

Tax Principles

Released by the CFO in February 2019.

Sonova is committed to tax compliance and operates its bespoke international flow of goods in line with all applicable tax regulations.

1. Purpose and scope

As laid down in Sonova's Code of Conduct, Sonova strives to the highest standards in complying with laws, rules, regulations, reporting and disclosures requirements. This also applies for tax matters. This document provides high level information on procedures and internal guidelines for tax compliance within the Sonova Group, meaning for all legal entities that are majority-owned or otherwise controlled directly or indirectly by Sonova Holding AG.

2. Integrity in compliance and reporting

In Sonova, tax compliance means:

- to conduct transactions with Group-internal and external business partners in a tax compliant way
- to submit tax filings and other disclosures to tax agencies in a timely and accurate way in line with applicable regulations
- to pay taxes due on time

To secure high quality standards for Sonova's tax compliance Group companies deploy external tax advisors or, where available, use the Group-internal tax function. The Corporate Tax Department (CT) supports Group Company Controllers (GCCs) with the selection of, and the relation with, tax advisors. CT trains and supports personnel with responsibilities for tax matters to ensure that they have the skills to effectively fulfil tax related roles.

3. Sonova Group structure and international transactions

To avoid inconsistencies within the Sonova Group and to grant the highest level of compliance with international standards, CT defines the principles and supports the GCCs in the implementation of international transactions and supports the GCCs in the preparation of the Transfer Pricing documentation.

Sonova develops, manufactures and distributes high-tech medical devices. The pricing of goods and services between Group companies (intercompany), in particular from manufacturing to trading to distribution companies, reflects the risk taken, assets used and functions performed by the individual Group companies.

Sonova monitors the increasing scope of international regulations related e.g. to so called BEPS (Base Erosion and Profit Shifting) initiatives by the OECD or EU Directives. Sonova is committed to achieving highest compliance standards in all national and international tax aspects. New compliance parameters introduced by the BEPS-guidelines are being embraced by Sonova and applied in an expedited way.

Sonova does not make use of off-shore or other artificial structures disconnected from the actual business needs.

4. Controlling and managing tax risks

Our operating business is structured in compliance with all applicable tax regulation. If there are multiple options which provide equivalent business solutions and which comply with all applicable laws, the most tax efficient approach is suggested by CT.

Tax risks are best prevented by promoting tax knowledge and awareness and preventing unnecessary dispute by fostering an open and collaborative attitude towards tax authorities, government officials and other third parties. For this reason, Sonova does maintain open and collaborative conduct with the tax authorities and governmental bodies. Sonova is committed to compliance with all relevant and applicable legal disclosure requirements and provides all relevant information to enable tax authorities to carry out their review.