

Board Committee Charters

Charter

Released by the Board of Directors of Sonova Holding AG on June 17, 2014.

Audit Committee ('AC') Charter

Art. 1: Purpose

The Audit Committee ('AC') reviews on behalf of the Board the work and effectiveness of the external and the internal audit, evaluates the financial control, the financial structure, the risk management and compliance mechanisms of the Company and reviews the interim and annual financial accounts of the Company.

Art. 2: Appointment and Composition

The members and the Chairman of the AC are appointed by the Board. The Committee consists of at least three members. All members are independent Board members (see Organizational Regulations, OrgR) who are, in the opinion of the Board, free from any relationship that would interfere with the exercise of independent judgment as a member of the AC. The majority, including the Chairman of the AC, should be financially literate. The Secretary shall be the secretary of the AC.

Art. 3: Meetings

The AC meets regularly, at least four times per year. The Chairman of the AC may invite other persons to attend the meetings; as a rule, the Chairman, the CEO, the CFO and the Head of Internal Audit, Risk & Compliance should attend. At least once a year, the AC meets with the Head of Internal Audit, Risk & Compliance and the audit partner in charge of the External Audit, without other representatives of the Company present.

Art. 4: Reporting

The AC reports on its activities and findings to the Board.
The overall responsibility for the duties delegated to the AC remains with the Board.

Art. 5: Reporting Line

The Head of Internal Audit, Risk & Compliance reports to the Chairman of the AC (see OrgR).

Art. 6: Duties and Authorities

A. *External Audit*

Regarding the external audit:

- to recommend the nomination of the external auditor to the Board,
- to approve the fees of the external auditor for the external audit of the published accounts,
- to evaluate and confirm the independence of the external auditor. For this, it receives a report from the external auditor on the other services rendered to the Company outside the audit of the published accounts,
- to review the report of the external auditor on the annual financial statements and the management letters issued in this respect,
- to conduct a separate meeting with the external auditors without company management,
- to review any other reports of the external auditor on financial statements, particularly where such an audit report is required in the context of capital market transaction, and
- to form an impression of the mutual cooperation between External and Internal audit.

B. *Internal Audit*

Regarding the Internal Audit (see also OrgR):

- to recommend the appointment of the Head of Internal Audit, Risk & Compliance
- to approve the Sonova Internal Audit, Risk & Compliance Charter,
- to approve the annual work plan and the budget of Internal Audit, including any changes thereof
- to entrust Internal Audit with specific mandates, to review the reports of the Internal Audit,
- to review whether management actions in response to significant audit findings have been implemented, and
- to monitor the performance of Internal Audit.

C. *Risk Management*

Regarding the risk management process:

- to define the principles for the Group Risk Management and to propose them to the Board,
- to review on behalf of the Board the process established to identify the significant business exposures and risks,
- to give guidance and direction on the annual risk assessment,
- to review whether the identified exposures and risks are adequately reflected (or disclosed) in the published financial statements,
- to review the annual Risk Report and to make recommendations to the Board,
- to review whether the identified exposures and risks receive adequate audit coverage,
- to review whether the identified exposures and risks receive adequate insurance coverage, monitoring or other mitigating measures, and
- to review legal controls, including information about major pending lawsuits and lawsuits to be expected.

D. Compliance Management

Regarding compliance with rules and regulations:

- to review Sonova's compliance with laws and regulations, the Code of Conduct and respective Group policies as well as major legislative and regulatory developments that may have a significant impact on the Group,
- to approve the scope and content of the Group Compliance Program,
- to review the regular Compliance Reports and to make recommendations to the Board,
- to oversee the Internal Control System (ICS) including approval of the ICS methodology and review of deficiencies,
- to be periodically informed about governance, legal, tax and regulatory matters with potentially significant impact, and
- to establish procedures for the receipt, retention and treatment of complaints received through the compliance hotline and to receive summary whistle blower reports.

E. Financial Statements

Regarding the interim and annual published financial statements:

- to review the published interim and annual financial statements, focusing particularly on
 - compliance with accounting standards,
 - major judgment areas,
 - changes in accounting policies, and
 - other issues brought to the attention of the AC by the external auditor, the CFO or others.

F. Financial Reporting

Regarding the adequacy of the financial reporting process:

- to review regulations of filings with stock exchange regulators and to receive information about financial accounting and reporting matters,
- to review the appropriateness of changes in accounting principles and the correct adoption of new accounting standards,
- to review periodically the integrity of the Group's financial reporting processes, both internal and external,
- to consider the external auditor's judgment about the quality and appropriateness of the Group's accounting principles as applied in its financial reporting, particularly the degree of aggressiveness or conservatism of the accounting principles and underlying estimates applied, and
- to review significant financial reporting issues.

G. Financing and Capital Structure

Regarding financing and capital structure:

- to review periodically significant financial policies and the Group's capital structure, focusing particularly on
 - treasury and cash management (including changes in stock of treasury shares),
 - currency exposure,
 - pension plan management, in particular to review in detail the pension plan of the Swiss Group Companies of Sonova Holding AG, and

- tax planning.

H. CFO appraisal

Regarding the performance appraisal of the CFO:

- to provide input to the CEO for the appraisal of the CFO.

I. Committee Effectiveness

Regarding the Committee's effectiveness:

- to investigate any activity necessary to perform its defined duties; it is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the AC,
- to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, and
- to perform any other responsibilities delegated to the AC by the Board.

The current allocation of the specific topics to the meeting schedule is set out in a separate schedule which can be revised by the Chairman of the AC at any time.

Art. 7: CEO/CFO Report to the AC

Once a year, before approval of the annual accounts, the CEO and the CFO prepare a report to the AC stating their evaluation of the effectiveness of internal control mechanisms and the true and fair view of the financial statements.

Art. 8: Annual Review, Amendments

Annually, the AC reviews the adequacy of this charter, its work plan and the priorities to be set for the following year. Amendments of this Charter are determined by the Board upon recommendation of the AC.

Nomination and Compensation Committee ('NCC') Charter

Art. 1: Purpose

The Nomination and Compensation Committee ('NCC') supports the mission of the Board to attract, retain and motivate persons with outstanding professional and human capabilities on the level of the Board and the top management. The Committee evaluates and nominates candidates as assigned by the Board, reviews the compensation policy and employment arrangements and supports the Board in preparing the proposals of the Board to the Shareholders' Meeting regarding the compensation of the Board and of the MB and in all important personnel related matters.

Art. 2: Appointment and Composition

The members of the NCC are elected by the Shareholders' Meeting. The Chairman of the NCC is appointed by the Board.

The Committee consists of three members of the Board. If there are vacancies on the Committee, the Board may appoint the missing members from among its members for the remaining term of office. The Secretary shall be the secretary of the NCC.

Art. 3: Meetings

The NCC meets regularly, at least three times per year.

The Chairman of the NCC may invite other persons to attend the meetings. As a rule, for matters involving members of the top management or other Company employees, the CEO should attend.

Art. 4: Reporting

The NCC reports on its activities, findings and proposals to the Board.

The overall responsibility for the duties delegated to the NCC remains with the Board.

Art. 5: Duties and Authorities

a) Regarding appointments and removals:

- following the annual self-assessment of the Board, the Board may assign the NCC to take appropriate action, and
- to coordinate the process of nominating candidates for the Board as required by the Board.

b) Regarding remuneration and employment:

- to periodically initiate studies on compensation for Board members (incl. Chairman), CEO and MB members with the help of a consultant or external advisor,
- to prepare a general remuneration scheme for the Board and MB members subject to approval by the Board,
- to recommend to the Board the proposals of the Board to the Shareholders' Meeting regarding the compensation of the Board and of the MB in relation to the applicable compensation reference period pursuant to the Articles of Association,

- to propose to the Board the remuneration, including the cash compensation and the long term incentives, to be granted to the Board members,
 - to propose to the Board the remuneration, including fixed base salary, variable cash compensation and long term incentives, to be granted to the CEO,
 - to propose to the Board the employment terms of the CEO,
 - to propose to the Board, upon recommendation of the CEO, the remuneration, including fixed base salary, variable cash compensation and long term incentives, of the direct reports of the CEO,
 - to review and recommend to the Board the compensation report,
 - to review, amend and approve the performance appraisal of the MB members prepared by the CEO, and
 - to examine and interview candidates for the MB proposed by the CEO and to propose suitable candidates to the Board.
- c) Regarding the Committee's effectiveness:
- to have at its discretion direct access to the Head of Human Resources,
 - to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, and
 - to perform any other responsibilities delegated to the NCC by the Board.

Art. 5: Nomination Procedure

As a rule, the procedure for nominating candidates on the level of the Board includes the following steps:

- to define the position profile and the key personal requirements,
- to collect information on potentially suitable candidates,
- to compile a long list of candidates and to reduce it through a first interview round with the Chairman of the Board,
- to interview the potentially suitable candidates by the members of the NCC, and
- to submit the proposal for the final candidate(s) to the Board and to provide the opportunity to interview the candidates by the members of the Board.

If an external advisor is engaged, he or she will be subject to careful guidance and supervision by the competent body according to the above mentioned milestones.

The lead of the Nomination Procedure can be delegated to a Board member, who is not required to be a member of the NCC.

The Chairman



Robert F. Sperry

The Secretary



Parick Büchi

Further applicable documents

[1]	Sonova Holding AG Organizational Regulations
[2]	Internal Audit, Risk & Compliance Charter

Version Control

Version	Description of change / content	Written by	Approved by/on	Released by/on
2008	Revised Version	Pascal Brandenberger	Andy Rihs, Pascal Brandenberger, 14 th March 2008	Sonova Board of Directors, 14 th March 2008
2011	Revised Version	Patrick Buechi	Robert F. Spoerry, Patrick Buechi, 13 th June 2011	Sonova Board of Directors, 13 th June 2011
2013	Revised version to reflect changes in-line with Internal Audit, Risk & Compliance Charter	Claudia Nohr	Robert F. Spoerry, Patrick Buechi, 17 th June 2014	Sonova Board of Directors, 14 th November 2013
2014	Revised version to reflect implementation of Minder initiative	Sascha Stocker	Robert F. Spoerry, Patrick Buechi, 17 th June 2014	Sonova Board of Directors, 17 th June 2014