

# Audit Committee Charter

## Directive

Released by the Board of Directors of Sonova Holding AG on 9th May 2023

### 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 Chair 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 Chair 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 Chair of the AC may invite other persons to attend all or a portion of the meetings including the Chair of the Board, the CEO, the CFO, the Head of Internal Audit & Risk, the General Counsel and the Chief Compliance Officer. At least once a year, the AC meets with the Head of Internal Audit & Risk 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 reports to the Chair of the AC. The Chief Compliance Officer reports to the Chair of the AC on a dotted line (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
- to approve the Sonova Internal Audit & Risk 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,
- 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,
- to review legal controls, including information about major pending lawsuits and lawsuits to be expected, and
- to oversee the Internal Control System (ICS) including approval of the ICS methodology and review of deficiencies.

#### **D. Compliance & Data Protection Management**

Regarding compliance with rules and regulations:

- to be informed of the appointment of the Chief Compliance Officer by the CEO,
- to be informed of the appointment of the Data Protection Officer,
- to approve the Sonova Compliance Charter,
- 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 review together with the Data Protection Officer on matters relating to data protection, data breaches and data ethics,
- to be periodically informed about governance, legal, and regulatory matters with potentially significant impact, and
- to review 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 Chair 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.

The Chair of the Board of Directors



Robert F. Spoerry

The Secretary



Franz Brand

## Further applicable documents

- [1] Sonova Holding AG Organizational Regulations
- [2] Internal Audit & Risk Charter
- [3] 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 <sup>th</sup> March 2008	Sonova Board of Directors, 14 <sup>th</sup> March 2008
2011	Revised Version	Patrick Buechi	Robert F. Spoerry, Patrick Buechi, 13 <sup>th</sup> June 2011	Sonova Board of Directors, 13 <sup>th</sup> June 2011
2013	Revised version to reflect changes in-line with Internal Audit, Risk & Compliance Charter	Claudia Nohr		
2015	Revised version to reflect changes in responsibility for Compliance	Claudia Nohr	Robert F. Spoerry, Michael Jacobi, 27 <sup>th</sup> August 2015	Sonova Board of Directors, effective 1 <sup>st</sup> October 2015
2021	Revised version to emphasis on diversity in practice within the Sonova Group	Cyrill Littmann May 2021	Robert F. Spoerry, Franz Brand, 12 <sup>th</sup> May 2021	Sonova Board of Directors, 12 <sup>th</sup> May 2021
2022	Revised version to reflect the organizational structure with respect to Compliance.	Deepa Vijayan September 2022	Robert F. Spoerry, Franz Brand, September 2022	Sonova Board of Directors, 9 <sup>th</sup> September 2022
2023	Minor edits for clarification	Deepa Vijayan May 2023	Robert F. Spoerry, Franz Brand, 9 <sup>th</sup> May 2023	Sonova Board of Directors, 9 <sup>th</sup> May 2023