

# Sonova Holding AG

## Rules on Board Operations and Procedures

### Directive

Released by Board of Directors of Sonova Holding AG on March 14, 2008

### General Provisions

#### **Art. 1 Succession Planning and Education**

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The Board plans the succession of its members and lays down the criteria for selecting candidates so that membership of the Board is well-balanced in terms of size, professional skills and international experience.

Its proposals to shareholders' meetings relating to the election of Board members should reflect the requirements of the OrgR and aim to achieve adequately staggered terms of office.

The Company ensures that newly elected members receive appropriate introduction and that the Board members get further training with respect to their responsibilities.

#### **Art. 2 Registration and Signature**

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The members of the Board are registered in the Commercial Register.

The Board designates the members with signatory power.

#### **Art. 3 Information**

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Each member of the Board has the right to request information and inspection pursuant to the Swiss Code of Obligation.

The Chairman ensures in mutual cooperation with the CEO timely and concise information of the Board members, particularly to enable them to prepare the Board meetings and to up-date them between meetings.

## Procedures

### **Art. 4 Invitation**

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The Board shall convene as often as necessary, at least four times a year.

The Board meets at the invitation of the Chairman.

Invitations to Board meetings will, as a rule, be sent out at least 7 days in advance.

In urgent cases, the Chairman may call a meeting at short notice in writing or by other convenient means of communication.

Each member of the Board and the CEO may demand in writing that the Chairman convenes a meeting.

### **Art. 5 Agenda**

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The invitation includes the agenda of the meeting and – as a rule – the well presented and clearly organized documentation.

Each member of the Board and the CEO may demand in writing – at least 14 days before the meeting – that specified items be placed on the agenda.

### **Art. 6 Participation**

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Absent Board members may not be represented.

The Chairman may invite employees of the Company and other persons to attend the meeting. As a rule, persons responsible for a particular major business should be present. Anyone should be available who is indispensable for answering questions in greater depth.

As a rule, each meeting should include modules reserved for dialogue exclusively among Board members.

### **Art. 7 Presence, Resolution by Circulation**

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To form a decision making quorum at least half of the Board members must be personally present. The attribute of personal presence is deemed to be satisfied if the members can communicate simultaneously with one another (by phone, video, internet or other technical means).

A quorum is not required to record a completed capital increase and to adopt the ensuing amendment of the Articles of Association.

The Board may pass resolutions by circulation in writing provided no member requests oral deliberation. To be valid, resolutions in writing must have been communicated to all members of the Board and must have been approved in writing by such majority as required for the respective matter.

## **Art. 8            Voting**

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Resolutions are adopted with the majority of votes represented in the meeting. The chairman of the meeting has the casting vote.

Resolutions on items not included in the agenda may only be passed with a majority of votes presented in the meeting (greater than 50%).

## **Art. 9            Minutes**

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The Secretary keeps minutes of the meetings and of resolutions passed by circulation. The minutes shall include a list with pending tasks, deadlines and responsible persons. The minutes are signed by the Chairman and the Secretary and are sent to the corresponding members within 5 business days after the meeting. Resolutions passed by circulation are communicated to the Board members as soon as the circulation is finalized.

## Committees

### **Art. 10      Constitution**

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The members of the Committees, their chairpersons and their secretaries are appointed by the Board. The respective Committee Chairman designates his substitute.

### **Art. 11      Composition**

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The personnel composition of the Committees is shown in a separate Appendix.

### **Art. 12      Procedures**

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Committee procedures are governed by Art. 4 - 9 hereinabove which shall be applied mutatis mutandis.

## Board Agenda and Meeting Schedule

### **Art. 13      Scope of Board topics**

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In order to meet the obligations required by law and good corporate governance, the Board should deal with the topics exhibited in a separate appendix. These lists are not exhaustive and should be completed according to the needs prevailing at any given time.

### **Art. 14      Standard Schedule of Meetings**

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A standard annual schedule of Board meetings and the allocation of agenda items is suggested in Appendix 3.

## Annual assessments

### **Art. 15 Board Self-assessment**

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The annual self-assessment of the Board is devoted to efficiency, effectiveness of and cooperation within the Board in order to

- enhance the understanding of the business and the Company (how does the Company make money?),
- evaluate and stipulate the extent of involvement and the role of the Board, particularly in relation with the management,
- make the best use of the human capital represented in the Board, and
- overall reach an optimal level of engagement.

The Chairman together with the Vice-Chairman shall initiate the annual self assessment by distributing a short list of evaluation questions and shall be responsible for collecting the assessments and communicating the summarized results to the Board.

### **Article 16 Evaluation of the Chairman**

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The Vice-Chairman conducts the process of evaluating the Chairman by communicating individually with each member of the Board and personally sharing the results of the performance review with the Chairman.

## Effectiveness and Amendments

### **Art. 17      Effectiveness and Amendments**

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- a) These rules are effective March 14, 2008. They replace the rules dated May 25, 2005.
- b) These rules may only be amended or replaced by the Board. It is also a Board matter to decide to make the rules available to 3<sup>rd</sup> persons or the public.

The Chairman:



Andy Rihs

The Secretary:



Pascal Brandenberger