



ADVA's position on slavery and human trafficking

Transparency statement 2019



TRANSPARENCY STATEMENT 2019

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About us

ADVA Optical Networking ("ADVA") develops next-generation networking technology that enables the creation of high-performance cloud and mobile services. Our products are based on fiber optic transmission technology combined with Ethernet functionality, timing and synchronization solutions and intelligent software for network management and virtualization. Our overarching mission is to be the trusted partner for connecting, extending and assuring the cloud.

Our commitment

Integrity is at the core of who we are. At ADVA, we are committed to running our business responsibly. We strive to live up to our ethical standards embodied in our values and documented in our [Group Code of Conduct](#) ("Code"). Our efforts are supported by periodic training sessions for all employees and a dedicated team with clearly allocated responsibilities within the areas of compliance, sustainability and corporate social responsibility. In addition, we actively encourage all individuals to report any perceived deficiency either to our ombudsman or via our Ethics and Compliance Helpline.

Modern slavery and human trafficking

Nobody should be forced to undertake work against their will. For millions of people around the world this statement unfortunately does not reflect reality as they are exploited and forced into work. As a result, they often suffer physical, psychological and sexual abuse.

ADVA tries to ensure that modern slavery is not taking place in any part of our business or supply chain. Our standards include a variety of different policies and practices to address slavery and human trafficking issues in the different areas where they may occur. This aligns with the United Kingdom Modern Slavery Act of 2015, the California Transparency in Supply Chains Act of 2010 (SB 657) and other similar laws and regulations. As the focus of our activities is the development, selling and servicing of network equipment but not the production of such, our business depends on hundreds of suppliers and service providers and several contract manufacturers. It is hence in our supply chain where we see the highest risk for modern slavery and human trafficking.

ADVA's supply chain and its evolution during 2019

We buy a wide range of different things, including hardware components for our solutions and expert services to help develop, produce, maintain or even dispose of our products.

During 2019, trade tensions between the US and China evolved from a dispute over bilateral trade imbalances into concerns over future technology leadership and national security questions. Similarly, also tensions between other nations did emerge, putting pressure on international supply-chains. Given this background, ADVA increased its focus on and investment in a highly flexible supply chain and manufacturing processes that are less dependent on specific countries and/or single source suppliers. In addition to higher supply chain resilience, this also helped to strengthen our various anti-slavery and trafficking measures which include the following:

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- **Our Code and Supplier Code of Conduct:** Our Code derives from our values and sets forth the ethical standards that every employee, manager, director and officer of ADVA (collectively "Employees") needs to comply with. All Employees receive periodic training and need to acknowledge their adherence in writing. Process adherence is regularly audited including by the group's external financial auditors. Detailed proceeding and results are as published in ADVA's Sustainability Report which is updated annually and available on our website.

Finally, our commitment to ethical behavior and decision making extends to our business partners and we strive to work with companies that operate under similar principles. In addition to our Code, our Supplier Code of Conduct addresses specific issues for our strategic suppliers and is modeled on the Responsible Business Alliance' framework. We do not tolerate any form of forced or compulsory labor.

- **Risk assessment:** Risk profiling helps us to effectively assess all different types of business partners and to focus on those with the highest risk. This includes criteria such as the type of product or service as well as the business partner's location.

Throughout 2019, we continued with the implementation of a specialized IT based solution to further improve any such risk assessment as well as the subsequent screening and qualification. In addition, we invested significant resources in strengthening our supply chain including the identification and qualification of alternate suppliers and contract manufacturers.

- **Screening, qualification and contracting:** ADVA implemented screening, qualification and contracting processes for strategic suppliers and other selected business partners. Our measures include standardized questionnaires, technical and operational support and contracting according to pre-defined master purchasing agreements that require compliance with our ethical values, applicable laws or regulations.

In order to track progress of contract negotiations and for agreeing on priorities, ADVA's global sourcing department is conducting regular calls with all relevant internal stakeholder. Priorities are agreed based on the prior risk assessment and subsequent due diligence.

- **Auditing and monitoring:** ADVA utilizes online assessment and auditing tools to evaluate strategic suppliers. In addition, clear and specific key performance indicators help us to continuously evaluate our strategic suppliers' performance and to drive improvements where required. Furthermore, on-site audits are conducted where needed.

Details on the underlying process including the number of conducted audits in 2019 are as outlined in ADVA's Sustainability Report as available on our website.



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Ethical conduct does not simply happen. It is the product of a corporate culture based on integrity and accountability which is modelled by the top and demonstrated by example. Constant reinforcement and improvement are required. This includes investments into supporting departments, independent audit functions and ways to (anonymously) report concerns. This statement describes our key measures for preventing slavery and human trafficking as focusing on our supply chain. It is applicable for the period January 1 to December 31, 2019 and has been approved by the management board of ADVA Optical Networking SE.

A handwritten signature in black ink, appearing to read 'B. Protiva'.

Brian Protiva
Chief Executive Officer
May 2020