



ADVA's position on slavery and human trafficking

Transparency statement 2021

Profile

ADVA Optical Networking SE, and its subsidiaries and affiliates (hereinafter: "ADVA" or "ADVA group"), is a company founded on innovation and driven to help our customers succeed. Our technology is the foundation of a digital future, empowers networks across the globe, and connects mankind. We're continually developing breakthrough hardware and software innovation that leads the networking industry and create new business opportunities. Our open connectivity solutions enable our customers to deliver the cloud and mobile services that are vital to today's society, creating a digital future that will support a diverse and inclusive world.

Mission

Our mission is to be an innovation leader focused on our customers' experience by building better networking solutions.

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 the 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

No human 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 modern slavery. As a result, they often suffer physical, psychological, and sexual abuse. ADVA tries to ensure that 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 could potentially occur. This aligns with the UK Modern Slavery Act of 2015 and other similar laws and regulations. As the focus of our activities is the development, selling, and servicing of networks, 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. The deployment and production of ADVA equipment are mostly outsourced to manufacturers. ADVA uses mainly Tier 1 manufacturers that are US companies that, in turn, have a strong interest of their own in complying with strict US regulations.

ADVA's supply chain and its evolution during 2021

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

The year 2021 was continuously influenced by the Covid-19 pandemic. According to our internal assessment, the pandemic had a limited impact on ADVA's suppliers. In general, the ICT branch did not suffer from a substantial loss of revenues during the pandemic but instead experienced an uplift due to the digitization of society. For the next few years, the market situation for internet and telecommunication providers is expected to remain relatively good. Therefore, there was no negative impact for the ADVA supply chain from the pandemic. We did, however, experience significant impact in light of the semiconductor supply crisis. Due to the strong economic recovery, many countries are now experiencing this situation, which is expected to continue in 2022. However, this has not so far had a negative impact on the prevention of human slavery.

Our manufacturing partners all belong to the top tier vendors in the electronic manufacturing services (EMS) industry, and all three comply and adhere to the standards applied by ADVA with regards to slavery and human trafficking.

With this regionalized footprint we are reducing supply chain dependencies over 2021 in an increasingly more complex geo-political framework, which allows us to further strengthen our various anti-slavery and trafficking measures. These global partners help us to apply and manifest our standards in the downstream supply chains and provide strict control of the execution of our code of conduct and the supplier code of conduct, defined as follows:

- **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 proceedings 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. Both the ADVA Code of Conduct and Supplier Code of Conduct are updated periodically.

- **Supplier risk assessment:** To ensure compliance with our Supplier CoC, ADVA has implemented a supplier assessment process for new suppliers. It intends to uncover risks and non-compliances and to address them. This process consists of a supplier survey, a risk assessment performed by us, and finally on-site supplier audits. Similarly, existing suppliers are re-audited if respective risks have been indicated. In 2021, no aspects of slavery or human trafficking became apparent during these audits.

- **Overarching risk management:** In 2021, ADVA's risk management was completely revised in order to better cover both, financial and non-financial risks. In general, ADVA's risk management covers employee and social matters in close cooperation with ADVA's sustainability management. In 2021, like in the previous year, the aspect of slavery and human trafficking was not assessed as a material risk by ADVA.
- **Screening, qualification, and contracting:** Throughout 2021, we continued with the extended coverage of a specialized IT-based solution with IntegrityNext, to further improve any such risk assessment as well as the subsequent screening and qualification. The tool has a high coverage rate by scanning over 2 billion entries per day and automated risk management for CSR aspects through social-media screenings. ADVA uses IntegrityNext, both for onboarding of new suppliers (e.g., with an onboarding questionnaire covering aspects of sustainability, modern slavery, compliance for environmental aspects, conflict minerals, etc.) and for the continuous re-assessment of existing suppliers. During 2021, we were able to extend the coverage of IntegrityNext to 76% of all our suppliers, who also covered 98% of our total supply-chain spend. In addition, 100% of all suppliers are covered by IntegrityNext's public and social media screening, which also monitors CSR aspects. Our goal for the future is to further increase these numbers.

To track the progress of contract negotiations and for agreeing on priorities, ADVA's global sourcing department conducts regular calls with all relevant internal stakeholders. Priorities are agreed upon 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. Due to Covid-19, no on-site audits were conducted in the APAC region, however, in general, the supplier situation in the ICT branch is in a better condition compared to other sectors, e.g., the textile industry.

In 2021, no findings nor massive violations of conformity with regards to supply chain events occurred. In addition, we invested significant resources in strengthening our supply chain, including the identification and qualification of alternate suppliers and contract manufacturers.

Ethical conduct does not simply happen. It is the product of a corporate culture based on integrity and accountability which is modeled 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 focusing on our supply chain. It is applicable for the period January 1 to December 31, 2021, and has been approved by the management board of ADVA Optical Networking SE.



TRANSPARENCY STATEMENT 2021

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We thank you for supporting ADVA in our quest for a diverse and inclusive world where people have a choice and are free to reach their potential.

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

Brian Protiva
Chief executive officer
April 2022