to lower production cost by leveraging Sonova's design and manufacturing expertise, setting expected margins at the design stage and bringing assembly processes in-house to Sonova's established operations facilities. And we are sharpening our focus on markets that have the highest growth potential: the US, China, and the digital channels.

Our management structure now follows the Sonova norm of a general manager for each country, driving improved transparency and profitability. Implementation of our Sonova X continuous improvement focus has created savings and efficiencies in all functional areas while sustaining a quality-centered product development process. The talent development and engagement processes and HR systems of the business are now aligned with the rest of the Group, reflecting our shared Sonova culture. Leveraging Sonova's approach, expertise and capabilities will enable the Consumer Hearing Business to drive profitable growth with significantly improved margins in the coming years.

### Acclaimed new launches

This year has seen exciting new products launched across key categories, with strong reviews matched by a good initial market response. Those introduced at the 2024 Consumer Electronics Show (CES) were greeted with numerous “Best of CES” awards, showing that the industry recognizes our contributions to pushing the limits in audio innovation.

Our MOMENTUM True Wireless 4 premium earbuds meet consumer demand for audiophile-inspired lossless sound quality combined with comfort and convenience and enhanced by Bluetooth® LE Audio and Auracast™ functionality.



ACCENTUM Plus offers consumers exceptional sound quality in a wireless headphone, with driving bass, sharp definition, and an impressive up to 50-hour battery life.

MOMENTUM Sport is a true wireless earbud optimized for fitness, developed in partnership with Polar. It provides unprecedented biometric feedback – including body temperature and heart rate monitoring – along with superb audio quality. Our partnership with Polar provides access to biosensing capabilities and data analytics for both real-time insights and offline training analysis, and is seamlessly compatible with a broad ecosystem of connected sport devices and health apps.

### A first step into the emerging early-entry hearing care market

Consumers deserve crisp, vibrant sound in all real-world situations, not just when listening to music or watching films. With this in mind, we have launched the Sennheiser All-Day Clear product family of ready-to-wear over-the-counter (OTC) hearing aids, cleared by the US Food and Drug Administration. They bring the Sennheiser tradition of outstanding sound quality to an entirely new market.

Available in two rechargeable designs, All-Day Clear is driven by Sonova technology, featuring intelligent scene detection and universal Bluetooth® connectivity to stream music and phone conversations from the consumers’ phone, tablet, or laptop. All-Day Clear is designed for self-fitting and its performance can be customized via a dedicated phone app. For further peace of mind, consumers can also opt for in-store expert support from a hearing care professional.

All-Day Clear brings consumers earlier to the benefits of Sonova’s expertise and solutions. Market research shows that consumer take-up for OTC hearing aids has not come at the expense of traditional prescription hearing aids, but is in fact expanding the overall market.



Strategy and businesses

# Cochlear Implants business

We bring the power of Sonova innovation to people with the most significant hearing loss.

Sonova's Cochlear Implants business operates under the Advanced Bionics brand, which in 2023 celebrated 30 years at the frontier of hearing care, helping people with severe and profound hearing loss. A cochlear implant treats the most severe forms of hearing loss by bypassing the middle ear and stimulating the hearing nerve directly with an electrical signal. Sounds in the environment are converted into this signal by a sound processor worn behind the ear. This means that, thanks to close R&D cooperation between Advanced Bionics and Phonak, every new Phonak innovation in sound processing, speech enhancement, and connectivity has the potential to be applied to the Advanced Bionics cochlear implant.

We firmly believe that good hearing should be achievable for all people, regardless of the severity of their hearing loss, and that they should be able to control and fine-tune their hearing experience to their own preferences or have it self-adjust automatically. For severe and profound hearing loss, a cochlear implant may be the only technology that can functionally restore hearing; using one should be as straightforward and self-directed as possible.

The worldwide cochlear implant market has significant growth potential, with a large difference between the number of people who could benefit from the technology and those who use it today. Our strategy to bridge that gap is based on accelerating our innovation, maintaining strong focus on enhancing the experience of the people who choose our solutions and the professionals who serve them, connecting with potential candidates for our solutions, achieving commercial excellence through data and technology-supported process improvements, and strengthening the foundations of our business.

We are optimizing our production and distribution footprint to enable growth, improve supply chain security, and reduce costs. This initiative includes expanding our manufacturing capacity in Mexicali, Mexico over the course of the coming years. We continue to apply the Sonova X process improvement mindset and tools in our daily business. As a result, we have seen substantial reduction in cost-of-goods, improved referral rates, and increased selection as provider of choice. We have also achieved best-in-industry implant and external reliability rates, and the improved oversight of our product development cycle has brought increased efficiency and cost savings. This sharp focus on continuous and structural improvement enables us to further improve our profit margin, securing the best returns from ongoing investment into the business.

### The audiology clinic in your pocket

Our powerful Marvel CI technology platform, with Phonak's unique Made For All™ universal Bluetooth® connectivity, continues to open up new avenues for enhanced patient experience: one of the most important is Remote Programming. Receiving a cochlear implant can be life-transforming for people of all ages with severe or profound hearing loss, but adoption of the technology can be restricted by limited access to care. A drive of three hours for a routine audiology appointment is hardly unusual, and the average adult cochlear implant recipient has at least six such appointments in the year after the implant is activated; pediatric patients have even more. Recipients are spending valuable time commuting to the center. Meanwhile, audiologists are spending time in the clinic trying to simulate the recipient's typical home listening conditions in order to adjust the processor.



Our new Remote Support app does not just check on the hardware's status – it actually allows recipients to have full in-depth remote consultations with their audiologist using their smartphone. A video chat function brings the recipient and the audiologist together over a secure connection. At the same time, cloud-based software lets the audiologist remotely and directly adjust the settings of the Marvel CI sound processors and compatible Phonak hearing aid – all in real time, as the recipient and audiologist converse. Advanced Bionics is the first to offer true remote programming: with it, the telehealth concept is becoming a reality for our recipients. In the future, remote assessment, rehabilitation tools, and an array of recipient-controlled apps to monitor and improve performance will offer even greater self sufficiency.

### Shared expertise, shared consumer leads

Sonova is unique in the healthcare industry in that it not only shares technological innovation and market insights among its businesses, but also shares the consumers it addresses. Every person we serve is someone who cares about good hearing, whether it's an audiophile, a person with hearing loss, or a hearing care professional. So when their hearing experience changes, it makes sense to let people know how other parts of the Sonova Group can address that change with appropriate solutions.

For Advanced Bionics, the obvious point of referral is when a person's hearing loss goes beyond what even high-power hearing aids can address. It can be a difficult time for the consumer, because what has been a long-familiar solution now has to give way to something new and unknown. We have therefore set up a national system in the US, the Advanced Bionics Cochlear Implant Network, to work with audiologists to identify users of Phonak hearing aids who have reached the stage of hearing loss where a cochlear implant is the better solution. A similar initiative in Germany, now being extended throughout Europe, has been running for eleven years with great success. As of this year, some 35% of new Advanced Bionics recipients in Germany were referred by audiologists who dispense Phonak hearing aids or by Sonova's own Audiological Care business.



# 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: Continuously improving our Environmental, Social, and Governance (ESG) performance is embedded throughout our business, and we strive to optimize these factors with the same level of dedication as we do our financial objectives. 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, the CEO, and the Group Management Board constantly monitor developments to ensure that our commitments keep pace with expectations.

At Sonova, we uphold a strong foundation of corporate governance that adheres to established 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, 2024. 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, 2024:

	2024	2023	2022
Market capitalization in CHF million	15,569	16,428	24,486
In % of equity	625%	736%	1,007%
Share price in CHF	261.10	268.60	387.60

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, 2024. Companies are only listed if, during the financial year, at least one of the following criteria are met: (i) turnover exceeding 1% of the Sonova Group's turnover; (ii) more than CHF 100 million in assets; (iii) more than 200 full time employees; or (iv) greater than CHF 50 million of equity.

# Shareholders

## Registered shareholders

As of March 31, 2024, the shareholdings of registered shareholders were distributed as follows:

Number of shares	Registered shareholders 31.3.2024	Registered shareholders 31.3.2023
1 – 100	15,594	17,198
101 – 1,000	9,419	9,728
1,001 – 10,000	1,251	1,321
10,001 – 100,000	200	178
100,001 – 1,000,000	26	18
> 1,000,000	4	3
<b>Total registered shareholders</b>	<b>26,494</b>	<b>28,446</b>

## Significant shareholders

According to notifications received from Sonova Holding AG shareholders under the Swiss Financial Market Infrastructure Act, the following shareholders held more than 3% of Sonova Holding AG's registered share capital as of March 31, 2024:

	2024 <sup>1)</sup>	2024 <sup>2)</sup>	2023 <sup>1)</sup>	2023 <sup>2)</sup>
	No. of shares	In %	No. of shares	In %
Beda Diethelm and Annamaria Diethelm-Pandiani <sup>3)</sup>	6,712,878	11.26	6,712,878	10.98
Family of Hans-Ueli Rihs <sup>3), 4)</sup>	3,683,649	6.18	3,683,649	6.02
BlackRock, Inc.	3,334,293	5.10	3,334,293	5.10
MFS Investment Management <sup>5)</sup>	1,847,415	3.02	1,847,415	3.02
UBS Fund Management (Switzerland) AG	1,825,453	3.06	n/a	<3

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

<sup>2)</sup> On the basis of the shares of Sonova Holding AG registered in the commercial register at last reported date which may differ.

<sup>3)</sup> 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.

<sup>4)</sup> Hans-Ulrich Rihs, Gabriela Rihs and Stefan Rihs as a group jointly control 3,683,649 registered shares (corresponding to 6.18% of total Sonova share capital) pursuant to the last disclosure notice. These shares were previously controlled by Hans-Ulrich Rihs as a single shareholder.

<sup>5)</sup> MFS Investment Management, formerly known as Massachusetts Financial Services, is held by Sun Life Financial Inc. which is traded on the TSX, NYSE and PSE (ticker symbol SLF).

For information on shareholders of Sonova Holding AG who have reported shareholdings of over 3% or a reduction of shareholdings below 3% in the 2023/24 financial year, 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 Swiss corporate law reform which became effective January 1, 2023, triggered several mandatory and voluntary amendments to the [Articles of Association](#) which have been discussed, put to a vote, and resolved by the shareholders at the 2023 AGM. Details on such amendments are available [here](#).

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

## Capital structure

### Share capital

As of March 31, 2024, the ordinary share capital of Sonova Holding AG was CHF 2,981,340.45 fully paid up and divided into 59,626,809 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 entitles to one vote at the Annual General Shareholders' Meeting. All shares have equal dividend rights. As of March 31, 2024, the company held 13,587 treasury shares (1,566,263 in the previous year).

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

### Conditional share capital and capital range

#### Conditional share capital

The conditional share capital may be increased by a maximum amount of CHF 266,106.65 by issuing 5,322,133 registered shares with a par value of CHF 0.05 per share which equates to 8.92% of the existing share capital. Out of this conditional share capital an amount of 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, under exclusion of the subscription rights of shareholders. In addition, an amount of 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. The subscription rights of shareholders are excluded. The advance subscription rights of shareholders may be excluded if such bonds are issued 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](#).

#### Capital range

Sonova Holding AG has a capital range of 10% of the share capital from CHF 2,683,206.45 (lower limit) to CHF 3,279,474.45 (upper limit). The Board of Directors shall be authorized within the capital range to increase (by issuing up to 5,962,680 registered shares, each with a nominal value of CHF 0.05) or to reduce the share capital (by cancelling up to 5,962,680 registered shares, each with a nominal value of CHF 0.05) once or several times in amounts or to acquire or dispose of shares directly or indirectly at any time until June 12, 2028 or until an earlier expiry of the capital range. The capital increase or decrease may also be effectuated by increasing or reducing the nominal value of the existing registered shares. In certain events, as defined in Art. 5 of the [Articles of Association](#), the Board of Directors is authorized to exclude or restrict the subscription rights of existing shareholders and allocate such rights to third parties, the company, or any of its group companies.

The Board of Directors did not make use of this authorization in the 2023/24 financial year.

More information on the capital range can be found in Art. 5 of the [Articles of Association](#).

### Limitations on exercising the conditional share capital and/or the capital range

If the conditional capital and/or the capital range is exercised and subscription or advance subscription rights are excluded or restricted, the total of the capital increase shall not exceed an amount of CHF 298,134 by issuing 5,962,680 registered shares, which correspond to 9.99% of the currently issued share capital.

More information on the limitations of exercising the conditional share capital and/or the capital range can be found in Art. 6 of the [Articles of Association](#).

### Options

In the 2023/24 financial year, a total of 118,673 options and Stock Appreciation Rights (SARs) were granted as part of the Sonova Executive Equity Award Plan (EEAP). In the 2022/23 financial year, the number of options and SARs granted totaled 138,302. As of March 31, 2024, there were 904,085 options, performance options and SARs outstanding (compared with 960,106 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, 2024 and the preceding three financial years, the share capital of Sonova Holding AG comprised the following (CHF amounts in this schedule are rounded up to whole numbers):

	2024	2023	2022	2021
Ordinary capital (in CHF)	2,981,340 <sup>1)</sup>	3,057,986 <sup>3)</sup>	3,158,608 <sup>5)</sup>	3,219,907 <sup>7)</sup>
Total shares	59,626,809	61,159,719	63,172,157	64,398,137
Difference in ordinary capital compared to the prior financial year (in CHF)	(76,645)	(100,622)	(61,299)	n.a.
Capital range (in CHF)				
lower limit	2,683,206			
upper limit	3,279,474	n.a.	n.a.	n.a.
equals cancellation / issuing of up to shares	5,962,680	n.a.	n.a.	n.a.
Authorized share capital (in CHF)	n.a. <sup>2)</sup>	305,799 <sup>4)</sup>	321,991 <sup>6)</sup>	321,991 <sup>6)</sup>
Authorized shares	n.a. <sup>2)</sup>	6,115,971 <sup>4)</sup>	6,439,813 <sup>6)</sup>	6,439,813 <sup>6)</sup>
Conditional capital (in CHF)	266,108	266,108	266,108	266,108
equals issuing of up to shares	5,322,133	5,322,133	5,322,133	5,322,133

<sup>1)</sup> The 2023 AGM approved a reduction of the share capital by CHF 76,645.50 through the cancellation of 1,532,910 registered shares. This capital reduction was the result of the share buyback program of 2022-2025, announced on April 14, 2022, under which the company repurchased 1,532,910 registered shares between April 19, 2022, and March 31, 2023.

<sup>2)</sup> The introduction of the capital range was resolved by the 2023 AGM and replaced the authorized capital (for details see the section capital range above).

<sup>3)</sup> The 2022 AGM approved a reduction of the share capital by CHF 100,621.90 through the cancellation of 2,012,438 registered shares. This capital reduction was the result of the share buyback program announced on May 18, 2021, under which the company repurchased 2,012,438 registered shares between June 4, 2021, and March 28, 2022.

<sup>4)</sup> The 2022 AGM approved the creation of authorized capital of CHF 305,798.55 allowing for the issuance of up to 6,115,971 registered shares until June 15, 2024.

<sup>5)</sup> The 2021 AGM approved a reduction of the share capital by CHF 61,299.00 through the cancellation of 1,225,980 registered shares. This capital reduction was the result of the share buyback program announced on August 31, 2018, under which the company repurchased a total of 1,843,090 registered shares between April 1, 2019, and March 31, 2021.

<sup>6)</sup> The 2020 AGM approved the creation of authorized capital of CHF 321,990.65 allowing for the issuance of up to 6,439,813 registered shares until June 11, 2022.

<sup>7)</sup> The 2019 AGM approved a reduction of the share capital by CHF 46,637.50 through the cancellation of 932,750 registered shares. This capital reduction was the result of the share buyback announced on August 31, 2018, under which the company repurchased 932,750 registered shares between April 1, 2018, and March 31, 2019.

## Share buyback program 2022 – 2025

On April 14, 2022, Sonova announced a share buyback program for the purpose of a capital reduction that started on April 19, 2022. The program allows to buy back shares worth up to CHF 1.5 billion and is scheduled to end on April 18, 2025 (details 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](#).

### 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](#)).

### 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 or relaxation of the provisions for restricting the transferability of shares (Art. 15 para. 5 of the [Articles of Association](#)).



# 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 Section 15 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, have not served as lead auditor of external auditor during the last two 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 (see the relevant chapters in the [Compensation Report](#) for more information).

## Executive management positions

No member of the Board of Directors holds an executive management position with Sonova Holding AG or any of its subsidiaries and has not done so in the past three years.

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

In the 2023/24 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 mandates in listed companies and no more than five mandates in other companies and organizations. Mandates shall mean mandates in comparable functions at other enterprises as well as in (trading) associations, organizations, foundations and similar legal entities with an economic purpose.

The following mandates are not subject to these limitations:

- Mandates in companies which are controlled by Sonova or in companies which control Sonova; and
- Mandates held at the request of Sonova or companies controlled by Sonova, whereby no member of the Board of Directors may hold more than ten such mandates.

For further details please see Art. 30 of the [Articles of Association](#), and the [Compensation Report](#) for outside mandates to be disclosed under the Swiss Code of Obligations.

## Board of Directors competence and evaluation

The Nomination and Compensation Committee and the Board of Directors evaluate current and prospective members 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.

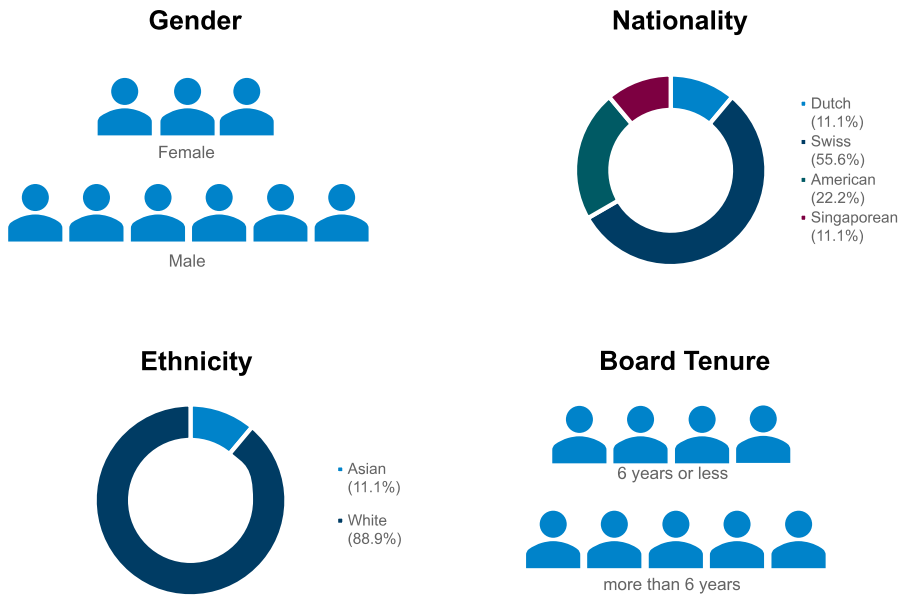
The Board of Directors also conducts an annual self-assessment to:

- Ensure and enhance its comprehensive understanding of the business and the company;
- Evaluate the work of the Board of Directors, its committees, the individual members of the Board of Directors 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, 2024, the composition of the Board of Directors is as follows:



	Robert F. Sperry	Stacy Enxing Seng	Gregory Behar	Lynn Dorsey Bleil	Lukas Braunschweiler	Roland Diggelmann	Julie Tay	Ronald van der Vis	Adrian Widmer
Age	68	59	54	60	67	56	57	56	55
Tenure (years)	21	10	3	8	6	3	2	15	4
<b>Gender</b>									
Female		x		x			x		
Male	x		x		x	x		x	x
<b>Race/Ethnicity</b>									
White	x	x	x	x	x	x		x	x
Non-White							x		
<b>Committee Member</b>									
Audit				x				x	x
Nomination & Compensation		x			x	x	x		
Independent	x	x	x	x	x	x	x	x	x

## 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 five and a maximum of ten 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](#)).

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. 6 of the [Organizational Regulations](#).

### 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 member of the Board of Directors ends after completion of the next Annual General Shareholders' Meeting. As a consequence, each such member will have to be re-elected annually at the Annual General Shareholders' Meeting. All members of the Board of Directors were re-elected by the 2023 Annual General Shareholders' Meeting. Jinlong Wang (first elected 2013) decided not to stand for re-election at the 2023 AGM; further details on him can be found in last year's annual report, available [here](#).

Name	Position	First elected
Robert F. Spoerry	Chair	2003
Stacy Enxing Seng	Vice Chair	2014
Gregory Behar	Member	2021
Lynn Dorsey Bleil	Member	2016
Lukas Braunschweiler	Member	2018
Roland Diggelmann	Member	2021
Julie Tay	Member	2022
Ronald van der Vis	Member	2009
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

#### Listed companies:

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

#### Other mandates:

- n.a.

## 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 2021 AGM.

She previously served as President of Covidien's Vascular Therapies division. Stacy Enxing Seng joined Covidien as president of its vascular therapies division 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 an MBA from Harvard University and has a Bachelor of Arts in Public Policy from Michigan State University.



### Outside mandates

#### Listed companies:

- Member of the Board of Directors of LivaNova Inc.

#### Other mandates:

- Chair of the Board of Directors of Cala Health
- Executive Chair of the Board of Directors of Contego Inc.
- Member of the Board of Directors of Corza Inc.
- Member of the Board of Directors of Imperative Care
- Operating Partner of Lightstone Ventures

## Gregory Behar

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

Since January 2024 he is the CEO of Recipharm AB, a leading Contract Development and Manufacturing Organization (CDMO) in the pharmaceutical industry. From 2014 until December 31, 2023, he served as CEO of Nestlé Health Science, a global leader in the science of nutrition, and became a member of the Nestlé Executive Board in 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.

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

Gregory 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

#### Listed companies:

- n.a.

#### Other mandates:

- CEO of Recipharm AB
- Member of the Board of Directors of Amazentis SA
- Member of the Board of Directors of New Biologix (mandate held at the direction of Recipharm AB as part of his role as its CEO and thus, shall not be considered as an additional outside mandate)

## Lynn Dorsey Bleil

(born 1963, US citizen) has been a non-executive member of the Board of Directors since 2016 and serves as a member of 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

#### Listed companies:

- 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.

#### Other mandates:

- Chair of the Intermountain Healthcare Wasatch Back Hospitals Community Board (a non-profit organization)



## 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 of the Nomination and Compensation Committee.

Before joining the company, Lukas Braunschweiler was CEO of the Swiss technology group RUAG from 2009 until 2011. 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

#### Listed companies:

- Chair of the Board of Directors of Tecan Group AG

#### Other mandates:

- n.a.



## Roland Diggelmann

(born 1967, Swiss citizen) has been a non-executive member of the Board of Directors since 2021 and serves as a member and Chair 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 2012 he was managing director for the Asia/Pacific region and from 2012 until 2018 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 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

#### Listed companies:

- Member of the Board of Directors of Mettler Toledo International Inc.

#### Other mandates:

- Member of the Board of Directors Berlin Heals AG
- Member of the Board of Directors of HeartForce AG
- Member of the Board of Directors Navignostics AG
- Member of the Board of Directors Osler Diagnostics Ltd.



## Julie Tay

(born 1966, Singapore citizen) has been a non-executive member of the Board of Directors since 2022 and serves as a member on the Nomination and Compensation Committee.

She served as Senior Vice President and Managing Director, Asia Pacific in Align Technology Inc from 2013 to 2022. She was also a member of the global Executive Management Committee. Align Technology is a leading global medical device company that designs, manufactures, and sells the Invisalign system of clear aligners, iTero intraoral scanners, and exocad CAD/CAM software for digital orthodontics and restorative dentistry.

Before that she held various management positions at Bayer Healthcare, JohnsonDiversey, and Johnson & Johnson Medical. With her broad executive experience in the medical device industry and her executive experience, Julie Tay brings valuable insight to the Board of Directors.

Julie Tay holds a BA from the National University of Singapore and an MBA in International Marketing from the Curtin University of Technology in Australia.



### Outside mandates

#### Listed companies:

- Member of the Board of Directors of EBOS Group Ltd.

#### Other mandates:

- n.a.

## Ronald van der Vis

(born 1967, Dutch citizen) has been a non-executive member of the Board of Directors since 2009 and serves as a member of the Audit Committee, which he chaired from 2019 to 2021.

Ronald van der Vis served as 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

#### Listed companies:

- n.a.

#### Other mandates:

- Operating Partner, Co-Investor and Industry Advisor
- Chair of the Supervisory Board of European Dental Group
- 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

## 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 and lead 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

#### Listed companies:

- Group CFO of Sika AG

#### Other mandates:

- n.a.

## 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 duties of the Chair are set out in Art. 16 of the [Organizational Regulations](#) and the duties of the Vice-Chair are set out in Art. 18 of the [Organizational Regulations](#).

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.

### 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](#), 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 Director's 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), Gregory Behar, 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 four 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 Roland Diggelmann (Chair), Lukas Braunschweiler, Stacy Enxing Seng, and Julie Tay.

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 four times per year. During the reporting period, the committee met four times and held two additional conference calls on relevant subject matters. 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 meetings and one additional conference call on relevant subject matters. The table below shows the individual members' attendance at Board of Directors and committee meetings, as well as the average length of the meetings:

	BoD meet- ings <sup>1)</sup>	BoD add. calls <sup>2)</sup>	AC meet- ings	NCC meet- ings <sup>3)</sup>	NCC add. calls <sup>4)</sup>
No. of meetings in 2023/24	5	1	4	4	2
Robert F. Spoerry	5	1	4 <sup>5)</sup>	4 <sup>5)</sup>	2 <sup>5)</sup>
Stacy Enxing Seng	5	1		4	2
Gregory Behar	5	1	3 <sup>6)</sup>		
Lynn Dorsey Bleil	5	1	4		
Lukas Braunschweiler	5	1		4	2
Roland Diggelmann	5	1	4	4	2
Julie Tay	5	1		4 <sup>7)</sup>	1 <sup>8)</sup>
Ronald van der Vis	5	1	4		
Jinlong Wang <sup>9)</sup>	2				
Adrian Widmer	5	1	4		
Average meeting length	7 h	1 h	3 h	2 h	1 h

<sup>1)</sup> Regular Board of Directors meetings in person.

<sup>2)</sup> Additional calls of the Board of Directors.

<sup>3)</sup> Regular Nomination and Compensation Committee meetings in person.

<sup>4)</sup> Additional calls of the Nomination and Compensation Committee.

<sup>5)</sup> As guest.

<sup>6)</sup> From 2023 AGM.

<sup>7)</sup> Participated one meeting as a guest and after being elected at the 2023 AGM as a Member of the NCC.

<sup>8)</sup> Participated only one call because of being elected at the 2023 AGM as a Member of the NCC.

<sup>9)</sup> Did not stand for re-election at the 2023 AGM and thus did not participate in any such meeting thereafter.

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 2023/24 financial 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. If necessary, the Board of Directors also consults with other internal experts (such as the Group General Counsel) or external advisors.

All four meetings 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 of the Audit Committee. Representatives of the auditors have been invited to two out of four of these meetings.

All four meetings of the Nomination and Compensation Committee were attended by the Chair as a 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](#).

## 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 of Directors' meeting, the Management Board informs the Board of Directors on 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 containing 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 the members of the Board 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, cyber, 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. 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 and 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, and the Corporate Sustainability 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 and inclusion (D&I), talent and engagement, sustainable 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.

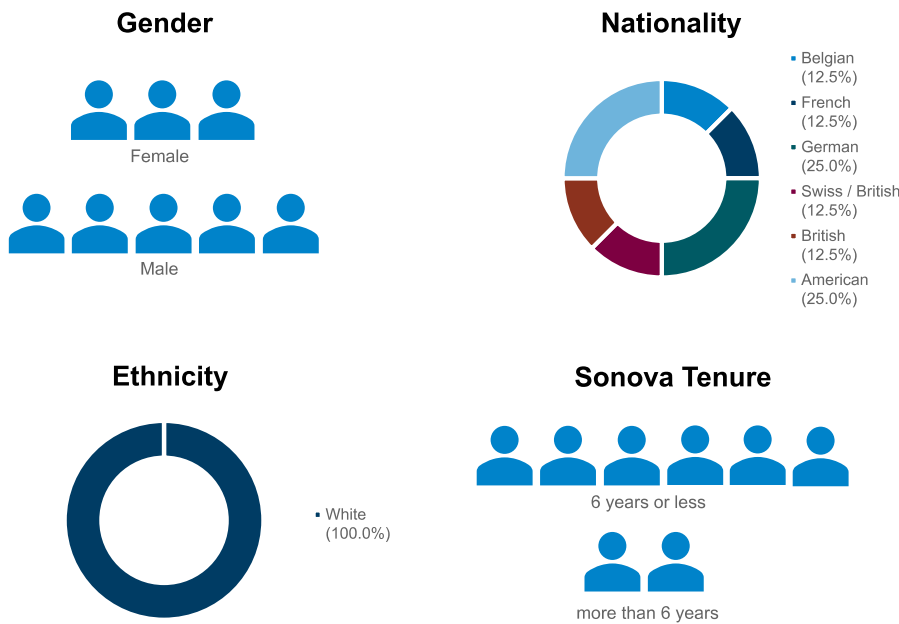
# Management Board

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, 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, 2024, the composition of the Management Board is as follows:



**Arnd Kaldowski**  
Chief Executive Officer

(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, as Group Executive of the Diagnostics Platform and President Beckman Coulter Diagnostics from 2013 until 2017. 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 during 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.



**Outside mandates**

**Listed companies:**

- n.a.

**Other mandates:**

- President of European Hearing Instrument Manufacturers Association (EHIMA) (mandate held at the direction of Sonova as part of his role as its CEO and thus, shall not be considered as an additional outside mandate)

**Birgit Conix**  
Chief Financial Officer

(born 1965, Belgian citizen) joined the Sonova Group in May 2021 and assumed the CFO position mid-June of the same year.

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 from 2013 until 2018. 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 the Booth School of Business, University of Chicago, USA and a Master of Science in Business Economics from the University of Tilburg, Netherlands.



**Outside mandates**

**Listed companies:**

- Member of the Supervisory Board of ASML Holding N.V.

**Other mandates:**

- n.a.

## Ludger Althoff

### Group Vice President Operations

(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 Sonova, he was Senior VP Quality and Operations at ABB Power Grids from 2016 until 2018 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 from 2001 until 2016, 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.



#### Outside mandates

##### Listed companies:

- n.a.

##### Other mandates:

- Member of the Advisory Board of QuestW

## Victoria E. Carr-Brendel

### Group Vice President Cochlear Implants and President of Advanced Bionics

(born 1964, US citizen) was appointed Group Vice President Cochlear Implants and President of Advanced Bionics as of 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 from 2004 until 2015 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 E. Carr-Brendel holds a Ph.D. in microbiology and immunology from University of Illinois at Chicago.

As further described in the shareholder letter, Alistair Simpson will succeed Victoria Carr-Brendel as Group Vice President Cochlear Implants as of July 2024.



#### Outside mandates

##### Listed companies:

- Member of the Board of Directors of Vicarious Surgical Inc.

##### Other mandates:

- Member of the Medical Device Manufacturers Association (MDMA)

## Christophe Fond

### Group Vice President Audiological Care

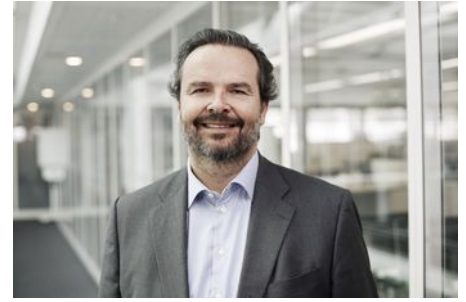
(born 1966, French citizen) joined the Sonova Group in February 2017 as Group Vice President Audiological Care.

Before joining Sonova, he held the role of President Latin America and was a member of the Executive Board at GrandVision, a global leader in optical retailing from 2008 until 2016. 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.

As further described in the shareholder letter, Oliver Lux will succeed Christophe Fond as Group Vice President Audiological Care as of June 2024.



#### Outside mandates

##### Listed companies:

- n.a.

##### Other mandates:

- n.a.

## Martin Grieder

### Group Vice President Consumer Hearing

Martin Grieder (born 1965, Swiss and British citizen) joined Sonova as Group Vice President Phonak in August 2014. Between September 2016 and March 2022, he was Group Vice President Hearing Instruments Marketing. In April 2022, he was appointed Group Vice President Consumer Hearing.

He joined Sonova from Nestlé, where he was Vice President and Global Head of Nestlé BabyNes from 2009 until 2014. 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 Sciences and Arts (FHNW) in Basel.

As further described in the shareholder letter, Lilika Beck will succeed Martin Grieder as Group Vice President Consumer Hearing, after he passed away in a tragic accident at the beginning of April 2024.



#### Outside mandates

##### Listed companies:

- n.a.

##### Other mandates:

- n.a.

## Katya Kruglova

### Group Vice President Human Resources & Communications

(born 1971, British citizen) joined the Sonova Group in March 2023 and was appointed Group Vice President Human Resources & Communications in May 2023.

She has more than 25 years of global HR experience in large-scale organizations and various industries, including medical devices, life sciences and financial services. She joined Sonova Group from GE Healthcare, a global medical technology company, where she led a global HR team located in more than 30 countries as VP Human Resources from 2017 until 2023. She also played a key role in the spin-off of GE Healthcare into a publicly listed company in 2022. Prior to that, from 1998 until 2017, Katya Kruglova held HR positions with growing responsibilities in various General Electric entities, including GE Healthcare Life Sciences and GE Capital.

Katya Kruglova has a Master's degree in English/Spanish Linguistics and Psychology from the State Linguistic University in Moscow, Russia.

Katya Kruglova succeeded Claudio Bartesaghi; further details on him can be found in the last year's annual report, which is available [here](#).



#### Outside mandates

##### Listed companies:

- n.a.

##### Other mandates:

- n.a.

## Robert Woolley

### Group Vice President Hearing Instruments

(born 1976, US citizen) joined the Sonova Group in January 2022 and was appointed Group Vice President Hearing Instruments in April 2022.

He previously held the position of Executive Vice President for North America from September 2019 until December 2020 and became Executive Vice President Western Europe in January 2021. Prior to Straumann, Robert worked for Stryker as the Global Vice President and General Manager of Stryker ENT. He has longstanding experience in leadership roles in the medical device and healthcare sector, both in the USA and Switzerland, among others at Stryker, Trivascular and Medtronic. Robert has a broad range of functional experiences including roles with increasing responsibility in general management, sales and marketing, product portfolio management and business development.

Robert Woolley is an engineer by training with a BSc in Mechanical Engineering from Brigham Young University and holds an MBA from Harvard Business School.



#### Outside mandates

##### Listed companies:

- n.a.

##### Other mandates:

- n.a.



## 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

No member of the Management Board may hold more than one mandate in a listed company and no more than three mandates in other companies and organizations. Each of these mandates shall be subject to approval by the Board of Directors. Mandates shall mean mandates in comparable functions at other enterprises as well as in (trading) associations, organizations, foundations and similar legal entities with an economic purpose.

The following mandates are not subject to these limitations:

- Mandates in companies which are controlled by Sonova or in companies which control Sonova; and
- Mandates held at the request of Sonova or companies controlled by Sonova, whereby no member of the Management Board may hold more than ten such mandates.

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

## 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](#)). Linked parties are considered as one person. This voting rights restriction does not apply to purchasers or usufructuaries if the seller of the shares or the ordering party of the usufruct was already a shareholder at the time when the above provision was introduced. 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](#), shareholders entered in the share register with voting rights may have their shares represented by a person with written authorization from them 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.

## Independent Proxy and electronic voting

Anwaltskanzlei Keller AG, Zurich, was elected as the Independent Proxy by the 2023 AGM for the period until completion of the 2024 AGM.

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

The Board of Directors determines the venue of the General Shareholders' Meeting. In case the Board of Directors may determine to hold a virtual or hybrid General Shareholders' Meeting, shareholders who are not present in person may exercise their rights by electronic means (Art. 12a para. 2 of the [Articles of Association](#)).

## 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, except as otherwise provided by law or the Articles of Association.

## 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 5% of the share capital or votes, may issue a written demand to the Board of Directors to convene an Extraordinary General Shareholders' Meeting, indicating the matters to be discussed and the corresponding proposals, and, in case of elections, the names of the nominated candidates (Art. 11 of the [Articles of Association](#)).

## Inclusion of items on the agenda

According to Art. 12 para. 3 of the [Articles of Association](#), shareholders with voting rights who represent at least 0.5% of the share capital or the votes may demand that an item be included on the agenda with a statement of the motions or that a motion relating to an agenda item be included in the invitation convening the General Shareholders' Meeting. 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 Annual General Shareholders' Meeting, which is scheduled to be held on June 11, 2024. Admission cards and voting forms are sent to shareholders during this period. The shares can be traded at any time and are not blocked. Detailed information on the invitation to the 2024 AGM is available [here](#).

# 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.

## 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. The EEAP is described in more detail in the Compensation Report and in [Note 7.4](#) to the consolidated financial statements.

# Auditors

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

At the Annual General Meeting on June 12, 2023 Ernst & Young AG, Zürich, was re-elected as auditor for Sonova Holding AG and the Sonova Group for the 2023/24 financial year. Ernst & Young AG, Zürich, was first elected at the Annual General Shareholders' Meeting on June 11, 2020. Martin Mattes has served as lead auditor for the auditing mandate since then.

## Fees

The auditors charged the following fees during the 2023/24 and the 2022/23 financial year:

1,000 CHF	Ernst & Young 2023/24	Ernst & Young 2022/23
Audit services	2,968	2,644
Audit-related services	259	232
Tax services	0	17
Other non-audit services	187	1,511
<b>Total</b>	<b>3,414</b>	<b>4,404</b>

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.

Other non-audit services in the financial year 2022/23 mainly consisted of development services rendered by Digital Detox Ventures Limited, a third party company unrelated to Sonova. Due to the acquisition of the said company by an Ernst & Young affiliate, Sonova had to disclose all fees paid subsequent to the effective date of the acquisition (August 1, 2022). This led to a significant increase in the disclosed fees for non-audit services in the 2022/23 financial year. In order to continue to ensure Ernst & Young' AG's independence as auditors while at the same time trying to minimize the impact on the timeline of Sonova's project, Sonova swiftly initiated the mutual termination of the development agreement with effect still during the 2022/23 financial year and avoided any spillover to the 2023/24 financial year.

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 the 2023/24 financial year, the external auditors attended three out of four Audit Committee meetings physically or by telephone conference. 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 Annual General Shareholders' Meeting 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.

The official means of publication of Sonova Holding AG is the Swiss Official Gazette of Commerce.

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 black-out 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 black-out periods begin one month prior to the end of any half year or full year reporting period of Sonova and end 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 black-out 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 a 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

At Sonova, employees help people to hear the world, and with it improving their lives. 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. Therefore, we team up. We grow talent. We bring together people of diverse backgrounds to win with the best team in the marketplace. We 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 2023 Annual General Shareholder Meeting (AGM). At year-end 2022, the Ordinance Against Excessive Remuneration in Listed Corporations (VegüV) was transposed into the revised Swiss Code of Obligations (OR). This report complies with the requirements laid out in the OR, 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 the Swiss national federation *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,

I am pleased to share with you Sonova's 2023/24 compensation report.

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 AGM.

## Transparency and clarity of disclosures

Our compensation system is aligned with the company strategy. It reflects and is tied to the business results and to the interests of our shareholders. We strive for transparency and for the clarity of our disclosures. We continue to enhance the information provided on compensation and its alignment with short and long term business results and we have further expanded our ESG target disclosures.

You will find additional graphical information enhancing the clarity in target setting and remuneration on short and long-term targets. We have also reviewed and adjusted our peer group for better comparison and transparency of our relative Total Shareholder Return (rTSR).

To support the strategy implementation the NCC put special emphasis on talent, compensation and sustainable business practices. The search and development of talent are key in an innovation and audiological care based company like Sonova. The attraction and retention of talent and specialized professionals globally are an integral part of our strategy. We invest time and resources in the development of our employees across our businesses and locations. We continue to expand the eligibility of our key talent to participate in the EEAP program. To strengthen the corporate sustainability and sustainable business approach, relevant environmental, social and governance (ESG) targets are reflected in the Variable Cash Compensation (VCC) of the Management Board. These ESG targets are aligned with our ESG strategy and described in our corporate sustainability described in our [ESG Report](#) and aligned with our ESG strategy IntACT, which focuses on four key areas: serving society, advancing our people, acting with integrity and protecting the planet.

At Sonova we are convinced that a balanced gender representation on the Board of Directors and in the Management Board leads to the best results and is in the best interest of the Group and its shareholders. In fiscal year 2023/24 we have 33.3% women on the Board of Directors and 37.5% on the Management Board. Furthermore, in our endeavor for diversity, equality and inclusion our gender distribution across the Sonova Group is of 28.3% women in senior management positions (vs 22% in 2022/23) and 39.9% in middle management position (vs 36.4% in 2022/23). As part of its responsibilities the Board of Directors continues to focus on succession planning, ensuring a balanced, diverse and competent board composition. The criteria used are the breadth and depth of competencies and the business and managerial experience required to govern the company's business and the implementation of the strategies.

**Board of Directors**

In line with a consistent succession planning, Sonova announced in November 2023 that it will nominate Gilbert Achermann for election as a new independent Board member at the 2024 AGM. The Board of Directors further announced that it intends to nominate Gilbert Achermann to succeed the current Chair, Robert Spoerry, at the AGM 2025.

**Management Board**

Katya Kruglova joined Sonova as GVP Human Resources & Communications in May 2023.

**2024 AGM**

The total compensation awarded to the members of the Board of Directors for the actual term in office is well within the limit approved at the 2023 AGM. The compensation awarded to the members of the Management Board for the reporting year is also well within the limit approved at the 2022 AGM. At the 2024 AGM, you will have the opportunity to express your opinion on our compensation principles and system by way of a consultative vote on the compensation report. We will also ask for your approval on the maximum aggregate compensation amounts for the Board of Directors for the next term of office, which ends at the 2025 AGM, and for the Management Board for the 2025/26 financial year.

On behalf of the Board of Directors, I would like to thank you for your continued support. We trust you find this report informative and we remain confident that our compensation system rewards performance in a balanced, sustainable and transparent way that aligns well with our shareholders' interests.

Yours sincerely,



**Roland Diggelmann**  
Chair of the NCC

## 2. At a glance

### Board of Directors compensation

The expected compensation paid for the period from the 2023 AGM until the 2024 AGM of CHF 3,094,000 is within the amount of CHF 3,230,000 approved by shareholders.

The effective compensation paid for the period from the 2022 AGM until the 2023 AGM of CHF 3,320,000 is within the amount of CHF 3,450,000 approved by the shareholders.

Annual retainer	Cash (CHF)	Shares (CHF)
Board chair	430,000	370,000
Board member	100,000	160,000
Additional fees	Chair (CHF)	Member (CHF)
Vice-chair	15,000	n.a.
AC/NCC	40,000	20,000

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.

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.

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

Total compensation	Approved	Effective
in CHF 1,000		
2023 AGM–2024 AGM	3,230	3,100 <sup>1)</sup>
2022 AGM–2023 AGM	3,450	3,320

<sup>1)</sup> this compensation period is not completed yet, estimated amount

Members of the Board of Directors are subject to minimum share ownership requirements of CHF 200,000.

### Management Board compensation

The compensation awarded for the 2023/24 financial year of CHF 12,500,000 is within the amount of CHF 16,000,000 approved by the shareholders.

### Approved versus effective total compensation for the members of the Management Board

Management Board	Fixed salary	Short-term cash incentive (VCC)	Long-term equity incentive (EEAP)
CEO	900,000	89% of fixed salary (at target)	238% of fixed salary (at target)
MB members	482,000 on average	up to 50% of fixed salary (at target)	up to 178% of fixed salary (at target)

The compensation of the Management Board consists of fixed and variable performance-based compensation and is based on the following principles:

- Pay for performance
- Alignment with shareholder interests
- Market competitiveness
- Alignment with company's values

Total compensation	Approved	Effective
in CHF 1,000		
2023/24 financial year	16,000	12,500
2022/23 financial year	15,800	11,300

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.

The STI payout amounts to 73.4% for the CEO and 66.0% for the other members of the Management Board on average.

The LTI vesting level amounts to:

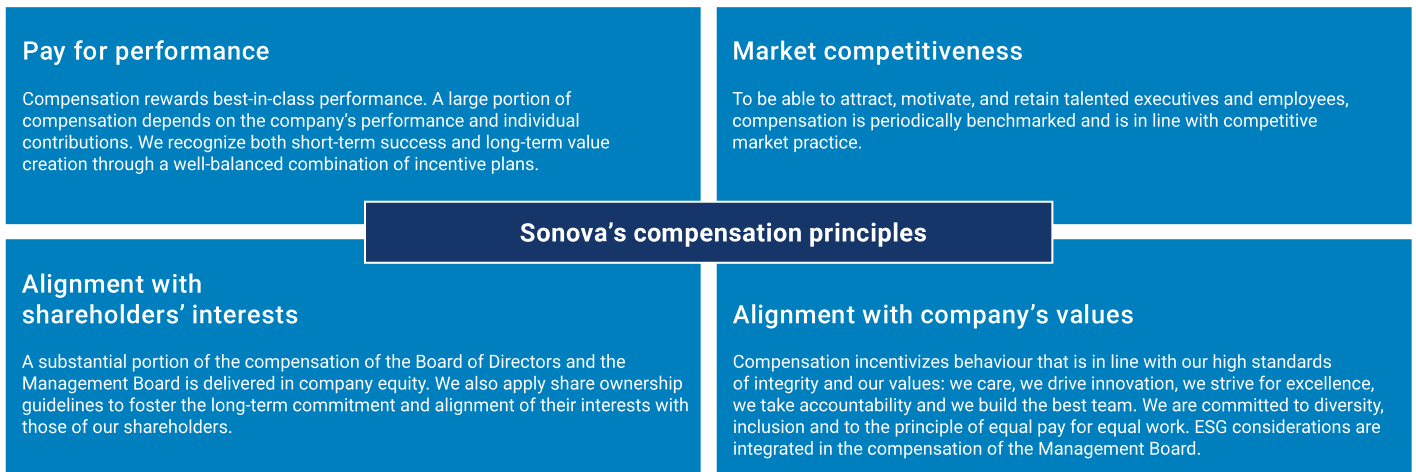
- 100% for the options awarded in 2020, 2021 and 2023 and 58.2% for the options awarded in 2022
- 115.4% for the PSUs

### Governance

- Authority for decisions related to the compensation of the Board of Directors and the Management Board is governed by the Articles of Association.
- 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.
- The compensation report is subject to a consultative shareholder vote at the AGM.

# 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:



We are committed to the principle of equal pay for equal work and are taking all necessary steps in our job evaluation and leveling 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 an equally valued role and take corrective actions if necessary.

The compensation of the Board of Directors consists of fixed compensation only, paid partly in cash and partly in 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 and a long-term equity incentive. 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 apply 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 fulfillment of its duties and responsibilities in the areas of compensation and in 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
- Periodical review of the employment terms and policies

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 Roland Diggelmann (Chair of the NCC), Lukas Braunschweiler, Stacy Enxing Seng, and Julie Tay.

The NCC meets as often as business requires but at least four times per year. In the 2023/24 financial year, it held four meetings covering, among others, the following pre-defined recurring agenda items:

Item	May	September	November	January	March
	Beginning of the financial year				End of the financial year
<b>Compensation policy &amp; process</b>			– Preview of group wide salary review for the following financial year	– Reconfirmation of group wide salary review for the following financial year – Reconfirmation of group wide EEAP grant size – Equity valuation for EEAP (options and PSU) – Approval of group wide EEAP grant size – Approval of EEAP plan regulations	
<b>Management Board (MB) &amp; Board of Directors (BoD) matters</b>	– Approval of payout of VCC for the previous financial year and vesting of EEAP for the previous EEAP cycle		– Preview of target compensation review for the following financial year (incl. EEAP grant)	– Review of target compensation for the following financial year (incl. EEAP grant) – Setting of EEAP performance targets for the next EEAP cycle – Approval of VCC performance scheme for following financial year	
<b>Governance</b>	– Approval of corporate governance and compensation report as well as compensation part of the AGM invitation – Proposal of maximum aggregate amount of compensation of MB and BoD to be submitted to AGM vote – Share ownership status review of the MB and BoD Review and approval of NCC charter	– Review of proxy advisor/ shareholder feedback on compensation report – Board evaluation	– Review of proxy advisor/ shareholder feedback on compensation report	– Approval of enhanced disclosure items for Compensation Report 2023/24	– Review of draft compensation report
<b>Nomination</b>		– Succession planning for the BoD		– Succession planning for the BoD	

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 NCC meetings. 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 the 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. The minutes of the NCC meetings are available to the Board of Directors.

**External advisors**

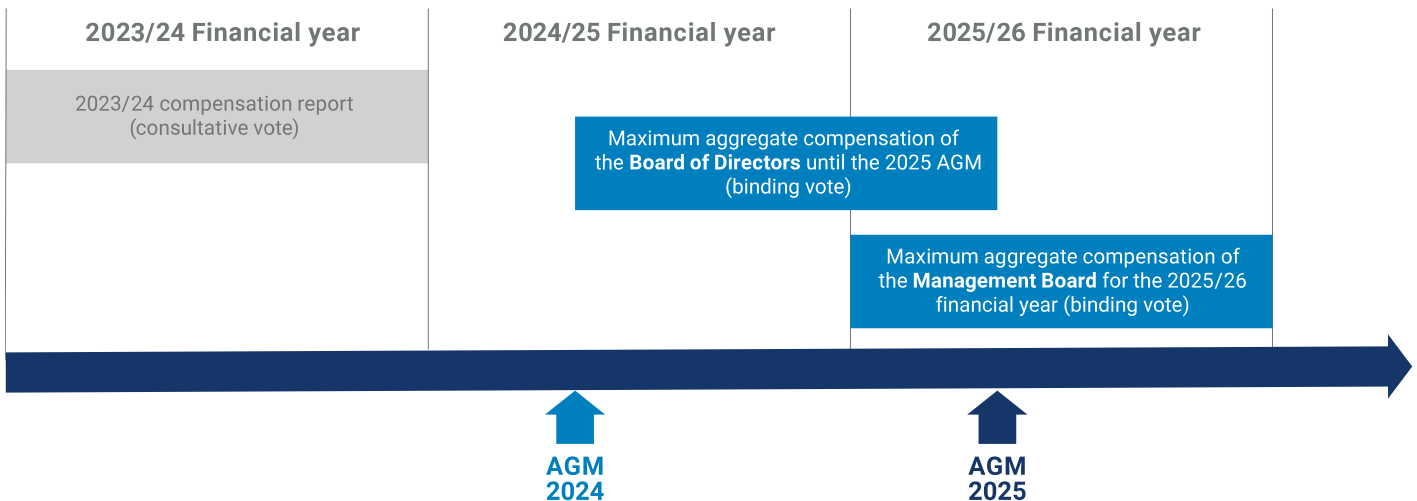
The NCC may decide to consult external advisors for specific compensation matters. In the 2023/24 reporting year, Aon was tasked with the performance share unit (PSU) valuation and performance measurement under the EEAP; Algofin performed the option valuation. Support and expertise are also provided by internal compensation experts such as the GVP HRM & Communication and the VP Total Rewards. 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. In 2021/22 introducing the “At a Glance” section, 2022/23, more detail related to the VCC payout % were disclosed and in this report more information on benchmarking and rTSR companies used for the achievement calculation.



**Matters to be voted on at the 2024 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 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 for 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 and approved by the 2014 AGM, and amended and approved to be compliant with the revised OR by the 2023 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 conducted in 2021/22 for the Management Board were based on two peer groups: a peer group of Swiss listed companies and a peer group of international companies that are active in similar fields of activity.

#### Swiss Listed Companies

Barry Callebaut, Bucher, Dormakaba, EMS Chemie, Geberit, Georg Fischer, Givaudan, Lindt, Mettler Toledo, OC Oerlikon, Schindler, SGS, SIG Combibloc, Sika, Straumann, Sulzer, Swatch, Tecan, VAT Group

#### International companies

Alcon, Amplifon, Cochlear, Coloplast, Dentsply Sirona, Fielmann, Fresenius Medical Care, GN Store Nord, GrandVision, Hill-Rom Holdings, Hologic, Smith & Nephew, William Demant, Zeiss Meditec

A thorough benchmarking review was conducted in 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. A new benchmarking review will be conducted in the course of the 2024/25 reporting year.

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 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, ESG 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	X	
Benefits <sup>2)</sup>	X	
Expense allowance <sup>3)</sup>	X	
Cash car allowance <sup>3) 4)</sup>	X	
Cash retainer (fixed fee)		X
Restricted shares		X
Committee fee <sup>5)</sup>		X
<b>Pension benefits</b>		
	X	
<b>Variable compensation components (performance related)</b>		
<b>Short-term cash incentive award</b>		
VCC	X	
<b>Long-term equity incentive award <sup>6)</sup></b>		
EEAP	X	
<b>Social and other benefits</b>		
Other benefits	X	

<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> Awarded in the form of Performance 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.

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).

### Compensation structure 2023 AGM to 2024 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

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

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

The annual fees in cash are paid shortly after the end of the respective term of office. 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 two months from the first grant of restricted shares to achieve 80% of the required shareholdings, and one year and two 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 with an effective date March 31.

## 5.3 Management Board compensation system

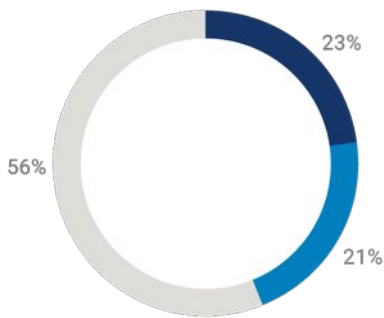
As outlined in the introduction to this compensation report, the compensation system of the Management Board is linked to the company’s strategy and business results, and aligns with the interests of our shareholders, rewarding performance in the context of the business and the market. This compensation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

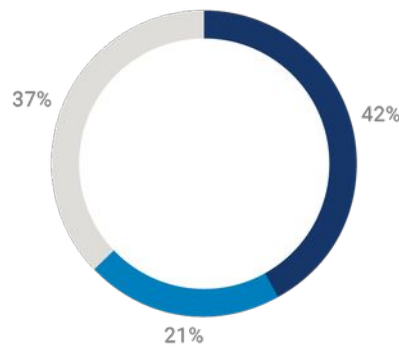
- A fixed base salary;
- A short-term cash incentive award (VCC);
- A long-term equity incentive award (EEAP); and
- Employee benefits, such as pension benefits, flat rate cash car allowance, expense allowance, relocation benefits for certain affected members, as well as social security contributions.

The charts below illustrate the compensation mix excluding employee benefits at target for the CEO, Arnd Kaldowski, and the Management Board in the 2023/24 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 2023/24 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
<b>KPIs</b>	n.a.	n.a.	<b>A – Group</b> Sales, EBITA, FCF, EPS  <b>B – Business Unit</b> Sales, EBITA, ASP  <b>C – ESG objectives</b>  <b>D – Individual objectives</b>	ROCE
<b>Delivery</b>	Cash, regularly	Country specific	Cash	Options
<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>238%</b>  Range of fixed base salary: <b>0% – 327%</b>
<b>MB (excl. CEO)</b> Ratio in % of fixed base salary:	n.a.	n.a.	Target of fixed base salary: <b>up to 50%</b>  Range of fixed base salary: <b>0% up to 100%</b>	Target of fixed base salary: <b>up to 178%</b>  Range of fixed base salary: <b>0% – 268%</b>

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

**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 the fixed base salary for the CEO and up 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 basis, 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 Financials
- Business Unit Financials
- ESG Performance (Group and Individual objectives)
- Individual Performance objectives

Group financial objectives are based on the budget; the specific KPIs can include sales, EBITA, FCF, and EPS. The corresponding Group performance targets for the financial year 2023/24 are disclosed in the table below.

Business unit financial objectives include sales, EBITA, 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 financial 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 and FCF represent operational and capital efficiency, respectively. As for the performance indicators linked to the external market, earnings per share are 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 sustainability and sustainable business approach, business relevant ESG targets are formally reflected in the Variable Cash Compensation (VCC) of the Management Board. These targets are drawn from IntACT, our ESG strategy our ESG strategy outlined in Sonova's [ESG 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: in general, 5% are allocated to two Group objectives that are consistent for all Management Board members, and 5% are allocated to one to three individual objectives for each Management Board member.

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.

**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%	250%
EBITA	0%	10% – 20%			200%
FCF	20%	10% – 20%			
EPS	35%	0% – 15%			
<b>B – Business objectives<sup>2)</sup></b>					
Sales		0% – 25%	0%	100%	250%
Profitability		0% – 20%			200%
ASP		0% – 5%			
Margin		0% – 15%			
<b>C – ESG objectives</b>					
ESG objectives	10%	10%	0%	100%	100% – 200%
<b>D – Individual objectives<sup>3)</sup></b>					
Initiatives/Projects	15%	15%	0%	100%	200%

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

<sup>2)</sup> Not all of the business objectives apply to all members of the Management Board.

<sup>3)</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 performance options and 37.5% in PSUs and the other members of the Management Board are awarded 50% in performance options and 50% in PSUs.

**Performance 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. 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 2023/24 financial year to members of the Management Board is based on ROCE as performance criterion as 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. 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 its peers. Sonova's TSR is measured against the SLI®1) 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 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.

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.

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<sup>1)</sup> For the performance period, only companies which have been constituent in the Swiss Leader Index (SLI) throughout the entire performance period are considered. For the vesting in June 2024, the Comparator Group included the following companies:

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Alcon AG, ABB Ltd., Compagnie Financiere Richemont SA, Geberit AG, Givaudan SA, Julius Baer Gruppe AG, Kuehne & Nagel International AG, Holcim Ltd, Logitech International S.A., Lonza Group AG, Nestle S.A., Novartis AG,

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Partners Group Holding AG, Roche Holding Ltd, Schindler Holding AG, SGS SA, Sika AG, Straumann Holding AG, Swatch Group Ltd. Bearer, Swiss Life Holding AG, Swiss Re AG, Swisscom AG, UBS Group AG, Zurich Insurance Group Ltd

Summary of the EEAP instruments

EEAP 2023		
Equity	Options	PSUs
Equity Mix CEO	62.5% of LTI	37.5% of LTI
Equity Mix MB	50% of LTI	50% of LTI
Grant Date	February 1, 2024	February 1, 2024
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 279.10 (Sonova closing SIX share price on February 1, 2024)	n.a.
Vesting Date	25% vests on June 1, 2025 25% vests on June 1, 2026 25% vests on June 1, 2027 25% vests on June 1, 2028	3 years + 4 months cliff vesting  Vest on June 1, 2027
Performance criterion (weighting)	ROCE	rTSR (against the SLI constituents)
Vesting Rules	0%–100% of grant (ROCE)  Linear interpolation between threshold, target, and cap	Threshold: 20th percentile = 0% payout Target: 50th percentile = 100% payout Cap: 80th percentile = 200% payout  Linear interpolation between threshold, target, and cap
Maximum Vesting Level (of grant)	100%	200% (Capped at 100% if Sonova's absolute TSR is negative)
Restriction Period	Five years from the grant date (January 31, 2029)	Five years from the grant date (January 31, 2029)
Exercise Period	After the end of the restriction period until expiry	n.a.
Maturity/Expiry Date	Total 10 years (January 31, 2034)	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 noted below. Vested options must be exercised within a period of three months (commencing with the expiry of the Restriction Period or, if the Restriction Period has already expired on the Date of Termination).

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 financial targets and individual objectives are generally considered sensitive information. Disclosing those targets would allow insight into our confidential strategic goals. However to increase transparency of our reward plans without disclosing commercially sensitive information, we decided to provide an ex-post performance assessment of the Group under the VCC Plan.

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 two months after receiving the first grant as a Management Board member to build up the shareholding, with a required progression of one year and two months for a 12.5% achievement, and two years and two 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 with an effective date of March 31.

### 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 the AGM's approval 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 2023/24 financial year (9 members from the 2023 AGM) and for the 2022/23 financial year (10 members). The total compensation in the 2023/24 financial year was CHF 3.1 million (2022/23: CHF 3.3 million).

### Board of Directors compensation

in CHF	2023/24					
	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	430,000		430,000	369,808	799,808	45,208
Stacy Enxing Seng Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	135,000		135,000	159,924	294,924	18,680
Gregory Behar Member of the Audit Committee	116,667		116,667	159,924	276,591	17,474
Lynn Dorsey Bleil Member of the Audit Committee	120,000		120,000	159,924	279,924	17,693
Lukas Braunschweiler Member of the Nomination and Compensation Committee	123,333		123,333	159,924	283,258	301,538
Roland Diggelmann Chair of the Nomination and Compensation Committee	136,667		136,667	159,924	296,591	18,789
Julie Tay Member of the Nomination and Compensation Committee	116,667		116,667	159,924	276,591	17,202
Ronald van der Vis Member of the Audit Committee	120,000		120,000	159,924	279,924	17,693
Adrian Widmer Chair of the Audit Committee	140,000		140,000	159,924	299,924	19,009
<b>Total (active members)</b>	<b>1,438,333</b>		<b>1,438,333</b>	<b>1,649,202</b>	<b>3,087,535</b>	<b>473,288</b>
Jinlong Wang	16,667		16,667		16,667 <sup>4)</sup>	911
<b>Total (including former members)</b>	<b>1,455,000</b>		<b>1,455,000</b>	<b>1,649,202</b>	<b>3,104,202</b>	<b>474,199</b>

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

<sup>1)</sup> Travel expenses are paid only for attended meetings. The travel allowance was discontinued from the 2022 AGM

<sup>2)</sup> Employer social security contributions on cash retainer, restricted shares granted during the financial year as well as stock options exercised during the financial year

<sup>3)</sup> Including NCC and AC work and attendance.

<sup>4)</sup> Cash retainer paid shortly after the end of the AGM 2022 - AGM 2023 term of office



in CHF

2022/23

	Cash retainer (fixed fee)	Expenses <sup>1)</sup>	Total cash compensation	Grant value of restricted shares	Total compen- sation	Employer's so- cial insurance contribution (AHV/ALV) <sup>2)</sup>
Robert F. Spoerry <sup>3)</sup> Chair of the Board of Directors	430,000	1,000	431,000	369,939	800,939	45,214
Stacy Enxing Seng Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	135,000	-	135,000	159,879	294,879	19,094
Gregory Behar Member of the Board	100,000	500	100,500	159,879	260,379	16,661
Lynn Dorsey Bleil Member of the Audit Committee	120,000	500	120,500	159,879	280,379	18,051
Lukas Braunschweiler Chair of the Nomination and Compensation Committee	140,000	1,000	141,000	159,879	300,879	437,627
Roland Diggelmann Member of the Nomination and Compensation Committee	120,000	1,000	121,000	159,879	280,879	18,051
Julie Tay <sup>4)</sup> Member of the Board	79,178	500	79,678	159,879	239,557	14,942
Ronald van der Vis Member of the Audit Committee	120,000	-	120,000	159,879	279,879	18,051
Adrian Widmer Chair of the Audit Committee	140,000	1,000	141,000	159,879	300,879	19,441
Jinlong Wang Member of the Board	100,000	-	100,000	159,879	259,879	13,851
<b>Total</b>	<b>1,484,178</b>	<b>5,500</b>	<b>1,489,678</b>	<b>1,808,850</b>	<b>3,298,528</b>	<b>620,983</b>

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

<sup>1)</sup> Travel expenses are paid only for attended meetings. The travel allowance was discontinued from the 2022 AGM

<sup>2)</sup> Employer social security contributions on cash retainer, restricted shares granted during the financial year as well as stock options exercised during the financial year

<sup>3)</sup> Including NCC and AC work and attendance.

<sup>4)</sup> Member of the Board of Directors since June 2022

### 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 2023 AGM to the 2024 AGM is expected to be CHF 3.1 million. The total compensation is within the limit of CHF 3.2 million approved by the 2023 AGM.

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

in CHF 1,000	Approved for AGM 2022 - AGM 2023	Effective for AGM 2022 - AGM 2023	Approved for AGM 2023 - AGM 2024	Expected for AGM 2023 - AGM 2024
AGM approval year		<b>2022</b>		<b>2023</b>
<b>Total compensation</b>	<b>3,450</b>	<b>3,320</b>	<b>3,230</b>	<b>3,100</b>
Breakdown total compensation:				
Fixed fees including expenses	1,566	1,510	1,510	1,450
Grant value of restricted shares	1,883	1,810	1,720	1,650
<b>Number of members of the Board of Directors</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>

### 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 2023/24 financial year, and no such loans were outstanding as of March 31, 2024. 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.

### 6.1.3 Outside mandates

As of March 31, 2024, the members of the Board of Directors held the following mandates outside Sonova:

	Listed companies	Function	Other mandates	Function
Robert F. Spoerry	Bystronic Holding AG	Member of the Board of Directors	n.a.	n.a.
	Mettler Toledo International Inc.	Non-executive Chair of the Board of Directors		
Stacy Enxing Seng	LivaNova Inc.	Member of the Board of Directors	Cala Health	Chair of the Board of Directors
			Contego Inc.	Executive Chair of the Board of Directors
			Corza Inc.	Member of the Board of Directors
			Imperative Care	Member of the Board of Directors
			Lightstone Ventures	Operating Partner
Gregory Behar	n.a.	n.a.	Recipharm AB	CEO
			Amazentis SA	Member of the Board of Directors
			New Biologix	Member of the Board of Directors
Lynn Dorsey Bleil	Alcon Inc.	Member of the Board of Directors	Intermountain Healthcare Wasatch Back Hospitals Community Board	Chair
			Stericycle Inc.	Member of the Board of Directors
			Amicus Therapeutics Inc.	Member of the Board of Directors
Lukas Braunschweiler	Tecan Group AG	Chair of the Board of Directors	n.a.	n.a.
Roland Diggelmann	Mettler Toledo International Inc.	Member of the Board of Directors	Berlin Heals AG	Member of the Board of Directors
			HeartForce AG	Member of the Board of Directors
			Navignostics AG	Member of the Board of Directors
			Osler Diagnostics Ltd.	Member of the Board of Directors
Julie Tay	EBOS Group Ltd.	Member of the Board of Directors	n.a.	n.a.
Ronald van der Vis	n.a.	n.a.	Industry Advisor	Operating Partner, Co-Investor
			European Dental Group	Chair of the Supervisory Board
			Equipe Zorgbedrijven	Chair of the Supervisory Board
			United Veterinary Care	Chair of the Supervisory Board
			HEMA BV	Member of the Supervisory Board
Adrian Widmer	Sika AG	Group CFO	n.a.	n.a.

## 6.2 Management Board compensation

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

### 6.2.1 Compensation awarded for the 2023/24 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 2023/24 financial year was paid to Arnd Kaldowski, CEO.

The following tables show the compensation of the CEO and the other members of the Management Board for the 2023/24 financial year (8 members) and for the 2022/23 financial year (8 members).

#### Management Board compensation

in CHF									2023/24
	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	587,368	53,200	117,738	1,658,306	802,500	1,337,500	3,798,306	103,701
Other members of the MB	3,296,898	1,116,995	292,471	556,680	5,263,044	1,707,500	1,707,500	8,678,044	461,461
<b>Total (active members)</b>	<b>4,196,898</b>	<b>1,704,363</b>	<b>345,671</b>	<b>674,418</b>	<b>6,921,350</b>	<b>2,510,000</b>	<b>3,045,000</b>	<b>12,476,350</b>	<b>565,162</b>
Former members of the MB	28,000	14,000	3,333	5,082	50,415			50,415	3,355
<b>Total</b>	<b>4,224,898</b>	<b>1,718,363</b>	<b>349,004</b>	<b>679,500</b>	<b>6,971,765</b>	<b>2,510,000</b>	<b>3,045,000</b>	<b>12,526,765</b>	<b>568,517</b>

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

- <sup>1)</sup> 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.
- <sup>2)</sup> Fair value per PSU at grant date CHF 293.53 and for one member CHF 335.73. 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 2027 and the PSUs are blocked after vesting to arrive at the total mandatory restriction period of five years from the regular grant date.
- <sup>3)</sup> 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 72.69 and for one member CHF 74.95. The options are blocked after vesting to arrive at the total mandatory restriction period of five years after regular grant date.

in CHF									2022/23
	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	284,170	55,200	115,575	1,354,945	778,125	1,296,875	3,429,945	225,722
Other members of the MB	3,114,138	558,171	433,123	538,087	4,643,519	1,604,500	1,604,500	7,852,519	630,933
<b>Total</b>	<b>4,014,138</b>	<b>842,341</b>	<b>488,323</b>	<b>653,662</b>	<b>5,998,464</b>	<b>2,382,625</b>	<b>2,901,375</b>	<b>11,282,464</b>	<b>856,655</b>

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

- <sup>1)</sup> 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.
- <sup>2)</sup> Fair value per PSU at grant date CHF 243.35. 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 2026 and the PSUs are blocked after vesting to arrive at the total mandatory restriction period of five years from grant date.
- <sup>3)</sup> 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 59.40. The options are blocked after vesting to arrive at the total mandatory restriction period of five years.

**Explanatory comments to the compensation tables**

The total compensation of CHF 12.5 million for the 2023/24 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 has increased driven by the replacement of a Management Board member.
- Overall VCC payout ratio higher than previous year from 35.3% to 67.0% in 2023/24 financial year.

**Variable Cash Compensation performance outcomes 2023/24**

The system of the VCC is outlined in more detail in section 5.3 of this report. The table below (validated by the NCC and not audited by the external auditors) shows the payout percentage ranges for the VCC for the 2023/24 financial year.

Category	Measures	Payout percentage <sup>1)</sup>		
		0%	Target = 100%	250%
<b>Group objectives</b>	Sales		■ 56.7%	
	EBITA		■ 58.4%	
	EPS <sup>2)</sup>		■ 97.6%	
	FCF <sup>3)</sup>	■ 0%		
<b>Businesses objectives</b>	Sales	0%	■ 70.0%	
	Profitability	0%	■ 129.5%	
	Margin		■ 147.3%	
	ASP	15.3%	■ 178.0%	
<b>ESG objectives <sup>4)</sup>:</b>		■ 85.0%	■ 148.8%	
<b>Individual objectives <sup>4)</sup></b>		■ 87.0%	■ 140.0%	

\* Disclosing internal targets would allow insight into Sonova’s confidential strategic goals and thereby create a competitive disadvantage, i.e. financial targets at business unit level and individual targets are not disclosed.

<sup>1)</sup> Individual target achievement can be above 200%. However, maximum payout is capped at 200% except for Sales at 250%.

<sup>2)</sup> Earning Per Share.

<sup>3)</sup> Free cash flow – cash consideration for acquisitions and from divestments, net of cash acquired/divested – cash consideration for associates.

<sup>4)</sup> Individual objectives not disclosed. Each MB Member considered as a single data point (weighted average per category).

Despite sales momentum picking up in the second half-year, development in the first half of financial year was held back by temporary operational challenges. Overall, except for the Consumer Hearing business which fell significantly short of target mainly driven by weak demand in the consumer electronics market and a temporary incomplete product portfolio (battery performance issue with a now deselected external supplier), the other businesses achieved between 97% and 98% of the annual sales target.

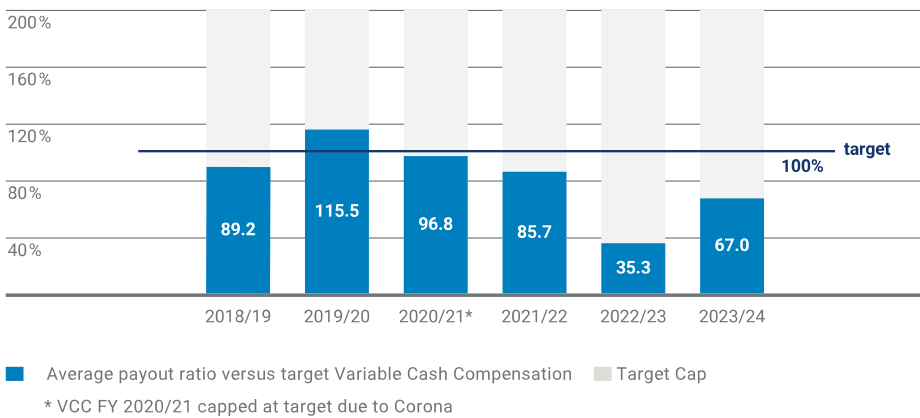
The lower than targeted EBITA achievement (94.3%) was mainly driven by the sales target miss, adverse currency exchange impacts and increased lead generation cost in the AC business. The EPS target achievement was at 98.3%. The Operating Free Cash Flow achievement was 87.4%, mainly driven by the weaker than targeted business performance in the first half of the financial year, by maintaining higher safety stock and due to sales phasing. The assessment of these targets was undertaken based on the adjusted metrics as disclosed in the financial review of this Annual Report.

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. eco-friendly products, diversity & inclusion, customer satisfaction, product quality, safety & reliability, responsible supply chain, business ethics and ESG governance. ESG targets for members of the Management Board were achieved between 86.8% and 234.6%. For more details on the Group ESG targets and their respective achievement please refer to the [ESG Report](#).

Individual qualitative objectives for members of the Management Board were achieved between 87% and 140%.

The overall payout for the 2023/24 financial year for the CEO was 73.4% (2022/23: 35.5%) and between 47.5% and 84.5% (2022/23: 28.3% – 53.2%) for the other members of the Management Board.

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



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 2023/24 financial year was CHF 12.5 million. This figure is below the maximum aggregate compensation amount of CHF 16.0 million approved at the 2022 AGM for the 2023/24 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 into account 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 2023 AGM.

## 6.2.4 Executive Equity Award Plan performance outcomes 2023/24

### Performance Options

The vesting of the options is subject to a pre-defined ROCE target. In the 2023/24 financial year, the ROCE target were exceeded for the option tranches awarded in 2020, 2021 and 2023. Since there is no provision for over-achievement in the EEAP, the vesting of the options is capped at target, namely at 100%. The ROCE target for the option tranche awarded in 2022 was not fully met and the vesting level equals to 58.2%.

### 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 20<sup>th</sup> and 80th percentile is calculated by linear interpolation within a range of 0% to 200%.

The actual TSR was 28.0%, which corresponds to a 54.61% percentile rank relative to the peer group, and results in a 115.4% vesting in June 2024. For the PSUs awarded under the EEAP 2020 vesting in June 2023, the actual TSR was 7.95%, which corresponded to a 38.84% percentile rank relative to the peer group and resulted in a 62.8% vesting.

Table below is validated by the NCC and not audited by the external auditors.

Category	Measures	Target	Actual	Vesting level	
				0%	Maximum (200%)
2021 performance share units	rTSR	50th percentile ranking	54.61% percentile ranking	Target = 100%	115.36%

### 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.

As reported in the 2017/18 and 2019/20 compensation reports, upon his hiring, the CEO was granted a one-time, non-recurring performance option to compensate for forfeited compensation entitlements granted by his former employer. In accordance with the plan rules, the CEO has chosen to have these options vest in 2023.

No payments were made to individuals who are closely related to any current or former members 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 2023/24 financial year, and no such loans were outstanding as of March 31, 2024. Furthermore, neither Sonova nor any other Group company has granted any loans to related parties of current or former members of the Management Board.

## 6.2.6 Outside mandates

As of March 31, 2024, the members of the Management Board held the following mandates outside Sonova:

	Listed companies	Function	Other mandates	Function
Arnd Kaldowski	n.a.	n.a.	European Hearing Instrument Manufacturers Association (EHIMA)	President
Birgit Conix	ASML Holding N.V.	Member of the Supervisory Board	n.a.	n.a.
Ludger Althoff	n.a.	n.a.	QuestW	Member of the Advisory Board
Victoria E. Carr-Brendel	Vicarious Surgical Inc.	Member of the Board of Directors	Medical Device Manufacturers Association (MDMA)	Member
Christophe Fond	n.a.	n.a.	n.a.	n.a.
Martin Grieder	n.a.	n.a.	n.a.	n.a.
Katya Kruglova	n.a.	n.a.	n.a.	n.a.
Robert Woolley	n.a.	n.a.	n.a.	n.a.



# 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.

	31.03.2024				31.03.2023			
	Total Shares	of which Restricted Shares <sup>1)</sup>	RSUs	Options	Total Shares	of which Restricted Shares <sup>2)</sup>	RSUs	Options
Robert F. Spoerry, Chair	59,539	9,432			58,214	10,812		
Stacy Enxing Seng, Vice-Chair	10,321	3,129			9,748	3,652		
Gregory Behar, Member	1,737	1,737			1,164	1,164		
Lynn Dorsey Bleil, Member	7,120	3,129			6,547	3,652		
Lukas Braunschweiler, Member	18,415	3,129		31,603	17,842	3,652		65,228
Roland Diggelmann, Member	1,737	1,737			1,164	1,164		
Julie Tay, Member <sup>3)</sup>	1,258	1,258			685	685		
Ronald van der Vis, Member	7,090	3,129			6,517	3,652		
Adrian Widmer, Member	2,468	2,468			1,895	1,895		
<b>Total (active members)</b>	<b>109,685</b>	<b>29,148</b>		<b>31,603</b>	<b>103,776</b>	<b>30,328</b>		<b>65,228</b>
Jinlong Wang, Member <sup>4)</sup>					11,163	3,652		
<b>Total (including former members)</b>	<b>109,685</b>	<b>29,148</b>		<b>31,603</b>	<b>114,939</b>	<b>33,980</b>		<b>65,228</b>

<sup>1)</sup> These shares are subject to a restriction period which varies from June 1, 2024 to June 1, 2029 depending on the grant date.

<sup>2)</sup> These shares are subject to a restriction period which varies from June 1, 2023 to June 1, 2028 depending on the grant date.

<sup>3)</sup> New member of the Board of Directors since June 2022.

<sup>4)</sup> Member of the Board of Directors until June 2023.

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.

	31.03.2024				31.03.2023			
	Shares <sup>1)</sup>	PSUs	RSUs	Options	Shares <sup>1)</sup>	PSUs	RSUs	Options
Arnd Kaldowski Chief Executive Officer	20,515	11,152		227,399	19,191	10,527		211,720
Birgit Conix Chief Financial Officer	195	2,388		9,873	195	2,388		10,378
Ludger Althoff Group Vice President Operations	2,156	3,482		26,048	1,447	3,058	264	21,771
Vicky Carr-Brendel Group Vice President Cochlear Implants and President of Advanced Bionics	1,057	2,394		20,837 <sup>2)</sup>	628	3,068	237	21,138 <sup>2)</sup>
Christophe Fond Group Vice President Audiological Care	2,100	2,975		33,476		3,855	162	40,779
Martin Grieder Group Vice President Consumer Hearing	1,418	3,916		42,631	1,370	3,521	158	50,989
Katya Kruglova <sup>3)</sup> Group Vice President Corporate Human Resources & Communications	88	1,822		7,641				
Robert (Rob) Woolley <sup>4)</sup> GVP Hearing Instruments		2,392	1,013	15,989		842	1,350	9,730
<b>Total (active members)</b>	<b>27,529</b>	<b>30,521</b>	<b>1,013</b>	<b>383,894</b>	<b>22,831</b>	<b>27,259</b>	<b>2,171</b>	<b>366,505</b>
Claudio Bartesaghi <sup>5)</sup>					2,047	1,926		12,435
<b>Total (including former members)</b>	<b>27,529</b>	<b>30,521</b>	<b>1,013</b>	<b>383,894</b>	<b>24,878</b>	<b>29,185</b>	<b>2,171</b>	<b>378,940</b>

<sup>1)</sup> Shares are dividend entitled with full voting rights.

<sup>2)</sup> SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

<sup>3)</sup> Member of the Management Board since May 2023.

<sup>4)</sup> Member of the Management Board since April 2022.

<sup>5)</sup> Member of the Management Board until May 2023.

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

As of March 31, 2024 the shareholding requirements set by the share ownership guideline are met by all members of the Management Board except for two member, who re-committed to meet the requirements by June 30, 2024.

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	5,356,467	536	6.0
Other members of the MB <sup>3)</sup>	438,856	200,000	439,366	220	1.0

<sup>1)</sup> Share requirements to be achieved for the CEO as of December 31, 2017 and for all other members of the MB after 38 months.

<sup>2)</sup> Calculated with Sonova closing share price of March 28, 2024.

<sup>3)</sup> Average of other members of the MB with shareholding requirements (excluding members of the MB that are still in build-up phase for 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.

								31.03.2024
	Options EEAP 24 <sup>1)</sup>	Options EEAP 23 <sup>2)</sup>	Options EEAP 22 <sup>3)</sup>	Options EEAP 21 <sup>4)</sup>	Options EEAP 20 <sup>5)</sup>	Options EEAP 19 <sup>6)</sup>	Options EEAP 18 <sup>7)</sup>	Total options
Arnd Kaldowski	18,400	21,832	15,037	25,454	28,119	32,901	85,656 <sup>8)</sup>	227,399
Other members of the MB	20,531	27,048 <sup>9)</sup>	21,208 <sup>9)</sup>	20,837 <sup>9)</sup>	24,712 <sup>9)</sup>	27,438 <sup>9)</sup>	14,721	156,495 <sup>9)</sup>
<b>Total</b>	<b>38,931</b>	<b>48,880</b>	<b>36,245</b>	<b>46,291</b>	<b>52,831</b>	<b>60,339</b>	<b>100,377</b>	<b>383,894</b>

- <sup>1)</sup> Exercise price CHF 279.10, vesting period 1.2.2024–1.6.2028 whereas one tranche being vested each year, end of restriction period 31.1.2029, exercise period 1.2.2029–31.1.2034.
- <sup>2)</sup> Exercise price CHF 233.40, vesting period 1.2.2023–1.6.2027 whereas one tranche being vested each year, end of restriction period 31.1.2028, exercise period 1.2.2028–31.1.2033 and for one member exercise price CHF 278.20, vesting period 2.5.2023–1.6.2027 whereas one tranche being vested each year, end of restriction period 31.1.2028, exercise period 1.2.2028–31.1.2033.
- <sup>3)</sup> 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.
- <sup>4)</sup> 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.
- <sup>5)</sup> 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.
- <sup>6)</sup> 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.
- <sup>7)</sup> 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.
- <sup>8)</sup> Includes the one-time, non-recurring performance option grant (46,528 options); exercise price of CHF 147.85, vesting period of 1.2.2018 – 1.4.2025, exercise period 1.4.2025 – 30.9.2027.
- <sup>9)</sup> For one member SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

								31.03.2023
	Options EEAP 23 <sup>1)</sup>	Options EEAP 22 <sup>2)</sup>	Options EEAP 21 <sup>3)</sup>	Options EEAP 20 <sup>4)</sup>	Options EEAP 19 <sup>5)</sup>	Options EEAP 18 <sup>6)</sup>	Options EEAP 17 <sup>7)</sup>	Total options
Arnd Kaldowski	21,832	16,871	25,454	28,119	32,901	86,543 <sup>8)</sup>		211,720
Other Members MB	24,180 <sup>9)</sup>	23,027 <sup>9)</sup>	20,837 <sup>9)</sup>	24,712 <sup>9)</sup>	27,438 <sup>9)</sup>	18,721	15,870	154,785 <sup>9)</sup>
<b>Total (active members)</b>	<b>46,012</b>	<b>39,898</b>	<b>46,291</b>	<b>52,831</b>	<b>60,339</b>	<b>105,264</b>	<b>15,870</b>	<b>366,505</b>
Former Member		2,355	4,210	4,649	1,221			12,435
<b>Total (including former members)</b>	<b>46,012</b>	<b>42,253</b>	<b>50,501</b>	<b>57,480</b>	<b>61,560</b>	<b>105,264</b>	<b>15,870</b>	<b>378,940</b>

- <sup>1)</sup> Exercise price CHF 233.40, vesting period 1.2.2023–1.6.2027 whereas one tranche being vested each year, end of restriction period 31.1.2028, exercise period 1.2.2028–31.1.2033.
- <sup>2)</sup> 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.
- <sup>3)</sup> 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.
- <sup>4)</sup> 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.
- <sup>5)</sup> 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.
- <sup>6)</sup> 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.
- <sup>7)</sup> 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.
- <sup>8)</sup> 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 1.4.2025 – 30.9.2027.
- <sup>9)</sup> For one member SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

## Glossary

**AC** Audit Committee

**AGM** Annual General Shareholders' Meeting

**AHV** Old Age and Survivors' Insurance

**ALV** Unemployment Insurance

**Articles of Association** Articles of Association of Sonova Holding AG

**ASP** Average Sales Price

**BoD** Board of Directors

**CEO** Chief Executive Officer

**CFO** Chief Financial Officer

**CHF** Swiss Francs

**EBITA** Earnings Before Interest, Taxes and Amortization

**EEAP** Executive Equity Award Plan

**EPS** Earnings Per Share

**ESG** Environmental, Social and Governance

**FCF** Free Cash Flow

**GVP** Group Vice President

**HRM** Human Resource Management

**KPIs** Key Performance Indicators

**MB** Management Board

**n.a.** Not applicable

**NCC** Nomination and Compensation Committee

**OPEX** Operating Expenses

**PSU** Performance Share Unit

**ROCE** Return on Capital Employed

**RSU** Restricted Share Unit

**rTSR** relative Total Shareholder Return

**SLI** Swiss Leaders Index

**SMI** Swiss Market Index

**Sonova Excellence** Sonova Excellence System

**VCC** Variable Cash Compensation



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# 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 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" in the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's responsibilities for the audit of the compensation report**

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Zurich, 11 May 2024

Ernst & Young Ltd

**Martin Mattes**

Licensed audit expert  
(Auditor in charge)

**Pascal Solèr**

Licensed audit expert