

# Invitation

to the 33<sup>rd</sup> Annual General Shareholders' Meeting  
on June 12, 2018





# Invitation

to the 33<sup>rd</sup> Annual General Shareholders' Meeting  
of Sonova Holding AG

Dear shareholders,

We cordially invite you to this year's Annual General Shareholders' Meeting,  
which will take place on:

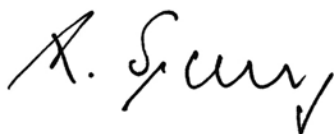
**Tuesday, June 12, 2018,**  
at 3:00 p.m. (doors open at 2:00 p.m.)  
**at Messe Zurich,**  
**Halle 7, Wallisellenstrasse 49, 8050 Zurich**

Please find enclosed the invitation, including the agenda and the motions of the Board of Directors, the reply form for ordering admission cards, and the Summary Report on the 2017/18 Financial Year. The complete and interactive 2017/18 Annual Report can be accessed at: [report.sonova.com/2018](http://report.sonova.com/2018).

We kindly ask you to return the completed and signed reply form using the envelope provided. Your admission card will then be sent to you.

If you are unable to attend the Annual General Shareholders' Meeting in person, you can exercise your voting rights through a third party or the Independent Proxy by providing your voting instructions on the reply form. You can register online for the Annual General Shareholders' Meeting or provide online voting instructions to the Independent Proxy by following the instructions on the reply form. You will find further information on organizational matters on the last two pages of this invitation.

We look forward to welcoming you at our Annual General Shareholders' Meeting.

A handwritten signature in black ink, appearing to read 'R. Spoerry', with a stylized flourish at the end.

Robert Spoerry  
Chairman of the Board of Directors

# Agenda

## 1. Financial Reporting, Advisory Vote on the 2017 / 18 Compensation Report

### 1.1 Approval of the Annual Report, the Annual Consolidated Financial Statements of the Group, and the Annual Financial Statements of Sonova Holding AG for 2017 / 18; Acknowledgement of the Auditors' Reports

**Motion:** The Board of Directors proposes to approve the annual report, the annual consolidated financial statements of the Group, and the annual financial statements of Sonova Holding AG for 2017 / 18.

### 1.2 Advisory Vote on the 2017 / 18 Compensation Report

**Motion:** The Board of Directors proposes to accept the Compensation Report for 2017 / 18 by a non-binding advisory vote.

## 2. Appropriation of Retained Earnings

**Motion:** The Board of Directors proposes to appropriate the retained earnings as follows:

|                                            | in 1,000 CHF     |
|--------------------------------------------|------------------|
| Balance carried forward from previous year | 1,591,182        |
| Net profit for the year                    | 281,069          |
| <b>Statutory retained earnings</b>         | <b>1,872,251</b> |
| Dividend distribution <sup>1)</sup>        | (169,851)        |
| <b>Balance to be carried forward</b>       | <b>1,702,400</b> |

If the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.60 per registered share for the 2017 / 18 financial year, representing a net amount of CHF 1.69 per registered share after payment of the 35 % Swiss withholding tax.

Payment of the dividend is expected to take place as of June 18, 2018. As from June 14, 2018, the shares will be traded ex-dividend.

<sup>1)</sup> The total payout amount is subject to the number of shares issued on the last trading day with entitlement to receive the dividend, i.e. June 13, 2018. Treasury shares held by Sonova Holding AG and its subsidiaries are not entitled to dividends. The payout amount will be reduced accordingly.

### 3. Discharge of the Members of the Board of Directors and the Management Board

**Motion:** The Board of Directors proposes to discharge the members of the Board of Directors and the Management Board for the 2017/18 financial year.

### 4. Elections

#### 4.1 Re-election of the Board of Directors

All members of the Board of Directors stand for re-election.

**Motion:** The Board of Directors proposes the individual re-election of the following members of the Board of Directors, each for a term of office lasting until the completion of the next Annual General Shareholders' Meeting:

4.1.1 Re-election of Robert F. Spoerry as Member and as Chairman of the Board of Directors

4.1.2 Re-election of Beat Hess as Member of the Board of Directors

4.1.3 Re-election of Lynn Dorsey Bleil as Member of the Board of Directors

4.1.4 Re-election of Michael Jacobi as Member of the Board of Directors

4.1.5 Re-election of Stacy Enxing Seng as Member of the Board of Directors

4.1.6 Re-election of Anssi Vanjoki as Member of the Board of Directors

4.1.7 Re-election of Ronald van der Vis as Member of the Board of Directors

4.1.8 Re-election of Jinlong Wang as Member of the Board of Directors

For detailed biographical information please refer to the 2017/18 Corporate Governance Report and to our website: [www.sonova.com/en/about-us/board-directors](http://www.sonova.com/en/about-us/board-directors).

#### 4.2 Election of Lukas Braunschweiler as Member of the Board of Directors

**Motion:** The Board of Directors proposes to elect Lukas Braunschweiler as a new member of the Board of Directors for a term of office lasting until the completion of the next Annual General Shareholders' Meeting.

**Explanation:** The Board is pleased to propose Lukas Braunschweiler (born 1956, Swiss citizen) as a new member to the Board of Directors. After more than six years with Sonova as CEO, his proposed election to the Board will ensure long-term continuity during this change of leadership. His profound knowledge of the Sonova Group and the industry will bring valuable strategic insight to Sonova.

For detailed biographical information please refer to the 2017/18 Corporate Governance Report available at: [report.sonova.com/2018](http://report.sonova.com/2018).

### 4.3 Re-election of the Members of the Nomination & Compensation Committee

**Motion:** The Board of Directors proposes the individual re-election of Robert F. Spoerry, Beat Hess, and Stacy Enxing Seng as members of the Nomination & Compensation Committee for a term of office lasting until the completion of the next Annual General Shareholders' Meeting.

The Board of Directors intends to appoint Robert F. Spoerry (if re-elected) as Chairman of the Nomination & Compensation Committee.

#### 4.3.1 Re-election of Robert F. Spoerry

#### 4.3.2 Re-election of Beat Hess

#### 4.3.3 Re-election of Stacy Enxing Seng

### 4.4 Re-election of the Auditors

**Motion:** The Board of Directors proposes to re-elect PricewaterhouseCoopers AG, Zurich, as Auditors of Sonova Holding AG for a term of office of one year.

**Explanation:** At the request of the Audit Committee, the Board of Directors proposes to re-elect PricewaterhouseCoopers AG, Zurich, as Auditors for a further term of office of one year. PricewaterhouseCoopers has confirmed to the Audit Committee that it possesses the independence required to carry out the assignment and that this independence has not been compromised as a result of the services provided to Sonova in addition to the audit assignment.

### 4.5 Re-election of the Independent Proxy

**Motion:** The Board of Directors proposes to re-elect Andreas G. Keller, attorney-at-law, Gehrenholzpark 2g, CH-8055 Zurich, as Independent Proxy for a term of office lasting until the completion of the next Annual General Shareholders' Meeting.

## 5. Compensation of the Board of Directors and the Management Board

### 5.1 Approval of the Maximum Aggregate Amount of Compensation of the Board of Directors

**Motion:** The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Board of Directors of CHF 3,130,000<sup>1)</sup> for the term of office from the 2018 Annual General Shareholders' Meeting to the 2019 Annual General Shareholders' Meeting.

**Explanation:** Pursuant to Art. 26 of the Articles of Association, the General Shareholders' Meeting shall approve the maximum aggregate amount of compensation of the Board of Directors for the next term of office. Further information on the proposed compensation is described in the appendix to this invitation. In addition, the compensation paid and the method of determining compensation are described in the 2017/18 Compensation Report.

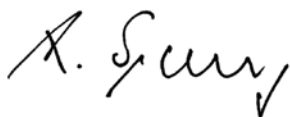
### 5.2 Approval of the Maximum Aggregate Amount of Compensation of the Management Board

**Motion:** The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Management Board of CHF 15,100,000<sup>1)</sup> for the 2019/20 financial year.

**Explanation:** Pursuant to Art. 26 of the Articles of Association, the General Shareholders' Meeting shall approve the maximum aggregate amount of compensation of the Management Board for the following financial year. Further information on the proposed compensation is described in the appendix to this invitation. In addition, the compensation paid and the method of determining compensation are described in the 2017/18 Compensation Report.

Stäfa, May 22, 2018

For the Board of Directors  
The Chairman

A handwritten signature in black ink, appearing to read 'R. Spoerry', with a stylized flourish at the end.

Robert Spoerry

<sup>1)</sup> For further details see Appendix to Agenda Item 5.

## Appendix to Agenda Item 5

### 5.1 Approval of the Maximum Aggregate Amount of Compensation of the Board of Directors

Pursuant to Art. 26 of the Articles of Association, the General Shareholders' Meeting shall approve the maximum aggregate amount of compensation of the Board of Directors for the next term of office, i.e. from the 2018 Annual General Shareholders' Meeting to the 2019 Annual General Shareholders' Meeting. Further details, beyond those disclosed below, can be found in the 2017 / 18 Compensation Report.

The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Board of Directors of CHF 3,130,000 for the 2018 – 2019 term of office.

The aim is to ensure careful use of resources. The proposed amount reflects the maximum aggregate amount of compensation that could arise. The proposed maximum aggregate amount stated in gross is calculated for 9 members of the Board of Directors, assuming that individual fees and equity compensation remain unchanged compared with levels set during the previous term of office and that all those proposed are (re-)elected as members of the Board of Directors at the 2018 Annual General Shareholders' Meeting. The increase compared with the previous year is entirely due to an additional new member (Lukas Braunschweiler).

The proposed maximum aggregate amount includes the following fixed compensation components: a gross cash retainer, the tax value of the restricted shares at grant, estimated expenses, and meeting attendance fees (gross).

The proposed maximum aggregate amount also includes a modest reserve for unforeseen events and unexpected additional meeting attendance fees and / or expenses.

Sonova pays mandatory employer's social security contributions (AHV / ALV) for the Board of Directors in accordance with applicable law. These contributions are no longer included in the maximum aggregate amount of compensation for the purposes of the applicable votes at the 2018 and future Annual General Shareholders' Meetings because they cannot be accurately forecast, but the actual amount paid will be disclosed in the Compensation Report of the respective year.

| in CHF 1,000                                                                     | Approved for<br>AGM 2016 –<br>AGM 2017 | Effective for<br>AGM 2016 –<br>AGM 2017 | Approved for<br>AGM 2017 –<br>AGM 2018 | Expected for<br>AGM 2017 –<br>AGM 2018 | Proposal for<br>AGM 2018 –<br>AGM 2019 |
|----------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>AGM approval year</b>                                                         |                                        | <b>2016</b>                             |                                        | <b>2017</b>                            | <b>2018</b>                            |
| Fixed fees including<br>meeting attendance fees<br>and expenses                  | 1,463                                  | 1,328                                   | 1,453                                  | 1,326                                  | 1,518                                  |
| Tax value of restricted shares                                                   | 1,352                                  | 1,362                                   | 1,362                                  | 1,391                                  | 1,612                                  |
| <b>Total AGM vote</b><br>(excluding employer's social<br>security contributions) | <b>2,815</b>                           | <b>2,690</b>                            | <b>2,815</b>                           | <b>2,717</b>                           | <b>3,130<sup>1) 2)</sup></b>           |
| Mandatory employer's social<br>security contributions                            | 185                                    | 209                                     | 185                                    | 217 <sup>3)</sup>                      |                                        |
| <b>Total AGM vote</b><br>(including employer's social<br>security contributions) | <b>3,000</b>                           | <b>2,899</b>                            | <b>3,000</b>                           | <b>2,934</b>                           |                                        |

The tax value at grant for restricted shares differs from the value at grant by reduction of 6 % per year of restriction; this reflects the fact that once the restricted shares have been granted, they are then blocked over a restriction period. The corresponding discount of approximately CHF 0.44 million reflects the practice of the Swiss tax authorities, considering the circumstance that restricted shares are not tradable, cannot be pledged and are therefore subject to the full share volatility during the blocking period.

The actual payout will be disclosed in the Compensation Report of the respective year, which will be submitted to a consultative shareholders' vote.

<sup>1)</sup> The proposal of the Board of Directors relates only to the maximum aggregate amount. The subtotals shown for each compensation component are included for illustration purposes only.

<sup>2)</sup> Mandatory employer's social security contributions are no longer included in the maximum aggregate amount of compensation for the purposes of the applicable votes at the 2018 and future Annual General Shareholders' Meetings because they cannot be accurately forecast, but the actual amount paid will be disclosed in the Compensation Report of the respective year.

<sup>3)</sup> Mandatory employer's social security contributions for the period between the 2017 Annual General Shareholders' Meeting and the 2018 Annual General Shareholders' Meeting have been substituted in this figure for those actually paid during the 2017/18 financial year, as the former total had not yet been finalized at the date on which this Appendix was printed.

## **5.2 Approval of the Maximum Aggregate Amount of Compensation of the Management Board**

Pursuant to Art. 26 of the Articles of Association, the General Shareholders' Meeting shall approve the maximum aggregate amount of compensation of the Management Board for the following financial year, i.e. the 2019/20 financial year. Further details, beyond those disclosed below, can be found in the 2017/18 Compensation Report.

The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Management Board of CHF 15,100,000 for the 2019/20 financial year.

Sonova pays mandatory employer's social security contributions (AHV/ALV) for the Management Board in accordance with applicable law. These contributions are no longer included in the maximum aggregate amount of compensation for the purposes of the applicable votes at the 2018 and future Annual General Shareholders' Meetings because they cannot be accurately forecast, but the actual amount paid will be disclosed in the Compensation Report of the respective year.

The proposed maximum aggregate amount consists of the following compensation components:

| in CHF 1,000                                                                                                                                                  | Approved for<br>2017 / 18 FY | Effective for<br>2017 / 18 FY | Approved for<br>2018 / 19 FY | Proposal for<br>2019 / 20 FY  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| Maximum amount of fixed salaries, including base salary, fringe benefits, employer's pension contributions                                                    | 5,421                        | 5,937                         | 5,427                        | 5,374                         |
| Maximum amount of variable cash compensation                                                                                                                  | 4,445                        | 3,109                         | 4,659                        | 4,945                         |
| Fair value at grant of options and restricted share units (RSUs) or performance share units (PSUs) to be granted under the Executive Equity Award Plan (EEAP) | 4,413                        | 6,647                         | 4,864                        | 4,781                         |
| <b>Total AGM vote</b> (excluding employer's social security contributions)                                                                                    | <b>14,279</b>                | <b>15,693</b>                 | <b>14,950</b>                | <b>15,100<sup>1) 2)</sup></b> |
| Mandatory employer's social security contributions                                                                                                            | 1,121                        | 1,148                         | 1,050                        |                               |
| One-time cost for RSU transition grant                                                                                                                        |                              |                               | 900                          |                               |
| <b>Total AGM vote</b> (including employer's social security contributions)                                                                                    | <b>15,400</b>                |                               | <b>16,900</b>                |                               |
| <b>Total AGM vote</b> (including reserve amount & employer's social security contributions) <sup>3)</sup>                                                     | <b>20,020</b>                | <b>16,841</b>                 | <b>21,970</b>                |                               |

<sup>1)</sup> The proposal of the Board of Directors for the compensation of the Management Board relates only to the maximum aggregate amount. The subtotals shown for each compensation component are included for illustration purposes only.

<sup>2)</sup> Mandatory employer's social security contributions are no longer included in the maximum aggregate amount of compensation for the purposes of the applicable votes at the 2018 and future Annual General Shareholders' Meetings because they cannot be accurately forecast, but the actual amount paid will be disclosed in the Compensation Report of the respective year.

<sup>3)</sup> According to Art. 27 of the Articles of Association of Sonova Holding AG, the company is authorized to pay to each person who becomes a member of the Management Board after the General Shareholders' Meeting has approved the compensation a supplementary amount during the compensation period(s) already approved. The supplementary amount shall not exceed 30 % of the aggregate amount of compensation last approved by the General Shareholders' Meeting per compensation period and per each such member.

The aim is to ensure careful use of resources. The proposed amount reflects the maximum aggregate amount of compensation that could arise.

The proposed maximum aggregate amount stated in gross is calculated for 9 members of the Management Board in the 2019 / 20 financial year, compared with 10 members in the 2018 / 19 financial year.

The increase by CHF 150,000 compared with the amount approved for the 2018 / 19 financial year (excluding employer's social security contributions) results from the higher compensation for the new CEO.

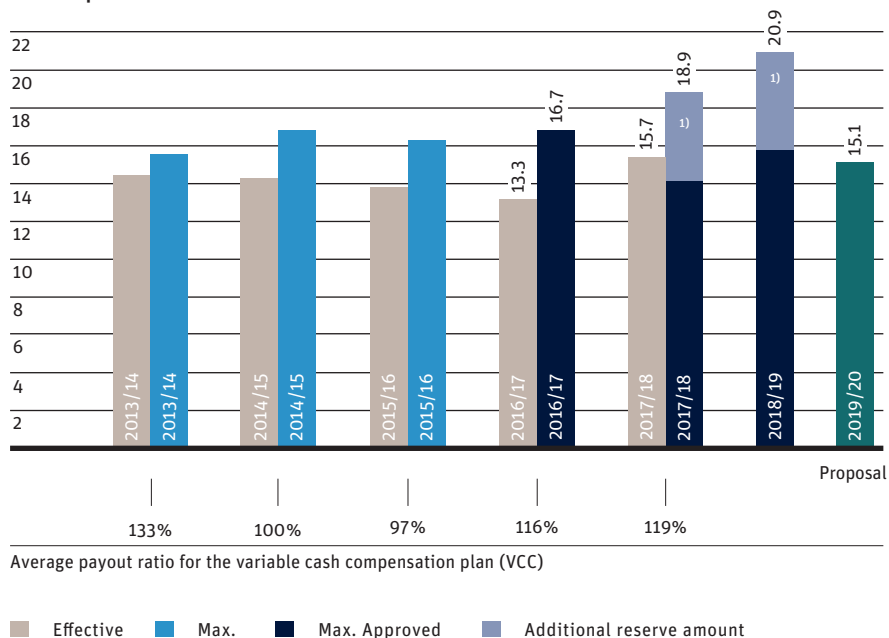
The proposed maximum aggregate amount includes a modest reserve of 2 % of the total proposed maximum aggregate amount for possible individual salary increases and of 2 % for other unforeseen events.

The proposed maximum aggregate amount is based on the maximum potential variable cash compensation payout (i.e. the 200 % payout cap).

The proposed maximum aggregate amount is based on the fair value at grant of options and PSUs, assuming a 100 % target achievement. Actual PSU payout, which may range from 0 to 2 shares per PSU, can only be determined after 3 1 / 3 years and will be disclosed at that time.

The following restated overview shows the Management Board compensation without employer's social security contributions in the past five years and the proposed maximum aggregate amount for the 2019 / 20 financial year:

**Total compensation in CHF million**



The actual payout and grants for the 2019 / 20 financial year will be disclosed in the 2019 / 20 Compensation Report.

<sup>1)</sup> Additional reserve amount for changes in the Management Board according to Art. 27 of the Articles of Association.

# Organizational Matters

## Documents

The Annual Report (including the Compensation Report), the annual consolidated financial statements of the Group and the annual financial statements of Sonova Holding AG, as well as the auditors' reports for 2017/18 will be available for inspection by the shareholders from May 22, 2018 at the company's registered office in Laubisrütistrasse 28, CH-8712 Stäfa. These documents may also be downloaded on our website at: [www.sonova.com](http://www.sonova.com).

## Admission Cards

Shareholders with voting rights who have been recorded in the share register by June 6, 2018 will receive this invitation to the Annual General Shareholders' Meeting directly, including the agenda and the motions of the Board of Directors. Upon returning the enclosed reply form, shareholders will receive their admission cards and voting documents.

From June 7, 2018 to June 12, 2018, no entries will be made in the share register. Registered shareholders who sell their shares before the Annual General Shareholders' Meeting will no longer be entitled to vote.

## Representation / Proxy

Shareholders who cannot attend the Annual General Shareholders' Meeting in person may be represented as follows:

- by another person (who does not need to be a shareholder): Proxy is granted by completing the enclosed reply form accordingly. The admission card will be sent directly to the appointed proxy.
- by the Independent Proxy, Andreas G. Keller, attorney-at-law, Gehrenholzpark 2g, CH-8055 Zurich: Proxy is granted by completing the enclosed reply form accordingly. An admission card does not need to be ordered. To the extent that no specific instructions have been provided, the Independent Proxy is instructed by the shareholder to vote in favor of the motions by the Board of Directors.

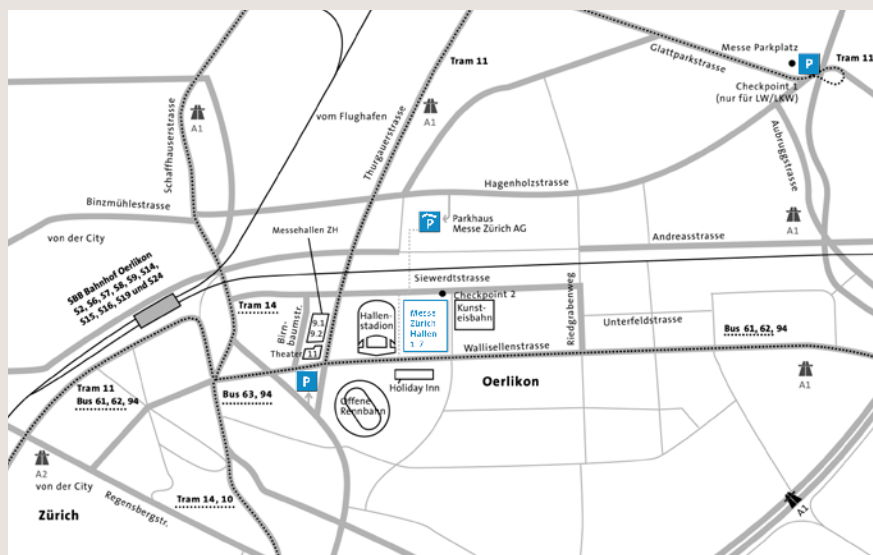
## Use of the Online Platform

Sonova Holding AG provides an online platform for its shareholders. Shareholders registered in the share register with voting rights may order an admission card or grant proxy and provide voting instructions to the Independent Proxy. Personal access data for the online platform is printed on the enclosed reply form. The final deadline for granting proxy and providing instructions to the Independent Proxy electronically is June 8, 2018 at 3:30 p.m.

## Language

The Annual General Shareholders' Meeting will be held in German. An FM installation will be available for persons with hearing loss. FM receivers will be available at the entrance.

# Arrival at the Messe Zurich



## Public Transportation

### From Zurich main station

Take the S2, S5, S6, S7, S8, S14 or S16 train to Bahnhof Oerlikon. Change to bus number 63/94 or tram 11, and get off at "Messe/Hallenstadion".

### From Zurich Airport

Take the S2 train to Bahnhof Oerlikon. Change to bus number 63/94 or tram 11, and get off at "Messe/Hallenstadion".

## By Car

### From direction Bern/Basel (A1)

Join route N20 ("Zurich Nordring") and take the Zurich-Seebach exit. Then follow the signs for "Messe Zurich".

### From direction St. Gallen/Winterthur (A1)

Take the Wallisellen exit. Follow the signs for "Messe Zurich" along the Überlandstrasse to the Aubruggstrasse. Turn left at the end of the street into the Hagenholzstrasse.

### From direction Chur (A3)

First follow the highway signs for "Winterthur/Flughafen". After the Hardbrücke, move to the right lane and leave the main road before the tunnel entrance close to the Bucheggplatz. Then follow the signs for "Messe Zurich".

## Parking

Parkhaus Messe Zurich, Andreasstrasse 65, 8050 Zurich. Follow the signs for "Messe Zurich" until the junction Thurgauerstrasse – Binzmühlenstrasse/Hagenholzstrasse. The Parkhaus Messe Zurich is accessible from the Hagenholzstrasse. There is a direct footpath from the Parkhaus Messe Zurich to the Messe Zurich (ca. 500m).

## Sonova Holding AG

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## Our Brands

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