

Sonova Modern Slavery Statement UK 2023/2024

1. The reporting entities

As a leading provider of hearing care solutions across the world, Sonova Group ("Sonova") recognizes its responsibility to cease, prevent, and mitigate modern slavery and human trafficking risks and is committed to enhancing its efforts to combat modern slavery and human trafficking across its value chain.

This statement has been published in accordance with section 54(1) of the UK Modern Slavery Act 2015 and covers Sonova's financial year 2023/2024, i.e., from April 1st, 2023 to March 31st, 2024.

This statement is a joint statement made on behalf of the Sonova entities reporting for the UK Modern Slavery Act as follows: Boots Hearingcare Limited (company number 00823009), as well as Sonova UK Limited (company number 03417253), including DHCS Newco Limited (company number 14009321) and Digital Hearing Care Solutions Limited (company number 05659065) as subsidiaries all carrying on a business in the UK and part of the consolidated turnover. Unless stated otherwise, references to "we", and "our" refer to Sonova, the above mentioned entities and their owned and controlled entities.

2. Structure, business, and supply chains

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 an 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. Over 90% of Sonova's hearing instruments are produced in the Asia/Pacific region at its operations centers in Vietnam and China. 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. Production for Sonova's Consumer Hearing business takes place at its own factory in Tullamore, Ireland or at third-party facilities in China. 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 797 for its Hearing Instruments Business Unit. 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.

Sonova UK Limited (including DHCS Newco Limited and Digital Hearing Care Solutions Limited) is part of Sonova's Hearing Instrument Business Unit and offers hearing aid products, accessories, and repair services in the UK market under the brand Phonak. Sonova UK Limited is part of the Sonova Group and owned by Sonova Holding AG based in Switzerland. As the UK wholesale branch, Sonova UK Limited takes part in Sonova's UK organization for wholesale and the Board of Directors and Managing Director of Sonova UK Limited are based in Warrington, UK.

Boots Hearingcare Limited is part of Sonova's Audiological Care Business Unit and is a healthcare retailer in the UK, dispensing hearing aids to customers, produced by Sonova's manufacturers. Boots Hearingcare Limited is part of the Sonova Group and owned by Sonova Holding AG. The Board of Directors and Managing Director of Boots Hearingcare Limited are based in Stäfa and Steinhausen in Switzerland, and in Conwy in the UK.

The reporting entities have activities related to sales, transport & logistics, as well as after-sales activities. The manufacturing of products sold on the UK market and related procurement activities are handled by centralized functions in the Group and relevant Group Companies.

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

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

3. Human Rights Due Diligence process

Sonova is committed to aligning its human rights due diligence ("HRDD") process 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 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 & 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 the reporting entities, are committed to maintaining high standards of business ethics and integrity in accordance with the law, as well as with recognized human rights and labour standards as outlined in international human rights frameworks. More specifically, they are committed to international standards in relation to modern slavery and trafficking 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 the reporting entities. 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.

3.1. 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 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.

Sonova's **Code of Conduct** (<https://www.sonova.com/en/code-of-conduct>) defines general principles for ethical behaviour and applies to all employees of the Sonova Group, its subsidiaries, and any third parties such as distributors or suppliers 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 labour, as well as human trafficking. The Code of Conduct is available in 18 languages and was last updated in 2019/20.

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.

Moreover, Sonova has established 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.

During the 2023/2024 financial year, Sonova's relations with suppliers were guided by the **Sonova Group Supplier Principles** ("SGSP" available at <https://report.sonova.com/2021/app/uploads/2019-10-Sonova-Group-Supplier-Principles.pdf>). These Principles made specific reference to the elimination of slavery and human trafficking, forced labour, bonded labour, and child labour, among others. The SGSP, the General Terms and Conditions of Purchase (the version in force during the 2023/2024 financial year is available at https://www.sonova.com/sites/default/files/2022-12/20221101_General%20Conditions%20of%20Purchase_Sonova.pdf), and the Sonova Code of Conduct were all incorporated into development and supply agreements. All suppliers must certify in written form that they will 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. Sonova includes this certification in all supply agreements, and periodically requests suppliers to renew their adherence. The SGSP and General Terms and Conditions of Purchase, as in force during the 2023/2024 financial year had been revised in October 2019 and in November 2022 respectively. Please note that a new Supplier Code of Conduct and an updated version of the General Terms and Conditions of Purchase came into force in September 2024, which replace the SGSP and former version of the General Terms and Conditions of Purchase and further strengthen the Group's human rights commitments throughout the value chain. They are available at <https://www.sonova.com/en/regulations-principles>.

3.2. 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 labour, debt bondage, deceptive recruiting for labour or services, exploitative child labour and the worst forms of child labour (as defined in Article 3 of the ILO Convention No. 182).

3.2.1. Risk assessment: process

At Sonova, risks are mostly identified and assessed at Group level through biennial Human Rights Risk Assessments ("HRRAs") rather than at the entity level for the moment.

All human rights issues are treated with equal rigor, but Sonova's HRRAs 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 November 2022 Sonova conducted its second high-level HRRAs, building on the first from 2020. It was led by a cross-functional working group, supported by external business and human rights experts. The assessment covered the global value chain and ranked potential human rights issues based on the severity of the risk to potentially affected people. The 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 a reassessment of the salient human rights issues including modern slavery and forced labour. The overall list of salient issues remained as such, despite the enlargement of the business and an unsettled geopolitical environment. A new human rights risk registry was however instituted in 2023 and 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 is a useful internal tool to systematically address and monitor risk-based measures to prevent or mitigate risks of modern slavery. The next human rights risk assessment will be conducted during the 2024/2025 financial year.

In mapping risks for Sonova's own operations and supply chain, Sonova considered how it could directly cause or contribute to modern slavery and forced labour or be directly linked to it through the actions of a third party in its supply chain. For this, the first step was to adopt a holistic approach and observe other potential impacts, focusing on country and industry risks.

3.2.2. Risk assessment: findings

Sonova identified modern slavery and forced labour as a salient issue for the Group and determined it could be linked to a wide range of interrelated human rights issues such as: the right to enjoy just and favourable conditions of work, the right to social security, the right to freedom of association, the right to health, the right to life, the right not to be subjected to slavery, servitude or forced labour, the right to freedom of movement, the right to property, 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 an adequate standard of living, the right to safe and clean drinking water and sanitation, the right to a clean, healthy and sustainable environment, the right to privacy, the rights of minorities, as well as the right to equality before the law, equal protection of the law, and rights of non-discrimination.

Sonova's HRRAs allowed to rate modern slavery and forced labour as high priority, with a medium level of likelihood, and a low leverage possibility. The research also revealed the following potential modern slavery and forced labour risks within the global supply chain:

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

and modern slavery have been reported, both in formal and informal disposal/recycling facilities, including document detention, endless working days, violence and coercion by intermediaries.

- **Transportation & Logistics:** Low-skilled workers, often recruited through external labour providers. Long and complex supply chains, like Sonova's one, are difficult to monitor and may hide undetected forced labour, especially in countries with low labour standards, on cargo vessels, in the informal economy, or in migrant-receiving countries. Irregular practices suggestive of forced labour that have been reported in this sector are: excessive recruitment fees, lack of formal contracts, restrictions to workers' freedom of movement, debt bondage, cash deposit and document confiscation.

Human rights violations, such as modern slavery, are more likely to occur in extracting and sourcing materials than in Sonova-owned factories. Sonova also considers the risk in its own operations low as the highest standards are applied and corresponding audits and reviews are conducted (see section 3.4). However, Sonova is aware that modern slavery risks can also occur in areas that may initially seem low risk. Risks in the supply chain are expected to be higher than in Sonova's own operations and are addressed through responsible supply chain management.

3.2.3. Business Partner Due Diligence

Sonova has implemented a Business Partner Due Diligence ("BPDD") process to ensure that risks of bribery and corruption are minimized both at the upstream (suppliers) and downstream (distributors) levels. The due diligence screenings which are conducted on business partners include sanctions, watch lists, Politically Exposed Persons, and adverse media sweeps which allows us to uncover potential human rights risks such as modern slavery or trafficking. During the 2023/2024 financial year, Sonova has been working on revising the BPDD process to include additional human rights due diligence aspects group wide.

3.3. Training

Sonova implemented since 2022 an online training on the Group's Code of Conduct which is mandatory for all employees who have access to a computer, including those of the reporting entities. Employees who do not work with a computer in their daily work completed their annual training in classroom sessions. 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 behaviour and preventing discrimination 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 labour. The training also focused particularly on acting with integrity and provided practical advice on how to identify and report actions, including those that touch human rights, that might be violations of the policies. In the 2023/2024 financial year, over 97% of all Sonova employees completed this training within the allotted time.

3.4. Audits of our own operations and on supplier

The Sonova Group conducts yearly social audits of its activities covering modern slavery and trafficking through child labour and forced labour modules notably. During Financial Year 2023/2024, two social audits were conducted at Sonova's facilities in North America and in Asia (further developed in a subsequent section). Remote audits are also conducted on suppliers with a risk-based approach via an ESG platform to ensure they abide by Sonova's principles notably with regards to policies and actions on modern slavery, forced and child labour.

3.5. Grievance & Remediation Procedures

The reporting entities have access to SpeakUp (<https://www.sonova.com/en/code-of-conduct>), 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, 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 to ensure wide acknowledgement. In addition, a global communication campaign was launched in August 2023 within individual Sonova Group Companies. 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. This training has generated an increase in the number of SpeakUp messages received year-on-year. SpeakUp statistics are published on Sonova's internal platforms to increase trust and assure employees that their concerns are addressed in a timely manner.

During financial year 2023/2024, no cases of modern slavery or trafficking were reported to our compliance hotline.

4. Assessing the effectiveness of our actions

Sonova and the reporting entities regularly assess the effectiveness of their actions to prevent modern slavery. To begin with, the policies related to modern slavery and trafficking, namely the Code of Conduct, the Human Rights Policy, and the SpeakUp policy are reviewed regularly to ensure they are up to date. Moreover, the effectiveness of human rights actions is also measured by way of regularly reviewing the 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 the 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. Furthermore, findings from social audits conducted by third-party/independent auditors are addressed through concrete actions.

During the 2023/2024 financial year, Sonova conducted two audits in total, thereby achieving its ESG target of conducting at least one audit per year. An onsite human rights impact assessment was conducted, in which 70 people were interviewed. Some of the resulting recommended actions have been addressed already, such as hiring a Human Rights Manager, integrating relevant human rights aspects into global training programs, or publishing the Supplier Code of Conduct. Most of the other recommendations are being finalized, such as communicating internally on the Human Rights Policy, and revising the business partner due diligence process. Sonova also conducted a social audit at another operations center. Performed by independent auditors, this covered Sonova's own operations and used ELEVATE's Responsible Sourcing Assessment (ERSA) standards. The audit included onsite confidential interviews with employees, document/record review, physical observations, and management interviews. None of the findings identified by the audit 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, and the facility was assessed as performing very well in the areas of environment, business ethics, and management system.

Audit findings related to areas including working hours and wage payment practices were discussed with relevant stakeholders and addressed by management. Key lessons from these audits will be used to improve Sonova's approach to HRDD at Group level.

Sonova also performs remote audits of some of its suppliers covering one of the Business Units of the covered entities, i.e., Hearing Instruments. This monitoring of suppliers through an ESG platform allows for the implementation of corrective action plans which cover modern slavery and trafficking if needed.

5. Acknowledgement

The present statement was approved by the Boards of Directors of both reporting entities, i.e., Sonova UK Limited (including DHCS Newco Limited and Digital Hearing Care Solutions Limited), and Boots Hearingcare Limited on 23rd Sept 2024.



Karen Gallagher

**Managing Director, Board of
Directors member
Sonova UK Limited**

Date: 23.09.2024



Echo Lu

**Managing Director
Boots Hearingcare Limited**

Date: 23.09.2024



Abaid Raza

**Group Finance Director, Board of
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Date: 23.09.2024



Sue Reece-Jones

**Finance Director, Board of
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Date: 23/9/24