



Adtran's position on slavery and human trafficking

Transparency statement 2023

Profile

Adtran is a leading global provider of networking and communications equipment, serving a diverse domestic and international customer base in 68 countries that includes tier 1, 2 and 3 service providers, cable/MSOs and distributed enterprises. Our innovative solutions and services enable voice, data, video and internet communications across a variety of network infrastructures and are currently in use by millions worldwide. We support our customers through our direct global sales organization and our distribution networks.

In 2021, Adtran combined its business with Adtran Networks SE (formerly ADVA Optical Networking SE) to create a global leader in scalable, end-to-end fiber networking solutions for communication service providers, enterprises and government customers. The merger united our fiber access, fiber extension, and subscriber connectivity technology with ADVA's innovation in data center interconnect solutions for large enterprises, business Ethernet and network synchronization. Both companies are pioneers in open, disaggregated solutions with a shared vision for the future of fiber networking. Our combined business offers a comprehensive portfolio for providing homes, businesses and 5G infrastructure with scalable, secure and assured fiber connectivity, paired with cloud-managed Wi-Fi connectivity and SaaS applications. Together we are a trusted supplier to more customers worldwide, meeting new requirements, optimizing network performance and improving customer experience.

Our vision

Our vision is to enable a fully connected world, where the power and freedom to communicate is available to everyone, everywhere, in a secure, efficient and sustainable environment.

Our commitment

Adtran is committed to delivering sustained growth through empowered people building trust by acting with accountability and responsibility.

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. Adtran 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 around the world. 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 Adtran equipment are mostly outsourced to manufacturers. Adtran 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.

Adtran's supply chain and its evolution during 2023

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.

Adtran did experience significant impact in light of the semiconductor supply crisis. In the meantime, the supply situation has normalized, and the temporary bottlenecks in the supply chain have not 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 Adtran with regards to slavery and human trafficking.

In recent years, our focus has been on moving our electronic manufacturing services (EMS) supply base from China towards Eastern Europe and South East Asia, and this effort is continuing. In 2024, this includes the shift from China to Ukraine and Hungary, as well as our existing setup in Romania. Additionally, we continue to focus on enhancing our EMS footprint in South East Asia as we transfer operations out of China.

By regionalizing our footprint in 2023, we are reducing supply chain dependencies amidst an increasingly complex geopolitical framework. This allows us to further strengthen our various anti-slavery and trafficking measures. Our global partners help us apply our standards in downstream supply chains. They ensure rigorous enforcement of both our code of conduct and the supplier code of conduct, defined as follows:

- **Adtran Supplier Code of Conduct:** Our Code derives from our values and sets forth the ethical standards that every employee, manager, director and officer of Adtran (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 Adtran’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 Adtran Code of Conduct and Supplier Code of Conduct are updated periodically.

- **Supplier risk assessment:** To ensure compliance with our Supplier CoC, Adtran 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 onsite supplier audits. Similarly, existing suppliers are re-audited if respective risks have been indicated. In 2023, no aspects of slavery or human trafficking became apparent during these audits.
- **Overarching risk management:** In 2021, Adtran’s risk management was completely revised in order to better cover both, financial and non-financial risks. In general, Adtran’s risk management covers employee and social matters in close cooperation with Adtran’s sustainability management. In 2022, like in the previous year, the aspect of slavery and human trafficking was not assessed as a material risk by Adtran.

- **Screening, qualification and contracting:** Throughout 2022, 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. Adtran 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 2023, we were able to extend the coverage of IntegrityNext to 62% of all our suppliers, who also covered 97% 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, Adtran'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:** Adtran 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, onsite audits are conducted where needed.

In 2023, 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, 2024.

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

This Statement is responsive to website disclosures required under the United Kingdom Modern Slavery Act, and other laws and regulations globally pertaining to transparency in supply chains and covers Adtran's subsidiaries Adtran Europe, Ltd. and Adtran Networks (UK) Limited.

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Adtran Europe Ltd.

DocuSigned by:
Stuart Broome
30826AB77D9D4EE...

Stuart Broome, Director

Date:

DocuSigned by:
G. Wilsdorf
0FE170D5A99E4AF...

Gunnar Wilsdorf, Director

Date:

Adtran Networks (UK) Ltd.

DocuSigned by:
A. Schoeck
69D52C31B0BE4AC...

Anja Schoeck, Director

Date:

DocuSigned by:
Ulrich Dopfer
37817DE9349940D...

Ulrich Dopfer, Director

Date: