

Sonova GROUP Supplier Principles (“SGSP”)

Released by the CEO and COO of Sonova Holding AG on October 1st September 2019.

1 OBJECTIVE

At Sonova Holding AG and its affiliates (“Sonova”), we have high standards for the way we conduct business, including relative to social and environmental responsibility, business ethics and compliance with applicable laws and regulations.

We commit ourselves to maintain such high standards of ethical conduct when interacting with colleagues, customers, suppliers, business partners, shareholders and other stakeholders.

This commitment is set forth in the Sonova Code of Conduct, available on www.sonova.com. We expect the same commitment from our Suppliers (as defined below) and request them to comply with the Sonova Code of Conduct.

These Sonova Group Supplier Principles (“SGSP”) supplement the Code of Conduct and define the standards that must be adhered to by all Suppliers conducting business with Sonova. It is fundamental that all Suppliers fully comply with laws and regulations applicable to them.

The SGSP are based on relevant international frameworks and standards. Sonova supports, amongst others, the United Nations (UN) Global Compact Principles, UN Guiding Principles on Business and Human Rights, UN International Bill of Rights, UN Children’s Rights and Business Principles, International Labour Organization (ILO) Eight Core Conventions, and Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

2 SCOPE

The Code of Conduct and the SGSP apply to suppliers of material, products and services with whom Sonova have a business relationship (“Suppliers”). It is a requirement for doing business with Sonova that any Supplier complies with these SGSP.

Suppliers should have a sustainable procurement standard in place for their own suppliers and ensure that their suppliers and subcontractors adhere to similar standards of ethical and responsible conduct.

While Sonova acknowledges that legislation and cultural patterns vary across the world and that Suppliers consequently operate under different circumstances, these SGSP set out the basic requirements any Supplier must comply with.

3 PRINCIPLES

Health and Safety

The Supplier shall ensure a healthy and safe working environment and shall especially:

- Comply with and strive to exceed applicable laws and regulations relating to employee health and safety;
- Ensure protection of individuals from risks involved in performing their work and from over-exposure to chemical, biological, and physical hazards, noise or air pollution, including through

- ensuring adequate air circulation, lighting and temperatures and mandatory use of complimentary personal protective equipment;
- Identify and assess emergency situations and minimize their impact by implementing emergency plans and response procedures;
 - Ensure safe handling and storage of hazardous substances and make safety information available to inform, train and protect employees from hazards;
 - Give reasonable access to drinking water and toilet facilities. Sanitary conditions should be satisfactory and clean; and
 - Ensure acceptable living conditions for all employees in Supplier's provided living quarters.

Human Rights and Labor Practices

The Supplier shall treat all employees and other individuals with respect and dignity. The Supplier shall especially:

- Comply with applicable laws and regulations relating to human rights and labor practices;
- Not use child labor as defined by ILO and UN Convention and/or national law, whichever is more stringent. The use of legitimate workplace apprenticeship programs, however, is supported by Sonova;
- Not use forced or bonded labor, regardless of its form, or involuntary prison labor and ensure compliance with laws and regulations related to the elimination of slavery and human trafficking. Physically abusive disciplinary practices are not tolerated;
- Not use illegal workers as employees;
- Ensure that no exploitation of vulnerable groups, such as migrant workers, indigenous people, or local communities, takes place within the supply chain;
- Not tolerate harassment or discrimination on the basis of gender, race, color, religion, age, ethnic or national origin, gender identity, pregnancy, physical disability, marital/parental status or sexual orientation or other legally protected status;
- Respect the legal rights of employees to collective bargaining and freedom of association and to join or to refrain from joining worker organizations, including trade unions;
- Ensure that working hours, including overtime, do not exceed applicable legal requirements and where such requirements do not exist, follow the ILO standard with respect to working hours and days of rest; and
- Comply with all applicable laws, regulations and industry standards concerning wages including minimum wages, overtime hours and mandated benefits as per custom of the country. Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and be sufficient to meet basic needs of employees. Suppliers shall communicate in a timely manner with its employees regarding the basis upon which they will be paid. Suppliers are also expected to communicate with its employees whether overtime is required and the wages to be paid for such overtime.

Environment

The Supplier shall operate in a manner that is protective of the environment. The Supplier shall especially:

- Comply with applicable environmental laws and regulations and obtain required environmental permits;
- Use an environmental management system or establish an environmental policy to ensure continuous improvement and demonstrate a clear understanding of the environmental risks,

impacts and responsibilities throughout the lifecycle of the products and services provided. The Supplier is recommended to use the international standard ISO 14001 as a basis;

- Measure, monitor and regularly review its environmental performance and make continuous improvements to reduce environmental impacts and mitigate risks;
- Make efforts to minimize use of energy, water and raw materials and use resources from renewable sources wherever possible;
- Make efforts to minimize levels of waste and effluents and reuse and recycle materials whenever possible. The handling, storage, movement, treatment and disposal of all hazardous and non-hazardous waste must be done in compliance with applicable regulations and in an environmentally responsible manner with systems in place to prevent accidental spills and releases;
- Make efforts to minimize emissions to air that contribute to pollution and climate change; and
- Make efforts to offer products and services with a reduced environmental impact throughout the product lifecycle.

Ethics

The Supplier shall conduct its business in accordance with high ethical standards. The Supplier shall especially:

- Comply with laws and regulations combatting bribery, corruption, anti-competitive practices and prohibited business practices and not entertain nor tolerate any form of corruption or bribery, including facilitation payments;
- Encourage employees to report any concerns of illegal activities in the workplace without threat of retaliation, intimidation or harassment. The Supplier shall investigate and take corrective action if needed;
- Ensure proper use of confidential information and protect data privacy rights; and
- Recognize diversity in its own suppliers, promote socially and economically different categories of suppliers in their supply chain and purchase from diverse businesses; and
- Treat animals respectfully, minimizing pain and stress. Animal testing should only be performed after consideration to replace animals, reduce the number of animals used or refine procedures to minimize distress (3 Rs Principles). Alternatives should be used whenever possible.

Conflict Minerals

The Supplier shall be committed to proactively eliminate conflict minerals from products and in the supply chain. The Supplier shall especially:

- Ensure that minerals contained in products and materials supplied to Sonova originate from conflict free sources; and
- Be committed to conduct supply chain due diligence to assess risk exposure. The Supplier is recommended to use OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict-affected and high-risk areas as a basis.

4 IMPLEMENTATION

Communication and Documentation

The Supplier must make these SGSP and other relevant information available to employees in the local language in an accessible way. The Supplier shall maintain documentation necessary to demonstrate compliance with these SGSP and must provide Sonova with access to that documentation upon Sonova's request.

Sonova may perform a sustainability risk due diligence to identify potential high-risk suppliers, which will then undergo a more in-depth risk assessment. These critical Suppliers must provide information necessary for the assessment.

Compliance and Monitoring

Compliance with the SGSP by potential, new and existing Suppliers is ensured by Sonova through four different levels of monitoring depending on the Supplier's risk profile:

1. **Signature:** every new Supplier must sign the SGSP in order to be approved as a Sonova partner. Existing Suppliers have to re-confirm adherence to the SGSP in each new supply agreement;
2. **Due Diligence, Risk Analysis and Assessment:** Sonova performs a regular risk analysis to identify potential, new or existing high-risk suppliers based on industry sector, countries of sourcing and operations and other aspects. Identified potential high-risk suppliers are required to undergo a more in-depth risk assessment;
3. **Supplier Audit:** based on the outcome of the assessment, Sonova or third parties may carry out Supplier audits to evaluate the Supplier's performance; and
4. **Improvement Plan:** for Suppliers with poor assessments, a corrective action plan will be developed together with the Supplier. If there is no progress to become compliant within the defined timeline, Sonova may terminate or not enter into the relationship with the Supplier.

Approved by:


Arnd Kaldowski
Chief Executive Officer


Ludger Althoff
Group Vice President Operations