

# 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:

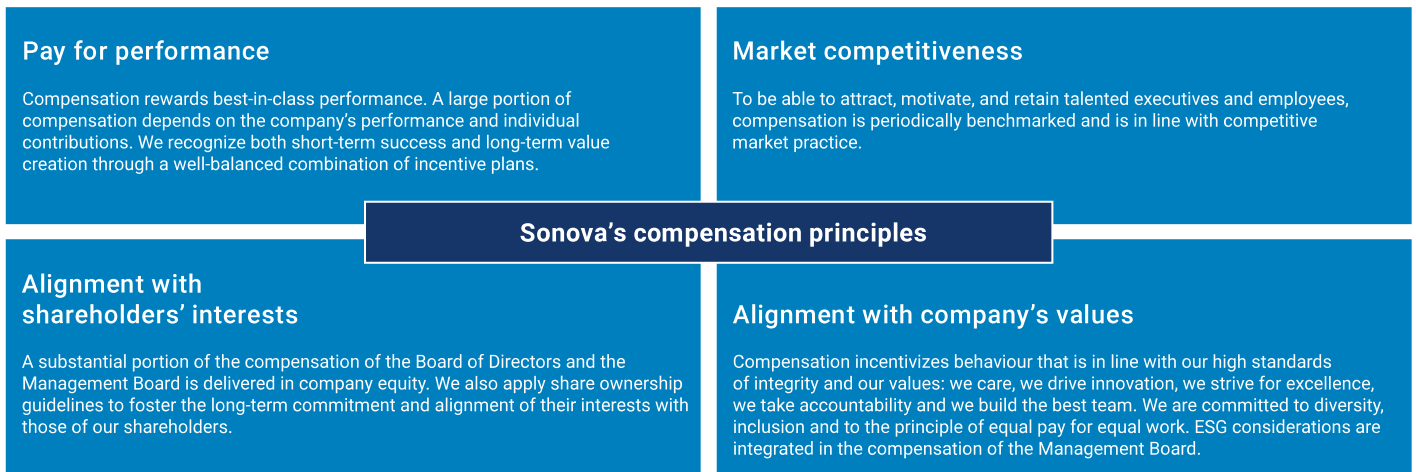
- 100% for the options awarded in 2020, 2021 and 2023 and 58.2% for the options awarded in 2022
- 115.4% for the PSUs

### 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**

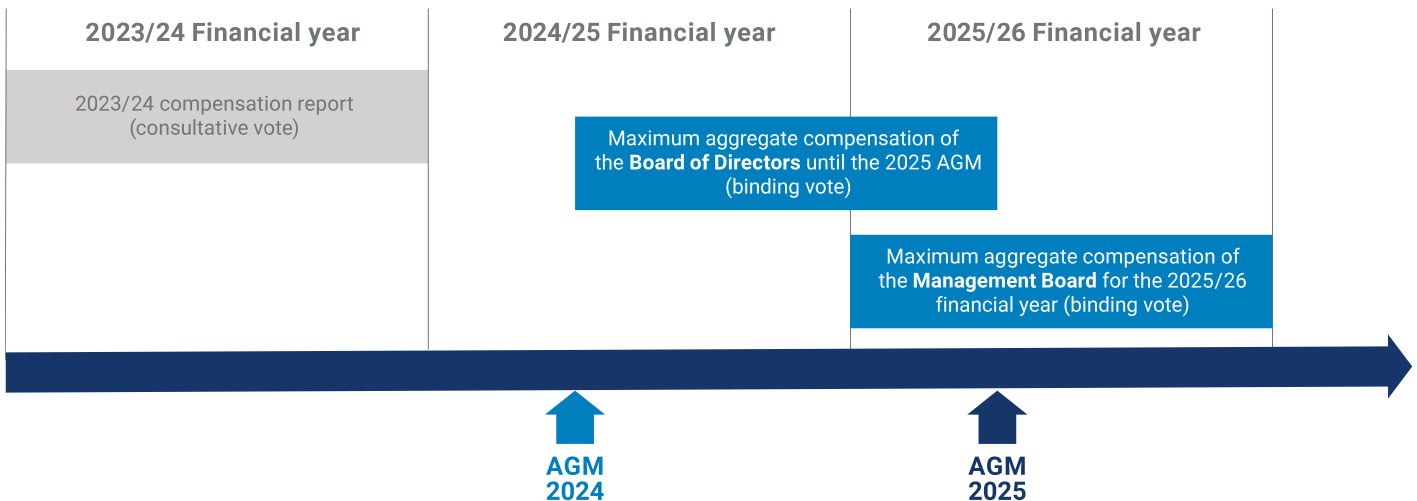
The NCC may decide to consult external advisors for specific compensation matters. In the 2023/24 reporting year, Aon was tasked with the performance share unit (PSU) valuation and performance measurement under the EEAP; Algofin performed the option valuation. Support and expertise are also provided 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

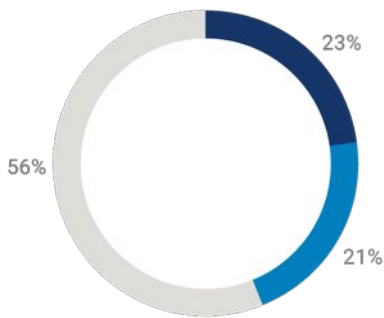
As outlined in the introduction to this compensation report, the compensation system of the Management Board is linked to the company’s strategy and business results, and aligns with the interests of our shareholders, rewarding performance in the context of the business and the market. This compensation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

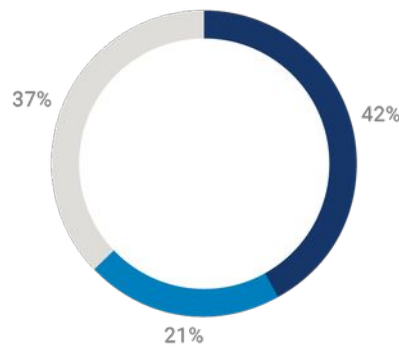
- A fixed base salary;
- A short-term cash incentive award (VCC);
- A long-term equity incentive award (EEAP); and
- Employee benefits, such as pension benefits, flat rate cash car allowance, expense allowance, relocation benefits for certain affected members, as well as social security contributions.

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 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		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	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.

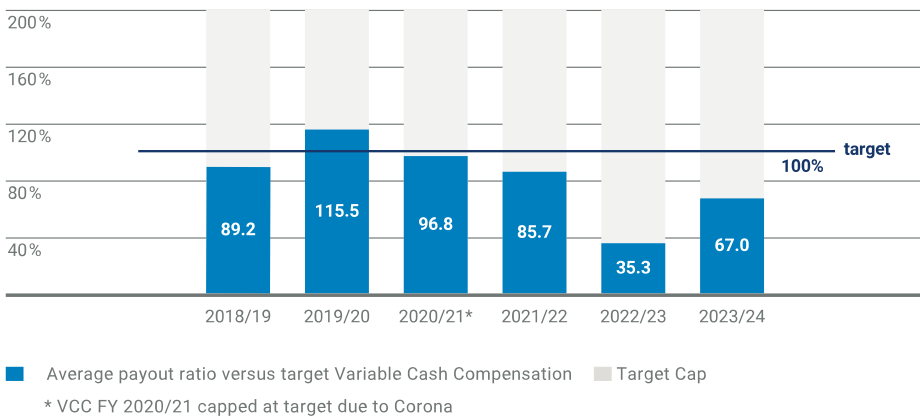
The lower than targeted EBITA achievement (94.3%) was mainly driven by the sales target miss, adverse currency exchange impacts and increased lead generation cost in the AC business. The EPS target achievement was at 98.3%. The Operating Free Cash Flow achievement was 87.4%, mainly driven by the weaker 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 80<sup>th</sup> 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



**Building a better  
working world**

# 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