



Sonova California Transparency Act Statement – Advanced Bionics

As a leading provider of hearing care solutions across the world, Sonova Group (“Sonova”) recognizes its responsibility to cease, prevent, and mitigate human trafficking and modern slavery risks and is committed to enhancing its efforts to combat modern slavery across its value chain. Sonova includes in the term modern slavery all forms of human trafficking, slavery, servitude, forced labor, debt bondage, deceptive recruiting for labor or services, exploitative child labor and the worst forms of child labor, as per internationally recognized standards.

This statement is published in accordance with the California Transparency in Supply Chains Act of 2010 on behalf of Advanced Bionics LLC, a Sonova entity registered in California under N°200729110052. Unless stated otherwise, references to “we”, and “our” refer to Sonova and Advanced Bionics LLC entities and their owned and controlled entities.

1. Structure, business, and supply chain

Sonova’s vision is a world where everyone enjoys the delight of hearing and therefore lives a life without limitations. Sonova is 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 Sonova Group was founded in 1947 and is headquartered in Stäfa, Switzerland.

Sonova operates through four Business Units – Hearing Instruments, Audiological Care, Consumer Hearing and Cochlear Implants – and the core brands Phonak, Unitron, AudioNova, Sennheiser, and Advanced Bionics, as well as regional brands. The Group’s globally diversified sales and distribution channels serve an ever-growing consumer base in more than 100 countries. In the 2023/2024 financial year, the Group generated sales of over CHF 3.6 billion, with a reported operating profit (EBIT) of over CHF 669 million. Over 18,000 employees are working on achieving Sonova’s vision.

Sonova manufactures hearing aids, cochlear implants, and consumer hearing devices. Sonova’s cochlear implants are produced at Sonova’s operations center in Valencia, United States. In February 2024, Sonova opened a new operations center in Mexicali, Mexico for manufacturing of both hearing instruments and cochlear implants. Sonova is committed to delivering high quality products to its customers and consumers, and to do so, responsible sourcing and manufacturing is crucial. Our tier 1 suppliers are mainly high-tech design and component makers, or original equipment manufacturers with a high degree of automation. In 2023/2024, Sonova purchased from 1044 direct material suppliers, including 183 for its Cochlear Implants business. Based on spend and for all Business Units, 63% of direct materials were purchased in the Asia/Pacific region, 10% from Switzerland, 22% from Europe (excluding Switzerland), and 5% from North America. Sonova also sources a variety of services, such as IT services, advertisement, management, and consulting.

Advanced Bionics was founded in 1993, was acquired by Sonova in 2009, and employs over 800 people. It is part of Sonova’s Cochlear Implants Business Unit and offers solutions for severe-to-profound hearing loss. Advanced Bionics LLC owns the main operations center for the manufacturing of our cochlear implants in Valencia, California. The Board of Managers of Advanced Bionics LLC is also based in Valencia, California. Activities also include sales, transport, logistics, as well as after-sales.

Due to the organization of the Group and the role of the reporting entity, this report focuses on Group commitments, procedures, and activities related to human rights due diligence, and includes information specific to Advanced Bionics where relevant.

Additional information on Sonova’s work may be found on Sonova’s ESG Report 2023/2024 on www.sonova.com.

2. Verification

The evaluation and mitigation of modern slavery risks throughout the value chain at Sonova is operated via our Human Rights Due Diligence (“HRDD”) framework. Sonova is committed to aligning its HRDD framework with the United Nations Guiding Principles on Business and Human Rights (“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 yearly 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 Sonova’s HRDD framework. Where possible, Sonova strives to measure the impacts of its actions on the human rights of potentially affected people. Sonova communicates transparently about its actual and 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.

Sonova and all the legal entities of the Group, including Advanced Bionics LLC, are committed to maintaining high standards of business ethics and integrity in accordance with the law, as well as with recognized human rights and labor standards as outlined in international human rights frameworks. More specifically, they are committed to international standards in relation to modern slavery including the following:

- 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 Labour Organization (ILO) - Core Labour Conventions
- UNGP
- 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
- UNICEF’s Children’s Rights and Business Principles (CRBP)
- ISO 45001 Occupational Health and Safety Management (OHS) Standard
- ILO-IOE Child Labour Guidance Tool for Business

On this basis, a risk-based HRDD process was established for the Sonova Group and its companies such as Advanced Bionics LLC. It encompasses modern slavery internally and on the supply chain to assess and address the risks through the following pillars: policies, identifying and assessing risks, training, social audits, and the grievance mechanism.

2.1. Risk Assessment process

At Sonova, risks are mainly identified and assessed at Group level through periodical Human Rights Risk Assessments (“HRRRA”). All human rights issues are treated with equal rigor, but Sonova’s HRRRA assigns priority to those rights that could be most salient to its business. Sonova prioritizes human rights issues based on their scale, scope, and remediability, and recognizes that negative impacts on human rights may be particularly severe for some people due to their vulnerability or marginalization. The severity of impacts can evolve over time; human rights risks are therefore regularly reevaluated through stakeholder dialog and assessments.

In April 2023, Sonova conducted a Human Rights Risk and Impact Assessment specifically at Advanced Bionics LLC’s facility in Valencia, California. This assessment was conducted by external human rights experts and included engagements with potentially affected people and their representatives, and business stakeholders through pre-consultations, planned individual consultations, on-the-spot consultations, and focus group consultations. It focused on various human rights issues including modern slavery and forced labor and it allowed to identify major risks and impacts as per severity, likelihood, and contribution to impact. A complete mapping of Advanced Bionics LLC’s value chain was performed. The identified successive steps

are managed by Sonova or third parties and are as follows: research and development, raw material extraction, components manufacturing, manufacturing and assembly, marketing and sale, use and consumption, after-sale activities, and end-of-life.

2.2. Risk assessment results

At group level, Sonova identified modern slavery and forced labor as a salient issue and determined it could be linked to a wide range of interrelated human rights issues such as: the right to enjoy just and favorable conditions of work, the right to health, the right not to be subjected to slavery, servitude or forced labor, the right to freedom of movement, the right to adequate housing, the right to the security of the person, the right to freedom from cruel, inhuman and degrading treatment, the right to safe and clean drinking water and sanitation, the right to privacy, the rights of minorities, as well as rights of non-discrimination.

At Advanced Bionics LLC in particular, the severity of modern slavery and forced labor risks were identified as low in research and development, in marketing and sales, in use and consumption, and in after-sale activities. Severity was identified as medium in manufacturing and assembly, and was identified as high in raw material extraction, components manufacturing, and end-of-life.

No modern slavery risks were identified in manufacturing and assembly in Advanced Bionics LLC's own operations center in Valencia. Human rights violations are more likely to occur in extracting and sourcing materials than in Sonova-owned factories. Risks in the supply chain are expected to be higher than in Advanced Bionics LLC's own operations and are addressed through responsible supply chain management (detailed in further sections). Risks are also present downstream in the value chain in end-of-life processing.

The severity and likelihood of modern slavery risks were rated as high in Advanced Bionics LLC's upstream and downstream value chain. For instance, risks are linked to the operating context and the nature of the processing steps and include migrant workers or other people in debt or exploited doing dangerous work in raw materials extraction, components manufacturing, transportation or the end-of-life processing. The contribution to the risks of modern slavery by Advanced Bionics LLC was determined as low to medium as these risks are not expected to occur internally (direct cause) but rather with suppliers (direct or indirect contribution) or downstream in the value chain. Leverage was also qualified as low to medium because of Advanced Bionics LLC's limited ability to influence and therefore to prevent or remediate modern slavery risks in its value chain.

The recommended actions stemming from the Human Rights Risk Assessment were assigned to the relevant stakeholders and most of them are already implemented such as:

- Integrating human rights due diligence considerations, including on modern slavery and forced labor, in responsible supplier and business partner management.
- Publishing and ensuring acknowledgement of the new Supplier Code of Conduct.
- Assessing modern slavery risks at another related operations center.
- Ensuring implementation and transparent reporting on modern slavery acts.

2.3. Business Partner Due Diligence

In parallel to the above, Sonova has implemented a Business Partner Due Diligence ("BPDD") process to ensure that risks related to bribery, corruption, and human rights are minimized both at the upstream (suppliers) and downstream (distributors) levels of the value chain. This is a mandatory process which depends on an internal policy applicable to all employees wishing to onboard business partners. The due diligence screenings which are conducted on business partners include sanctions, watch lists, Politically Exposed Persons, and adverse media sweeps which allows to uncover potential human rights risks such as modern slavery or trafficking.

In December 2024, Sonova has revised its due diligence process for its upstream business partners to align with new regulations and strengthen its due diligence across the group. All direct suppliers, from which the supplies are present in the product we sell, and indirect suppliers on a risk-based approach, go through a due diligence and a specific human rights risk assessment covering major human rights aspects such as

forced labor, child labor, and decent wages. As part of this process, any potential suppliers with high modern slavery risks or impacts are declined at the vetting step, and risks detected through ongoing monitoring are remediated. The process also includes a specific human rights risk assessment tool which allowed for the determination of a list of at-risk suppliers on which additional due diligence is conducted.

3. Supplier Audits

As per the process outlined above, suppliers at Advanced Bionics LLC undergo constant monitoring through a due diligence tool to alleviate any risks of non-conformance with Sonova's principles, including on modern slavery.

Although Advanced Bionics LLC does not conduct onsite supplier audits covering human rights topics yet, such audits are performed remotely on some of its suppliers based on risks. This parallel monitoring of suppliers performed through an ESG platform allows for direct cooperation with suppliers and the implementation of corrective action plans which cover modern slavery and trafficking if needed. This ensures that these suppliers abide by Sonova's principles notably with regards to policies and actions on modern slavery, forced and child labor.

4. Certification

In September 2024, Sonova released a new **Supplier Code of Conduct** (hereinafter "SCoC") which is applicable to all Sonova suppliers, including those of Advanced Bionics LLC, and ensures they abide by our standards in relation to labor practices and human rights, occupational health and safety, environmental practices, as well as ethics and compliance. Our SCoC defines modern slavery and what it entails, and outlines Sonova's commitment to preventing modern slavery and human trafficking in its supply chain. It requires suppliers to ensure that workers are not exploited through trafficking in persons, slavery, servitude, forced labor, debt bondage, deceptive recruiting for labor or services, exploitative child labor or the worst forms of child labor.

Moreover, with this SCoC, suppliers and other stakeholders in the value chain are given the possibility to use the Sonova grievance mechanism, namely the **SpeakUp platform**, to report potential violations in confidentiality and without fear of retaliation (detailed in further section).

Suppliers to Advanced Bionics LLC must certify in written form that they will comply with these standards and principles in all of their dealings, activities, products, and services linked to us, which includes certifying that they comply with the laws regarding modern slavery. Supply agreement templates at Advanced Bionics LLC are in continuous improvement to accommodate new regulations and best practices. The SCoC is incorporated into new supply agreements and renewal processes and is being integrated into the supplier onboarding process.

5. Internal accountability

Internally, Sonova applies strong standards and processes to ensure all risks of modern slavery are alleviated and impacts mitigated through policies, social audits, and the grievance mechanism.

5.1. **Policies**

Sonova is committed to identifying and addressing risks of modern slavery and trafficking 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 the Management Board and/or Board of Directors. On a regular basis, policies are reviewed to ensure they are up to date, the management in the organization checks compliance with policies, and internal audits are carried out.

Sonova's **Code of Conduct** defines general principles for ethical behavior and applies to all employees of the Sonova Group, its subsidiaries, and any third parties such as distributors while they are performing work for Sonova. An acknowledgment of the Code of Conduct is part of every new employment and third-party contract. The Code of Conduct is approved by the Board of Directors, is reviewed regularly, revised when necessary, and governs all relevant aspects of Sonova's business operations. It covers compliance with laws and regulations, conflicts of interest, anti-competition and Sonova's commitment to social and environmental responsibility such as human rights, diversity and inclusion, non-discrimination, and safety in the workplace and addresses the prohibition of forced, compulsory and child labor, as well as human trafficking. The Code of Conduct is available in 18 languages to allow the understanding of our principles and values by the widest number of employees.

The **Human Rights Policy** 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.

Moreover, Sonova has released its **SpeakUp policy** in April 2023 to encourage employees to report via the grievance mechanism any potential violations of the above-mentioned policies including potential cases of modern slavery.

5.2. **Social audits**

Sonova conducts yearly social audits of its activities covering modern slavery and trafficking through child labor and forced labor modules notably. Since our financial year 2021/2022, four social audits of our own operations were conducted, therefore fulfilling our ESG target of conducting at least one social audit per year.

Our social audits, performed by external auditors, consist in onsite confidential interviews with employees, document/record review, physical observations, and management interviews. The resulting recommendations are systematically addressed with management, result in concrete actions, and are followed up to ensure findings are remediated if possible. The recommendations led to global changes as well such as reviewing the business partner due diligence process or publishing the Supplier Code of Conduct. To date, none of the findings identified by the audits concerned modern slavery or trafficking or were rated as zero tolerance or critical. There was a high reported level of transparency on wages and working hours notably. Key lessons from our audits are used to improve Sonova's approach to HRDD at Group level.

For instance, during the 2024/2025 financial year, Sonova conducted a social audit at its operation center in Mexicali, Mexico, where Advanced Bionics products are made. Performed by independent auditors, this covered Sonova's own operations and was based on Sonova's internal policies, international standards, and local regulations. None of the findings identified by the audit concerned child labor or modern slavery or were rated as critical. There was a high level of maturity of the management systems found onsite (i.e., policies, procedures, communication, and monitoring). Audit findings related to impact remediation and working hours were discussed with relevant stakeholders and will be promptly addressed by management. Key lessons from these audits will be used to improve Sonova's approach to HRDD at Group level.

5.3. **Grievance mechanism**

All Sonova entities, including Advanced Bionics LLC have access to **SpeakUp**, a whistleblowing and compliance platform which serves as a grievance mechanism for all employees and other stakeholders, and allows for the identification of potential cases of modern slavery.

Sonova strongly encourages every employee, contractor or other stakeholder who knows of or suspects a violation of applicable laws, regulations, the Code of Conduct, the Supplier Code of Conduct, or the Human Rights Policy, to report it through the SpeakUp platform. The SpeakUp policy issued in April 2023 was included in the annual Code of Conduct training for all employees and in a global and local communication campaign to ensure wide acknowledgement. The SpeakUp platform is operated by an independent third-party provider and safeguards the anonymity of the reporter. Employees may report a concern to their line manager, their local HR function, a compliance manager, or directly via the SpeakUp platform. Employees, third parties or other external business partners can report a concern either by phone or via a secure website. Relevant phone numbers and websites are listed within the Code of Conduct, on the Sonova employee intranet as well as on the SpeakUp platform webpage. Sonova has a defined escalation process to handle and report SpeakUp complaints. The complaints are classified according to their impact (global/local) and/or the implicated person. The escalation process includes the handling of local matters by local management under the guidance and oversight of the Global Compliance team. All matters with global impact (both in severity and/or where senior members of management are implicated) are investigated by the Global Compliance team which reports directly to the Board of Directors and the Audit Committee. Sonova's SpeakUp platform and process are compliant with the EU Whistleblower directive and have been audited and verified by external auditors.

Sonova does not tolerate any form 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. Regular training programs on the SpeakUp process reinforce the importance of reporting violations, along with the process and channels for doing so. SpeakUp statistics are published on Sonova's internal platforms to increase trust and assure employees that their concerns are addressed in a timely manner.

To date, no cases of modern slavery or trafficking were reported or substantiated on our compliance hotline.

6. Training

Sonova implemented since 2022 an online training on the group's Code of Conduct, which is mandatory for all employees, including those of at Advanced Bionics LLC. The training was developed by an external company in close collaboration with Sonova and contains interactive modules and questions to ensure the topics are well understood. It notably focused on promoting ethical behavior and employees are required to acknowledge and abide by the Human Rights Policy as well as the SpeakUp policy which contain the prevention of modern slavery and forced labor.

The 2024/2025 session of the Code of Conduct training also focused particularly on modern slavery. Employees were informed about the warning signs of human rights and modern slavery violations in the supply chain to identify and prevent such cases from occurring.

Our Code of Conduct training is usually completed by all employees in a timely manner. For instance, in 2024/2025, over 99.5% of Advanced Bionics LLC employees completed the training, and over 95% did so within the allotted time. The few employees who did not follow the training received reminders and their line managers were informed.

Employees who are involved in procurement activity and responsible for due diligence also follow a specific training on how to conduct due diligence which includes human rights due diligence and modern slavery topics.

7. Acknowledgement

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