

Sonova Modern Slavery Statement UK 2022/23

1. The reporting entities

As a leading provider of hearing care solutions across the world, Sonova Group ("Sonova") recognizes its responsibility to take a zero tolerance approach against modern slavery and human trafficking and is committed to enhancing its efforts to combat human trafficking and slavery across its value chain.

This statement has been published in accordance with section 54(1) of the UK Modern Slavery Act 2015 and covers the period from April 1, 2022 to March 31, 2023.

The statement is a joint statement made on behalf of the Sonova entities reporting on the UK Modern Slavery Act as follows: Sonova UK Ltd., Boots Hearingcare Ltd., Sonova Service Center UK Ltd., Advanced Bionics UK Ltd., and Sonova Consumer Hearing UK. Unless stated otherwise, references to "we", "us" and "our" refer to these entities and their owned and controlled entities.

2. Business, operations, and supply chains

Sonova's vision is a world where everyone enjoys the delight of hearing and therefore lives a life without limitations. We are a global leader in innovative hearing care solutions: from personal audio devices and wireless communication systems to audiological care services, hearing aids and cochlear implants. The Group was founded in 1947 and is headquartered in Stäfa, Switzerland.

Own operations

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. In the 2022/23 financial year, the Group generated sales of over CHF 3.7 billion, with a net profit of over CHF 270 million. Over 17,000 employees are working on achieving Sonova's vision.

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 the assembly of hearing aids and cochlear implants. Over 90% of our hearing aids are produced in the APAC region at our own operations centers in Vietnam and China. Cochlear implants are produced at our operations center in Valencia, United States.

Upstream from our manufacturing activities, we engage in research and development; downstream we sell the final products to wholesalers as well as to the final user of our products.

Supply chains

Our tier 1 suppliers are mainly high-tech design and component makers, or original equipment manufacturers with a high degree of automation. In the 2022/23 financial year, Sonova purchased from 837 direct material suppliers: 590 for our Hearing Instruments business, 166 for our Cochlear Implants business, and 81 for our Consumer Hearing business. In monetary terms, 72.3% of direct materials were purchased in the Asia/Pacific region, 20.1% from Switzerland, 5.2% from Europe (excluding Switzerland), and 2.4% from North America.

Sonova also sources a variety of services, such as IT services, advertisement, management, and consulting.

Sonova strives for long-term collaboration with its suppliers. In the 2022/23 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. See Sonova's ESG Report FY 2022/23 for more information on our supply chain.

3. Identifying and assessing risks of modern slavery

Modern slavery is an umbrella term that describes situations where coercion, threats or deception are used to exploit victims and undermine their freedom. Types of modern slavery include trafficking in persons, slavery, servitude, forced labor, debt bondage, deceptive recruiting for labor or services, exploitative child labor and the worst forms of child labor (as defined in Article 3 of the ILO Convention No. 182).

Risk assessment: process

In order to assess actual and potential human rights impacts, including those related to modern slavery, Sonova **regularly conducts human rights risk assessments**, and identifies its salient human rights issues in line with the United Nations Guiding Principles on Business and Human Rights (UNGP). Sonova commits to conducting enhanced due diligence through human rights impact assessments (HRIA) and social audits in high-risk areas. This includes the consultation of, and meaningful engagement with, potentially affected groups or their representatives.

In 2020/21, we conducted 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. We identified salient human rights issues, including modern slavery.

In November 2022 Sonova conducted its second high-level human rights risk assessment, building on the first from 2020. It was also led by the cross-functional working group, supported by external business and human rights experts. It included any potential risk arising from our Consumer Hearing business. Our initial risk assessment in 2020 used a range of methods, including value chain mapping, issue mapping, consultations and interviews, desk research, and internal workshops. In 2022, the assessment methods included desk research and internal workshops along with re-assessment of the salient human rights issues. The overall list of salient issues list did not need to change, despite the enlargement of the business and an unsettled geopolitical environment. Key findings related to modern slavery are summarized below.

Risk assessment: findings

In mapping risks for our own operations and supply chain, Sonova considered how it could directly cause or contribute to modern slavery or be directly linked to modern slavery through the actions of a third party in its supply chain. For this, we focused first on general country and industry risks. The research revealed the following potential modern slavery risks:

- Raw materials extraction: Besides the geographical aspect (conflict/high-risk areas), extractive activities are labor-intensive and typically employ a significant number of low-skilled workers (often migrants) that may more likely be victims of modern slavery.
- Components manufacturing: Risk of forced labor that is present in some component-producing countries.
- End of life: Waste management (in particular, e-waste) is a labor-intensive sector often performed in the informal economy by poor and marginalized workers (i.e. migrants, urban poor, children). These categories of workers are more likely to be forced to work.

- Transportation & logistics: This sector can reveal the following potential risks: Excessive recruitment fees, lack of formal contracts, restrictions to workers' freedom of movement, debt bondage, cash deposit and document confiscation.

We consider the risk in our own operations low as we strive to apply the highest standards and conduct corresponding audits and reviews (see section 4). However, we are aware that modern slavery risks can also occur in areas that may initially seem low risk. Risks in our supply chain are expected to be higher than in our own operations and are addressed through our responsible supply chain management.

4. Actions to address the risks of modern slavery

Policies

Sonova is committed to identifying and addressing modern slavery risks in its supply chains or in any part of its own operations. Corresponding procedures and policies have been and continue to be developed, and are endorsed and signed off by members of Sonova's Management Board and/or Board of Directors. On a regular basis, the management in the organization checks compliance with policies, and internal audits are carried out to verify the compliance.

Our **Code of Conduct** (<https://www.sonova.com/en/code-of-conduct>) reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls identify and address modern slavery in our supply chains, including in our own vertically integrated business units.

The **Human Rights Policy** (https://report.sonova.com/2023/app/uploads/Human-Rights-Policy_2022_FINAL_English.pdf) was established in December 2022 and provides a common foundation for Sonova's responsibility to respect human rights, and supports the key elements of the HRDD framework through: performing periodic human rights risk assessments along the value chain; conducting enhanced due diligence through impact assessments in high risk areas; and providing channels for reporting grievances and seeking remedy for violations – all using a risk based approach. The policy further outlines the key human rights risks ("salient issues") identified by Sonova within its value chain such as modern slavery and forced labour.

Sonova's relations with suppliers are guided by the **Sonova Group Supplier Principles (SGSP)**. These Principles make specific reference to forced labor, bonded labor, and child labor, among others. The SGSP, the General Terms and Conditions of Purchase, and the Sonova Code of Conduct are all incorporated into development and supply agreements. All suppliers must 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 which includes certifying that they comply with the laws regarding slavery and human trafficking of the country or countries where they are doing business. Sonova includes this certification in all supply agreements, and periodically requests suppliers to renew their adherence. SGSP document was last revised in 2019 and are published in English and German; they are publicly available on the Sonova website:

- **Sonova Group Supplier Principles:** <https://report.sonova.com/2021/app/uploads/2019-10-Sonova-Group-Supplier-Principles.pdf>
- **General Terms and Conditions of Purchase:** https://www.sonova.com/sites/default/files/2022-05/General%20Conditions%20of%20Purchase_Sonova_FINAL%28052022%29_0.pdf

Human Rights Due Diligence

Sonova is committed to aligning its human rights due diligence (HRDD) process with the UNGP, 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 a human rights roadmap. The implementation of this roadmap is tracked based on

appropriate qualitative and quantitative indicators and feedback from relevant internal and external stakeholders. This monitoring is used to inform and support continuous improvement and to ensure the effectiveness of the Company's HRDD framework. Where possible, the Company strives to measure the impacts of its actions on the human rights of potentially affected people. The Company communicates transparently about its actual & potential impacts and how it deals with them. It also reports on the progress and further actions of the HRDD framework at least annually in its publicly available ESG Report.

We instituted a new human rights risk registry that includes detailed information on the severity of each issue (based on scale, scope and remediability), its likelihood of occurrence, and Sonova's ability to influence it. This provides a useful internal tool to systematically address and monitor risk-based measures to prevent or mitigate Sonova's salient human rights issues.

Grievance & Remediation Procedures

Under the umbrella of Sonova's SpeakUp! campaign, the company offers access to a **whistleblowing /compliance hotline** (<https://www.sonova.com/en/code-of-conduct>). A video message from the Sonova CEO promotes SpeakUp! on the Sonova intranet. The platform enables internal and external stakeholders around the world to raise concerns related to potential violations of the Code of Conduct or Human Rights Policy anonymously, including modern slavery violations. The hotline is operated by an independent, qualified, third-party service partner. All reports through these compliance channels are forwarded to designated functions at Sonova following a specific process and flow-chart and followed up in a timely manner for further investigation and clarification.

When adverse human rights impacts - including related to modern slavery - are uncovered due to the Company's business activities and relationships, the Company is committed to taking timely and transparent action to **remediate in a fair and equitable manner** in line with the UNGPs. Reports are kept confidential to the greatest extent possible. No complainant or witness will suffer retaliation because of a report made in good faith.

Audits of our own operations

In line with our HRDD commitments, and the initial risk assessment, Sonova planned to conduct 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 an announced 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.

Audits of our suppliers

No formal human rights supplier audits were carried out in 2022/23, but desktop research was conducted.

5. Training

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.

6. Assessing the effectiveness of our actions

Sonova assesses the effectiveness of its human rights actions by way of regularly reviewing its risk registry together with the corresponding follow-up actions, by measuring the completion rate for the Code of Conduct trainings, as well as by monitoring the use of our independently operated compliance hotline SpeakUp!. Indicators for the latter include total number of cases by topic and number of substantiated cases with follow up action. Please find more information about the use of SpeakUp! in the 2022/23 ESG report.

Further, all findings from the Vietnam social audit (see section 4.) 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.

7. Internal accountability standards and procedures

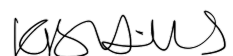
Anyone who has been found to have violated the Sonova **Code of Conduct** or **Human Rights Policy** may be liable to any one or more of the following sanctions: verbal or written warning as reported in the employee file, adverse performance evaluation, reduction in wages, transfer, demotion, suspension and/or termination in addition to any other legal remedies.

The **SGSP** lay out the procedures in case suppliers do not adhere to the principles. The procedures can lead to the termination of the contract if there is no progress to become compliant within a defined timeline.

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