

# ESG Report 2021/22

---

Message from the CEO **203**

---

Stakeholder engagement **205**

---

IntACT - Sonova's ESG strategy **209**

Protecting the planet

Serving society

Advancing our people

Acting with integrity

---

About this report **274**

---

Independent assurance report **276**

---

Content indices **279**

GRI

SASB

TCFD

SDGs



Sonova ESG Report 2021/22

## Message from the CEO

Dear readers,

No business acts in a bubble. All are deeply affected by their surroundings – this world's ecological, social, and geopolitical circumstances. But the impact goes two ways: businesses, by their behavior, can also influence the world. And it is Sonova's fundamental belief that a company can only sustain success in the medium and long term, if it fully embraces its responsibilities towards all stakeholders and makes environmental, social, and governance (ESG) principles integral to its way of doing business.

Sustainability has long been anchored in Sonova's corporate values: We care. We drive innovation. We strive for excellence. We take accountability. We build the best team. Through our core business, we make a positive impact on the quality of life of millions of people every day, enabling them to enjoy the delight of hearing through our innovative solutions.

We aspire just as much to have a positive effect on our society and the environment. Our *IntACT* ESG strategy puts this aspiration into practice. It builds on four key areas: serving society, advancing our people, acting with integrity, and protecting the planet. The name *IntACT* emphasizes the ultimate goal – keeping our planet and people *intact* – and underlines the urgent need to *ACT*.

As part of our commitment to transparent stakeholder dialogue, we have published this dedicated ESG strategy and performance report for over ten years. Its form and content are guided by international reporting frameworks, including GRI, SASB, and TCFD.

Let me highlight a few achievements on our ESG journey in 2021/22. We achieved carbon neutrality in our own operations (Scope 1 and 2) through energy efficiency measures, strongly increasing our renewable energy ratio, and investing in certified offsetting projects in China, Vietnam, and Brazil. We completed our first full Scope 3 assessment to quantify all greenhouse gas emissions along our value chain. This data will enable us to identify powerful CO<sub>2</sub> reduction measures. We also further aligned our climate risk disclosures with the TCFD recommendations.

On the social side, employee health & wellbeing remained a key topic. We implemented global measures including new hybrid working guidelines and appointed a global health manager to further develop and implement our worldwide program. We are also proud that 97% of non-production or assembly employees now have a personal development plan (against a target of 95%). In diversity and inclusion initiatives, over 97% of

---

The name of Sonova's ESG strategy *IntACT* emphasizes the ultimate goal – keeping our planet and people *intact* – and underlines the urgent need to *ACT*.

employees have received training on unconscious bias. The share of women in key positions has increased over the past year from 33.5% to 35.2%, approaching our target of 40% by the end of 2025/26. In governance, we conducted Sonova's first pilot human rights impact assessment to further align our human rights due diligence with UNGP and OECD Guidelines.

Naturally, we have also faced challenges in achieving our ambitious ESG targets for this year. Although we initiated a program to reduce the environmental footprint of our packaging, our overall absolute weight of packaging increased in 2021/22, mostly due to strong business growth; we are therefore not yet on track towards our target of a 20% reduction in packaging by 2023. On the social side, the so-called "Great Resignation" in the wake of the pandemic had an impact on employee turnover, which emphasizes yet more the importance of development opportunities, health & wellbeing, and employee engagement. In governance, we need to focus even more strongly on product reliability advances in our hearing instruments and cochlear implants to achieve our ambitious target of a 20% year-over-year improvement in 2022/23.

We will continue to improve our ESG performance indicators with the same focus and intensity as we do our financial ones. ESG objectives remain part of the variable cash compensation of each member of the Management Board. Major rating agencies and sustainability indices such as the Dow Jones Sustainability Index and FTSE4Good confirmed our industry-leading ESG performance.

Sonova has been a signatory of the UN Global Compact since 2016, and we fully endorse its ten principles governing human rights, labor, environment, and anti-corruption. We also support the Sustainable Development Goals of the United Nations, which define the global sustainable development agenda through to 2030.

There is still a lot of work to be done. Together with more than 16,000 colleagues all over the world, we will continue to strive for improvement, driving impactful actions for our society and our planet – because it is the only one we have.

Sincerely,

---

We will continue to improve our ESG performance indicators with the same focus and intensity as we do our financial ones.

GRI 102-14



**Arnd Kaldowski**  
Chief Executive Officer



Sonova strives to engage in open and transparent dialog with its stakeholders. We actively initiate this through a broad range of channels to promote participative and integrated decision-making.

**SDG 17.16**

## Stakeholder groups

Sonova understands how stakeholder involvement supports our long-term success: by enhancing transparency, broadening knowledge, and generating innovative solutions. We regularly interact with our stakeholders to identify their specific interests in our business activities, products and services, and clarify their influence over our decisions. We have defined five key groups of stakeholders:

**GRI 102-40, 102-42**

- [Customers and consumers](#)
- [Employees](#)
- [Shareholders](#)
- [Suppliers](#)
- [Academia and opinion leaders](#)

Further stakeholder groups that are important to Sonova include: the financial community, media, regulators, insurers, competitors, and industry bodies.

## Approach to stakeholder engagement

### **Customers and consumers**

**GRI 102-43**

Our business model is built on business-to-business (hearing care professionals, clinics, retailers) and business-to-consumer (end users, patients) relationships. Sonova establishes specific channels of engagement appropriate to the differing needs of each of these groups.

We ensure dialog with our business-to-business customers through our sales representatives, brand tracker surveys, customer satisfaction surveys, advisory network, knowledge management and sharing, customer hotline and support, audiology conferences, online customer communities, and complaint management channels. We provide a broad range of professional training and courses that address the various specializations in the hearing care industry. We also organize e-learning seminars, road shows, face-to-face in-clinic training, and technical marketing materials to help transfer our knowledge and train hearing care specialists. We conduct an annual worldwide online customer survey. Based on this data, the Customer Satisfaction Index (CSI) is calculated and expressed on a scale between 0 and 100, the latter being the best. In 2021/22, the CSI for the Phonak brand was 74 (2019/20: 79 and 2018/19: 80). Due to COVID-19, only a reduced version of the annual customer survey was carried out in 2020/21.

The ways we engage with end users and patients include satisfaction surveys and communities such as the Phonak Pediatric Advisory Board, HearingLikeMe.com, or Advanced Bionics' Bionic Ear Association (BEA™). The Phonak Pediatric Advisory Board helps steer Phonak's pediatric product development and establish industry-best practices to support the needs of children with hearing loss. Members of the Pediatric Advisory Board include parents of children with hearing loss, researchers and professors in pediatric audiology, and master pediatric clinicians. HearingLikeMe.com is an online community for people whose lives are affected by hearing loss. BEA™ is a community of hearing health professionals and cochlear implant recipients that aims to improve the quality of life of individuals with severe-to-profound hearing loss by providing information, education, and awareness on cochlear implants.

## Employees

Regular interactions with our employees include "HearMe", the annual employee engagement survey, and the annual appraisal and development process. The employee appraisal and development meeting is essential for assessing satisfaction, providing feedback, and defining expectations for behavior and performance. It supports each employee's personal and professional development and helps to build trusting relationships by providing a format for open dialog.

GRI 102-41

## Shareholders

Sonova has 22,868 registered shareholders, who together own 66.46% of the total shares. Shareholders' interests are represented by the Board of Directors, which sets and oversees the general direction of the company. We publish an Annual Report for shareholders and other stakeholders, and hold an Annual General Shareholders' Meeting, which provides a forum for discussion and debate as well as an opportunity to vote on compensation for management and the Board of Directors.

## Suppliers

Our relationship with our suppliers is governed by Sonova's Group Supplier Principles (SGSP), which are based on a range of international standards, customer requirements, and industry characteristics. We assess new suppliers on their management systems and are in regular contact with key suppliers.



Sonova Group Supplier Principles (SGSP)

## Academia and opinion leaders

We collaborate with such universities as the University of Zurich, the University of Hannover (Germany), the University of Oldenburg (Germany), Vanderbilt University in Nashville (US), the University of Melbourne (Australia), the University of Queensland (Australia), the University of Western Ontario in Waterloo (Canada), the Swiss Federal Institutes of Technology (ETH) in Zurich and Lausanne, and the University of Manchester (UK). We foster a close collaboration with these partners by offering support toward diploma theses for Master's degree or PhD students. We support studies financially and also, when appropriate, participate in the actual work by closely collaborating on

research projects. Sonova experts also actively engage in the scientific community by participating in seminars and conferences as well as by co-authoring scientific studies in journals.

## Financial community

As a publicly listed company, Sonova pursues an open and active information policy. A governing principle of this policy is to treat all stakeholders alike and to inform them at the same time. We interact extensively with the financial community at roadshows and conferences as well as through investor meetings and conference calls. Sonova holds an Investor and Analyst Day every year at its headquarters in Stäfa. COVID-19 related restrictions meant that last year's event once again took place in a virtual form, with a record number of around 250 attendees joining the live webcast. We also hold regular exchanges with environmental, social and governance (ESG) investors and rating agencies.

## Media

Sonova initiates and maintains strong relationships with a broad range of media representatives to ensure transparency, dialog, and accountability for its activities. The media relations team works globally with top-tier public interest media, trade and special interest media, financial and economic media, and the major wire services to ensure fair disclosure of information to all stakeholders, creating – among other topics – awareness of hearing loss and its implications, as well as informing on key aspects of Sonova's business and sustainability performance. We proactively publish and distribute press releases (including on our corporate website), organize press conferences, media trips, and events, and respond extensively to requests from journalists on developing stories.

## Regulators

Most of Sonova's products are regulated medical devices, which means that the company must meet statutory patient safety standards and functional performance claims with clinical evidence. We recognize our responsibility to share our specialist knowledge in external working groups to help define the regulatory principles that will ensure high quality standards for hearing instruments and cochlear implants.

## Insurers

Governments and social institutions such as the Veterans Administration in the United States and the National Health Service in the United Kingdom, as well as public and private insurance providers, all contribute to improving access to hearing care. Sonova regularly participates in tender processes and offers its products and services to help insurers receive the best hearing value for their money.

## Competitors and industry

Sonova's competitors aim to gain market share. This competition generates improved service for customers and drives Sonova to push yet further the limits of technology. We are committed to fair competition, defined in detail in Sonova's Global Competition Law Policy. Sonova interacts with representatives from competitors e.g. through membership in such industry associations as the European Hearing Instrument Manufacturers Association (EHIMA), which represents the major European hearing instrument manufacturers.

## Key topics and concerns raised

Key topics and concerns raised through stakeholder engagement are included in our materiality analysis, ESG strategy, and respective reporting activities. The 2019 materiality assessment identified eight ESG topics with the highest relevance for Sonova, which are listed below. The stakeholder groups which assigned a comparatively high relevance to the specific topic are indicated in brackets.

GRI 102-44

- Product quality, safety, and reliability (customers and consumers, regulators and governments, industry and competitors, investors, public)
- Business ethics and legal compliance (regulators and governments, industry and competitors, investors)
- Responsible supply chain (suppliers, industry and competitors, regulators, and governments)
- Human rights and labor practices (regulators and governments, industry bodies and competitors, public)
- Access to hearing care (customers and consumers, regulators and governments, employees)
- Talent development (employees, industry and competitors, investors)
- Diversity and inclusion (employees, regulators and governments, public)
- Data privacy and digital ethics (customers and consumers, public, investors)



Sonova ESG Report 2021/22

# IntACT – Sonova's ESG strategy

Sonova's purpose is inherently social: With our hearing solutions we improve the lives of millions of people. Beyond serving our consumers, we aspire to create benefits for the economy, the environment, and society as a whole.

**SDG 12.6**

## Vision, values, and culture

Sonova's vision is straightforward and motivates all our activities: We envision a world where everyone enjoys the delight of hearing and therefore lives a life without limitations. Our core values are shared throughout the organization. They drive our daily actions and reflect the corporate culture that defines and unites us as a company across all brands and regions.

**GRI 102-16**

- **We care:** We care for our employees, customers, and consumers, as well as our shareholders and society.
- **We drive innovation:** We courageously pioneer new ideas and approaches to come up with impactful innovations, to delight customers and consumers.
- **We strive for excellence:** We act with agility. We aim to excel. We are continuously working on improving products, services, processes, and skills, to realize growth.
- **We take accountability:** We deliver on our commitments. We take accountability to provide outcomes in agreed quality and time, always acting with integrity.
- **We build the best team:** We team up. We grow talent. We collaborate with people of diverse backgrounds to win with the best team in the marketplace.

Our commitment to act responsibly and create long-term value for all our stakeholders is embodied in the Sonova Group Code of Conduct and is deeply rooted in our corporate vision, values, and culture.



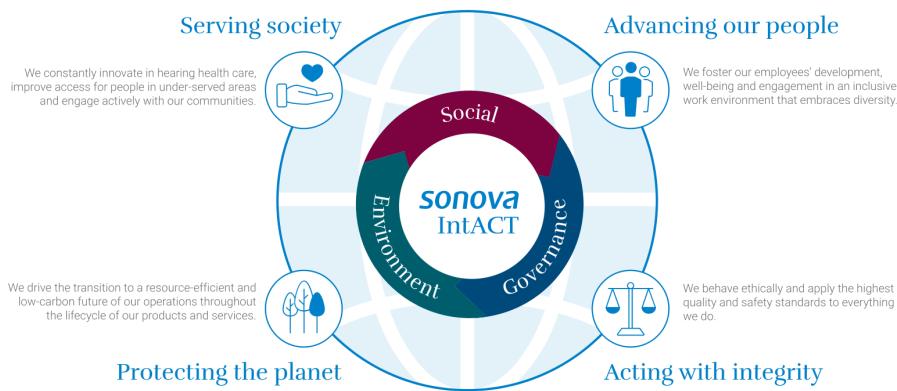
[Sonova Code of Conduct](#)

## ESG strategy and targets

Sonova's ESG commitments are made clear by *IntACT*, our ESG strategy. It builds on four key areas: protecting the planet, serving society, advancing our people, and acting with integrity. The name *IntACT* emphasizes the ultimate goal – keeping our planet and people *intact* – and underlines the urgent need to *ACT*.

[GRI 102-46](#), [GRI-102-47](#), [GRI 103-1](#), [GRI 103-2](#), [GRI 103-3](#)

- **Protecting the planet:** We drive the transition to a resource-efficient and low-carbon future of our operations throughout the lifecycle of our products and services.
- **Serving society:** We constantly innovate in hearing health care, improve access for people in under-served areas, and engage actively with our communities.
- **Advancing our people:** We foster our employees' development, well-being, and engagement in an inclusive work environment that embraces diversity.
- **Acting with integrity:** We behave ethically and apply the highest quality and safety standards to everything we do.



Tangible and measurable performance indicators and targets with firm dates for achievement are an important element of our sustainability management approach. In the table below you find an overview of our key targets and progress covering the four areas of our ESG strategy. More information on performance indicators, goals and targets, policies, processes, programs and actions is provided in the corresponding sections of this ESG Report:

- **Protecting the planet**
- **Serving society**
- **Advancing our people**
- **Acting with integrity**

## Progress on key ESG targets

ESG target	ESG topic	Progress	2021/22 performance
<b>Protecting the planet</b>			
We reduce greenhouse gas emissions relative to revenue by 50% compared to 2017 by 2022. <sup>1</sup>	Energy & climate	Achieved ahead of target year	-77% CO <sub>2</sub> e emissions relative to revenue vs. base year 2017
We achieve carbon-neutral operations by 2021.	Energy & climate	Achieved	Carbon-neutrality achieved for own operations (Scope 1+2 emissions).
We assess the potential effects of climate change on Sonova and define actions to improve our climate resilience by 2021.	Energy & climate	Achieved	Pilot climate risk analysis & enhanced TCFD reporting, first actions defined
We reduce packaging waste by 20% vs. 2019 by 2023.	Eco-friendly products	Behind schedule	10.4% packaging increase vs. base year 2019
<b>Serving society</b>			
We increase unit sales of hearing instruments in low- and middle-income countries by 50% vs. 2018/19 by 2023/24.	Access to hearing care	On track	44.1% increase vs. base year 2018/19
We train and certify 250 hearing care professionals (HCPs) in low- and middle-income countries through the Swiss International Hearing Academy (SIHA) 12-month HCP program by 2022/23.	Access to hearing care	Behind schedule	84 HCPs trained and certified in 2021/22
We increase lives impacted by the Hear the World Foundation (HTWF) by 10% year-over-year – focusing on children with hearing loss in low- and middle-income countries.	Access to hearing care	Achieved	201% increase (2,260 fitted devices vs. 750 in previous year)
<b>Advancing our people</b>			
We achieve the employee engagement rate level of high performing companies by 2022/23.	Talent & employee engagement	Behind schedule	83% engagement vs. 88% benchmark
We aim for >95% of employees to have a development plan by 2022/23. <sup>2</sup>	Talent & employee engagement	Achieved ahead of target year	97.4% employees with development plan
We strive for 40% women in key positions by 2025/26.	Diversity & inclusion	On track	Increase from 33.5% in previous year to 35.2%
We train >95% of employees on D&I by mid 2021.	Diversity & inclusion	Achieved	95.2% of employees trained
<b>Acting with integrity</b>			
We improve the product reliability rate >20% year-over-year for hearing instruments (HI) and cochlear implants (CI). <sup>3</sup>	Product quality, safety and reliability	Not achieved	CI reliability rate improved by 19%/HI reliability rate worsened by 3%
We implement human rights due diligence (HRDD) aligned with international frameworks and train all relevant employees by 2022/23.	Human rights & labor practices	On track	Human rights impact assessment conducted (social audit); People Policy launched
We achieve annual on-time mandatory employee Global Compliance training completion rate of >98%. <sup>4</sup>	Business ethics & legal compliance	Not achieved	86% on-time completion (95.9% overall completion)
We establish a digital ethics committee by 2021/22.	Data privacy & digital ethics	Achieved	Digital ethics committee established

<sup>1)</sup> Scope 1&2 + air-travel related Scope 3 emissions.<sup>2)</sup> Excluding job roles in production/assembly.<sup>3)</sup> The HI product reliability rate includes Receiver-In-Canal (RIC), Custom In-The-Ear (ITE) and Behind-The-Ear (BTE) hearing instruments. The CI product reliability includes Naída pediatric and adult processors/externals.<sup>4)</sup> For the coming financial year 2022/23, the target will be adjusted from >98% to >95%.

## ESG governance

The governing body overseeing our ESG activities is Sonova's ESG Council. It consists of the Group CEO, CFO, GVP Operations, GVP Human Resources Management & Communications, Group General Counsel & Compliance Officer, and the Corporate Responsibility team. In its quarterly meetings the Council's responsibility is to oversee the development and implementation of the Group's ESG strategy, including its commitments and targets, and to monitor progress on ESG key performance indicators and initiatives. The full Management Board also regularly reviews progress on ESG targets, which comprise an element of each member's variable cash compensation.

GRI 102-18, GRI 102-19, GRI 102-20, GRI 102-26, GRI 102-27, GRI 102-29, GRI 102-31, GRI 102-32

The role of Sonova's Corporate Responsibility team is to provide expertise and advice to the Management Board on relevant ESG topics and, in close collaboration with internal experts, to drive the implementation of the ESG strategy and initiatives across the Group. The functional experts are drawn from Group-wide business functions or are country or regional experts representing Sonova Group companies within a given territory and driving ESG initiatives locally.

The ultimate approval of the Group's ESG strategy and key targets lies with the Board of Directors. In 2021/22, ESG topics were discussed at least quarterly, either by the full Board of Directors or one of the sub-committees. Information on selected ESG indicators was also included in monthly updates by the CEO to the Board of Directors.

## Material ESG topics

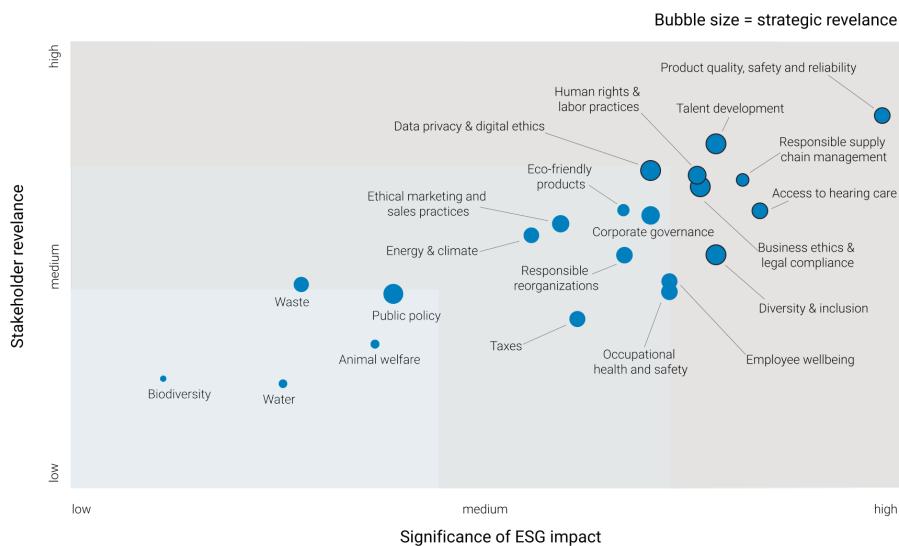
### Materiality assessment

Sonova's most recent materiality assessment and update of the Sonova materiality matrix was conducted in 2019/20. For this, we drew on a number of sources to compile a broad initial list of ESG topics that could be considered relevant to Sonova's impact, or could be influential for our stakeholders' views and decisions. These sources included the following:

- Global frameworks and standards: Global Reporting Initiative (GRI) Standards and the associated SGD Targets for Business; the Sustainability Accounting Standards Board (SASB) industry standards; and the UN Sustainable Development Goals (SDGs)
- Existing and upcoming international, governmental, and industry regulations, standards, and agreements
- Best-practice peer benchmarking and best-in-class-rated reporting practices
- Investor, analyst and proxy advisor reports and feedback
- Public media reports
- Customer and employee surveys
- In-depth stakeholder interviews

We reviewed the results and consolidated the topics into a list of 21. To define material topics, we used personal interviews and online surveys with key internal and external stakeholders to rank the list in terms of three dimensions:

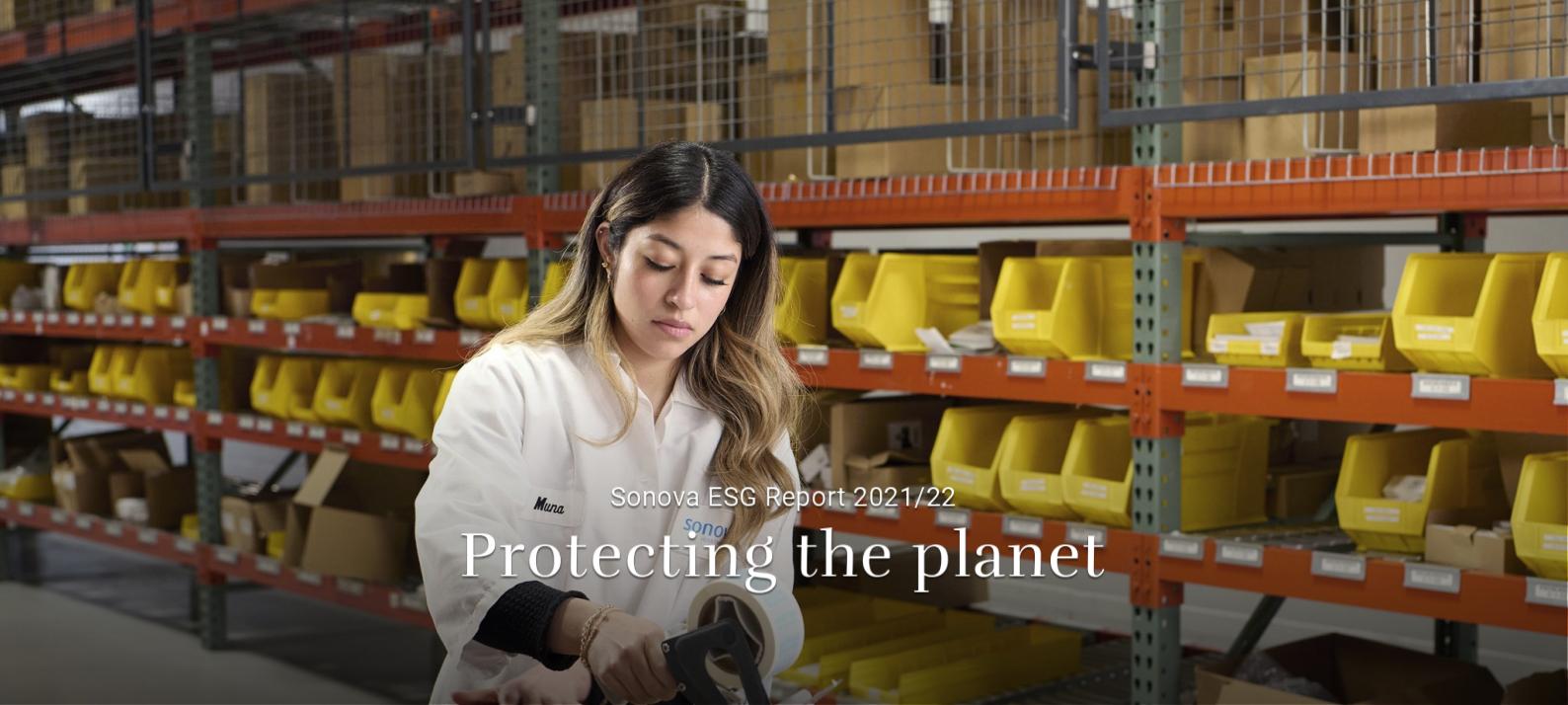
1. **Relevance of the topic to the stakeholders:** To determine the relevance of each topic, we first identified internal and external representatives of each stakeholder group. When selecting the representatives, we took into account a balanced representation of the different geographical regions and Sonova businesses. The selected stakeholders then ranked the 21 topics according to their personal perceptions of importance.
2. **Significance of Sonova's impact on the topic:** The significance of Sonova's impact on each topic was assessed by external experts with relevant experience in the respective fields.
3. **Strategic relevance to Sonova:** The strategic relevance of each topic was assessed in individual internal interviews, including the Group CEO, the Vice President Corporate Strategy, and the Senior Director Internal Audit & Risk.



The result of the materiality assessment is visualized in the materiality matrix. Our analysis yielded eight focus topics, which we prioritized when evaluating our activities and identifying measures for performance improvements. We use the insights of the materiality assessment to prompt further discussions with key internal and external stakeholders around risks and opportunities. We further clustered the 21 ESG topics identified in the materiality assessment into the four strategic areas of *IntACT*, our ESG strategy. Our ESG Report is organized according to these areas.

## Topic boundaries

The relevance of Sonova's ESG Strategy is rooted in its relevance to the whole Sonova Group. All defined topics are therefore considered material to nearly all of the entities covered by this report. Sonova assigns the impacts of each material ESG topic to its appropriate stage or stages in the value-creation process, from raw materials supply to after-sales refurbishing or recycling. Impacts which occur partly or primarily outside the organization relate either to upstream activities (under topic headings including: responsible supply chain; human rights and labor practices; energy and climate) or to downstream activities, such as the utilization of our products and services (topic headings including: access to hearing care; product quality, safety and reliability; data privacy and digital ethics; ethical marketing and sales practices; eco-friendly products).



We drive the transition to a resource-efficient and low-carbon future of our operations throughout the lifecycle of our products and services.

Sonova has made an explicit commitment to protecting the planet and pursuing environmentally friendly practices throughout the whole lifecycle of its products and across all its business activities. We set the priorities and provide the resources needed to reduce our environmental impact through responsible and efficient management of our buildings and infrastructure, processes, products, and services. This chapter comprises the following sections:

**SDG 12.2**

- Energy & climate
- Eco-friendly products
- Waste
- Water
- Biodiversity
- Environmental reporting and system boundaries

The “Protecting the planet” pillar of Sonova IntACT strategy sets clearly defined goals and targets which can be found throughout this chapter. We continuously monitor progress against these targets and optimize environmental performance across the Group. In 2021/22, we updated and enhanced our corporate environmental policy to reinforce our commitment to environmentally proactive behavior and define the company’s environmental management organization and responsibilities. As in previous years, no fines or non-monetary sanctions were levied against Sonova in 2021/22 for noncompliance with environmental laws or regulations.

All Sonova key manufacturing sites and distribution centers listed below have ISO 14001-certified environmental management systems (EMS), which require our employees to take environmental considerations into account when designing, manufacturing, and servicing products.



[Sonova Corporate Environmental Policy](#)

**GRI 307-1**

- Sonova AG and Advanced Bionics AG (Stäfa, Switzerland)
- Sonova Communications AG (Murten, Switzerland)
- Sonova Operations Center Vietnam Co., Ltd. (Binh Duong, Vietnam)
- Sonova Hearing (Suzhou) Co., Ltd. (Suzhou, China)
- Sonova USA Inc. manufacturing and distribution centers (Warrenville/Aurora, USA)
- Advanced Bionics LLC (Valencia, USA)

For non-manufacturing sites, Sonova has adapted its EMS to ensure that environmental factors are integrated in decision-making and that environmental performance continues to improve.

Many of Sonova's employees are personally engaged in the topic of environmental sustainability; more local "green teams" have therefore formed during 2021/22. Our Wireless Competence Center in Murten, Switzerland has launched several green initiatives based on the voluntary engagement of our dedicated employees. This includes a collaboration with academia and other partner firms to find long-term paper-based materials to replace plastics in injection and thermoforming processes.

## Energy and climate

### Commitment and approach

The science is clear - climate change requires prompt, effective action from governments, industries, and individuals. Sonova acknowledges its responsibility and is committed to reducing its greenhouse gas (GHG) footprint. In the previous financial year, Sonova set the target of becoming carbon-neutral in its own operations (Scope 1+2 emissions) by the end of 2021. We are pleased to have achieved this target by reducing our energy consumption and increasing energy efficiency, switching to renewable energy sources, and offsetting unavoidable emissions. We are determined to remain carbon-neutral across our operations in 2022. We are committed to setting science based emissions targets for Scope 1, 2, and 3 emissions in alignment with the Science Based Targets initiative (SBTi). For Scope 1 and 2, we will align with the 1.5°C scenario and for Scope 3 with the well below 2°C scenario.

Since 2012, Sonova has cooperated with CDP (formerly the Carbon Disclosure Project), a non-profit organization that has established standards for companies to publish their environmental data and to score their environmental transparency and action. In 2021 Sonova improved its rating to the second highest possible ranking: A- leadership level, recognizing our transparency in environmental reporting and endeavors in climate change mitigation. The results are publicly available and accessible on the CDP website.

### Energy

In 2021, the total energy consumption of the Sonova Group from heating (fuel oil, natural gas, biogas, district heating), electricity, and vehicle fuels (diesel, gasoline, liquefied petroleum gas, liquefied natural gas, ethanol) amounted to 100,035 megawatt-hours (MWh). Of this total, 47,988 MWh (48%) can be attributed to the Wholesale business and 52,047 MWh (52%) to the Audiological Care business. The Wholesale business accounts for a higher proportion of electricity consumption because of the air conditioning systems necessary in operation centers in China, Vietnam, and the US. On the other hand, the Audiological Care business accounts for a higher proportion of heating because of a stronger presence in Europe, where cold winters make heating more relevant. Compared to the previous year, total energy consumption reduced by 1%. This is due to the lower total distances covered by a more efficient car fleet. Despite the strong growth of the business, our energy consumption from heating and electricity remained stable. This development is also reflected in our energy intensity figure, which reduced by 24% from 39 MWh to 29.7 MWh per million CHF revenue compared to 2020.

GRI 302-1

SDG 7.3

**Energy consumption**

✓ PwC CH

MWh

	2021		2020		2019	
	Audiological Care	Wholesale	Audiological Care	Wholesale	Audiological Care	Wholesale
<b>Total<sup>1,2</sup></b>	<b>52,047</b>	<b>47,988</b>	<b>51,216</b>	<b>50,169</b>	<b>55,505</b>	<b>57,984</b>
Heating	24,299	7,015	22,507	7,166	22,458	9,050
Electricity	20,461	31,639	20,340	31,850	22,073	35,879
Vehicle fuels	7,288	9,334	8,369	11,153	10,974	13,054

1) Includes extrapolation, where only partial data is available.

2) 2019 + 2020 values restated due to methodological improvements. Impact on Scope 1+2 MWh around 6%. Main difference originates from the change to lower heating extrapolation values for Audiological Care Group companies.

**Energy intensity**

✓ PwC CH

MWh relative to million CHF revenue

	2021	2020	2019
Total energy consumption (Scope 1 & 2)	100,035	101,385	113,489
Revenues	3,364	2,602	2,917
<b>Energy intensity</b>	<b>29.7</b>	<b>39.0</b>	<b>38.9</b>

1) 2019 + 2020 values restated due to methodological improvements. Impact on Scope 1+2 MWh around 6%. Energy intensity changed from 41.1 to 38.9 in 2019 and from 41.1 to 39.0 in 2020.

Sonova is committed to increase the share of renewable energy in its total energy consumption. In 2021, 54% came from renewable sources, surpassing our previously stated goal of a 20% renewable energy share by 2022. On-site photovoltaic panels have been installed at our operation center in Vietnam, and multiple operations have moved to sourcing bundled renewable electricity certificates, while the remaining renewable electricity was procured through unbundled renewable electricity certificates. In 2021, 53,678 MWh of energy came from renewable sources, representing an increase in the renewable energy share of total energy consumption from 19% to 54%, compared to 2020. A total of 945 MWh of renewable electricity was generated by on-site photovoltaic panels at our operation centers in China and Vietnam and our Wireless Competence Center in Switzerland (an increase of 66% over 2020). There are several projects planned for 2022/23 to build further photovoltaic panels across our locations.

SDG 7.2, SDG 9.4

**Renewable energy**

✓ PwC CH

MWh

	2021	2020	2019
<b>Total energy consumption</b>	<b>100,035</b>	<b>101,385</b>	<b>113,489</b>
Non-renewable energy consumption	46,357	82,187 <sup>1</sup>	99,158 <sup>1</sup>
Renewable energy consumption	53,678	19,198	14,331
Share of renewable energy	54%	19%	13%

1) 2019 + 2020 values restated due to methodological improvements. Due to the lower consumption of non-renewable energy, our share of renewable electricity increased from 18% to 19% in 2020. 2019 remained unchanged at 13%.

## Greenhouse gas (GHG) emissions

Sonova reached important milestones during 2021/22 in the decarbonization of our operations. We achieved, a year ahead of time, our target to reduce by 50% –compared with 2017 emissions –our greenhouse gas (GHG) emissions by revenue (these are Scope 1+2 and include Scope 3 air travel-related GHG emissions). In 2021, our GHG emissions intensity further declined to 4.3 metric tons of CO<sub>2</sub> equivalents (t CO<sub>2</sub>e) per million CHF revenues. This results in a total reduction of GHG emissions intensity by 77% compared to 2017 levels. The main reason for this large drop is our switch to 100% renewable electricity sourcing across our operations. Our unavoidable emissions from Scope 1 and 2 were offset through a hydro project in China, a solar project in Vietnam and a forest protection project in the Brazilian Amazon. All projects are either verified by the Gold Standard or VCS (Certified Carbon Standard), two of the world's most widely used verifying bodies for carbon credits.

In the 2021/22 financial year, Sonova measured its first full Scope 3 inventory for 2019, 2020, and 2021. As part of this extensive data collection endeavor, we also implemented methodological improvements, which led to the restatement of our 2019 and 2020 energy consumption and corresponding Scope 1 and 2 CO<sub>2</sub>e figures. Total Scope 1, 2, and 3 absolute GHG emissions for 2021 amounted to 159,436 t CO<sub>2</sub>e, an increase of 10% compared to 2020 (144,321 t CO<sub>2</sub>e). However, Sonova's total GHG footprint is still 16% below its pre-COVID-19 levels in 2019, when it amounted to 189,022 t CO<sub>2</sub>e. Our Scope 1-3 GHG intensity was 55.5 t CO<sub>2</sub>e per million CHF revenue in 2020, but it decreased to 47.4 t CO<sub>2</sub>e per million CHF revenue in 2021. The majority of Sonova's GHG emissions are Scope 3 (93% in 2021 vs. 83% in 2020).

### GHG emissions – Scope 1 – 3

✓ PwC CH

t CO<sub>2</sub> e

	2021	2020	2019
<b>Total Scope 1 – 3<sup>1</sup></b>	<b>159,436</b>	<b>144,321</b>	<b>189,022</b>
Scope 1 <sup>2</sup>	10,291	11,086	13,008
Scope 2 <sup>3</sup>	232 <sup>4</sup>	13,820	18,044
Scope 3 <sup>5</sup>	148,914	119,414	157,970

1) Includes extrapolation, where only partial data is available.

2) 2019 + 2020 values restated due to methodological improvements and inclusion of refrigerants. Impact on Scope 1 emissions around 13%.

3) 2019 + 2020 values restated due to methodological improvements. Impact on Scope 2 emissions <1%.

4) Sonova sourced 100% renewable electricity across its sites. Remaining Scope 2 emissions derive from district heating and electricity from EVs.

5) 2019 + 2020 values restated as total Scope 3 screening was conducted in 2021/22, including all applicable Scope 3 categories for 2019 – 2021. In previous years, only categories 4 and 9 (transportation and distribution), category 6 (business-related air travel) and category 7 (employee commuting) were measured and disclosed.

### GHG emission intensity

✓ PwC CH

t CO<sub>2</sub> e relative to million CHF revenue

	2021	2020	2019
Revenues	3,364	2,602	2,917
Total Scope 1 – 2 GHG emissions	10,523	24,906	31,052
<b>Scope 1 – 2 GHG emission intensity</b>	<b>3.1</b>	<b>9.6</b>	<b>10.6</b>
Total Scope 1 – 3 GHG emissions	159,436	144,321	189,022
<b>Scope 1 – 3 GHG emission intensity</b>	<b>47.4</b>	<b>55.5</b>	<b>64.8</b>

GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

TCFD-MET-a, TCFD-MET-b, TCFD-MET-c

### Scope 1 + 2 GHG emissions

Scope 1 emissions are direct CO<sub>2</sub>e emissions related to company vehicles, stationary combustion (e.g. heating), and fugitive emissions (e.g. from refrigerants), while Scope 2 emissions relate to indirect GHG emissions (e.g. from electricity consumption). Progress and actions related to the reduction of our Scope 1 and 2 emissions are reported monthly to the Group Vice President Operations.

In 2021, overall Scope 1 emissions decreased by 7% from 11,086 t CO<sub>2</sub>e to 10,291 t CO<sub>2</sub>e. The total CO<sub>2</sub>e footprint of Sonova's owned and leased corporate car fleet decreased by 15% from 4,847 t CO<sub>2</sub>e in 2020 to 4,130 t CO<sub>2</sub>e in 2021. The driven distances remained slightly below 2020 levels. Part of our strategy to reduce emissions is to electrify our car fleet over the coming years. In 2021, there was an initiative across Sonova Group companies to move towards electric and hybrid vehicles, and we remain committed to further increase this share over the coming years. For the second year in a row, Sonova lowered the CO<sub>2</sub>e limit for new cars in its global car policy to 95 g CO<sub>2</sub>/km, making fuel efficiency a core decision criterion when acquiring new vehicles that are not fully electric. GHG emissions related to heating decreased by 3% from 6,111 t CO<sub>2</sub>e to 5,906 t CO<sub>2</sub>e. In the 2021/22 financial year, we included for the first time the Scope 1 GHG emissions that arise from refrigerants. In 2021, CO<sub>2</sub>e associated with refrigerants amounted to 255 t, in 2020 128 t and 2019 389 t.

In Scope 2, our market based GHG emissions declined by 98% from 2020, from 13,820 t CO<sub>2</sub>e to 232 t CO<sub>2</sub>e. The main reason for the absolute reduction in Scope 2 GHG emissions is the switch to 100% renewable electricity across our sites. Sonova increased the on-site generation of renewable electricity, switched towards renewable electricity contracts, and sourced the remaining electricity through unbundled Energy Attribute Certificates (EACs) to achieve a faster transition towards renewable energy. We also made Group-wide efforts to improve energy efficiency in our infrastructure and production processes. Sonova Group companies continued to develop local carbon footprint reduction measures to collectively decarbonize the organization. Examples include the installation of solar water heaters and the refurbishment of some PV panels in our operation center in China, the application of anti-heat paint in Vietnam, the installation of EV charging stations across several sites, and further improvements of building automation and optimizing electricity use for heating, ventilation, and air conditioning.

Sonova Group's absolute carbon footprint of Scope 1 and 2 emissions for 2021 amounted to 10,523 t CO<sub>2</sub>e, down by 58% from the previous year's emissions of 24,906 t CO<sub>2</sub>e.

### Scope 1+2 GHG emissions

✓ PwC CH

t CO<sub>2</sub>e

	2021		2020		2019	
	Audiological Care	Wholesale	Audiological Care	Wholesale	Audiological Care	Wholesale
<b>Total Scope 1+2<sup>1</sup></b>	<b>6,839</b>	<b>3,684</b>	<b>15,621</b>	<b>9,285</b>	<b>17,373</b>	<b>13,679</b>
Scope 1 <sup>2</sup>	6,814	3,477	6,747	4,339	7,599	5,409
Scope 2 <sup>3</sup>	25	206	8,875	4,946	9,774	8,270

<sup>1)</sup> Includes extrapolation, where only partial data is available.

<sup>2)</sup> 2019 + 2020 values restated due to methodological improvements and inclusion of refrigerants. Impact on Scope 1 emissions around 13%.

<sup>3)</sup> 2019 + 2020 values restated due to methodological improvements. Impact on Scope 2 emissions <1%.

### Scope 3 GHG emissions

The full Scope 3 screening showed that 12 of the 15 categories defined by the GHG Protocol are applicable to Sonova. Those not currently applicable are category 8 (upstream leased assets), category 13 (downstream leased assets), and category 14 (franchises). Sonova's Scope 3 emissions were assessed at 119,414 t CO<sub>2</sub>e in 2020 and 148,914 t CO<sub>2</sub>e in 2021. The reason for the increase across our Scope 3 emissions was mainly driven by strong business growth: revenues increased by 29% compared to the previous year, but Scope 3 emissions increased by 25%.

In the next financial year, Sonova will continue to work on data collection and data quality improvements, and also assess the baseline emissions of the recently acquired Sennheiser Consumer Division and Alpaca Audiology, a network of around 220 audiological care clinics in the US. The sections below will provide a brief overview over the most material Scope 3 categories: Purchased goods and services, transportation & distribution, business travel, and employee commuting.

### Scope 3 GHG emissions

✓ PwC CH

t CO<sub>2</sub>e

	2021	2020	2019
<b>Total Scope 3</b>	<b>148,914</b>	<b>119,414</b>	<b>157,970</b>
Category 1: Purchased goods and services	71,327	57,234	66,623
Category 2: Capital goods <sup>1</sup>	2,119	1,159	2,842
Category 3: Fuel- and energy-related activities (not included in Scope 1 + 2)	7,453	6,310	7,126
Categories 4 & 9: Upstream & downstream transportation and distribution <sup>2</sup>	35,968	24,339	30,451
Category 5: Waste generated in operations	915	1,132	1,272
Category 6: Business travel <sup>2</sup>	4,421	5,922	19,174
Category 7: Employee commuting <sup>3</sup>	21,841	18,382	25,462
Category 10: Processing of sold products	236	200	207
Category 11: Use of sold products	2,769	3,164	3,165
Category 12: End-of-life of sold products	1,615	1,323	1,397
Category 15: Investments	250	250	250

<sup>1)</sup> Category 2 currently only includes GHG emissions related to IT equipment.

<sup>2)</sup> 2019 + 2020 values restated due to methodological improvements. Non-CO<sub>2</sub> emissions related to aviation were taken into account with a radiative forcing multiplier of 1.9. In previously reported figures, only direct climate change effects were taken into account.

<sup>3)</sup> 2019 + 2020 values restated due to methodological improvements. Previous 16,296t CO<sub>2</sub>e in 2020 and 21,558t CO<sub>2</sub>e in 2019.

### Category 1: Purchased goods and services

The largest source of Sonova's GHG emissions derives from the procurement of direct and indirect materials and services. In 2021, 48% of Scope 3 emissions arose from supplier-related activity, mostly from procurement of electronic components, accessories, packaging, and batteries. Compared to 2020, category 1 emissions rose by 24%, below the revenue growth of 29%. Sonova is committed to actively engage with its key suppliers on GHG emission reductions and other environmental topics.

### Category 4 & 9: Transportation and distribution

Air freight in product distribution is the main contributor to Sonova's carbon footprint, accounting for around 99% of relevant CO<sub>2</sub>e emissions. In 2021, Sonova's GHG emissions from transport and distribution amounted to 35,968 t CO<sub>2</sub>e, an increase of 47% vs. 2020. This includes the GHG emissions arising from transport from the supplier's facilities to our operation centers, from our operation centers to our distribution centers, and from our distribution centers to retail stores (owned and third-party). The main reason for this

increase is the rise in shipments. We made progress in 2020 towards switching to ground and ocean freight, but much had to be moved back to air due to current supply-chain dynamics and the low reliability of ocean shipping.

Sonova remains committed to reduce its GHG footprint from transportation and distribution and to switch to lower-polluting modes of transportation where this is feasible. We continue to work towards further reductions in packaging weight and volume, and are revisiting our global distribution network to encourage more regional sourcing to reduce transportation distances.

#### **Category 6: Business travel**

Accounting for 90% of business travel emissions, air travel is the predominant source of our business travel emissions. We are committed to reduce our GHG emissions from business-related travel by systematically using information and communications technology to substitute for air travel. Sonova's stringent travel restrictions during the pandemic accelerated the uptake of video conferencing and other technologies. In 2021, the GHG emissions from business travel on a group-wide basis declined by another 25% compared to the previous year, down to 4,422 t CO<sub>2</sub>e (2020: 5,922 t CO<sub>2</sub>e).

#### **Category 7: Employee commuting**

Sonova's GHG emissions from employee commuting increased compared to 2020 by 18% to 21,841 t CO<sub>2</sub>e, yet remained below our 2019 footprint of 25,462 t CO<sub>2</sub>e. The growth in emissions is mainly related to the increase in FTEs and the reduction in COVID-19 related restrictions (although many of our employees continue to work from home). Sonova is addressing future GHG emissions from commuting through its hybrid working guideline, which was launched in August 2021 and is currently being rolled out across the Group.

Local commuting options differ greatly from region to region, so localized solutions are essential for minimizing employee commuting related GHG emissions. In 2006, Sonova's headquarters in Stäfa established an integral mobility program, which substantially increased the proportion of employees who commute using public transportation, bicycles, or walking. In 2019, Sonova France launched a similar mobility program, with elements including installation of charging stations for electric vehicles (EVs) and financial incentives for using public transport. Since then, many other Group companies, e.g. in Germany and China, are testing local solutions to promote environmentally friendly commuting. The most widely used options include allowances for using public transport and the installment of EV chargers. In our operation center in Suzhou, China, most employees commute with free-of-charge shuttle buses to get to their workplace. During the past financial year, all buses were exchanged with electric buses. Our annual global employee commuting survey also revealed a further uptake of electric vehicles across our workforce, which highlights the necessity to install further EV charging stations over the coming years.

#### **Climate-related risks and opportunities**

Sonova recognizes that climate-related risks and opportunities are relevant and need to be systematically analyzed in order to mitigate potential impacts and improve our climate resiliency; we publicly committed to do so in the previous financial year 2020/21, as part of our IntACT strategy, and provide a progress update in this section. We have also aligned more closely our reporting with the TCFD recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) on climate-related disclosures and added tags for the specific disclosures (e.g. TCFD-GOV-a) as well as a [TCFD content index](#) to make it easier to find relevant information.

**Governance**

The ultimate oversight and responsibility for climate-related risks and opportunities lies with the Sonova Board of Directors. The Board of Directors receives a monthly written update by the CEO on the overall progress on selected ESG topics, including climate-related matters. A summary of the results of our first TCFD climate risk scenario analysis was presented to the Audit Committee of the Board of Directors in November 2021.

TCFD-GOV-a, TCFD-GOV-b

Our progress on climate-related actions and metrics is reviewed at least quarterly in ESG Council meetings by the CEO, CFO, GVP Operations, GVP Corporate HRM & Communication, General Counsel & Compliance Officer, as well as the Corporate Responsibility team. Progress on our Scope 1 + 2 GHG emissions is reported monthly to the GVP Operations.

**Strategy & Risk Management**

TCFD-RMA-a

In the 2021/22 financial year, Sonova conducted for the first time a scenario analysis, in line with the TCFD recommendations. This focused on two scenarios: a "high-mitigation" below 2°C scenario (IEA SDS and IEA ETP), which is relevant to assess risks related to the transition to a low-carbon future, and a "business as usual" 4°C scenario (RCP 8.5), which helps to comprehend the physical risks associated with the intensification of widespread climate hazards. The analysis covered two different time-horizons, a medium-term (2030) and a long-term time horizon (2050).

The focus of this first pilot assessment was on seven countries where Sonova has a significant footprint through its operations or sales: Canada, China, Germany, Switzerland, United Kingdom, United States, and Vietnam. The assessment was based on a three-step approach: Firstly, we screened, mapped, and prioritized the relevant climate-related physical and transition risks and opportunities that could impact our operations and supply chains. Secondly, we conducted a hotspot analysis based on a thorough literature review on the latest climate-science and relevant climate policies, giving us insight on the expected change of underlying risks and opportunities over the different time frames. Finally, we performed a data-driven in-depth analysis with increased spatial resolution for selected risks at the facility level, as opposed to the hotspot analysis that focused the country level.

**1. Screening and prioritization of risks and opportunities**

Based on interviews with relevant internal stakeholders in the countries of focus, we made a benchmark assessment identifying a broad set of physical and transition risks that could potentially be relevant for Sonova. As a basis, we took the EU Taxonomy's classification of climate-related hazards (2021). We then screened this broad list to pinpoint the key risks to which Sonova is potentially most vulnerable. Based on this screening, we shortlisted the potentially most impactful risks for the hotspot assessment.

**Physical risks**

The key physical hazards identified during the screening and prioritization phase potentially pose a threat both to Sonova's facilities and supply chain and to elderly people, who, as the most numerous demographic group that experiences hearing loss, are our main consumers. The hazards prioritized in the scoping assessment included:

- Heatwaves and extreme temperatures
- Wildfires
- Extreme cold
- Heavy precipitation and flooding
- Heavy winds and storms
- Tropical cyclones
- Sea level rise and coastal flooding

## 2. Hotspot analysis

To assess variations in climate patterns, and thus the risks and opportunities deriving from climate change, we conducted a hotspot analysis on a country-by-country basis, based on scientific literature. This projected conditions in the mid-term (2030) and long-term (2050), to better define potential local deviations from the baseline period. The baseline we used was 1976–2005, which is the period used in the Coupled Model Intercomparison Project Phase 5 (CMIP5). Where the supporting literature used different baselines or different future timeframes, we adjusted the baselines and/or the relative change accordingly. The identified risks were classified as follows:

- Not relevant: deemed as not relevant during the prioritization phase
- Low: below 10% change from baseline
- Medium: 10–20% change from baseline
- High: 20–30% change from baseline
- Very high: above 30% change from baseline

Based on this assessment, we concluded that the physical hazards in the long-term (2050) represented a higher risk than in the mid-term (2030), compared to the baseline and across the countries concerned. The table below therefore highlights the long-term changes (2050 vs. baseline).

### TCFD - Hotspot analysis of physical risks

Country	Heatwaves and extreme temperatures	Wildfires	Extreme cold	Heavy precipitation & flooding	Heavy wind and storms	Tropical cyclones	Sea level rise and coastal flooding
Canada	Very high	Not relevant	Low	Not relevant	Not relevant	Not relevant	Not relevant
China	Not relevant	Not relevant	Not relevant	High	Low	Low	Not relevant
Germany	Very high	Not relevant	Low	Not relevant	Low	Not relevant	Not relevant
Switzerland	Very high	Not relevant	Low	Not relevant	Low	Not relevant	Not relevant
United Kingdom	Very high	Not relevant	Low	Not relevant	Low	Not relevant	Not relevant
United States	Very high	Very high	Low	Not relevant	High	Not relevant	Not relevant
Vietnam	Not relevant	Not relevant	Not relevant	Very high	Not relevant	Low	Very high

## 3. Deep-dive analysis

Based upon the results of the hotspot scenario analysis, the risks that were scored as very high were prioritized for a deep-dive assessment. This analysis was carried out to better understand how physical climate related risks may affect Sonova's operations and business in the long-term (2050) and focused on the top physical hazards under RCP 8.5 (as shown in the table above). For this assessment, we used various datasets derived from General Circulation Model (GCM) and runs conducted under the CMIP5.

TCFD-STR-a

## TCFD - Deep-dive analysis of physical risks

Potential risk	Potential threat	Country
<b>Heatwaves and extreme temperatures</b>	The frequency and duration of heatwaves are projected to increase significantly, especially in the south and east of the US. Heatwaves may cause higher cooling costs and increase heat stress conditions for employees and customers. As elderly people are the most common demographic that experiences hearing loss and are also most affected by heat stress during heatwaves, they may not come to the stores, thereby affecting sales.	United States, United Kingdom, Germany, Canada
<b>Wildfires</b>	Average and maximum temperatures during wildfire season are projected to increase significantly, which leads to an increased risk in wildfires that may affect our production sites in California.	United States
<b>Heavy precipitation and flooding</b>	Heavy precipitation is expected to increase substantially in the Ho Chi Minh City region, which may cause supply chain and operational interruptions in our operation center due to flash and sustained flooding.	Vietnam
<b>Sea-level rise and coastal flooding</b>	As our operation center in Vietnam is located far inland, the projected sea-level rise and coastal flooding is expected to pose no substantial risk.	Vietnam

Sonova is committed to mitigate these identified physical risks. The continued execution of Sonova's omni channel strategy, which includes increased online sales presence, should help us to mitigate the identified climate risks. Physical climate risks are also being taken into account when opening new facilities as well as in the design of Sonova's supply chain.

SDG 13.1

TCFD-STR-b

**Transition risks**

The objective of transition risk assessment is to identify the risks and opportunities that may arise for Sonova in five main areas: policy, litigation, technology, market, and reputation – all in the context of the transition to a low-carbon economy. During the screening and prioritization phase we identified four key transition risks and one opportunity, as shown in the table below:

## Transition risks &amp; opportunities

Risks	Opportunity
Carbon pricing schemes	Energy savings due to net zero retrofits
Net zero retrofit requirements	
Scope 3 reduction	
Increase in airfares	

We determined the likelihood of these risks and opportunities materializing and affecting Sonova in the short-term (next five years), medium-term (2030) and long-term (2050) based on scenario analysis (IEA SDS and IEA ETP), national scenarios, policies, strategies, and long-term projections that were reviewed for each of the assessed countries. The risks and opportunities were assigned a qualitative rating based on Sonova's footprint within the respective jurisdiction and the likelihood that the identified topics would materialize. The matrix below shows the highest risk that was identified across all timeframes (2025, 2030, and 2050) and scenarios.

## TCFD - Hotspot analysis of transition risks

Country	Carbon pricing schemes	Net zero retrofit requirements	Scope 3 reduction	Increases in airfares	Energy savings due to net zero retrofits
Canada	Not relevant	Low	Not relevant	Not relevant	Low
China	Not relevant	Low	High	Not relevant	Medium
Germany	Low	Low	Low	High	Low
Switzerland	Low	Low	Not relevant	High	High
United Kingdom	Low	Low	Not relevant	High	Low
United States	Not relevant	Low	Not relevant	Not relevant	High
Vietnam	Not relevant	Low	Not relevant	Not relevant	Low

The results show a low risk in most cases, except for 1) challenges that Sonova may face in reducing Scope 3 emissions, especially for suppliers in China, due to relatively underdeveloped regulatory frameworks failing to stimulate emissions reductions at the desired rate; and 2) potential increases in Sonova's operating costs from stricter aviation sector policies resulting in higher air-transportation fares. The assessment also identified potential opportunities, particularly from incentives and government support to reduce emissions in the building sector.

To mitigate some of these transition risks, Sonova is committed to switch as much of its air freight as possible to less polluting modes, such as road and sea. Due to challenging supply-chain conditions in 2021/22, however, less volume could be switched to seafreight than we had hoped.

TCFD-STR-c

**Next Steps:**

In the next financial year, Sonova will continue to align closely with TCFD recommendations and increase the number of countries assessed, so as to identify climate-related risks and opportunities in other geographies where Sonova is represented. We also plan to start quantifying the financial impacts from these climate-related risks and opportunities.

## Eco-friendly products

Sonova is committed to minimizing the impact on the environment and human health of its products and packaging throughout their entire life cycle, and to fostering the transition toward a more circular economy. Our environmental actions cover different life-cycle stages, ranging from product materials, to procurement and manufacturing, packaging and distribution, consumer use, and end-of-life.

**Product materials**

Sonova aims to reduce the use of hazardous substances, avoid other environmental risks, minimize consumption of resources, and design for recycling and easy end-of-life treatment. As a medical device manufacturer, Sonova takes a proactive approach to evaluating materials in its products and components to assess environmental, health, or safety risks. Sonova may restrict substances because of customer or legal requirements, or because the company believes it is appropriate, based on a precautionary approach. Evaluating alternative materials is a continuous process, relevant to all stages of production.

SASB HC-MS-410a.1

SDG 12.4

Sonova complies with the EU directive on Restriction of Hazardous Substances (RoHS 2015/863/EU), which governs the use of heavy metals and halogenated compounds in electrical and electronic equipment, and with the EU's regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH EC 1907/2006) for the

SASB HC-MS-430a.3

safe manufacture and use of chemical substances throughout their life cycle. Sonova's suppliers are also required to prove their compliance with the RoHS directive and the REACH regulation in their respective processes and supply chains.

In accordance with REACH regulation, Sonova continuously updates the list of substances of very high concern (SVHC) that may be present in its products above the regulatory threshold level of 0.1% by weight of the article. This list is made publicly available on the Phonak website. By the end of the 2021/22 financial year, there were three SVHC substances requiring communication in accordance with the REACH regulation: 1,3-propanesultone, lead titanium trioxide, and lead, down from four SVHC substances that were present in our products the previous year. It is our target to have zero SVHC present in Sonova products above the 0.1% threshold level by 2022. For example, in 2021/22, Sonova launched a project to reduce the amount of SVHCs, e.g. by pursuing lead-free (<0.1% Pb) base materials for charging contacts.

Other substances classified as hazardous – but excluded from the RoHS directive – include solder paste and wire, paint, organic solvents, oil emulsions, mineral oil, and water-based cleaning solution. Employees who work with chemicals and hazardous substances, or come into contact with them, are trained on an annual basis in their safe handling.

### Procurement and manufacturing

We insist on environmentally friendly business practices throughout our supply chain. The Sonova Group Supplier Principles recommend that suppliers use the international ISO 14001 standard as the starting point and basis for their work. In the 2020/21 financial year, we had achieved our 2022 goal – to increase the share of our purchase volume from suppliers with certified environmental management systems (EMS) to 75% - ahead of schedule. During the next financial year, Sonova will increase its supplier engagement to accelerate the decarbonization of our supply chain.



Sonova Group Supplier Principles (SGSP)

### Packaging and distribution

We strive to reduce the amount of waste we generate, and the carbon footprint of our product packaging and transportation. As part of the introduction of IntACT in the previous 2020/21 financial year, we raised our 2023 targets not only to increase our operational waste recycling rate, but to reduce our product and transportation packaging waste by 20% in terms of weight, compared to our 2019 baseline. While progress has been made both on our product and transport packaging, Sonova is currently not on track to achieve the 2023 ambition due to strong sales growth of 29% in the 2021/22 financial year. In 2021, the total weight of transport and product packaging stood at 1,310 metric tons, up by 28% vs. previous year and 10% vs. the base year 2019.

#### Packaging

metric tons

	2021	2020	2019
Packaging weight <sup>1</sup>	1,310	1,023	1,187

<sup>1)</sup> Includes transport packaging and hearing instruments product packaging.

During our annual Kaizen week, which is sponsored by the Management Board, one pilot project was dedicated to develop a new, more environmentally friendly packaging. The cross-functional project team, which also included external design and environmental experts, came up with an improved charger packaging solution that is 28% lighter than the previous version and consists of recycled materials. Product carbon footprint

calculations reveal that it achieves a 37% lower CO<sub>2</sub>e footprint than its predecessor. There are currently still some regulatory issues pending before the new packaging can be introduced to the market.

During 2021/22, Sonova also published a new Sustainable Product Packaging Policy, which formalizes and specifies our commitment to reduce negative impacts of packaging on the planet and people – throughout its lifecycle. The policy focuses on the packaging's use of sustainable materials, the minimization of weight, volume, and hazardous materials, and its suitability for reuse and recyclability.

An internal comparative life cycle analysis revealed that our SLIM packaging reduces the packaging size, weight, and correlated GHG footprint by almost 40% per shipped pair compared to the previous packaging concept. The largest climate change impact from our packaging arises in the transportation phase. Since SLIM packaging is lighter, the impact from transport is significantly lower. Another example of our commitment to cut waste is the packaging size reduction of our Advanced Bionics Naída sound processor: we reduced its weight by 63% and the relevant GHG emissions by 145 t CO<sub>2</sub>e.

### Consumer use

Since 2016, Sonova's Phonak, Unitron, and Hansaton brands have continuously expanded their portfolios of hearing aids with a built-in lithium-ion rechargeable battery. Compared to 2020, Sonova increased its sales of rechargeable behind-the-ear (BTE) and receiver-in-canal (RIC) hearing instruments by 30% from 42% to 55%. Our increasing focus on rechargeable hearing solutions helps us to reduce the use of disposable batteries. Advanced Bionics also offers rechargeable battery options for cochlear implant sound processors. We also provide a broad range of repair and refurbishment services to lengthen the life cycle of our products and their components.

### Product end-of-life

Sonova complies with the EU directive on Waste Electrical and Electronic Equipment (WEEE), which requires such equipment to be returned to the manufacturer for recycling or environmentally friendly disposal.

SASB HC-MS-410a.2

Selected Sonova Group companies in the Audiological Care business offer various battery collection programs, in which customers can bring their used hearing aid batteries back to the store or take home a box, collect their batteries, and bring them back to the store for recycling. The batteries collected are forwarded and disposed of through officially authorized disposal agents. In 2021, more than two metric tons of batteries were collected at different stores worldwide.

## Waste

Sonova is committed to avoiding or reducing operational waste wherever possible, collecting recyclables separately, and disposing of hazardous waste in environmentally compatible ways. Our five-year target from 2017 to 2022 is to increase the recycling rate to 60% through Group-wide efforts to reduce operational waste, improve waste separation, and foster recycling.

GRI 306-2

SDG 12.5

In 2021, the recycling rate remained stable at 53% across our manufacturing sites and larger wholesale Group companies. We reduced the amount of total waste by 12% to 1,779 metric tons compared to the previous year, due to many smaller local initiatives, such as printing less, moving away from heavy wooden pallets, and improved data

quality. While non-hazardous waste (both waste to energy and landfill) decreased by 14% from 894 t to 771 t, recycling waste reduced by 11% from 1,063 t to 942 t compared to previous year.

In the spirit of continuous improvement, we increased the scope of operational waste across all sites, including audiological care shops. We estimate non-hazardous waste sent to disposal in 2021 to have been 1,402 metric tons, hazardous-waste 71 metric tons, and recycled waste 1,315 metric tons.

Sonova complies with legal requirements to transport and dispose of hazardous waste solely through officially authorized disposal agents. The main categories of hazardous waste substances are solvents, oil emulsions, paints, adhesives, soldering paste, filters, petroleum, and washing fluids. During the annual data collection period, we corrected for inconsistencies in hazardous waste data collection in one manufacturing site. We therefore restated our hazardous waste figures for 2019 from 39 t to 62 t (+61%), and for 2020 from 37 t to 56 t (+54%). In 2021, the amount of hazardous waste increased by 10 metric tons compared to 2020, which is in line with the increase in production volume.

#### Waste - limited scope<sup>1</sup>

metric tons

	2021	2020	2019
<b>Total waste</b>	<b>1,779</b>	<b>2,013</b>	<b>2,203</b>
Non-hazardous waste	771	894	995
Hazardous waste <sup>2</sup>	66	56	62
Recycling waste	942	1,063	1,146
<b>Recycling rate</b>	<b>53%</b>	<b>53%</b>	<b>53%</b>

1) Limited scope includes HQ, manufacturing sites, distribution centers as well as wholesale Group companies (GCs) with 50+ FTEs, excl. wholesale GCs with <50 FTEs and audiological care GCs. Covered FTEs in 2019 + 2020: 51%, 2021: 52%.

2) 2019 + 2020 values restated due to data quality improvements. Hazardous waste restated from 37t to 56t in 2020, 39t to 62t in 2019.

#### Waste - full scope

✓ PwC CH

metric tons

	2021
<b>Total waste</b>	<b>2,788</b>
Non-hazardous waste	1,402
Hazardous waste	71
Recycling waste	1,315
<b>Recycling rate</b>	<b>47%</b>

## Water

Sonova uses water provided by utilities primarily for sanitary services and kitchen and garden areas. Our manufacturing processes do not require significant amounts of water. Therefore, we mainly focus on conserving water in our office buildings, e.g. with low-volume water equipment in restrooms.

GRI 303-1

In the 2020/21 financial year, Sonova conducted a basic physical water risk analysis on the geographic water-catchment area (basin level) for its major production and manufacturing sites, using the WWF's Water Risk Filter tool. The analysis revealed that most sites are not located in water stressed regions.

The sources of all water withdrawn are municipal water supplies or other public or private water utilities. Compared to 2020, water consumption increased by 11% from 113,429 m<sup>3</sup> to 126,270 m<sup>3</sup> across our manufacturing sites and larger wholesale Group companies. This increase is mainly related to the relaxation of COVID-19 containment measures from 2020 to 2021. Compared to 2017, when water consumption per employee was 18.2 m<sup>3</sup>, our target for 2022 was to reduce our water consumption by 5% to 17.3 m<sup>3</sup>. Our water consumption per employee has currently decreased by 13% compared to the 2017 baseline. We are committed to continue driving actions that help us to reduce our freshwater withdrawal.

SDG 6.4

**Water withdrawal - limited scope<sup>1</sup>**m<sup>3</sup>

	2021	2020 <sup>2</sup>	2019
Total municipal water supply	126,270	113,429	139,707
Municipal water supply per full-time employee (FTE)	15.9	15.3	18.1

1) Limited scope includes headquarters, manufacturing sites, distribution centers as well as Wholesale Group companies (GCs) with >50 FTEs, excluding Wholesale GCs with <50 FTEs and Audiological Care GCs. Covered FTEs in 2019 + 2020: 51%, 2021: 52%.

2) 2020 value restated due to data quality improvements. Water withdrawal increased from 112,589 m<sup>3</sup> to 113,429 m<sup>3</sup>. Water withdrawal per FTE increased therefore to 15.1 to 15.3 m<sup>3</sup> per FTE.

In the 2021/22 financial year, Sonova also increased its water data collection scope to all sites, including smaller Wholesale and Audiological Care Group companies. Sonova's total water withdrawal was 199,951 m<sup>3</sup> in 2021.

**Water withdrawal - full scope**

✓ PwC CH

m<sup>3</sup>

	2021
Total municipal water supply	199,951
Municipal water supply per full-time employee (FTE)	13.1

Sonova returns water to the sewage system without contamination. We have not experienced any spills from operating processes or other instances of water contamination.

SDG 6.3

## Biodiversity

Sonova's global activities, products, and services have a limited direct or indirect impact on biological diversity and natural ecosystems, such as loss of biodiversity, destruction of natural habitats, and deforestation.

## Environmental reporting and system boundaries

Sonova's environmental data monitoring and reporting includes energy consumption, CO<sub>2</sub>e footprint, materials, waste disposal, and water consumption, and is based on the calendar year. The company reports and discusses environmental performance to the limits of the available data. Actual data is collected whenever possible, and estimated if data collection is not feasible given the decentralized organizational structure of these businesses and their small, often rented, facilities.

GRI 302-1, GRI 303-1, GRI 305-1, GRI 305-2, GRI 305-3, GRI 306-2

The tables in the section 'Protecting the planet' show environmental data from Sonova Group companies that operate as headquarters, manufacturing sites, or wholesale distributors, as well as Group companies with audiological care activities. The Consumer Hearing Business acquired in the 2021/22 financial year is not included in this year's ESG Report. CO<sub>2</sub>e footprint, energy consumption, waste, and water data are provided for all entities in the 2021 environmental data reporting.

Sonova differentiates between direct GHG emissions (Scope 1) deriving from the combustion of fossil fuels, indirect GHG emissions (Scope 2) from sources such as using electricity, and indirect emissions (Scope 3) that arise from our value chain. 12 out of the 15 Scope 3 categories defined by the GHG Protocol are currently applicable to Sonova.

Sonova monitors Scope 1 + 2 GHG emissions arising from its consumption of heating oil, natural gas, biogas, vehicle fuels such as diesel and gasoline, refrigerants, as well as district heating and electricity. N<sub>2</sub>O and CH<sub>4</sub> emissions from biogenic sources, e.g. biogas, are included in Scope 1, while the related CO<sub>2</sub> emissions are excluded as per the GHG Protocol. Outside-of-scope CO<sub>2</sub> emissions from biogenic sources amounted to 367 t CO<sub>2</sub> in 2021.

The company measures its electricity-related footprint using country-specific grid emission factors. Scope 2 emissions were calculated using the 'market-based' approach in accordance with the GHG Protocol Scope 2 Guidance. When reported according to the 'location-based' approach, the Scope 2 emissions were 17,712 t CO<sub>2</sub>e. Sonova purchased 35,744 MWh as unbundled Electricity Attribute Certificates (EACs), which were accounted for under the market-based approach for Scope 2.

Scope 3 categories 4 & 9 (Transportation and distribution) as well as 6 (Business travel) include non-CO<sub>2</sub>-related emissions deriving from aviation. A radiative forcing multiplier of 1.9 is currently applied as recommended by the UK Department for Business, Energy & Industrial Strategy.

The measurement methodology and reporting format for the carbon footprint are based on the standards and guidance of the Greenhouse Gas (GHG) Protocol. Sonova follows the financial control consolidation approach for setting organizational boundaries. Global warming potentials (GWP) from the IPCC's fourth assessment report (AR4) are applied to calculate CO<sub>2</sub> equivalents. Relevant gases included are CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Key emission factor sources for calculating GHG emissions can be found in the table below:

## Emission factor sources for environmental reporting

Scope & Category	Main emission factor sources
<b>Scope 1</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> </ul>
<b>Scope 2</b>	<ul style="list-style-type: none"> <li>- Association of Issuing Bodies (European Residual Mix)</li> <li>- IEA International Energy Agency (Emissions Factors)</li> <li>- EPA Environmental Protection Agency (eGRID)</li> <li>- Environment and Climate Change Canada (Electricity Can Prov Terr)</li> </ul>
<b>Category 1: Purchased goods and services</b>	<ul style="list-style-type: none"> <li>- Ecoinvent (version 3.7)</li> <li>- CEDA Comprehensive Environmental Data Archive (version 5.05)</li> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> <li>- Quantis World Food LCA Database (version 3.5)</li> <li>- IPC (2017 cycle Price level index (World = 100))</li> </ul>
<b>Category 2: Capital goods</b>	<ul style="list-style-type: none"> <li>- Dell Carbon Footprints</li> </ul>
<b>Category 3: Fuel- and energy-related activities (not included in Scope 1 + 2)</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> <li>- IEA International Energy Agency (Emissions Factors)</li> </ul>
<b>Categories 4 &amp; 9: Transportation and distribution</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> </ul>
<b>Category 5: Waste generated in operations</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> <li>- Ecoinvent (version 3.7)</li> </ul>
<b>Category 6: Business travel</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> </ul>
<b>Category 7: Employee commuting</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> <li>- IEA International Energy Agency (Energy Efficiency Indicators)</li> <li>- Anthesis, Energy Consumption &amp; GHG Emissions for Remote Workers (White Paper Feb. 21)</li> </ul>
<b>Category 10: Processing of sold products</b>	<ul style="list-style-type: none"> <li>- IEA International Energy Agency</li> </ul>
<b>Category 11: Use of sold products</b>	<ul style="list-style-type: none"> <li>- IEA International Energy Agency</li> </ul>
<b>Category 12: End-of-life of sold products</b>	<ul style="list-style-type: none"> <li>- BEIS Department for Business, Energy &amp; Industrial Strategy</li> </ul>
<b>Category 15: Investments</b>	<ul style="list-style-type: none"> <li>- OECD Organisation for Economic Co-operation and Development</li> </ul>



Sonova ESG Report 2021/22

## Serving society

We constantly innovate in hearing health care, improve access for people in under-served areas and engage actively with our communities.

**SDG 10.2**

Serving society is at the core of Sonova's vision to improve the quality of life for millions of people around the world who suffer from hearing loss. We achieve this by developing and continuously enhancing innovative solutions and making sure that our broad portfolio is accessible and affordable to people in an ever-growing number of locations and at all income levels.

The sections that follow provide an overview of our approach in the 'Serving society' pillar of our ESG strategy:

- [Innovative hearing solutions](#)
- [Accessibility and affordability](#)
- [Training and education](#)
- [Philanthropy](#)

The importance of good hearing and the consequences of hearing loss continue to be underestimated. Unaddressed hearing loss is among the three largest causes of years lived with disability (YLD) around the globe, and yet it remains an "invisible disability" with approximately 1.5 billion people – 20% of the global population – experiencing some degree of hearing loss, according to World Health Organization (WHO) statistics.<sup>1</sup> Over 5% of the world's population – 430 million people – experience moderate or higher grades of hearing loss<sup>2</sup>; nearly 30 million have profound or complete hearing loss in both ears. The number of people with hearing loss continues to rise, due both to the aging of populations and to growing noise pollution in our environment. WHO estimates that by 2050, 2.5 billion people could experience hearing loss, and over 700 million people will require hearing care due to a moderate or higher grade of hearing loss by 2050<sup>1</sup>.

People with untreated hearing loss are often faced with serious consequences. These range from adverse effects on personal relationships to disadvantages at work and social isolation, which may even lead to depression. Especially severe are the consequences for children with untreated hearing loss, as the development of speech and language is fundamentally dependent on the sense of hearing. Untreated hearing loss also is often associated with academic underachievement, which can lead to lower job performance and fewer employment opportunities later in life. In addition to the

impact of hearing loss at an individual level, untreated hearing loss puts a heavy cost burden on society. Direct and indirect costs related to unaddressed hearing loss are estimated at USD 980 billion annually, of which more than 50% are borne by low- and middle-income countries in direct health costs, loss of productivity, and societal costs<sup>1</sup>. Today's hearing solutions offer the opportunity to reduce this burden significantly.

The fundamental need for hearing solutions is further influenced by long-term socioeconomic factors. The number of people on our planet will continue to increase. Although populations in low- and middle-income countries are expected to grow the most, even high-income countries with stable populations will face a growing proportion of elderly citizens, who are likely to experience hearing loss. These developments increase demand for hearing care: a large unmet need remains. According to WHO statistics, approximately 80% of people with moderate or higher grades of hearing loss live in low- and middle-income countries, with the most affected regions being the Western Pacific, South-East Asia, and the Americas<sup>1</sup>. People in such countries often have little or no access to audiological services, and the hearing care market is still relatively underserved. WHO estimates that total current hearing aid production worldwide would meet only around 3% of the need in low- and middle-income countries<sup>3</sup>. This situation presents substantial opportunities to increase access to hearing care.

1) WHO, "World Report on Hearing" (2021)

2) In 2021, the WHO has adapted its grading system on the severity of hearing loss. The threshold for moderate hearing loss is 35dB in the better hearing ear.

3) WHO, "Factsheet: deafness and hearing loss" (2020)

## Innovative hearing solutions

### Broad product portfolio

SDG 9.5

The hearing care market is highly diverse, requiring a broad range of technologically advanced solutions and versatile customer service channels. Our declared goal is to offer the most innovative hearing solutions and services available to consumers worldwide, continuously improving speech intelligibility, sound resolution and quality, and ease of use. With the acquisition of Sennheiser's consumer hearing division, we have established a fourth business unit, expanding our product portfolio from hearing instruments to true wireless headsets and speech-enhanced hearables, along with cochlear implants, hearing protection, wireless communication solutions, and audiological care services.

In 2021/22, around 60 new patent applications were filed across the Sonova Group. By the end of March 2022, Sonova owned in total over 2,000 active granted patent and design rights.

### Digital solutions

As well as improving the audiological quality and ease of operation of our products, Sonova continuously extends the digital solutions that bring together healthcare providers and consumers in real time through all stages of the hearing journey. From online-based histories and customer support to remote adjustment and optimization under real-life conditions, digitally networked solutions offer consumers a higher degree of control and autonomy. Wherever users might be, their audiologist can be by their side online, directly capturing data on the specific audiological situation and providing immediate assistance. Continuous data monitoring and statistical analysis of listening situations allow user-specific fine tuning, as well as more targeted advice.

A key example is the myPhonak app, which gives wearers an enhanced and personalized hearing experience, including remote support, fitting, and control, as well as advanced customization options such as noise reduction and speech focus.

To complement our strong R&D hubs in Switzerland and around the world, we announced in November 2019 the opening of the Sonova Innovation Lab in Waterloo, Ontario, Canada, where we explore new digital capabilities in one of the leading consumer app development centers in North America, bringing together experts from our various specialties with people from the mobile industry.

### Partnerships and collaborations

At Sonova, we consider interdisciplinary collaboration as the guarantor of progress – and essential for such a complex subject as hearing. A key area of our innovation strategy is therefore establishing and promoting international networks, which pool the expert knowledge of leading research bodies, hospitals, companies, and institutions, and bring it to fruition in new hearing solutions.

Long-term partnership and open exchange are the hallmarks of our collaboration with over fifty top-class universities and centers of excellence and technology. The focus of this interdisciplinary work is to make productive use of all potential for innovation: broadening understanding of auditory perception and cognitive processing, driving forward digital signal processing and miniaturization of electronics, improving material and implantation technologies, and researching the potential of bionics. We work especially closely with the international groups of experts from the Pediatric Advisory Board to develop hearing solutions that counteract hearing loss in early childhood and at the same time include and support the entire family.

## Accessibility and affordability

### Distribution network

SDG 3.8

Innovation is not limited to products – it also drives the way we approach the market, both through our wholesale companies and our audiological care network. Operating through many channels multiplies the potential paths to hearing, even in parts of the world where hearing care has been in short supply. Sonova's Audiological Care business stands as the second largest hearing care provider in the world, with more than 3,600 stores and clinics in 20 markets, employing more than 7,600 people (headcount).

### Access in remote areas

One example of Sonova's efforts to increase access to hearing care for people living in rural areas is the TeleAudiology model, pioneered by Triton Hearing, a Sonova Group company in New Zealand. Despite Triton's extensive network of clinics across the country, many New Zealanders still find getting to see an audiologist difficult, especially in communities of indigenous people living in remote areas. Triton fitted out two buses with diagnostic hearing equipment and turned them into mobile hearing clinics. A hearing care professional provides the in-room support, including performing video otoscopy, positioning transducers, and handling hearing aids. Through TeleAudiology, clients are connected with audiologists over a high-definition teleconferencing system. It is possible to provide a full diagnostic assessment, hearing and communication needs assessment, impression taking, hearing aid fitting and verification, purchase, and follow-up services through a synchronous, live connection.

## Customized solutions

We also develop dedicated products and services for underserved markets. For example, over 1.4 billion people<sup>1</sup> around the world speak a Sinitic language such as Mandarin or Cantonese. These are tonal languages, where the basic frequencies communicate the information content of words. To better understand the specific needs of Chinese people with hearing loss, Sonova worked with China's largest hospital, the Tongren Hospital in Beijing. The result was a specific prescription formula for the amplification/frequency curve shapes of tonal languages – or, to put it more simply, hearing aids offering significantly better speech clarity for millions of people in Asia.

<sup>1)</sup> Ethnologue: Languages of the World, 25th edition (2022)

## Underserved markets

Accessible and affordable hearing care is still a challenge for many people in low- and middle-income countries and for underprivileged social groups in high-income regions. We aim for a 50% increase in the number of hearing aids sold in low- and middle-income countries by 2023/24, compared to 2018/19. The global health and economic crisis resulting from the COVID-19 pandemic severely affected the hearing care market and with it our business activities. Our supply of hearing aids to low- and middle-income countries remained flat for the two previous years, but rose significantly in 2021/22. Growth now stands at 44.1% over 2018/19, very close to our 50% target.

### Sales growth in low- and middle-income countries

vs. 2018/19

	2021/22	2020/21	2019/20
Increase in number of HI sold in low-and middle-income countries vs. 2018/19	+44.1%	+0.4%	+1.1%

## Training and education

Many countries lack trained health personnel, educational facilities, and necessary data to address the needs of those living with hearing problems. These factors, and the lack of hearing care professionals and infrastructure in many markets, can impede efforts to raise the proportion of people receiving hearing care. Building local capacity worldwide and training hearing care professionals to the highest standards is very important to Sonova.

As an example, China faces the challenge of a rapidly growing number of people with hearing loss due to an aging population, which will put more strain on an already under-resourced hearing care system. Sonova is providing technical support to its wholesale customers to help address the significant lack of practical knowledge available for hearing care professionals when it comes to hearing aid fittings. In 2021/22, the Sonova Audiology team provided around 32,000 technical support sessions for its customers. A dedicated center, the Sonova Grand Hearing Institute, also offers advanced audiology and practical knowledge to hearing care professionals of its wholesale customers in China; it features a soundproof room for hearing tests and workstations for fitting hearing aids and a lab for adjusting ear-molds.

Sonova's commitment to provide high-quality training for hearing care professionals applies to both developing and developed markets. The Swiss International Hearing Academy (SIHA), a Sonova Group initiative, runs a pioneering blended learning program in audiology for aspiring hearing care professionals (HCPs). The study program makes training courses viable in emerging economies where opportunities for vocational education are thin on the ground or non-existent. In 2020/21 we set a new target: to train and certify 250 HCPs in low- and middle-income countries through the SIHA 12-month

SDG 3.C

HCP program by 2022/23. In 2021/22, 84 HCPs graduated and became certified. Around 100 additional HCPs are currently enrolled in the program and working towards graduation.

We opened our first training center in Germany in 2019. Located in Dortmund, the Sonova Academy offers comprehensive training and development opportunities at the cutting edge of science and technology in ultra-modern training facilities. The program of in-person and eLearning modules complements Germany's existing training offerings in hearing acoustics: The Sonova Academy cooperates closely with the German Academy for Hearing Acoustics and the German Vocational School for Hearing Acoustics. On an area of 1,800 square meters, participants of all target groups and years are being trained in theory and practice in hearing studios, seminar rooms, and an earmold laboratory. The presence modules on-site are supplemented by eLearning modules. In 2021/22, our teams trained around 2,800 participants in online training courses and around 880 participants in on-site training courses. The participants completed a total of over 26,000 individual training modules.

## Philanthropy

### Hear the World Foundation

Sonova's philanthropic engagement at Group level focuses strongly on increasing access to hearing care for children in low- and middle-income countries. We achieve this primarily by supporting the charitable Hear the World Foundation – initiated by Sonova in 2006 – with funding, expertise, and hearing solutions. The mission of the Foundation is to improve the quality of life of people in need with hearing loss worldwide and to create equal opportunities by giving them access to holistic and sustainable hearing healthcare.

Sonova has set itself the target to increase the number of people benefiting from the Hear the World Foundation's work by 10% year-over-year. This target has been surpassed in 2021/22: 2,260 hearing aids were fitted in projects supported by the Foundation, compared to 750 devices in the previous year; it is important to note, however, that the previous year's activities had been strongly affected by COVID-19. In future, the Foundation will track its achievements through a newly established impact management and measurement system, which will monitor key performance indicators for holistic hearing healthcare for children, such as the number and percentages of children screened, diagnosed, and fitted, as well as the type and extent of aftercare. As well as patient treatment, the system will track training of qualified professionals and local capacity building.

In 2021/22, the Foundation supported 16 projects globally. 39,190 hearing screenings were performed on newborns and children and 1,250 children were fitted with hearing aids. In addition to hearing loss prevention, holistic audiological care and caregiver support, the Foundation supported basic and advanced audiological training for a total of 1,630 hearing care professionals and volunteers. Sonova employees conducted around 990 hours of volunteer work for the Foundation. You can find detailed data in the Activity Report that is published annually and is available on the Foundation's website; it also provides more information on the Hear the World Foundation's activities, goals, and impact.

### Philanthropic contributions

In the 2021/22 financial year, the total monetary value of Sonova's contribution to corporate citizenship and philanthropic activities amounted to around CHF 5.9 million. Broken down by type of activity (see first table below), the vast majority (81%) of the monetary value of all contributions was in the form of community investments: long-term strategic involvement with community partner organizations through the Hear the World Foundation. A total of 18% of the cost of all activities was in the form of charitable

donations (mostly to humanitarian organizations supporting Ukrainian refugees), and 1% was for commercial initiatives, e.g. research projects, sponsoring of community organizations, and other initiatives supported by Sonova related to the topic of hearing. Broken down by type of contribution (see second table below), the total of around CHF 5.9 million comprises 52% in-kind contributions (mostly hearing instruments and cochlear implants), 33% direct cash contributions, 14% management costs (e.g. staff salaries and overheads), and 1% time (such as employee volunteering).

#### Monetary value of philanthropic contributions by type of activities

CHF<sup>1</sup>

	2021/22	%	2020/21	%	2019/20	%
<b>Total</b>	<b>5,904,994</b>	<b>100%</b>	<b>3,615,086</b>	<b>100%</b>	<b>4,383,826</b>	<b>100%</b>
Community investments	4,802,068	81%	3,550,680	98%	4,024,921	92%
Charitable donations	1,034,570	18%	30,990	1%	132,884	3%
Commercial initiatives	68,356	1%	33,416	1%	226,021	5%

1) Only contributions at Sonova Group level included, does not include contributions at brand level.

#### Monetary value of philanthropic contributions by type of contribution

CHF<sup>1</sup>

	2021/22	%	2020/21	%	2019/20	%
<b>Total</b>	<b>5,904,994</b>	<b>100%</b>	<b>3,615,086</b>	<b>100%</b>	<b>4,383,826</b>	<b>100%</b>
Cash contributions	1,952,926	33%	583,416	16%	676,021	15%
Time	55,986	1%	36,239	1%	200,840	5%
In-kind contributions	3,074,082	52%	2,406,431	67%	2,993,965	68%
Management costs	822,000	14%	589,000	16%	513,000	12%

1) Only contributions at Sonova Group level included, does not include contributions at brand level.



Sonova ESG Report 2021/22

## Advancing our people

We foster our employees' development, well-being and engagement in an inclusive work environment that embraces diversity.

The success of Sonova stems not only from our innovative solutions, but from our people and our culture. Across our companies and brands, we all share one vision: to create a world where everyone enjoys the delight of hearing and lives a life without limitations. This unifying vision, taken together with our corporate values, forms the foundation of our culture and creates a common understanding of how we work together.

The sections that follow present a comprehensive description of the various aspects of the 'Advancing our people' pillar of our *IntACT* ESG strategy:

- Employee engagement
- Talent development
- Diversity and inclusion
- Occupational health and safety
- Employee wellbeing
- Responsible reorganizations

As of the end of the 2021/22 financial year, Sonova had 16,733 employees (full time equivalents: FTE). This represents an increase of 2,225 employees (+15.3%) over the previous year's 14,508 employees. Acquisitions made a significant contribution, as did organic business growth. Around 600 employees joined Sonova from the recent acquisition of the Sennheiser Consumer division, and around 500 employees joined from the US-based Alpaca audiological clinic network. Both acquisitions were completed on March 1, 2022. Several small businesses were also acquired during 2021/22 in EMEA, North America, and Asia/Pacific; one small business was divested in Asia. All of the acquired companies are in the business of producing and/or distributing and servicing hearing instruments.

GRI 102-8

The majority of our employees are directly supported by a local human resources (HR) manager. Sonova has developed a comprehensive set of global human resource processes, standards, and policies, which are implemented locally in line with country-specific regulations and customs. We assess the impact of our activities through a set of key performance indicators such as turnover, internal leadership recruitment rate, and

GRI 102-41

the availability of internal talent for potential succession to management positions (bench strength). Regular internal audits ensure compliance with internal regulations and local labor law, with the objective to provide excellent working conditions and monitor progress in all our locations. We estimate that around 30% of Sonova's global workforce is represented by an independent trade union or covered by collective bargaining agreements.

#### Employees by region

✓ PwC CH

FTE (end of period)<sup>1</sup>

	2021/22	2020/21	2019/20
<b>Total (Regular and Fixed-term)</b>	<b>16,733</b>	<b>14,508</b>	<b>15,184</b>
Switzerland	1,445	1,321	1,290
EMEA (excl. Switzerland)	7,238	6,443	6,878
America	4,285	3,415	3,538
Asia/Pacific	3,765	3,329	3,478

<sup>1)</sup> Employee numbers do not show any seasonal or other temporary fluctuation.

#### Employees by employment contract

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20
Regular	80.3	82.4	84.4
Fixed-term <sup>2</sup>	2.6	2.0	2.6
External temporary <sup>3</sup>	14.7 <sup>4</sup>	12.5 <sup>4</sup>	9.8 <sup>4</sup>
Interns	2.3	3.2	3.2

<sup>1)</sup> Information about FTE not available for temporary hires, therefore % split calculated based on headcount.

<sup>2)</sup> Employees on fixed-term contract.

<sup>3)</sup> Agency temps and contingent workers.

<sup>4)</sup> Increase in external temporary employees compared to previous year due to increased number of time-critical projects that required external support.

## Employee engagement

Sustainable engagement describes the intensity of employees' connection to their organization and is a key factor in business success. It is marked by a continuous effort to achieve goals, enabled by an environment that supports productivity and a commitment to maintain personal well-being.

This year was the fourth time we conducted HearMe, Sonova's annual confidential employee engagement survey. The survey is managed in cooperation with an external provider and consists of over 60 questions across 13 dimensions (such as strategy and leadership, operational excellence, collaboration, diversity and inclusion, and sustainable engagement). Of all employees worldwide, 92% participated in the survey, providing valuable information to identify areas for improvement. Sonova's sustainable engagement rate is calculated based on 9 questions regarding how employees are engaged, enabled, and energized to achieve their goals. 83% of respondents reported feeling actively engaged through their work (81% for men, 84% for women). Compared to the previous year, our employee engagement rate remained stable. However, we improved our results in 6 out of the 9 questions. We also improved in 9 of the 13

dimensions of the overall survey, including diversity & inclusion, talent development, and operational excellence – all areas we had actively worked on as a result of the previous year's survey.

Our target is to achieve by 2022/23 an employee engagement rate equivalent to that of high performing companies. The high performance benchmark is provided by our external partner and consists of companies that combine excellent return on capital employed with top-tier ranking in independent employee engagement surveys over several years across various industries worldwide. Compared to the previous year, the benchmark figure for these high performing companies rose from 87% to 88%, while our engagement rate remained stable at 83% over the past three years. In comparison with the medical devices industry benchmark, however, Sonova exceeds our industry peers' results in sustainable engagement by 4% and also shows better results in all but one of the other 13 dimensions measured in the survey.

Leaders at Sonova worldwide conduct workshops with their teams to analyze the HearMe survey results, agree on necessary actions, implement them, and monitor their success before the next HearMe survey. Concrete initiatives inspired by HearMe results have already been implemented, aiming to release untapped potential, identify key drivers of employee engagement, encourage effective leadership at all levels, and thereby stimulate professional growth and business success. In 2020/21, a dedicated global cross-functional team was set up to drive continuous improvement in processes that create increased employee engagement. We also introduced monthly pulse surveys, which are sent to a smaller sample of the global Sonova population to get more timely insights into the development of employee engagement.

#### **Employee engagement**

✓ PwC CH

Favorable answers as % of participant employee headcount

	2021/22	2020/21	2019/20
<b>Employee engagement rate</b>	83	83	83
Women	84	84	84
Men	81	81	81

#### **Participation rate**

✓ PwC CH

% of employee headcount

	2021/22	2020/21	2019/20
Employee engagement survey participation rate	92	94	92

## Talent development

Global trends such as demographic changes, a limited availability of specialist talent, and the need to adapt quickly to shifting markets highlight the importance of a proactive staffing strategy for Sonova. We believe that developing talent with the goal of ensuring internal succession is vital for sustaining competitive advantage and long-term success.

GRI 404-3

We believe that every employee should have an individual development plan; we therefore launched an initiative in spring 2019 that allows employees at all levels to define their own development objectives and to discuss them with their managers in dedicated development conversations. The aim is to ensure that we are investing effectively in the advancement of each individual's strengths and preferences. In 2020/21, we set a new target: over 95% of employees should have a development plan by

GRI 401-1

SDG 8.5

the end of the 2022/23 financial year. This target applies to all employees except those with job roles in production/assembly, for whom other skill-related growth paths are identified. At the end of 2021/22, 97.4% of our relevant employees had a development plan, surpassing the target one year ahead of schedule.

Sonova's annual appraisal process includes setting individual, measurable goals. Line and HR managers annually review the competencies, performance, and potential of our employees. The results support our global succession planning process, whereby we reduce the risk of losing expertise in key positions while identifying and developing promising candidates for internal succession. This process helps to ensure that Sonova's specialist knowledge, skills, and experience remain within the company. In 2021/22, we were able to fill 63.8% of our open leadership positions with Sonova employees.

#### Internal leadership recruitment rate (ILRR)

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20
<b>Total (% of total internal hires to leadership positions)<sup>2</sup></b>	<b>63.8</b>	<b>69.7</b>	<b>67.1</b>
Women (% of women of internal hires to leadership positions)	57.6	47.1	51.7
Men (% of men of internal hires to leadership positions)	42.4	52.9	48.3

1) Audiological Care Germany fully included in 2021/22, but only included in the total statistics for 2020/21 and 2019/20.

2) Leadership positions = people managers or project managers.

#### New hire rate

✓ PwC CH

% of new hired FTE

	2021/22	2020/21	2019/20
<b>Region</b>			
Switzerland	4.7	8.3	7.3
EMEA (excl. Switzerland)	57.1	27.4	38.9
America	14.4	35.2	38.5
Asia/Pacific	23.4	29.1	15.3
<b>Gender</b>			
Women	52.5	67.6	66.3
Men	47.5	32.4	33.7
<b>Age</b>			
under 30 years old	24.1	50.6	41.9
30–50 years old	59.0	41.5	47.1
over 50 years old	16.8	7.9	11.0

The overall employee turnover rate in 2021/22 has increased from 15.1% to 17.4% and our voluntary employee turnover rate from 8.6% to 13.2%: like other companies, Sonova was affected by the global pandemic-related "Great Resignation." Comparing our total and voluntary employee turnover rates with our most recent benchmark data from an external provider covering over 50 medical devices industry peers, Sonova is ranked better than the median. The average tenure of our managerial staff in 2021/22 was 9.6 years, while the total average workforce tenure was 6.8 years.

**Employee turnover rates**

✓ PwC CH

% of FTE<sup>1</sup>

	2021/22	2020/21	2019/20
Total	17.4	15.1	14.9
<b>Region</b>			
Switzerland	9.5	6.2	8.0
EMEA (excl. Switzerland)	15.3	12.2	13.4
America	23.6	21.7	20.0
Asia/Pacific	18.0	17.6	15.0
<b>Gender</b>			
Women	17.8	15.7	14.5
Men	16.8	13.1	14.8
<b>Age</b>			
under 30 years old	20.8	21.2	19.1
30–50 years old	17.5	13.3	13.7
over 50 years old	13.8	12.3	12.2

- <sup>1)</sup> The employee turnover rate is the percentage of the employees who left Sonova during the fiscal year; this includes continuing and discontinued operations (excl. leaves following company sale). In 2019/20 and 2020/21, Audiological Care Germany is only included in total turnover and EMEA (excl. Switzerland).

**Voluntary employee turnover**

✓ PwC CH

% of FTE<sup>1</sup>

	2021/22	2020/21	2019/20
Total	13.2	8.6	10.4
<b>Region</b>			
Switzerland	7.3	3.3	6.5
EMEA (excl. Switzerland)	11.1	8.0	8.4
America	18.1	11.1	14.7
Asia/Pacific	14.0	11.1	11.6
<b>Gender</b>			
Women	13.9	9.5	10.7
Men	11.9	7.2	9.8
<b>Age</b>			
under 30 years old	17.3	12.9	15.5
30–50 years old	13.3	8.6	9.5
over 50 years old	8.6	4.3	7.5

- <sup>1)</sup> The employee voluntary turnover rate is the percentage of the employees who left Sonova voluntarily during the fiscal year. In 2019/20 and 2020/21, Audiological Care Germany is only included in total turnover and EMEA (excl. Switzerland).

**Tenure****✓ PwC CH**Average tenure in years<sup>1</sup>

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
People managers	9.6	9.7	9.1
Employees without direct report	6.3	6.5	6.3
All employees	6.8	7.0	6.7

<sup>1)</sup> Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**Leadership development programs**

Sonova offers a portfolio of different leadership development programs outlined in the table below. Through feedback, coaching, and experiential learning, these programs give participants the chance to reflect on their personal style, to understand and to increase the impact they have on their performance, and to plan how they will continue to develop as leaders at Sonova. In 2021/22, around 2,100 employees participated in a total of 9,917 hours of leadership development training.

<b>Training program</b>	<b>Audience</b>	<b>Description</b>
<b>Aspiring Leaders</b>	<ul style="list-style-type: none"> <li>Employees with leadership aspirations</li> <li>12–16 participants per cohort</li> </ul>	The Aspiring Leaders program is a two-day program that encourages participants to start thinking about their own leadership brand and about how they can best fulfill and contribute to Sonova's future.
<b>Leadership Foundations I</b>	<ul style="list-style-type: none"> <li>Virtual program aimed at all new and middle people managers</li> <li>16–24 participants per cohort</li> </ul>	This virtual program, delivered in three four-hour sessions over six weeks, focuses on the basics of essential managerial and leadership skills, such as feedback, coaching, accountability, and delegation.
<b>Leadership Foundations II</b>	<ul style="list-style-type: none"> <li>Aimed at all new people managers</li> <li>Recommended for all people managers</li> <li>12–24 participants per cohort</li> </ul>	The Leadership Foundations program is a two and a half-day intensive experiential program focusing on some managerial tools, importance of mindsets, motivation drivers, and awareness that will impact engagement, trust, and change. It also covers how to implement the learning into daily business.
<b>Leading Effective Teams</b>	<ul style="list-style-type: none"> <li>Foundations alumni with direct reports</li> <li>Ideally 9+ months after Foundations</li> <li>16–24 participants per cohort</li> </ul>	Leading Effective Teams focuses on effective and productive collaboration. It is a yearlong program with a pair of two-day face-to-face workshops: one in the beginning to kick off the program, and one in the end to close, with virtual sessions in between. Participants are asked to team up to tackle real business problems that they are facing as leaders.
<b>Power Sessions &amp; Webinars for Leaders</b>	<ul style="list-style-type: none"> <li>Targeting all leaders</li> <li>2–4h workshops or 1–2h webinars</li> <li>Recommended for all people managers</li> <li>8–24 participants per cohort</li> </ul>	Power Sessions & Webinars for Leaders are focused workshops or virtual sessions covering specific leadership topics in human resources and other areas to support our leaders in their daily challenges and responsibilities (such as Writing Effective Performance Objectives, Performance Appraisal for Managers, and more).

## Learning & development programs

SonovaLearning is our group-wide education platform for all employees. It offers targeted programs, giving our employees the opportunity to enhance their skills and competencies. We support the programs with an e-learning information site, launched in 2019, which is accessible at all times. Around 2,500 employees accessed almost 27,000 pages and articles on it during the 2021/22 financial year. In addition, mandatory training courses available on the e-learning platform ensure that our employees have the knowledge to do their work correctly and in compliance with relevant rules and regulations.

Our training programs also reflect our sharp focus on customer service: we are convinced that a trusting personal relationship, founded on expertise and understanding, is the best way for customers to reap the full benefit from their hearing solution. The Sonova Academy in Germany opened in summer 2019 and offers face-to-face and online training to further develop the ability of our hearing health care professionals to deliver the best service and customer experience.

## Traineeship programs

Sonova has a network of research collaboration with various leading universities around the world, where students can participate in joint studies and other activities. We offer them the opportunity to work in our organization as a member of one of our research and development teams, either in an internship, or as part of their Bachelor's, Master's, or PhD thesis work.

At Sonova we support and invest in Switzerland's dual training system, which links formal education with in-company training, providing both theory and practical experience. The number of our apprentices has doubled since 2013, and we currently train more than 40 apprentices at our headquarters. The range of Sonova apprenticeships is diverse, offering training in thirteen professions, from polytechnician through logistics clerk to cook. Sonova supports education and training for young people with disabilities. In recent years, several apprentices with disabilities have successfully completed an apprenticeship at Sonova.

# Diversity and inclusion

## Commitment

It is Sonova's vision to create a world where everyone – without distinction – enjoys the delight of hearing. By offering the most comprehensive range of solutions to treat all major forms of hearing loss, we aim to help our consumers feel included in society. To reach this goal, our workforce and work culture need to reflect the values of diversity and inclusion (D&I). Our commitment to D&I is included in our Code of Conduct. We value the diversity of languages, background, ethnic origin, disabilities, culture, beliefs, gender identity and/or sexual orientation among our employees, because this reflects the diversity of our stakeholders and the communities in which we operate. We are committed to providing equal hiring, development, and advancement opportunities. We strive to create an environment in which all employees feel safe, valued, included, and empowered to do their best work and realize their full potential. We know that each employee's unique experiences, perspectives, and viewpoints enhance our ability to deliver the best possible products, services, and support to our customers, consumers, patients, and business partners.

GRI 102-8, GRI 405-1

## D&I Strategy

Sonova's global D&I strategy is built around five pillars:

- **Governance:** We have set up a global D&I Council, chaired by Sonova's CEO with representatives from the main regions in which we operate and from key diversity dimensions. The Council sets targets, establishes accountability for target achievements, ensures that the necessary resources are in place, and regularly monitors progress. We have also appointed a Senior Manager Diversity & Inclusion on corporate level, and set up several regional D&I councils as well as employee resource groups.
- **Targets:** We set D&I objectives and measure our progress toward achieving them, while ensuring their alignment with other strategic business objectives. We monitor the composition of our workforce, where appropriate and legally permitted, along various diversity dimensions such as age, gender, nationality, or ethnic origin.
- **Hiring and development:** We stand for equity, equal opportunity, diversity, and inclusion in the workplace – in all our operations. We foster an environment that attracts and retains the best talent, mitigates biases, and encourages the contribution of diverse ideas, backgrounds, and perspectives to build the best team. We create opportunities for training, development, and progression.
- **Training:** We train our employees and leaders on general topics in diversity, inclusion, and bias mitigation. We also train colleagues on how to embrace diversity and contribute to an inclusive Sonova culture in their specific functional roles.
- **Communication:** We drive active and transparent communication about D&I to foster an inclusive culture, encourage role model behavior, and emphasize the high relevance of diverse and inclusive teams as a core element of our values and business strategy.

## Progress and actions

Sonova has set two specific targets in the area of gender diversity and unconscious bias training:

- We want to achieve 40% women in key positions by 2025/26.
- We want to train over 95% of employees on diversity and inclusion by mid-2021.

We achieved the training target with 95.2% of employees having completed the introductory web-based training on unconscious bias by mid-2021. We are also progressing on our ambition to achieve 40% of women in key positions by 2025/26. At the end of the 2021/22 financial year, 35.2% of key positions were held by women (2020/21: 33.5%). Furthermore, across all management levels, women hold 51.1% of all positions involving staff responsibilities. In lower and middle management, the ratio of women is at 57.2%. In 2021/22, 57.6% of all our internal promotions to management positions were women. These are good conditions to reach our gender diversity target through professional succession planning, individual development plans, and gender-balanced representation in filling open positions. To fully realize the potential of our internal talent, we will further strengthen our efforts to remove unconscious barriers throughout the talent management cycle and keep a diversity focus in talent development.

SDG 5.5

Sonova supports the compatibility of pursuing a career and raising a family by promoting flexible working models such as working from home, flexible working hours, and part-time work in leadership positions. In Switzerland, for example, our terms of employment guarantee our employees additional family-related benefits, including 16 weeks of maternity leave, four weeks of paternity leave, and the possibility of purchasing additional vacation time. In all our production sites, where shift work is standard, employees returning from maternity leave can choose to work at between 50% and 100% of their previous level during their first year back. We operate our own day care center at our headquarters in Stäfa and financially support lower-salary employees in Stäfa and in our production center in Vietnam. In the US, among other countries, we have breastfeeding rooms in our offices.

**Women in key positions**

✓ PwC CH

% of employee headcount within key positions<sup>1</sup>

	2021/22	2020/21	2019/20
Share of women in key positions	35.2	33.5	31.1

<sup>1)</sup> Key positions are those leadership positions identified as business-critical.**Women in positions with staff responsibilities**

✓ PwC CH

% of employee headcount within people manager positions<sup>1</sup>

	2021/22	2020/21	2019/20
Share of women in people manager positions	51.1	50.7	50.7

<sup>1)</sup> Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).**Women in management positions**

✓ PwC CH

% of employee headcount within respective management position<sup>1</sup>

	2021/22	2020/21	2019/20 <sup>3</sup>
<b>Women in senior management<sup>2</sup></b>			
<b>Total</b>	<b>19.6</b>	<b>20.3</b>	<b>16.4</b>
Switzerland	15.6	15.6	11.7
EMEA (excl. Switzerland)	14.3	17.8	10.0
America	44.0	39.3	37.9
Asia/Pacific	13.3	12.5	11.8
<b>Women in lower and middle management</b>			
<b>Total</b>	<b>57.2</b>	<b>56.6</b>	<b>56.5</b>
Switzerland	27.4	26.6	25.6
EMEA (excl. Switzerland)	60.0	58.9	60.0
America	55.3	59.6	56.2
Asia/Pacific	53.7	57.0	56.6
<b>Women in non-management</b>			
<b>Total</b>	<b>67.8</b>	<b>69.0</b>	<b>69.9</b>
Switzerland	42.0	46.4	47.4
EMEA (excl. Switzerland)	67.2	68.0	69.1
America	69.2	69.6	69.9
Asia/Pacific	77.8	78.1	78.7

<sup>1)</sup> Data does not include contingent workers.<sup>2)</sup> Senior management = Management Board, direct reports to the Management Board, and Managing Directors.<sup>3)</sup> Audiological Care Germany not included in 2019/20.

**Leadership recruitment rate (LRR) for women**

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20
<b>Share of women in total hires to leadership positions<sup>2</sup></b>	<b>54.7</b>		
Share of women in internal hires to leadership positions	57.6	47.1	51.7

1) Audiological Care Germany fully included in 2021/22, but only included in the total statistics for 2020/21 and 2019/20.

2) Leadership positions = people managers or project managers.

**Women in STEM positions**

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20
Share of women in STEM-related positions	24.0	24.4	21.9

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**Women in revenue-generating positions**

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20
Share of women in revenue-generating functions	71.0	71.0	71.7

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**Employees by gender**

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20
<b>Women</b>			
Share of total workforce	65.6	65.5	66.4
Part-time employees	13.4	13.3	16.4
<b>Men</b>			
Share of total workforce	34.4	34.5	33.6
Part-time employees	2.7	2.5	6.0

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**Number of nationalities of all employees**

✓ PwC CH

Number<sup>1</sup>

	2021/22	2020/21	2019/20
Total number of nationalities	99	93	94

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**Employees by nationality (top 5)**

✓ PwC CH

% of headcount<sup>1</sup>

	2021/22	2020/21	2019/20
Germany	16.1	15.1	15.5
United States	14.3	13.7	13.6
Vietnam	8.6	9.5	8.7
China	7.0	6.4	6.2
Switzerland	5.2	5.6	5.3

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**People managers by nationality (top 5)**

✓ PwC CH

% of people manager headcount<sup>1</sup>

	2021/22	2020/21	2019/20
Germany	30.0	28.1	27.0
United States	10.0	9.9	9.8
Vietnam	2.7	2.6	2.3
China	5.6	4.8	4.6
Switzerland	5.5	6.6	7.0

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

**Employees by age**

✓ PwC CH

% of employee headcount<sup>1</sup>

	2021/22	2020/21	2019/20 <sup>2</sup>
<b>All employees</b>			
under 30 years old	20.0	18.8	21.7
30–50 years old	58.8	58.7	59.7
over 50 years old	21.3	22.5	18.6
<b>Women</b>			
under 30 years old	22.1	20.7	23.9
30–50 years old	58.4	58.6	59.1
over 50 years old	19.5	20.6	17.0
<b>Men</b>			
under 30 years old	15.9	15.0	17.1
30–50 years old	59.4	58.9	61.1
over 50 years old	24.7	26.1	21.8

1) Only includes regular employees (employees on indefinite employment contract, i.e. no contract end date).

2) Audiological Care Germany not included in 2019/20.

As part of our HearMe annual employee engagement survey, we calculated and benchmarked Sonova's D&I index. This index is based on seven questions that focus, among other topics, on whether people feel the company supports diversity in the workplace, whether they feel it is safe to speak up, or whether they feel that they can be

themselves in the organization without worrying how they will be accepted. 83% of respondents reported a favorable result, in a positive trend with the two previous years' D&I scores of 80% in 2020/21 and 78% in 2019/20.

In 2021/22, employees also had the opportunity, through our global HearMe employee engagement survey, to voluntarily self-identify as belonging to a minority group within their team or organization – in terms of age, gender, language, ethnic origin, religion, sexual orientation, health status, or any other category. Employees first had to agree that they want to see the self-identification questions. Once they agreed, they could choose from three answer options: yes, no, prefer not to say, or decide to skip the question. Out of all employees who chose to answer the question, 25% of employees self-identified as belonging to a minority group, representing 21% of all survey respondents.

#### D&I in HearMe



Favorable answers as % of participant employee headcount

	2021/22	2020/21	2019/20
HearMe diversity & inclusion score	83	80	78
HearMe self-identification as belonging to a minority group	25	17	-

We are actively addressing the role of unconscious biases. At the end of the financial year 2021/22, over 95% of employees had completed the unconscious bias awareness e-learning course. This is now part of the mandatory onboarding program for all new joiners. We also rolled out unconscious bias training for all people managers across the organization.

D&I has been included in our senior leader training; our Code of Conduct training also covers its key aspects. We have conducted several targeted D&I training courses for different audiences, including the Management Board, Audiological Care leadership teams, headquarters' human resources team, and Corporate Communications team.

In 2020/21, we set up regional D&I Councils in the Americas, EMEA, Asia, and Oceania, followed by national task forces. The role of these regional Councils is to define D&I priorities for the respective countries and foster a regular exchange about local needs, developments, and activities. The regional Councils provide quarterly updates and discussion points to the global D&I Council.

To raise awareness and continuously advance a culture of inclusion, we also support expanding employee networks, providing platforms where people can connect and learn from one another. A global women's network, initiated by our employees, has been established, along with a global OutLoud Network which brings together our employees who are a part of the LGBTQ+ community. Hearing loss should clearly not stop anyone from thriving at Sonova, so we have also set-up a global Hearing Loss Network which has been actively engaged in providing input and making our processes more inclusive. These networks held more than ten events in the financial year where diversity was celebrated, such as for International Women's Day, Pride month, World Hearing Day and International Sign Language Day.

Sonova also provides reasonable accommodation in its job application procedures for individuals with disabilities, and helps to find alternative ways for individuals with disabilities to perform essential job functions.

# Occupational health and safety

Sonova is committed to provide and promote an occupational health and safety culture that supports and protects our employees. We regularly monitor and analyze the potential health and safety risks of our operations and implement both legally-required and voluntary occupational health and safety programs. Sonova's operations have a relatively low exposure to health and safety risk. Most injuries and lost work days are not caused by the manufacturing processes; they are more likely to be sustained during activities such as movement of goods. Employees who work with chemicals and hazardous substances, or come into contact with them, are regularly trained in their safe handling.

GRI 403-2

In 2021/22, we recorded a lost day rate (LDR) of 50.7 (2020/21: 32.5) and lost-time injury frequency rate (LTIFR) of 3.4 (2020/21: 2.4). The increases in the LDR and LTIFR reflect an increase in frequency of injuries and total lost days greater than the increase in total working hours. It is important to note that the absolute number of injuries at Sonova is generally low, and small changes in it can have a significant impact on the key performance indicators. For example, in the 2021/22 data, one accident was responsible for over 50% of the total lost days, whereas the majority of the other accidents caused less than one week of lost time per incident. The most common types of accidents were behavior-based, such as slips, trips, or falls. We investigate the root causes of each work-related injury, carry out regular local internal health and safety audits, and implement action plans, such as intensified local training and awareness-raising activities to further reduce exposure to work-related health and safety risks. We carry out regular safety walks at our operation sites to help prevent accidents. No occupational illness or disease cases have been registered in the past three years, leading to an occupational illness frequency rate (OIFR) of zero. There were no work-related fatalities.

## Occupational health and safety

 PwC CH

	2021/22	2020/21	2019/20
Lost day rate (LDR) <sup>1</sup>	50.7	32.5	26.0
Lost-time injury frequency rate (LTIFR) <sup>2</sup>	3.4	2.4	1.4
Occupational illness frequency rate (OIFR) <sup>3</sup>	0.0	0.0	0.0
Work-related fatalities	0	0	0

<sup>1)</sup> LDR = total number of lost days due to injuries/total hours worked x 1,000,000 (definition changed in 2019/20 from 200,000 to 1,000,000 and previous years' data adjusted for comparability).

<sup>2)</sup> LTIFR = total number of lost-time injuries/total hours worked x 1,000,000.

<sup>3)</sup> OIFR = total number of occupational illness or diseases cases/total hours worked x 1,000,000.

The LDR, LTIFR, OIFR and work-related fatalities reported in the table above cover around 20% of our global workforce. The selection of the facilities follows a risk-based approach, and includes our operation centers in Switzerland, Vietnam, and China, as well as the operation and distribution center in the United States, and the regional European service centers in Spain and the United Kingdom. Each of these sites has a designated person responsible for local implementation of the health and safety program. Any incident that requires external medical health care is considered as a work-related injury. First-aid level injuries are not included. Any work-related injury that results in the company employee not being able to return to work the next scheduled work day/shift is considered as a lost-time injury. Lost days refer to working days, not calendar days, and begin right after the accident.

## Employee wellbeing

Sonova is committed to foster employees' health and wellbeing. Our Group companies and operation centers take specific prevention and health promotion measures to help maintain and enhance each employee's capacity for productive and fulfilling work. In light of the prolonged pandemic and its impact on working practices, Sonova enhanced our existing measures that focus on employee wellbeing. This new initiative is based on a holistic framework comprising five dimensions of wellbeing:

- **Physical:** nutrition, exercise, sleep, medical care, ergonomics
- **Mental:** relaxation, mindfulness, stress management, resilience, mental health
- **Financial:** financial security, retirement, ancillary benefits
- **Social:** healthy relationships, team spirit, leadership
- **Purpose:** purpose in life and work, beliefs & values, charitable activities.

A new global health manager role was created and filled in 2022, with the objective of driving wellbeing at Sonova. Additionally, wellbeing champions have been appointed in all Group companies. They will implement global initiatives, complemented by local programs, that cover the five dimensions listed above.

Sonova also launched several new global wellbeing measures in 2021/22 to support our employees worldwide:

- All Sonova Group companies are implementing an Employee Assistance Program (EAP). It provides free and confidential assistance to employees and immediate family members with personal concerns – whether at home or at work – that affect their wellbeing.
- More choices and more flexibility for our employees: Sonova has issued a global hybrid working policy that allows all eligible employees to split their tasks and time between their home and their local Sonova office; all Group companies are working on local policies and implementation.
- Meeting wellbeing: shortened meeting duration to avoid back-to-back scheduling and allow recovery in between.
- Tuesday is focus day: based on location, four hours of focus time are set aside, with no meetings and no interruptions.
- Recognition for employees' hard work and resilience over the past two years of the COVID-19 pandemic: many Group companies gave employees a wellbeing day, an additional paid day off; others provided thank-you gifts or organized a social event.

As in the previous year, many local offerings had to be reduced or postponed because of the pandemic. Where the situation allowed it, Group companies organized on-site activities, but they also showed creativity in setting up virtual workshops providing inspiration and support to our employees on various wellbeing topics, such as nutrition, stress management, at-desk exercise, or better sleep.

## Responsible reorganizations

At Sonova, we are committed to treating our workforce responsibly. In the event of major reorganizations, such as restructuring, relocation, outsourcing, or mergers and acquisitions, we strive to reduce negative impact on our employees by ensuring employment security, minimizing compulsory redundancies, and mitigating the consequences for those made redundant. In case of such an event, a local implementation plan is developed, containing a variety of measures that can be adapted to the local situation and needs of the individual employees. At our headquarters in Stäfa, for example, the applicable measures include early retirements, internal mobility, financial compensation, re-training or outplacement services, case management, extended notice periods, and hardship funds.

In the past three financial years, there were no significant job cuts at Sonova – that is, none affecting more than 1,000 employees or more than 5% of the total global workforce annually.



Sonova ESG Report 2021/22

# Acting with integrity

We behave ethically and apply the highest quality and safety standards to everything we do.

Ethical business conduct is not an aspiration for us – it is a given. It translates across all our business dimensions. Sonova operates in an international context, so we appreciate the complex realities of modern supply chains and regulatory frameworks; we understand that our impact extends across the Group's entire value chain. It is therefore our responsibility to ensure that all our business processes are run with integrity.

The following sections present a comprehensive description of the various aspects of the 'Acting with integrity' pillar of our *IntACT* ESG strategy:

- Product quality, safety and reliability
- Responsible supply chain
- Human rights and labor practices
- Business ethics and legal compliance
- Data privacy and digital ethics
- Corporate governance
- Ethical marketing and sales practices
- Taxes
- Public policy
- Animal welfare

## Product quality, safety and reliability

### Regulatory and standards

GRI 416-1

Sonova's medical devices are regulated globally by government agencies, healthcare authorities, and other regulatory bodies who verify that we are complying with applicable health and safety regulations throughout our products' life cycle. We work to maintain transparent, constructive, and professional relationships with all applicable regulatory authorities on matters of policy, product submission, compliance, and product

performance. The requirements we meet include design controls, marketing approvals, good manufacturing practices, vigilance systems, clinical studies, and other relevant product regulations, standards, and normative documents specified by these agencies.

Each national healthcare authority has specific requirements for products that are made available in its national territory. Requirements for hearing instruments in Europe are mostly centered around European legislation, including the Medical Device Regulation 2017/745, the Radio Equipment Directive 2014/53/EU, and requirements for conformity to other applicable international standards. In the US, hearing instruments are regulated by the United States Food and Drug Administration (FDA) and classified as class I (hearing aids) and class II (wireless hearing aids) medical devices. Both categories are exempt from the requirement to submit premarket notification and can be introduced into commercial distribution without prior FDA clearance. In Europe, cochlear implants and their respective accessories from Advanced Bionics are also regulated by the Medical Device Regulation (MDR) 2017/745; and subject to technical documentation review before CE marking and placing on the market. In the US, they are classified as class III medical devices and subject to premarket approval, where FDA conducts an evaluation of the safety and effectiveness of these devices before commercialization. Sonova carefully monitors changes in the relevant worldwide regulatory environment to ensure that its products conform at all times.

### **Product quality and safety management**

All our operation centers and major Group companies are certified according to the ISO 13485 standard and fulfill the requirements for quality management systems of the US FDA Quality System Regulation, Title 21 CFR Part 820. Third-party audits are conducted at all ISO 13485 certified operation centers and major Group companies on an annual basis to assure the quality of manufacturing, management, and products, including materials and components.

Sonova conducts internal audits of its established systems at planned intervals to determine the effectiveness of the quality management system and its conformance to the requirements of ISO standards, FDA regulations, relevant European legislation, other country-specific and Medical Device Single Audit Program (MDSAP) requirements. We have established procedures to define the responsibilities and requirements for planning and conducting audits, and for reporting results and maintaining records. We plan each audit program on the basis of past audit results, along with the significance and status of processes and areas to be audited. This process also determines the audit criteria, scope, frequency, and methods. Qualified personnel who are independent of the task being audited may conduct the audits, and management, at its discretion, may also bring in outside resources to assist. Audit findings are documented and reported to the responsible managers, who ensure that action is taken promptly to eliminate any noted instances of noncompliance, along with their causes. We document and file reports on the corrective actions, their review, and other follow-up activities, and review data to identify possible trends.

We evaluate potential product-related risks using a systematic method to estimate, evaluate, control, and monitor risks; this is governed by the ISO 14971 standard, which specifies the application of risk management to medical devices. We ensure up-to-date knowledge of regulatory and statutory requirements through initial and maintenance training programs. Employees, independent of their employment contract, are qualified to perform their tasks based on their education, training, and experience. General requirements are established based on job responsibilities and are identified in position descriptions. We provide employees with general training on the Quality Management System and on health, environment, and safety as applicable, and supplement this with any in-depth training needed to perform the work. We systematically identify and document the need for any training and verify its effectiveness.

SASB HC-MS-430a.1, SASB HC-MS-430a.  
3

The topic of product safety is an integrated element of the product design and development process. Design and development inputs are documented and include, but are not limited to, functionality, performance, and safety requirements – based on the intended use, applicable statutory and regulatory requirements, environmental impact, and clinical, user, and patient needs. Changes to the design inputs are approved in the same manner as the original design input. We conduct regular in-house product testing to validate design, and external third-party testing to ensure compliance with standards and regulatory requirements.

[SASB HC-MS-430a.2](#)

All products brought into commercial distribution by Sonova Group companies are continuously assessed to improve safety and effectiveness. Sonova uses tools such as complaint handling, post-market surveillance, vigilance reporting, reliability and trending analysis, and post-launch engineering to achieve and maintain regulatory compliance. We comply with the requirements for unique device identification, which provides unambiguous identification of specific devices and facilitates their traceability, as mandated by local regulations in various regions and countries across the globe.

We document and review customer complaints for product safety and product performance trends through a system that complies with applicable regulatory and legal requirements. Early warnings of quality problems become an input for the corrective and preventive action processes. We maintain records of customer complaints and resulting investigations. If the investigation determines that activities outside Sonova contributed to the customer complaint, we exchange relevant information with the contributing organization. If a customer complaint is not followed by corrective or preventive action, the reason is authorized and recorded. We have established documented procedures to assure that regulatory authorities are notified according to national or regional regulations whenever advisory notes or recalls are necessary and/or adverse events occur that meet specified reporting criteria. Our decisions are made based on risk analysis and health hazard evaluation, as applicable. Sonova has established a process for assessing and reporting to the FDA (and other countries' regulatory agencies) those customer complaints which resulted in an adverse event.

In 2021/22, there were no listings associated with the Sonova Group that appear in the "Medical Devices" category of the U.S. Food and Drug Administration (FDA)'s MedWatch Safety Alerts for Human Medical Products database. There have not been any fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience. To ensure compliance with current Good Manufacturing Practice (GMP), Sonova global facilities have been inspected by several regulatory agencies during the reporting year. There have been no FDA enforcement actions in 2021/22, such as FDA Form 483 notices or FDA Warning Letters (or equivalent notices from other regulatory agencies). There were no new Class I or Class II (or equivalent) product recalls at Sonova during the 2021/22 financial year. In the 2019/20 financial year, Advanced Bionics undertook a voluntary field corrective action and retrieved from the market the unimplanted units of the initial version of its HiRes™ Ultra and Ultra 3D cochlear implants. The company took this step in an abundance of caution, having observed an increase in reports of reduced hearing performance. Most importantly, there had and have been zero reported safety events relative to this issue and these devices. For Advanced Bionics, the safety and hearing experience of recipients and the quality and reliability of our products are prime concerns, and we are committed to continuous improvement, for example by adopting more stringent test standards than those required by regulatory authorities. Details can be found in the annual Global AB 2021 Implant Reliability Report.

[SASB HC-MS-250a.1, SASB HC-MS-250a.2, SASB HC-MS-250a.3, SASB HC-MS-250a.4](#)



[Advanced Bionics 2021 Global Implant Reliability Report](#)

**Hearing instruments: Product quality and safety indicators**

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Number of Class I recalls (or equivalent)	0	0	0
Number of Class II recalls (or equivalent)	0	0	0
Number of regulatory agency inspections <sup>1</sup>	20	21	15
Number of Form 483 Observations (or equivalent)	0	0	0
Number of FDA Warning Letters (or equivalent)	0	0	0
Number of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	0	0	0
Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	0	0	0

<sup>1)</sup> Regulatory inspections performed by competent authorities, regulators or notified bodies at our sites, including e.g. ISO 13485, MDSAP, ISO 14001, MDR 2017/745, NMPA China, or US FDA audits.

**Cochlear implants: Product quality and safety indicators**

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Number of Class I recalls (or equivalent)	0	0	0
Number of Class II recalls (or equivalent)	0	0	1
Number of regulatory agency inspections <sup>1</sup>	2	4	2
Number of Form 483 Observations (or equivalent)	0	0	0
Number of FDA Warning Letters (or equivalent)	0	0	0
Number of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	0	0	0
Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	0	0	0

<sup>1)</sup> Regulatory inspections performed by competent authorities, regulators or notified bodies at our sites, including e.g. ISO 13485, MDSAP, ISO 14001, MDR 2017/745, NMPA China, or US FDA audits.

**Product reliability**

Our priority at Sonova is to continuously improve product reliability and reduce repairs. We have set the target of improving average product reliability rate, for both hearing instruments (HI) and cochlear implants (CI) externals/processors, by more than 20% year-over-year. We define the HI product reliability rate as the ratio between the annualized number of in-warranty product returns over the past three months and the number of hearing instruments in the market and within warranty (installed base). We define the CI product reliability rate as the annualized 3-month rolling average of Naida pediatric and adult system product returns divided by the number of registered processors used by pediatric and adult recipients.

**Product reliability rates year-over-year improvements**

Improvement vs. previous year

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Improvement of HI product reliability rate	(3%)	21%	4%
Improvement of CI product reliability rate (externals/processors) <sup>1</sup>	19%	32%	27%

<sup>1)</sup> CI reliability rate for 2021/22 is not comparable to previous years. 2021/22 value includes CI processors/externals for the Naida pediatric as well as adult systems. 2020/21 and 2019/20 values include Naida pediatric systems only.

Global and cross-functional teams sponsored by the Sonova Management Board work on continuous process improvements and root cause analysis of product returns and repairs, with the aim of significantly improving reliability of existing and future products. In 2021/22, the average HI product reliability worsened by 3%, and the CI product reliability improved by 19% compared to the previous year. We almost achieved the annual target of >20% improvement for cochlear implants, but clearly missed it for the hearing aids. Key improvement measures implemented include product design adjustments, manufacturing process refinements, active dialog with suppliers to improve manufacturing processes of product components, hardware and software improvements to existing products, and launches of new, more reliable products. For example, we achieved over 30% reliability improvement of rechargeable technology from Audéo™ Marvel to Audéo™ Paradise. Several newly introduced HI product lines show significant improvements compared to previous product generations. Despite these improvements in new products, the HI reliability rate worsened, because the overall service volume is still strongly dominated by older product generations with lower reliability. We will focus even more closely on product reliability improvements in the coming year to achieve our ambitious target of 20% year-over-year improvements.

## Responsible supply chain

Sonova operates within a highly integrated business model: all manufacturing centers are owned by Sonova. Our own manufacturing operations extend from fully automated processes, such as hybrid circuit production, to highly skilled manual work, such as assembly of hearing aids and cochlear implants. Over 90% of our hearing aids are produced in the APAC region at our owned operation centers in Vietnam and China. Cochlear implants are produced at our operations center in Valencia, United States.

Our suppliers are mainly high-tech design and component makers, or original equipment manufacturers with a high degree of automation. In 2021/22, Sonova purchased from 450 direct material suppliers: 331 direct material suppliers who deliver components for manufacturing and assembly to our Hearing Instruments business, and 119 direct material suppliers to our Cochlear Implants business. In spending terms, 66.1% of Sonova's purchase volume is in the Asia/Pacific region, 11.7% in Switzerland, 19.1% in Europe (excluding Switzerland), 2.9% in North America, and 0.2% in Africa. The data for this year does not include Sonova's newly created Consumer Hearing Business.

Sonova strives for long-term collaboration with its suppliers. In the 2021/22 financial year, around 80% of the total purchase volume came from suppliers with a more than 10-year business relationship with Sonova, and over 95% of the total purchase volume came from suppliers with more than 5 years of partnership.

Sonova's relations with suppliers are guided by the Sonova Group Supplier Principles (SGSP). The SGSP, the General Conditions of Purchase, and the Sonova Code of Conduct are all incorporated into development and supply agreements. All suppliers have to certify in written form that they will now and at all times in the future comply with these standards and principles in all of their Sonova-related dealings, activities, products, and services. Sonova includes this certification in all supply agreements, and periodically requests suppliers to renew their adherence. In 2021/22, all new suppliers signed the SGSP. The SGSP document was last revised in 2019 and are published in English and German; they are publicly available on the Sonova website.

Sonova identified eight critical direct material suppliers in 2021/22. For Sonova, critical suppliers include those whose items or materials have a direct impact on the performance of our products or come into direct contact with the skin of users (critical components); those whose items or materials are not substitutable (e.g. due to criteria related to technology, sustainability, quality, regulations); and those who supply high

[GRI 102-7, GRI 102-9](#)



[Sonova Group Supplier Principles \(SGSP\)](#)

[SASB HC-MS-430a.1, SASB HC-MS-430a.  
3](#)

volumes. The classification of critical suppliers is carried out at the beginning of each new supplier relationship and is reviewed regularly. Due to COVID-19 restrictions, we only visited one critical supplier in 2021/22. No supplier audits were carried out. The percentage of direct material suppliers with a quality management system that is certified and audited by a third party is above 95% by purchasing volume. You can find further information on our management of risks associated with the use of critical materials in the sections [Product quality, safety, and reliability](#) and [Eco-friendly products](#).

The corporate procurement department participates in the design and planning of Sonova products, solutions, and services. It makes sure from the early development stages that a risk assessment is performed for every component. Before entering into a supplier relationship, the procurement team may visit potential new suppliers and inspect their management capabilities to assess potential risks and identify opportunities for improvement. If deficiencies are found, we require the suppliers to take corrective and preventive actions before we begin any active business relationship. A candidate that fails to meet the requirements will not be accepted as a Sonova supplier.

After supplier screening and selection, we annually assess supplier risks and identify the risk level for each supplier. We manage our suppliers based on their risk level. If a problem occurs, we require the suppliers to take preventive and corrective measures, and we follow up on their progress until the issue is resolved. In 2021/22, we did not identify any new or existing critical supplier as having significant actual or potential negative impact related to environmental issues, labor practices, or human rights matters. No suppliers, therefore, had to take corrective or preventive actions.

[GRI 308-2, GRI 414-1, GRI 441-2](#)

[SDG 8.7](#)

# Human rights and labor practices

## Commitment and policies

Sonova respects and supports human rights. This commitment extends throughout our worldwide operations and along our value chain. It is reflected in our Code of Conduct and Group Supplier Principles (SGSP). In 2021/22, we devised a global policy (Sonova People Policy) setting key principles, but also providing a framework for our human rights due diligence.

Sonova is committed to maintaining high standards of business ethics and integrity in accordance with the law, and also recognizes human rights and labor standards as outlined in international human rights frameworks such as the:

- Universal Declaration of Human Rights (UDHR)
- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Economic, Social and Cultural Rights
- International Labor Organization (ILO) - Core Labor Conventions
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

Sonova is a signatory to the UN Global Compact since 2016, endorsing its ten principles in the areas of human rights, labor, the environment, and anti-corruption.

## Human rights due diligence (HRDD)

Sonova is committed to aligning its human rights due diligence (HRDD) process with the United Nations Guiding Principles on Business and Human Rights (UNGPs). We are set to conduct HRDD throughout our business, proactively assessing, identifying, preventing, and mitigating actual and potential adverse human rights impacts on potentially affected rightsholders across our value chain. To drive such a process effectively, we set up in 2020/21 a cross-functional internal human rights working group, which draws on the help of external business and human rights experts to implement a step-by-step HRDD project plan. The Sonova HRDD framework is outlined in the People Policy and follows the six steps required by the UNGP:

1. Commitment
2. Assess actual and potential impacts
3. Cease, prevent or mitigate adverse human rights impacts
4. Embed and integrate respect for human rights
5. Track and communicate performance
6. Access to grievance and remedy and the fundamental principle of non-retaliation



[Code of Conduct](#)



[Sonova Group Supplier Principles \(SGSP\)](#)



[Sonova People Policy](#)

GRI 412-1

## HRDD implementation

GRI 408-1, GRI 409-1

Sonova conducted in 2020/21 an overall human rights risk assessment, based on international standards such as the UNGP and OECD Guidelines. The assessment was performed by the cross-functional internal human rights working group, together with external business and human rights experts. It covered our global value chain and ranked potential human rights issues based on the severity of the risk to potentially affected people. Using a range of methods, including value chain mapping, issue mapping, consultations and interviews, desk research, and internal workshops, we identified potentially relevant salient human rights issues that are described in the table below.

Based on this initial risk assessment, Sonova planned to conduct in 2021/22 an in-depth human rights impact assessment (HRIA), including broad engagement with relevant stakeholders, in our own operations near Ho Chi Minh City in Vietnam, which has over 1,400 full-time employees. Due to COVID-19-related restrictions, however, the HRIA was replaced by a social audit. The facility was audited on-site in December 2021 by independent auditors, using ELEVATE's Responsible Sourcing Assessment (ERSA) standard. None of the findings identified by the auditors were rated as zero tolerance or *critical* and the facility, as assessed by external experts, performed very well in the areas of environment, business ethics, and management system. The audit findings were discussed with local management as well as with key internal functions globally to discuss root causes. All findings were addressed through concrete actions, such as improvements in the facilities or the introduction of an automatized system to monitor working hours and limit overtime. Key lessons from this first social audit will be used to improve Sonova's approach to HRDD at Group level.

## Training

Key human rights standards are specified in the Sonova Code of Conduct, on which annual mandatory training is given to all Sonova employees worldwide. The training in 2021/22 had an enhanced focus on the topics of nondiscrimination and non-harassment, including practical advice on how to identify and report potential violations.

## Focus human rights issues areas

Sonova is committed to respecting internationally recognized human rights and does not attribute more importance to one human right than to another. We do, however, assign priority to those rights that could be most salient to our business, as determined by the human rights risk assessment described above. The list, which appears below, will be adapted as required based on future human rights risk and impact assessments. In prioritizing key human rights issues according to their scale, scope and remediability, Sonova recognizes that negative impacts on human rights may be particularly severe for some people due to their vulnerability or marginalization. Sonova recognizes that the evaluation of the severity of potential impacts may change and that other issues may grow in importance over time. We will therefore regularly reevaluate the below issues based on further assessments and regular dialog with internal and external stakeholders.

SDG 8.8

Human rights issue	Definition of human rights & issue illustration
Access to healthcare	Access to healthcare must be non-discriminatory. Access can be physical, economic (affordability), and/or informational in its nature. According to the UN Committee on Economic, Social and Cultural Rights, "health facilities, goods and services must be within safe physical reach for all sections of the population, especially vulnerable or marginalized groups (...)" <sup>1</sup> .
Child labor	Child labor refers to work performed by people under 18 and is prohibited by international standards. Employment or work may be authorized as from the age of 15 years (or 14 in certain developing countries) on condition that the health, safety, and morals of the young persons concerned are fully protected and that the young persons have received adequate specific instruction or vocational training in the relevant branch of activity (special protections for young workers).
Community and land rights	This term refers to all fundamental rights pertaining to local communities, including those recognized as pertaining to indigenous people, that are impacted by business activities. Issues related to land rights are most frequently disputed between companies (and governments) and local communities, as they may have direct consequences for a wide set of fundamental rights (e.g. right to housing, right to life, right to food and water, right to social security, property access rights, cultural identity, etc.).
Contributing to conflict	A company can potentially become involved in or contribute to social or political unrest or conflicts leading to heightened tension, violence and human rights abuses. In fragile environments (e.g. conflict-affected areas), companies shall avoid by any means complicity with governmental/non-state actors' (armed groups, militia, extremists) abuses. Moreover, they shall be aware that an excessive control on key resources (e.g. food, water and electricity supply) and other abusive business decisions have potential consequences on local communities, both during conflict and in post-conflict.
Customer safety	Customer safety refers to the company's approach to preventing negative impacts of its products and services on consumers' health and safety. It includes consumers' right to be properly informed about potential hazards.
Employment practices	In the context of labor rights, this term refers to all practices that are not mentioned under other issue areas, including contracts specifying the terms of conditions for work, working hours, social security, and fair wages. Fair wages ensure workers and their families a decent standard of living (living wage). Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.
Freedom of association and collective bargaining	Freedom of association expresses the right of workers to freely join trade unions or employee associations, while collective bargaining is defined as the "negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements." <sup>2</sup> The two concepts are inextricably linked, the first being a prerequisite for the realization of the second. Moreover, they both imply the recognition of the right to strike. Each of these rights shall be guaranteed by the company and no retaliation/reprisal shall be tolerated in exercising those rights.
Information security and data protection	Information security and data protection refer to all measures implemented by the company to protect the confidentiality and integrity of personal information and data transmitted by workers, clients, suppliers, business partners, and any other stakeholders. The company shall guarantee at all times the proper use, processing and storage of data. This right is ultimately founded on the human right to privacy.
Modern slavery and forced labor	Modern slavery includes compulsory, bonded, or child labor, human trafficking, and forced labor. Forced or compulsory labor is "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily." <sup>3</sup>
Non-discrimination	Discrimination in employment and occupation includes "any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation" <sup>4</sup> .
Occupational health and safety	Occupational health and safety deals with all aspects of health (physical or mental) and safety in the workplace.

<sup>1)</sup> UN Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 14: The Right to the Highest Attainable Standard of Health (Art. 12 of the Covenant), 12b, 11 August 2000, E/C.12/2000/4.

<sup>2)</sup> International Labour Organization (ILO), Right to Organise and Collective Bargaining Convention, C98, 1 July 1949, C98, Art. 4.

<sup>3)</sup> International Labour Organization (ILO), Forced Labour Convention, C29, 28 June 1930, C29, Art. 2.

<sup>4)</sup> International Labour Organization (ILO), Discrimination (Employment and Occupation) Convention, C111, 25 June 1958, C111, Art. 1.

# Business ethics and legal compliance

## Code of Conduct and internal regulations

Sonova's commitment to compliance promotes ethical conduct between colleagues at all levels of the organization, and also in our dealings with our stakeholders. Compliance means that we follow applicable laws and regulations of each country in which we operate while also abiding by our own Code of Conduct and internal regulations. The ultimate oversight for business ethics and compliance lies with the Board of Directors.

Sonova's Code of Conduct defines general principles for ethical behavior; it applies to all employees of the Sonova Group, all its subsidiaries, and any contractors or vendors while they are performing work for the Sonova Group. Written acknowledgment of the Code of Conduct is part of every new employment and third-party contract.

The Code of Conduct is reviewed regularly and revised when necessary. It was prepared by the office of the Group General Counsel in consultation with relevant stakeholders and was approved by the Sonova Board of Directors on August 23, 2012, updated in September 2019, and reapproved by the Board of Directors. The Code of Conduct governs all relevant aspects of Sonova's business operations including compliance with laws and regulations, conflicts of interest, and anti-competition. It also incorporates Sonova's commitment to social and environmental responsibility, covering such topics as dignity and human rights, diversity and inclusion, non-discrimination, and safety in the workplace. The Code of Conduct is available in 18 languages.

Annual mandatory Code of Conduct training is rolled out to all Sonova employees worldwide, including part-time employees. The training explains the content of the Code of Conduct and how to identify and report potential violations, such as conflict of interest, harassment, fraud, discrimination, corruption, or breach of secrecy. Third parties including distributors, agents, and suppliers are regularly instructed to ensure that they adequately understand and can comply with the Code of Conduct.

We have set an ambitious Group target to achieve more than 98% on-time completion of the mandatory Code of Conduct training. On-time completion means that the training is completed within the assigned standard time period, which is normally 4 weeks. In 2021/22, the overall on-time rate was 86% of employees completing their training by the assigned due date. Overall, 95.9% of all employees who had been assigned the Code of Conduct training completed it by the end of the financial year. For 2022/23, the target is more than 95% on-time completion.

The principles of the Code of Conduct are further refined in various internal guidelines and policies, including – but not limited to – anti-bribery, interaction with healthcare professionals, competition law, trade compliance, and Swiss Stock Exchange reporting obligations. Non-compliance with the company's Code of Conduct or Sonova's internal policies and guidelines triggers disciplinary action, up to and including termination of the employment contract.

Sonova continuously monitors adherence to policies and standard operating procedures and report findings to senior management. Sonova's Internal Audit function independently assesses processes, policies, and procedures and reports findings to the Audit Committee.



[Sonova Code of Conduct](#)

[SDG 5.1](#)

## Group Compliance program

Compliance is everyone's responsibility at Sonova. Ultimate oversight lies with the Board of Directors, and the Management Board sets the tone at the top for a strong compliance culture. Local Compliance Champions ensure implementation of the Group Compliance program within each Group company. The Group Compliance program covers all employees, including part-time workers, contractors, and all business partners.

GRI 419-1

We have reinforced Code of Conduct compliance with SpeakUp, an internal communication and training campaign rolled out across the worldwide Sonova Group. It focuses particularly on employees with less access to online reporting channels, such as those in operations or audiological care stores. Its two main goals are to increase awareness of the revised Code of Conduct and to foster a culture where employees feel comfortable about raising compliance questions and reporting compliance issues. Posters are visibly displayed in numerous locations and clearly indicate how to easily report non-compliance.

No fines or non-monetary sanctions for non-compliance were levied against Sonova in the 2021/22 financial year.

GRI 102-17

## SpeakUp process

Sonova strongly encourages every employee who knows of or suspects a violation of applicable laws, regulations, the Code of Conduct, or the company's related policies and procedures – including those relating to accounting, internal controls, and auditing matters – to report that information through the SpeakUp platform. This 24-hour anonymous reporting platform is operated by an independent third-party provider. Employees can use the SpeakUp platform to report concerns they may not otherwise want to report directly to their supervisor or compliance manager. Employees or third parties can report a concern either by phone or via a secure website. All local phone numbers and websites are listed in the Appendix to the Code of Conduct.

Reported violations are promptly investigated and treated confidentially to the extent reasonably possible. Sonova does not tolerate any kind of retaliatory action against any employee who, in good faith, reports suspected wrongdoing, or complains about violations of the Code of Conduct or other internal policies. The Audit Committee of the Board of Directors is informed quarterly about concerns received through the SpeakUp process, the number and types of cases, and the measures taken.

In the 2021/22 financial year, a total of 129 SpeakUp complaints were reported to the Compliance Department. Of the reported cases, 75% involved allegations of inappropriate behavior. The next most recurring complaints concerned business integrity (11%) and environmental health and safety (6%). Less-reported issues included fraud related allegations (4%) and misuse and misappropriation of assets (1%). All allegations were promptly addressed by the internal investigation team, supported by external experts as needed. Over 63% of the complaints were substantiated and followed up with corrective actions, ranging from written warnings or performance improvement planning up to termination of employment.

Since December 2021, SpeakUp statistics have been published on the Sonova internal platforms to encourage employees to speak up and assure them that their concerns will be addressed in a timely manner.

## Corruption and bribery

Sonova is committed to high standards of integrity in dealing with its business partners and complies with all applicable anti-bribery laws, including the Swiss Criminal Code, the UK Bribery Act, and the US Foreign Corrupt Practices Act. Sonova's Anti-Bribery Policy was updated in 2018, refining the rules under the Code of Conduct and prohibiting all forms of corruption. Key elements of Sonova's Anti-Bribery Policy are:

GRI 205-2

- **Bribes:** As a matter of principle, Sonova avoids dealing with third parties known or reasonably expected to be paying bribes in any form. Potential bribery/corruption risks are therefore an integral component of our business partner due diligence, which is performed not only before entering a business relationship but also regularly thereafter, following a pre-defined process.
- **Facilitation payments:** Sonova does not permit making facilitation payments.
- **Direct or indirect political contributions:** Sonova does not allow donations to political parties.
- **Charitable contributions and sponsorship:** Sonova, its employees, and representatives may make contributions to support charitable causes, subject to appropriate due diligence (including the amount contributed, and the nature and purpose of the charity's activities). Contributions should be made for bona fide purposes and only where permitted by local law.

The Anti-Bribery Policy has been communicated to all Sonova employees worldwide and is available in 15 languages. Sonova business partners – such as distributors or suppliers – must commit to complying with the principles underlying the Anti-Bribery Policy. The content of the Anti-Bribery policy is integrated in the annual mandatory Global Compliance training for all employees.

As a global healthcare company, we also recognize that many countries have specific regulations governing interactions with healthcare professionals. These impose further obligations which the company has translated into country-specific guidelines detailing what is permissible and what is not.

The Sonova Group Supplier Principles also cover ethical standards, including compliance with laws and regulations on bribery, corruption, and prohibited business practices. These have been communicated to all our suppliers who are regularly instructed to ensure that they adequately understand and are able to comply with all anti-corruption policies and procedures.

In 2021/22, there were no monetary losses as a result of legal proceedings associated with bribery or corruption.

### **Anti-competitive behavior**

At the core of Sonova's Code of Conduct, there is a clear commitment to fair competition. Fair competition is essential because it guarantees that customers and consumers will benefit from the most innovative products and services at the best prices and conditions. At Sonova, we respect and strictly follow antitrust and competition laws.

Sonova's Global Competition Law Policy describes the basic principles of fair competition in doing business. All Sonova employees worldwide must comply with the principles it sets out. An updated Global Competition Law Policy became effective as of May 1, 2020. The roll-out of the revised policy was supported by bespoke global online training. Both the policy and the training are available in 19 languages.

In the 2019/20 and 2020/21 financial years, Sonova was not involved in any legal actions related to anti-competitive behavior or violations of anti-trust and monopoly legislation. In 2021/22, there was one case, which is currently still under regulatory investigation.



[Sonova Global Anti-Bribery Policy](#)

**SDG 16.5**



[Sonova Group Supplier Principles \(SGSP\)](#)

**GRI 206-1**

## Data privacy and digital ethics

Sonova established a Digital Ethics Committee in 2021, tasked with the establishment and supervision of a compliance regime for digital ethics matters in the context of new technologies and/or innovative methods of processing data.

## Data privacy and protection

Using both technical and organizational safeguards, Sonova protects the confidentiality and integrity of the data it holds, including the data of employees, customers, patients, and business partners. We adhere to applicable data protection laws and regulations of the jurisdictions in which we operate. We closely monitor developments in data protection law and incorporate its principles into our business processes and product design. We continue evolving our data protection program to meet the changing demands of the digital environment.

Sonova issued a Group Data Protection Policy, effective June 1, 2018, which was updated and enhanced in October 2021 to reflect the changing legal landscape. The policy covers all personal data collected or processed by Sonova, and applies to all Sonova legal entities and their employees and contractors on a worldwide basis. The policy is complemented by standard operating procedures and guidelines that break down the various data protection and privacy topics and provide more detailed guidance.

Sonova has established a Global Privacy Office, which provides subject matter guidance to the business functions and employees. The Global Privacy Office is responsible for implementing and monitoring the Sonova Data Protection Program. It is supported by a team of over 100 Privacy Champions whose task is to embed privacy protection at the Group company level. Policy effectiveness and adherence are continuously overseen by an internal monitoring program and by internal audit.

Another important part of the Global Privacy Office's work is to raise awareness and provide training at all levels across the Group. It deploys annual mandatory online training for all employees, complemented by on- and offline training for specific departments and teams, webinars, and communication platforms for knowledge exchange. These training courses cover essential legal principles and requirements, taking into consideration Sonova's Data Protection Policy and such legal frameworks as the EU General Data Protection Regulation (GDPR), the Health Insurance Portability and Accountability Act (HIPAA), the California Consumer Privacy Act (CCPA), the Personal Information Protection and Electronic Documents Act (PIPEDA), and relevant Chinese data protection and security laws.

## IT and cyber security

GRI 418-1

At Sonova, we treat the protection of our information assets as a priority task. We are committed to securing digital and non-digital files, records, and information to prevent unauthorized access, modification, and loss. Sonova's IT and cyber security is supported by guidelines issued by the Vice President Corporate IT, who oversees the company's information and cyber security and acts as Chief Information Officer (CIO), reporting directly to the Group CFO. The guidelines on IT security determine security standards for all functional or business applications controlled by Sonova. The Board of Directors receives regular updates on cyber security from the CIO and the Management Board.

Sonova issued its IT Acceptable Use Directive in 2012/13; this is regularly revised and was last updated in 2020/21, effective on July 1, 2020. The directive defines the use of IT assets, the secure use of systems and programs, as well as the appropriate and secure management of data. The Information Security Guideline specifies processes and responsibilities to ensure IT and cyber security, including the security of digital information processed and stored on our products. This policy framework continues to be amended and supplemented, e.g. with directives on remote working or application security.

Sonova launched a global program in 2020/21 to maintain and inform best cyber security practice among Sonova's employees worldwide. This continued in 2021/22, with focus on critical business applications and their security hardening. Next year's program will focus on refining established processes.

Our continuing efforts to ensure IT and cyber security are underpinned by mandatory annual online training for all employees worldwide. During the 2021/22 financial year, training topics included best practice for password protection, information management responsibilities, appropriate online behavior, and phishing awareness. Relevant global and local staff received additional specific training in implementing the IT and cyber security guidelines.

Sonova has put in place an efficient and comprehensive system to identify and assess strategic, operational, financial, legal, and compliance risks related to the Group's business activities – including IT and cyber security risks. Further information on how Sonova monitors and mitigates those risks is provided in the [Risk Management](#) section of this chapter.

Sonova has put in place detailed business continuity/disaster recovery plans and incident response procedures; these are tested regularly. In areas with heightened exposure or security risk, penetration tests are applied annually by qualified external providers. In addition, we conduct third-party vulnerability analysis from time to time, including simulated hacker attacks in selected IT security risk areas. Sonova also holds an information security risk insurance policy.

## Breaches

Sonova has not experienced material information security breaches during the 2021/22 reporting period. We have also not identified any substantiated complaints concerning breaches of customer data.

### Breaches overview

Number

	2021/22	2020/21
Total number of information security breaches or other cybersecurity incidents	0	0
Total number of data breaches	0	0

# Corporate governance

## Structure

At Sonova, corporate governance is based upon, and structured to conform with, relevant standards and practices. The company meets its legal duties under the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance, and the standards defined in the Swiss Code of Best Practice for Corporate Governance. The present chapter in the ESG Report gives a high-level overview of the principles of corporate governance for the Sonova Group and provides background information with a special focus on environment, social and governance (ESG) issues. More detailed information can be accessed at the [corporate governance chapter](#) of the 2021/22 Annual Report and at the corporate governance section of the Sonova website.

[GRI 102-18, GRI 102-19](#)

Sonova's corporate structure includes a two-tier board consisting of the Board of Directors and the Management Board. In accordance with the Sonova Organizational Regulations (OrgR), the Board appoints an Audit Committee and a Nomination and Compensation Committee. In all respects not mentioned in the OrgR, or unless the law or the Articles of Association stipulate otherwise, the policy document 'Delegation of Authority of Sonova Holding AG' provides the basis for delegating authorities within the different levels of management in the Group.



Sonova Organizational Regulations (OrgR)

## Composition of the highest governance body and its committees

The composition of the Board of Directors and its committees is described in detail in the relevant section of the [corporate governance chapter of the 2021/22 Annual Report: Board of Directors](#).

The Articles of Association of Sonova Holding AG state that the Board of Directors must consist of a minimum of three and a maximum of nine members. The Board of Directors is chaired by Robert F. Spoerry and currently consists of nine non-executive members.

The Nomination and Compensation Committee and the Board of Directors evaluate current and prospective members of the Board according to a skills and experience competency matrix to ensure that an appropriate mix of relevant skills and experience is represented in the Board of Directors. In the nomination and evaluation processes, by following the matrix criteria, the Nomination and Compensation Committee as well as the Board of Directors are committed to consider characteristics such as, and including but not limited to, gender, age, nationalities or country of origin, ethnicity, cultural background, competencies, ways of believing, and mindsets to establish balance in terms of diversity and inclusion.

As part of our ESG strategy, we strongly believe that a more balanced gender representation on the Board of Directors is in the best interests of the Sonova Group, and we are committed to achieving a 30% proportion of women on the Board well before the time this becomes a legal requirement in 2026.

## Nomination and selection for the highest governance body and its committees

The processes for determining the composition of the Board of Directors and its committees, as well as the division of responsibility between the Board of Directors and Management Board, are set out in detail in the company's OrgR and Committee Charters.

The members of the Board of Directors and of the Nomination and Compensation Committee of Sonova Holding AG are elected by the General Shareholders' Meeting for a term of office until completion of the next ordinary General Shareholders' Meeting. If a replacement is elected to the Board of Directors during a member's term, the newly elected member finishes the predecessor's term. The Audit Committee is elected by the Board of Directors according to Article 2 of the Committee Charters.

The members of the Management Board are proposed by the CEO and appointed by the Board of Directors upon the recommendation of the Nomination and Compensation Committee. More details on the Management Board are provided in the relevant section of the [corporate governance chapter of the 2021/22 Annual Report: Management Board](#).

Article 4 of the OrgR governs how Sonova deals with potential conflicts of interest. Cross-board memberships of the Board of Directors and significant shareholders (holding more than 3% of shares) are disclosed in the [corporate governance chapter](#) of the 2021/22 Annual Report. Related party transactions, if any, are disclosed in the Annual Report notes to the Group consolidated financial statement.

## Roles, policy, and strategy

The OrgR and the Committee Charters define the roles and the duties of the highest governance bodies. The Board of Directors of Sonova Holding AG is responsible for the overall direction of the company, except in matters reserved by law to the General Shareholders' Meeting. It approves policy and strategy. The CEO has the duty and authority to link the company's strategy with its operational management by preparing the corporate strategy documents, policies, and procedures for submission to the Board

[GRI 102-18, GRI 102-22, GRI 102-23](#)



[Articles of Association of Sonova Holding AG](#)

[GRI 102-24, GRI 102-25](#)



[Nomination and Compensation Committee Charter](#)



[Audit Committee Charters](#)

[GRI 102-26](#)

of Directors' review and approval. The Management Board supports the CEO in his responsibility to direct the company's operations by actively participating in directing, planning, and executing the business strategy.

### Competencies and performance evaluation

The Board of Directors conducts an annual self-assessment evaluating its efficiency, effectiveness, and internal cooperation. The purpose is to enhance the Board's understanding of the business and the company, evaluate and define its role, particularly in relation to management, and make best use of the human capital represented on the Board of Directors. More detailed information is available in the corporate governance report.

GRI 102-28

### Consultation between stakeholders and the highest governance body

Sonova actively engages with a broad range of stakeholders on ESG topics as described in the [Stakeholder engagement](#) chapter of this ESG Report. Internal reporting procedures ensure consultation between stakeholders and the highest governance body on topics deemed highly relevant.

GRI 102-21, GRI 102-29

### Compensation and incentives

The [compensation report](#) is an integral part of the 2021/22 Annual Report and covers the compensation principles, system, and key components, with a focus on the Board of Directors and Management Board as the governing bodies. Sonova complies with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Corporations, which among other matters stipulates annual binding votes on the compensation of the Board of Directors and Management Board.

The variable cash compensation (VCC) for the Management Board is based on Group, business unit, and individual performance objectives. 10% of the overall VCC targets for each member of the Management Board are linked to specific, tangible ESG-related initiatives. The performance objectives that must be met to achieve the target VCC are mutually agreed at the beginning of the financial year. ESG targets for the 2021/22 financial year were defined around eight categories, with energy and climate, as well as employee engagement, set as a target for all Management Board members. Additionally, each members had a selection of targets set depending on their role and responsibilities. These targets included diversity & inclusion, talent development, product quality and reliability, customer satisfaction, environmentally friendly packaging, and responsible supply chain.

Sonova is committed to the principle of equal pay for equal work and is taking necessary steps in its position management and grading processes to ensure a fair compensation system. The company regularly reviews its compensation in terms of relevant local legal and regulatory equal pay requirements as they continue to evolve.

### Risk management

Sonova has implemented an efficient system to identify and assess strategic, operational, financial, legal, reputational, and compliance risks related to the Group's business activities. The risk management function categorizes risks by impact and likelihood and supports the Management Board in determining the measures necessary to address or mitigate them. In accordance with the Audit Committee Charter, the Audit Committee reviews the company's risk assessment prepared by Risk Management before it is presented to the Board of Directors. The Board of Directors approves the risk assessment and provides guidance from a strategic point of view. To continuously monitor key risks and their mitigation, Risk Management prepares risk status reports, which are discussed by the Management Board and presented to the Audit Committee on a quarterly basis. Currently, Sonova's Group Risk Map consists of 39 risks, of which 13 are designated as key risks.

GRI 102-11, GRI 102-30

ESG issues are an integrated part of Sonova's strategic risk management process. Topics such as climate change, human rights and labor practices, loss of key talent, infringement of data privacy, cyber security and infringement of information security are evaluated in the regular risk assessment process together with all other business risks.

Internal Audit carries out compliance and operational audits and assists the business units in attaining their goals by providing assurance from independent evaluation of the effectiveness of internal controls in processes. Management is responsible for the control of business risks and for compliance with laws and regulations. The Senior Director Internal Audit & Risk reports to the Chair of the Audit Committee. The Audit Committee approves the annual work plans of Internal Audit and ensures that the relevant Group companies are adequately reviewed according to their risk scoring. The Audit Committee also reviews and discusses the reports on completed audits submitted by Internal Audit. Internal Audit, together with Business Controlling, monitors the implementation by Group companies of any measures necessary to address findings from previous audits, and provides quarterly reports to the Audit Committee.

The Group has a comprehensive compliance program in place which is administered by the Head of Global Compliance and Data Privacy and overseen by the General Counsel & Compliance Officer. Quarterly compliance reports are provided to the Audit Committee, and an annual compliance report is addressed to the Board of Directors.

## Ethical marketing and sales practices

### Policies and guidelines

Sonova strictly adheres to ethical marketing practices in all our businesses and takes active steps to prevent inappropriate actions or false claims. We ensure that our advertising, packaging, and promotional materials provide accurate, balanced, and non-misleading information. This commitment is laid out in our Group Code of Conduct and further refined in policies, guidelines, and standard operating procedures, e.g. on claims management (see below).

[SASB HC-MS-240a.2](#)



[Sonova Code of Conduct](#)

### Interactions with healthcare professionals

Sonova is committed to ethical interactions with healthcare professionals (HCPs). We interact with HCPs on a daily basis, in a variety of roles and settings. HCPs include audiologists and acousticians, professors, surgeons, ear nose and throat specialists, or researchers. The following "Four-Leaf Clover Principles" govern our cooperation with healthcare professionals:

[SASB HC-MS-510a.2](#)

- We must strictly separate our sales activities from our engaging of healthcare professionals to provide services to Sonova;
- We must properly document their services to us;
- We must not pay them more than the fair market value of their services; and
- We must be transparent about our collaboration with them.

More detailed information on how we ensure ethical interactions with healthcare professionals is provided in the Sonova Global Antibribery Policy as well as internal standard operating procedures and country-specific guidelines for interactions with HCPs.



[Sonova Global Antibribery Policy](#)

### Claims management

We are committed to ensuring that all statements declaring or implying that a Sonova product, service, or other solution will provide a benefit to customers or consumers are truthful, non-misleading, and fair. Our claims management standard operating procedure sets out clearly how to assess, substantiate, and monitor claims of benefit for all Sonova

brands. Before being disseminated, all such claims go through a standardized review and approval process by a dedicated committee to ensure both quality and compliance with global regulatory requirements. Relevant employees must complete annual training on the claims management procedure; mandatory training for all employees was introduced in 2021. The claims management procedure has been subject to regular external audit since 2020.

Sonova took the lead in establishing the European Hearing Instrument Manufacturers Association (EHIMA) Claims Substantiation Guidelines, to be published in mid-2022. Their purpose is to ensure regulatory compliance and appropriate supporting evidence for manufacturers' claims, and to provide a basis for manufacturers to resolve disputes over claims and/or corresponding evidence. Sonova also contributed to the US Hearing Industries Association (HIA) Claims Substantiation Guidelines (2020).

In 2021/22, there were no monetary losses because of legal proceedings associated with false marketing claims.

[SASB HC-MS-270a.1](#)

## Taxes

Sonova is a Swiss-based multinational enterprise with operations almost entirely headquartered in the canton of Zurich, where the Group develops, manufactures, and distributes products marketed under multiple brands. Sonova operates in more than 100 countries and owns local wholesale distribution and retail audiological care subsidiaries in over 30 countries. With this business structure, Sonova's tax obligations encompass various direct and indirect, corporate and employee taxes, as well as customs duties, making a significant contribution to societies around the world. Sonova is listed on the SIX Swiss Stock Exchange.

### Tax strategy and policies

As laid down in Sonova's Code of Conduct, Sonova strives to attain the highest standards in complying with laws, rules, regulations, and requirements for reporting, filing, and disclosure. This also applies to tax matters. The Sonova Group Tax Principles are publicly available and provide high level information on the procedures and internal guidelines for tax compliance within the Sonova Group, applying to all entities that are majority-owned or otherwise directly or indirectly controlled by Sonova Holding AG. The Sonova Group Tax Principles were approved by the Board of Directors and released by the CFO in February 2019.

Sonova is committed to the highest level of tax compliance and directs its international flow of goods and services in line with all applicable tax regulations. Sonova's tax approach is fully compliant with the spirit and letter of local tax laws and regulations, and reporting and filing obligations, in all countries of operation; it is also in complete alignment with relevant international standards.

### Approach towards taxation

Key elements of Sonova's approach towards taxation are:

- **Taxes follow the business:** Sonova does not make use of offshore structures (so-called "tax havens") or other artificial structures disconnected from the actual business needs. Neither does the Group allocate functions or risks to international structures purely for tax reasons. An important step during the integration process for newly acquired companies is – to the extent required - to unwind acquired tax schemes and bring the tax structure in line with Sonova's tax policies and BEPS (Base Erosion and Profit Shifting) principles.
- **Full compliance:** Sonova fully complies with the spirit and letter of local laws and regulations and is aligned with internationally recognized standards such as the



[Sonova Group Tax Principles](#)

OECD-G20 Inclusive Framework on Base Erosion and Profit Shifting Initiatives as well as European guidelines. If there are multiple options, which provide equivalent business solutions and which comply with all applicable laws, the most tax efficient approach is suggested, provided that the tax planning initiatives do not adversely impact the reputation of the Sonova Group.

- **Transfer pricing:** Sonova's complex cross-border operations and added value chains are subject to yearly reviews to align Sonova's Transfer Pricing Processes. Arm's length profit allocation within the added value chains is granted through yearly reviews in line with multiple benchmarking analysis. Inter-company transactions are regularly monitored to ensure complete alignment with international standards and Sonova's internal Transfer Pricing Processes.
- **Cooperation with tax authorities:** Although Sonova has not entered Advanced Pricing Agreements (APAs), it highly values open and proactive cooperation with tax administrations worldwide for any kind of tax matter. We continuously engage in constructive and transparent dialogue with tax authorities as part of our tax compliance policy.

## Organization and reporting

The responsibility for tax compliance lies with the Corporate Tax team, located in Switzerland, the US, Germany, and Brazil. The Head of the Corporate Tax team reports directly to the Group CFO. This function coordinates, educates, and supports local controllers in all Group companies to ensure that they achieve tax compliance in line with local and international laws, rules, regulations, reporting, filing and disclosure requirements, as well as Sonova's standards and policies. The Transfer Pricing Master File is prepared by Corporate Tax, along with a master Local File. Local Files are completed by the local organizations according to the OECD guideline Action 13 and Sonova's Transfer Pricing Processes with Corporate Tax support.

Sonova has been preparing a Country-by-Country Report (CbCR) since 2017 and has filed this with the Swiss Federal Tax Administration since 2018. The Swiss Federal Tax Administration shares the file through automatic information exchange with tax authorities worldwide, as foreseen by the BEPS initiative. Sonova is prepared to make the CbCR public once this becomes mandatory.

Information on earnings before tax, reported taxes, reported tax rate, cash taxes paid, and cash tax rate can be found in the 2021/22 Sonova Financial Report. Sonova's tax rates might be lower than industry group averages because of group-wide net operating losses largely not being capitalized as well as net operating losses from previous periods in subsidiaries of acquired groups. Furthermore, Sonova is a Swiss-based multinational enterprise with large activities, substance, risks and assets in Switzerland, and the Swiss tax rate is lower than the global average tax rate. Cash tax paid is largely influenced by provisional advanced as well as final adjustment payments.

Sonova has also introduced a reporting tool to monitor, collect, and – where applicable – report information under Mandatory Disclosure Reporting, as introduced under EU Council directive 218/822 (DAC-6; enacted as of 2018). Since the first European country started applying the new directive, Sonova has checked over 200 cases and in over twenty cases has opted to report to comply beyond any reasonable doubt with the formal nature of the Directive.

As a multinational with a turnover above 750m CHF/Euro, Sonova is also preparing for the requirements of the minimum tax under BEPS Pillar II.

# Public policy

## Donations to political parties

As a general rule, Sonova does not allow donations to political parties. This principle is stipulated in our Global Anti-Bribery Policy.

GRI 102-12, GRI 102-13, GRI 415-1



[Sonova Global Anti-Bribery Policy](#)

## Association memberships

Sonova actively participates in associations and external initiatives to share its specialist knowledge and to ensure high quality standards for hearing instruments and cochlear implants. We are a member of the following organizations, amongst others:

- European Hearing Instrument Manufacturing Association (EHIMA)
- Hearing Instrument Manufacturers' Software Association (HIMSA)
- Hearing Industries Association (HIA)
- Hearing Instrument Manufacturers' Patent Partnership (HIMPP)
- Hearing Industry Research Consortium (IRC)

We are also represented in governance bodies of certain organizations: CEO Arnd Kaldowski is a member of EHIMA's Board of Directors; Stefan Launer, VP Audiology and Health Innovation, is Chair of HIMPP's Board of Directors; and Sandra Brandmeier, President Sonova USA, is Vice Chair of HIA's Board of Directors. We are also represented in various professional and scientific associations related to core science and technologies relevant to our business.

In 2021/22, Sonova contributed around CHF 1.1 million in membership fees to trade associations and non-commercial organizations. Amongst the largest contributions (including membership fees) are those to the Hearing Industries Association (HIA), a forum for hearing aid manufacturers, suppliers, distributors, and hearing health professionals in the United States; Hear-it AISBL, an international non-profit information resource for hearing loss; and the British Irish Hearing Instrument Manufacturers Association (BIHIMA), which represents the world's leading hearing instrument manufacturers in Britain and Ireland.

Sonova has been a signatory to the UN Global Compact since 2016. This is a United Nations initiative that focuses on corporate citizenship, dialogue with stakeholders, partnerships, and communication. Sonova is part of both the global and local Swiss networks of the UN Global Compact.

# Animal welfare

As a manufacturer of medical devices, Sonova is required by regulatory authorities to demonstrate the biological safety of any product with body contact by complying with the ISO 10993-1 international standard. Under this standard, animal tests need to be considered in biological safety evaluations and, in some cases, cannot be completely avoided. Sonova also provides components of cochlear implants to cochlear implant research centers and universities where they are tested on animals for basic research into e.g., safety, feasibility, or efficacy of new technologies.

SASB HC-MS-410a.1

Sonova does not carry out any animal testing in-house and only works with third parties. We are committed to the "Three Rs" principle – replacement, reduction, and refinement – to limit animal testing as far as possible.

## Replacement

- We use non-animal testing methods (in particular, testing with cell cultures) or chemical constituent testing where these methods are accepted by the respective regulatory bodies and can yield information as relevant as that obtained from in-vivo models.
- We promote the development of new in-vitro methods by collaborating with test method developers and engaging in the international standardization process, thus helping to achieve regulatory acceptance.

## Reduction

- We apply strategies to reduce the number of animals used in testing.
- We use previously evaluated or historically established biologically safe materials whenever possible, taking advantage of prior research among the various Sonova companies around the world. We strive to completely avoid any unnecessary or duplicated testing.
- We emphasize risk assessment to clearly evaluate any need for animal testing.

## Refinement

- We select those test methods that minimize the distress caused to animals.
- We conduct all animal testing for biological safety evaluations through appropriately accredited testing laboratories. All tests are carried out in accordance with good laboratory practices.
- We conduct animal testing for research collaborations only through universities and research laboratories where experiments are reviewed, approved, and overseen by the respective ethics committees.



Sonova ESG Report 2021/22

## About this report

### Reporting practice

Sonova reports in an annual cycle. The 2021/22 reporting period covers the financial year from April 1, 2021 to March 31, 2022. The most recent previous Annual Report and ESG Report were released on May 18, 2021. The Sonova ESG Report for 2021/22, when combined with the 2021/22 [business and financial report](#), complies with the Global Reporting Initiative (GRI) Standards and forms an integral part of Sonova's UN Global Compact Communication on Progress. Please see our [GRI content index](#) for details about how the report content maps against the GRI Standards and UNGC principles. See our [SASB index](#) for details about how the report content maps against the Sustainability Accounting Standards Board (SASB) standards governing sustainability disclosure topics and accounting metrics for the medical equipment & supplies industry. Additional relevant information about economic performance and remuneration is provided in the [compensation report](#), [corporate governance report](#), and [financial review chapters](#) of the Annual Report.

[GRI 102-50](#), [GRI 102-51](#), [GRI 102-52](#)

### Organizational profile

Sonova was founded in 1947 and is headquartered in Stäfa, Switzerland. The Group offers innovative hearing care solutions: from personal audio devices and wireless communication systems to audiological care services, hearing aids and cochlear implants. Sonova operates through four businesses – Hearing Instruments, Audiological Care, Consumer Hearing, and Cochlear Implants – and the core brands Phonak, Unitron, AudioNova, Sennheiser (under license), and Advanced Bionics as well as recognized regional brands. The Group's globally diversified sales and distribution channels serve an ever growing consumer base in more than 100 countries. Sonova sells several million hearing instruments annually to B2B as well as B2C markets across both the private and public sector. Sonova has own Group companies in over 30 countries, with main manufacturing sites located in Switzerland, Vietnam, China, and the United States. Sonova Holding AG is a Swiss public limited company. More details on our products, services, brands, and activities as well as financial information, including a list of significant shareholders are provided in the 2021/22 [financial report](#) and [business report](#).

[GRI 102-1](#), [GRI 102-2](#), [GRI 102-3](#), [GRI 102-4](#), [GRI 102-5](#), [GRI 102-6](#), [GRI 102-7](#)

## Restatements and significant changes

On March 1, 2022, Sonova Holding AG completed the acquisition of the Consumer Division of Sennheiser electronic GmbH & Co. KG, Wedemark (Germany). The Sennheiser Consumer Division concentrates on the business of headphones and hearables for private customers, and has around 600 employees worldwide. As part of the acquisition, Sonova has secured a perpetual license for the Sennheiser brand, under which both existing and new consumer hearing devices will be marketed. On March 1, 2022, Sonova Holding AG completed the acquisition of Alpaca Group Holdings LLC, Delaware (USA). Alpaca Audiology is one of the largest independent networks of audiological clinics in the US. The company has over 500 employees and operates around 220 clinics across the country. The Sennheiser Consumer Division and Alpaca Audiology are not yet included in the ESG reporting, unless explicitly noted.

GRI 102-10, GRI 102-48, GRI 102-49

During 2021/22, Sonova measured its full Scope 1–3 greenhouse gas (GHG) emissions for 2019 – 2021, whereby some methodological improvements were made that affect previously stated GHG categories. Scope 1 and 2 energy consumption as well as Scope 1–3 GHG emissions were restated for 2019 and 2020. Additionally, hazardous waste values were restated due to data quality improvements for 2019 and 2020.

The list of material topics was last updated in 2019/20 as described in the section [IntACT – Sonova's ESG Strategy](#).

## Entities

The information and data provided relate to Sonova Holding AG as a whole, including its Group companies, unless explicitly noted. The recently acquired Sennheiser Consumer Division and Alpaca Audiology are not yet included in the ESG reporting, unless explicitly noted. Some ESG data stem from actual data collection, whereas other data from particular Group companies were only estimated.

GRI 102-45

## Declaration and assurance

This report has been prepared in accordance with the GRI Standards: Core option.

GRI 102-54

PricewaterhouseCoopers AG has provided independent assurance on specific data presented in this report; for more detail, see the [Independent Assurance Report](#). The compensation report, the consolidated financial statements, and the financial statements of Sonova Holding AG in the 2021/22 Annual Report have been audited by a statutory external auditor.

## Contact

If you have questions regarding this ESG Report or its contents, please contact Sonova AG, Laubisrütistrasse 28, 8712 Stäfa, Switzerland.  
Phone: +41 58 928 01 01 | Email: [responsibility@sonova.com](mailto:responsibility@sonova.com)

GRI 102-53



GRI 102-56

# Independent Limited Assurance Report

## on the Sonova 2021/22 ESG Reporting to the Board of Directors of Sonova Holding AG, Stäfa

We have been engaged to perform assurance procedures to provide limited assurance on the 2021/22 ESG Reporting of Sonova Holding AG and its consolidated subsidiaries ("Sonova").

### Scope and subject matter

Our limited assurance engagement focused on selected quantitative ESG indicators for the year ended on 31 March 2022 disclosed in the tables in the sections on '[Protecting the planet](#)', '[Advancing our people](#)' and '[Acting with integrity](#)' of the 2021/22 ESG Report on Sonova's website (<https://report.sonova.com/2022>) marked with the label ' PwC CH' and summarized in the GRI content index.

### Criteria

The reporting criteria used by Sonova are described and summarized in the respective sections on '[Protecting the planet](#)', '[Advancing our people](#)' and '[Acting with integrity](#)' in the 2021/22 ESG Report of Sonova. The procedures applied by Sonova are based on the GRI Sustainability Reporting Standards (GRI Standards) by which the ESG indicators are internally gathered, collated and aggregated.

### Inherent limitations

The accuracy and completeness of ESG indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with the reporting criteria. Further, the greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### Sonova's responsibility

The Board of Directors of Sonova Holding AG is responsible for both the subject matter and the criteria as well as for the selection, preparation and presentation of the selected data and information in accordance with the criteria. This responsibility includes the design, implementation and maintenance of related internal control relevant to this reporting process that is free from material misstatement, whether due to fraud or error.

### Our independence and quality controls

We are independent of the Sonova in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) that are relevant to our audit of the financial statements and other assurance engagements in Switzerland. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our responsibility

Our responsibility is to express a limited assurance conclusion on selected quantitative ESG indicators for the year ended on 31 March 2022 published in the 2021/22 ESG Report on Sonova's website (<https://report.sonova.com/2022>) and marked with the label ' PwC CH'. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and, in respect of greenhouse gas emissions, with the International Standard on Assurance Engagements 3410, "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the ESG indicators were prepared, in all material aspects, in accordance with the reporting criteria.

A limited assurance engagement undertaken in accordance with ISAE 3000 (revised) and ISAE 3410 involves assessing the suitability in the circumstances of Sonova's use of applicable criteria as the basis for the preparation of the ESG indicators, assessing the risks of material misstatement of the ESG indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the ESG indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures selected depend on the assurance practitioner's judgement.

## Summary of the work performed

Our assurance procedures include, amongst others, the following work:

- *Evaluation of the application of Sonova guidelines*  
Reviewing the application of the Sonova internal ESG reporting guidelines such as the manual on 'Sonova GHG Accounting Methodology' and the 'HR KPI Calculation Factsheet';
- *Site visit and management inquiry*  
Remote site visit procedures at Sonova Hearing (Suzhou) Co., Ltd. The selection was based on quantitative and qualitative criteria;  
Interviewing personnel responsible for internal reporting and data collection at the site and at the Sonova Corporate level;
- *Assessment of the management and reporting processes*  
Inquiries of personnel involved in the preparation of the ESG Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report;
- *Review of documentation and analysis of relevant policies and principles*  
Reviewing relevant documentation on a sample basis, including Sonova ESG policies, management of reporting structures and documentation; and
- *Assessment of the key figures*  
Performing tests on a sample basis of evidence supporting selected ESG indicators concerning completeness, accuracy, adequacy and consistency.

We have not carried out any work on data other than outlined in the scope and subject matter section as defined above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

### Conclusion

Based on the procedures we performed, nothing has come to our attention that causes us to believe that the selected quantitative ESG indicators for the year ended on 31 March 2022 published in the 2021/22 ESG Report on Sonova's website (<https://report.sonova.com/2022>) and marked with the label ' PwC CH' are not prepared and disclosed in all material respects in accordance with the reporting criteria.

### Intended users and purpose of the report

Our report is prepared for, and only for, the Board of Directors of Sonova Holding AG, and solely for the purpose of reporting to them on the ESG indicators in the 2021/22 ESG report and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion might be used, or to any other person to whom our report will be shown or into whose hands it might come, and no other persons shall be entitled to rely on our conclusion.

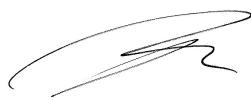
We permit the disclosure of our report, in full only and in combination with the published 2021/22 ESG Report, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the ESG indicators in the 2021/22 ESG report without assuming or accepting any responsibility or liability to any third parties on our part.

To the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the Board of Directors of Sonova Holding AG for our work or this report.

PricewaterhouseCoopers AG



Sandra Böhm



Raphael Rutishauser

Zurich, 16 May, 2022

The maintenance and integrity of the Sonova website is the responsibility of the Board of Directors; the work carried out by the assurance providers does not involve consideration of the maintenance and integrity of the Sonova website and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported ESG indicators or criteria since they were initially presented on the website.

# GRI content index



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

Disclosure	Description	UNGC	SDG	Reference	External assurance
<b>GENERAL STANDARD DISCLOSURES</b>					
<b>1. Organizational profile</b>					
102-1	Name of the organization			<b>Reporting profile</b>	No
102-2	Activities, brands, products, and services			<b>Reporting profile</b>	No
102-3	Location of headquarters			<b>Reporting profile</b>	No
102-4	Location of operations			<b>Reporting profile</b>	No
102-5	Ownership and legal form			<b>Reporting profile</b>	No
102-6	Markets served			<b>Reporting profile</b>	No
102-7	Scale of the organization			<b>Reporting profile</b>	No
102-8	Information on employees and other workers	6	8	<b>Advancing our people</b>	<b>Yes</b>
102-9	Supply chain			<b>Acting with integrity</b>	No
102-10	Significant changes to the organization and its supply chain			<b>Reporting profile</b>	No
102-11	Precautionary Principle or approach			<b>Acting with integrity</b>	No
102-12	External initiatives			<b>Acting with integrity</b>	No
102-13	Membership of associations			<b>Acting with integrity</b>	No
<b>2. Strategy</b>					
102-14	Statement from senior decision-maker			<b>Message from the CEO</b>	No
<b>3. Ethics and integrity</b>					
102-16	Values, principles, standards, and norms of behavior	1	16	<b>IntACT – Sonova's ESG Strategy</b>	No
102-17	Mechanisms for advice and concerns about ethics	1	16	<b>Acting with integrity</b>	No
<b>4. Governance</b>					
102-18	Governance structure			<b>IntACT – Sonova's ESG Strategy</b>	No
102-19	Delegating authority			<b>IntACT – Sonova's ESG Strategy</b>	No
102-20	Executive-level responsibility for economic, environmental, and social topics			<b>IntACT – Sonova's ESG Strategy</b>	No
102-21	Consulting stakeholders on economic, environmental, and social topics	16		<b>Acting with integrity</b>	No
102-22	Composition of the highest governance body and its committees	5, 16		<b>Acting with integrity</b>	No
102-23	Chair of the highest governance body	16		<b>Acting with integrity</b>	No
102-24	Nominating and selecting the highest governance body	5, 16		<b>Acting with integrity</b>	No
102-25	Conflicts of interest	16		<b>Acting with integrity</b>	No
102-26	Role of highest governance body in setting purpose, values, and strategy			<b>IntACT – Sonova's ESG Strategy</b>	No

102-27	Collective knowledge of highest governance body	4	<b>IntACT – Sonova’s ESG Strategy</b>	No
102-28	Evaluating the highest governance body's performance		<b>Acting with integrity</b>	No
102-29	Identifying and managing economic, environmental, and social impacts	16	<b>IntACT – Sonova’s ESG Strategy</b>	No
102-30	Effectiveness of risk management processes		<b>Acting with integrity</b>	No
102-31	Review of economic, environmental, and social topics		<b>IntACT – Sonova’s ESG Strategy</b>	No
102-32	Highest governance body's role in sustainability reporting		<b>IntACT – Sonova’s ESG Strategy</b>	No
102-35	Remuneration policies		<b>Business report: Compensation report</b>	Yes
102-36	Process for determining remuneration		<b>Business report: Compensation report</b>	Yes
102-37	Stakeholders' involvement in remuneration	16	<b>Business report: Compensation report</b>	Yes
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups		<b>Stakeholder engagement</b>	No
102-41	Collective bargaining agreements	3	<b>Stakeholder engagement</b>	No
102-42	Identifying and selecting stakeholders		<b>Stakeholder engagement</b>	No
102-43	Approach to stakeholder engagement		<b>Stakeholder engagement</b>	No
102-44	Key topics and concerns raised		<b>Stakeholder engagement</b>	No
<b>6. Reporting practice</b>				
102-45	Entities included in the consolidated financial statements		<b>Reporting profile</b>	No
102-46	Defining report content and topic boundaries		<b>IntACT – Sonova’s ESG Strategy</b>	No
102-47	List of material topics		<b>IntACT – Sonova’s ESG Strategy</b>	No
102-48	Restatements of information		<b>Reporting profile</b>	No
102-49	Changes in reporting		<b>Reporting profile</b>	No
102-50	Reporting period		<b>Reporting profile</b>	No
102-51	Date of most recent report		<b>Reporting profile</b>	No
102-52	Reporting cycle		<b>Reporting profile</b>	No
102-53	Contact point for questions regarding the report		<b>Reporting profile</b>	No
102-54	Claims of reporting in accordance with the GRI Standards		<b>Reporting profile</b>	No
102-55	GRI content index		<b>GRI content index</b>	No
102-56	External assurance		<b>Assurance Report</b>	No
<b>SPECIFIC STANDARD DISCLOSURES</b>				
<b>Serving society</b>				
103-1	Explanation of the material topic and its Boundary		<b>IntACT – Sonova’s ESG Strategy</b>	No
103-2	The management approach and its components		<b>IntACT – Sonova’s ESG Strategy</b>	No
103-3	Evaluation of the management approach		<b>IntACT – Sonova’s ESG Strategy</b>	No
Own indicator	Unit sales of hearing instruments (HI) in low- and middle-income countries	3, 4	<b>Serving society</b>	No
<b>Advancing our people</b>				
103-1	Explanation of the material topic and its Boundary		<b>IntACT – Sonova’s ESG Strategy</b>	No

103-2	The management approach and its components			<a href="#">IntACT – Sonova's ESG Strategy</a>	No
103-3	Evaluation of the management approach			<a href="#">IntACT – Sonova's ESG Strategy</a>	No
401-1	New employee hires and employee turnover	6	5, 8	<a href="#">Advancing our people</a>	<b>Yes</b>
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		8	<a href="#">Advancing our people</a>	<b>Yes</b>
404-3	Percentage of employees receiving regular performance and career development reviews	6	5, 8	<a href="#">Advancing our people</a>	No
405-1	Diversity of governance bodies and employees	1	5, 8	<a href="#">Advancing our people</a>	<b>Yes</b>
Own indicator	Employee engagement rate		5, 8	<a href="#">Advancing our people</a>	<b>Yes</b>
<b>Acting with integrity</b>					
103-1	Explanation of the material topic and its Boundary			<a href="#">IntACT – Sonova's ESG Strategy</a>	No
103-2	The management approach and its components			<a href="#">IntACT – Sonova's ESG Strategy</a>	No
103-3	Evaluation of the management approach			<a href="#">IntACT – Sonova's ESG Strategy</a>	No
205-2	Communication and training about anti-corruption policies and procedures	10	16	<a href="#">Acting with integrity</a>	No
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			<a href="#">Acting with integrity</a>	No
308-2	Negative environmental impacts in the supply chain and actions taken	8		<a href="#">Acting with integrity</a>	No
408-1	Operations and suppliers at significant risk for incidents of child labor	4, 5	8, 16	<a href="#">Acting with integrity</a>	No
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4, 5	8	<a href="#">Acting with integrity</a>	No
412-1	Operations that have been subject to human rights reviews or impact assessments	1, 2		<a href="#">Acting with integrity</a>	No
414-1	New suppliers that were screened using social criteria	2	8, 16	<a href="#">Acting with integrity</a>	No
414-2	Negative social impacts in the supply chain and actions taken	2	8, 16	<a href="#">Acting with integrity</a>	No
415-1	Political contributions		16	<a href="#">Acting with integrity</a>	No
416-1	Assessment of the health and safety impacts of product and service categories			<a href="#">Acting with integrity</a>	No
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		16	<a href="#">Acting with integrity</a>	No
419-1	Non-compliance with laws and regulations in the social and economic area		16	<a href="#">Acting with integrity</a>	No
Own indicator	Product reliability rate for hearing instruments (HI) and cochlear implants (CI)		3, 9	<a href="#">Acting with integrity</a>	No
Own indicator	On-time mandatory employee Global Compliance training completion rate	10	16	<a href="#">Acting with integrity</a>	No
<b>Protecting the planet</b>					
103-1	Explanation of the material topic and its Boundary			<a href="#">IntACT – Sonova's ESG Strategy</a>	No

103-2	The management approach and its components			<b>IntACT – Sonova's ESG Strategy</b>	No
103-3	Evaluation of the management approach			<b>IntACT – Sonova's ESG Strategy</b>	No
302-1	Energy consumption within the organization	7, 8	7, 12, 13	<b>Protecting the planet</b>	<b>Yes</b>
303-1	Water withdrawal by source	7, 8	6	<b>Protecting the planet</b>	<b>Yes</b>
305-1	Direct (Scope 1) GHG emissions	7, 8	12, 13	<b>Protecting the planet</b>	<b>Yes</b>
305-2	Energy indirect (Scope 2) GHG emissions	7, 8	12, 13	<b>Protecting the planet</b>	<b>Yes</b>
305-3	Other indirect (Scope 3) GHG emissions	7, 8	12, 13	<b>Protecting the planet</b>	<b>Yes</b>
305-4	GHG emissions intensity	7, 8, 9	12, 13	<b>Protecting the planet</b>	<b>Yes</b>
306-2	Waste by type and disposal method	8	12, 13	<b>Protecting the planet</b>	<b>Yes</b>
307-1	Non-compliance with environmental laws and regulations	8		<b>Protecting the planet</b>	No

UNGC = UN Global Compact Principle.

SDG = UN Sustainable Development Goal.

All references refer to the 2016 version of the GRI Standards.

# SASB index

SASB code	Metric description	Level of disclosure	Main reference	External assurance
HC-MS-240a.1	Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index	Omission <sup>1</sup>		No
HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	Partial	Ethical marketing and sales practices	No
HC-MS-250a.1	Number of recalls issued, total units recalled	Full	Product quality, safety and reliability	No
HC-MS-250a.2	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	Full	Product quality, safety and reliability	No
HC-MS-250a.3	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	Full	Product quality, safety and reliability	No
HC-MS-250a.4	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Full	Product quality, safety and reliability	No
HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Full	Ethical marketing and sales practices	No
HC-MS-270a.2	Description of code of ethics governing promotion of off-label use of products	Omission <sup>2</sup>		No
HC-MS-410a.1	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	Full	Eco-friendly products	No
HC-MS-410a.2	Total amount of products accepted for takeback and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) supplies	Partial	Eco-friendly products	No
HC-MS-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	Full	Product quality, safety and reliability	No
HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	Partial	Product quality, safety and reliability	No
HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	Partial	Responsible supply chain	No
HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Full	Business ethics and legal compliance	No
HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	Full	Ethical marketing and sales practices	No
HC-MS-000.A	Number of units sold by product category	Adjusted <sup>3</sup>		No

UNGC = UN Global Compact Principle.

SDG = UN Sustainable Development Goal.

<sup>1</sup> Sonova does not report detailed price information on all its products in its investor reporting. However, information related to the pricing strategy is reported in the Annual Report (Strategy and businesses, compensation report, financial review).

<sup>2</sup> This metric is not applicable to Sonova's business model.

<sup>3</sup> Sonova instead reports the sales volumes by business segment (Annual Report: Notes to the consolidated financial statements – 2.2 Segment information).

# TCFD index

TCFD disclosure	TCFD code	Disclosure description	Disclosed
<b>Governance</b>	TCFD-GOV-a	Describe the board's oversight of climate-related risks and opportunities.	Yes
	TCFD-GOV-b	Describe management's role in assessing and managing climate-related risks and opportunities.	Yes
<b>Strategy</b>	TCFD-STR-a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Yes
	TCFD-STR-b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Yes
	TCFD-STR-c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	No
<b>Risk management</b>	TCFD-RMA-a	Describe the organization's processes for identifying and assessing climate-related risks.	Yes
	TCFD-RMA-b	Describe the organization's processes for managing climate-related risks.	No
	TCFD-RMA-c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	No
<b>Metrics and targets</b>	TCFD-MET-a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Yes
	TCFD-MET-b	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Yes
	TCFD-MET-c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Yes

# SDG index

The 17 Sustainable Development Goals (SDGs) were adopted by the United Nations (UN) in 2015 as a universal call to action to address some of the world's biggest challenges by 2030. Sonova has been a signatory of the UN Global Compact since 2016 and supports the achievement of the SDGs. Our purpose is inherently social: Our hearing solutions help to improve the lives of millions of people. Beyond serving our consumers, we aspire to create benefits for the economy, the environment, and society. Against this background, we have identified those SDGs for which we have direct or indirect impact on at least one of the 169 targets. In the index below, we provide an overview of the SDGs where Sonova has an impact, the specific targets, and links to the relevant sections of this report.

Goal	Goal description	Sonova impact on SDG	Relevant SDG sub-targets	Relevant content on Sonova's SDG impact
SDG 3	Good health & wellbeing	high	<p><b>3.8:</b> "Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all."</p> <p><b>3.C:</b> "Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States."</p>	<b>Accessibility and affordability</b>
SDG 5	Gender equality	medium	<p><b>5.1:</b> "End all forms of discrimination against all women and girls everywhere."</p> <p><b>5.5:</b> "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life."</p>	<b>Training and education</b> <b>Business ethics and legal compliance</b>
SDG 6	Clean water and sanitation	low	<p><b>6.3:</b> "By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally."</p> <p><b>6.4:</b> "By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity."</p>	<b>Diversity &amp; inclusion</b> <b>Water</b>
SDG 7	Affordable and clean energy	low	<p><b>7.2:</b> "By 2030, increase substantially the share of renewable energy in the global energy mix."</p> <p><b>7.3:</b> "By 2030, double the global rate of improvement in energy efficiency."</p>	<b>Water</b> <b>Energy &amp; climate</b>
SDG 8	Decent work and economic growth	medium	<p><b>8.2:</b> "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors."</p> <p><b>8.5:</b> "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value."</p> <p><b>8.7:</b> "Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms."</p> <p><b>8.8:</b> "Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment."</p>	<b>Energy &amp; climate</b> <b>Business Report</b> <b>Talent development</b> <b>Responsible supply chain</b> <b>Human rights and labor practices</b>

<b>SDG 9</b>	Industry, Innovation and Infrastructure	medium	<b>9.4:</b> "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities."	<b>Energy &amp; climate</b>
			<b>9.5:</b> "Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending."	
<b>SDG 10</b>	Reduced inequalities	high	<b>10.2:</b> "By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status"	<b>Innovative hearing solutions</b>
			<b>12.2:</b> "By 2030, achieve the sustainable management and efficient use of natural resources."	
<b>SDG 12</b>	Responsible consumption	medium	<b>12.4:</b> "By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment."	<b>Eco-friendly products</b>
			<b>12.5:</b> "By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse."	
<b>SDG 13</b>	Climate action	medium	<b>12.6:</b> "Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle."	<b>Waste</b>
			<b>13.1:</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	
<b>SDG 16</b>	Peace, justice and strong institutions	low	<b>16.5:</b> "Substantially reduce corruption and bribery in all their forms."	<b>Business ethics and legal compliance</b>
			<b>17.16:</b> "Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries."	
<b>SDG 17</b>	Partnerships for the goals	low		<b>Stakeholder engagement</b>