

Environmental, Social, and Governance

Report 2022



Dear Reader

Sonion has a very strong foundation that has been formed over many years, and our foundation is standing on many pillars.

One of the main pillars is our values. We have revised our core values, and it was reassuring to see that our values, selected through a thorough analysis, leaned towards the set of values that were defined back in the 90s - and we have experienced that the values are deeply anchored in our organization where we are living and breathing those values.

When Sonion experienced the impact of Covid-19 in 2020 in the Philippines and then in 2021 in Vietnam, our colleagues demonstrated resilience and dedication in helping our customers navigate this challenging environment. We managed a very high level of business continuity for our customers.

At the beginning of this year, we announced our decision to consolidate our Asian operational footprint and close our operations in the Philippines. Several initiatives have been implemented to assist our Philippine colleagues through the transition process.

In Europe, we have joined forces with OpenUp, an online platform providing mental health support with unlimited 24/7 access to certified psychologists to maintain their mental health and well-being. For our Asian employees, we have health clinics at our sites in Vietnam and the Philippines to support our employees with any health issues.

All are examples of how we are living the value, "Supportive" by being actively supportive of our customers and each other.

Another of our values is "Responsible". For us, this means we are uncompromising in our ethics, we are accountable, and we take responsibility - each and every one of us has responsibility for our colleagues, suppliers, customers, consumers, and the environment.

We have strongly progressed in further developing our global Environmental, Social, and Governance (ESG) program in 2022. As a company, we aim to drive a sustainable agenda aligning with our customers and their end users' expectations while embedding sustainability in our operations and value chain. End of 2022, we conducted our first materiality assessment, which will help us further evolve and shape our future ESG strategy, ambitions, and priorities. By doing all of the above, we live up to our vision; 'We help the world listen'.

We, at Sonion, have so much to build on, and I am very proud of our employees. In the past years, we have faced many challenges due to the Covid-19 pandemic and the general economic downturn. Still, we overcame the challenges, and today we are in a very strong position.

March 2023

Christian Nielsen

President & CEO

Table of contents

Our Vision and Mission	4
Our Values and ESG	5
2022 Highlight	6
About Sonion	7
Sonion Global footprint	9
Environment – Social – Governance in Sonion	10-13
Our ESG Journey	11
Materiality Assessment	12
Sonion and the UN SDGs	13
Our Employees – Our People	14-20
Diversity, Inclusion and Equal Opportunities	15
Employee Retention and Engagement	18
Health & Safety	19
Environment & Society	21-27
Climate Impact	22
Environmental Impact	23
Community Engagement	27
Customers & Products	28-31
Product Quality & Safety	29
Innovation	31
Responsible Supply Chain	32-33
Governance & Compliance	34-39
Speak up	40-41



Our vision & mission

We help the world listen

**We build open innovation
partnerships helping people listen
- to each other, to their bodies and
to the world**



Sonion Values and ESG

Our values

Our Values support and define how we conduct our business and are the foundation of all what we do in Sonion. Our Values help direct our behaviors and support our success

- **Future-focused**
- **Supportive**
- **Responsible**
- **Driven**
- **Responsive**

Our ESG Aspiration

Our Values support balancing sustainable innovation and commercial success with our global environmental and social responsibility to all our stakeholders and at all Sonion locations



2022 Highlight

Solar panel installations

As part of our effort to reduce our carbon footprint we initiated the installations of solar panels at our factories in Vietnam. In 2022, we completed the installation of 1000 m² of solar panels which contributes to a 12-15% reduction of the Vung Tau facility's annual energy consumption and greenhouse gas (GHG) emissions. This project is just the beginning of our efforts to reduce our carbon footprint and we plan to continue this progress by installing 5000 m² of solar panels at our main facility in Ho Chi Minh City, Vietnam in 2023.

About Sonion





Helping the world listen since 1974

Sonion is a leading player within micro electro-acoustic and micromechanical products and solutions for the hearing health and professional audio markets. We have been helping the world to listen for nearly half a century, and we partner with the biggest manufacturers in the field. Sonion was founded in 1974 by the entrepreneurs Jørgen Weber Jensen and Jens-Jørn Stockholm in Roskilde, Denmark. Since September 2014, Sonion has been owned by Novo Holdings A/S (Denmark).

Sonion is still headquartered in Roskilde, Denmark. Today, all production is situated at our factories in Vietnam and the Philippines, while R&D is centered around our office in the Nether-

lands and supported by engineering in Vietnam, and we have entities in the US, Poland, and China. Globally Sonion has more than 6000 employees working together across all locations.

Sonion is dedicated to becoming the preferred development and manufacturing partner for our customers and improving people's quality of life. We build open innovation partnerships helping people listen - to each other, to their bodies, and to the world. We achieve this through our customer-focused innovation, manufacturing, and marketing of product solutions designed for the major players in hearing health and professional audio.

Sonion's Global Footprint

Jan 2023

	Vietnam	Philippines	Vietnam II	Netherlands	Denmark	China	Poland
Picture of the Facility							
Total Floor Space (sqm)	12,400 	10,500 	3,600 	4,500 	200 	150 	150 
Key Focus Areas	Manufacturing / Operational facility • Transducers • RIC Modules • Micromechanicals (MMD)	Manufacturing / Operational facility • RIC Modules	Manufacturing / Operational facility • Sub-parts • PMC/Metal parts /CNC • RIC and Receivers	• Research and Development • Prototyping	• Sales • Product Management • Marketing	• Procurement • Sales	• IT
Certificates	ISO 9001 ISO 14001 ISO 45001	ISO 9001 ISO 14001 ISO 45001	ISO 9001 ISO 14001 ISO 45001	ISO 9001	ISO 9001		
Full-time employees	4,600 	1,300 	640 	120 	12 	6 	5 



Sonion ESG

Sonion's ESG Journey

Compliance with the environmental, social and governance (ESG) principles is increasingly a key factor in how Sonion conducts its business. The ESG compliance landscape is rapidly evolving and changing and all our stakeholders demand and expect that ESG is an integral part of Sonion's business model and daily activities. At Sonion, we aspire to balance innovation and commercial success with our global social responsibility to our customers and at Sonion locations worldwide. Our ESG aspiration complements our focus on commercial success based on moral and ethical obligations to operate responsibly and to the highest standards. We will continue to integrate ESG considerations into our business processes and operations to achieve this.

Sonion's ESG journey is focused on our global social responsibility. We strive to improve our practices and minimize our environmental impact continuously. We are dedicated to revolutionizing hearing aid components and providing a better experience for hearing-impaired users, which is increasingly im-

portant as the number of users grows yearly.

We are proud to announce that in February 2023, Sonion has been awarded a Bronze EcoVadis Medal. This result places Sonion among the top 50 percent of companies assessed by EcoVadis. EcoVadis is the world's most trusted provider of business sustainability ratings. Global supply chains, financial institutions, and public organizations rely on EcoVadis to monitor and improve the sustainability performance of their business and trading partners. We are proud to have achieved this level and will strive to improve our rating during 2023.

We also reinforce our reporting as we continue to improve and grow our efforts to become a more sustainable company. This report covers all Sonion entities and operations globally and it is clearly stated if the reporting covers only part of the operations or sites. The report covers the twelve-month period from 1 January to 31 December 2022.



Materiality Assessment

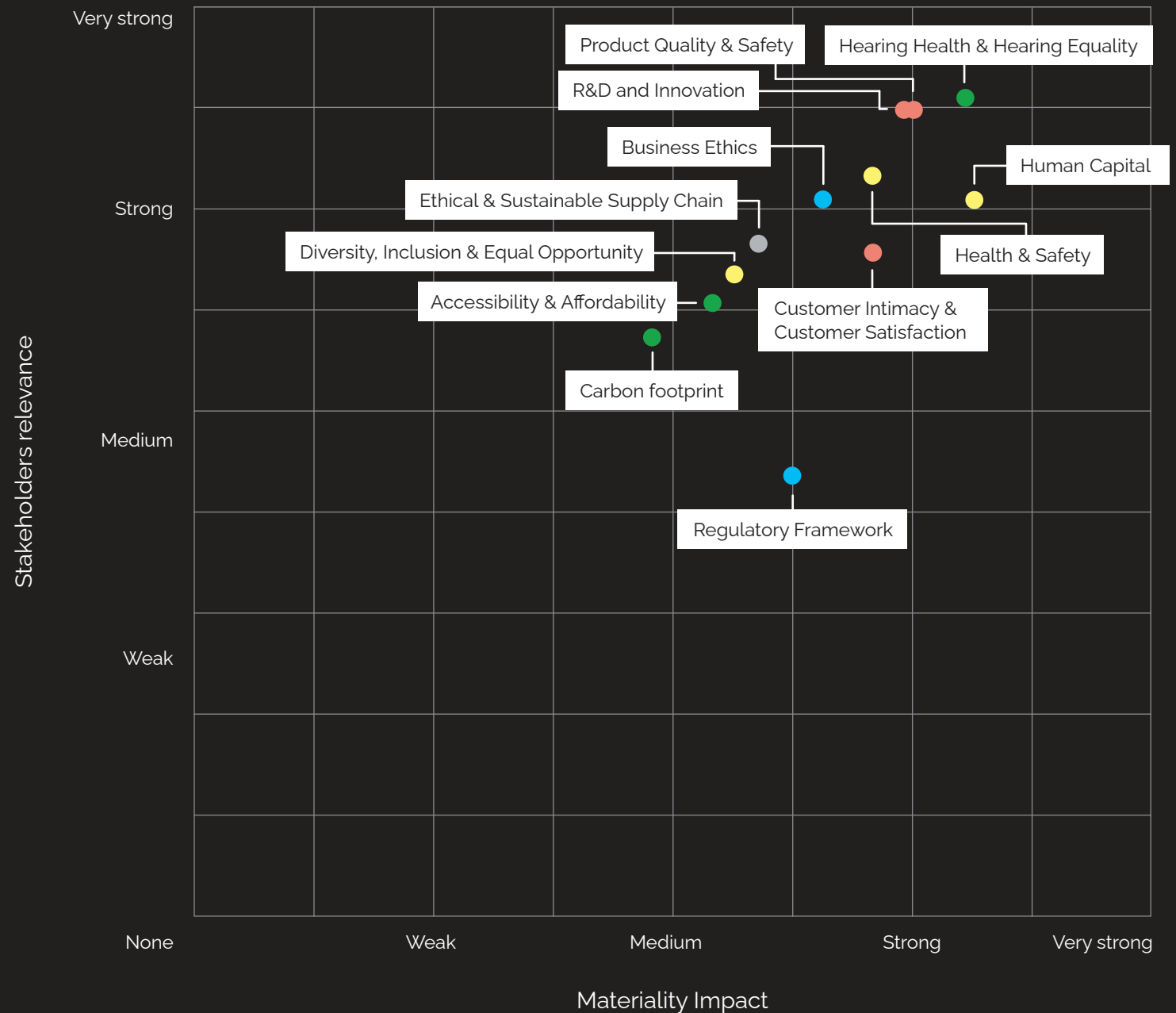
In 2022, we conducted a materiality assessment, and the result is visualized in our materiality matrix. The survey identified and ranked the relevant ESG material topics into five main groups which form the basis of our ESG strategy:

1. Employees
2. Environment & Society
3. Customers & Products
4. Responsible Supply Chain
5. Governance & Compliance

No topics have been identified as immaterial, but the areas of 1,2 & 3 are rated as the most relevant material topics with a specific focus on:

- Human Capital (Employees),
- Hearing Health & Hearing Equity (Environment & Society)
- R&D and Innovation, Customer Intimacy and Customer Satisfaction (Customers & Products)

The materiality assessment has helped us understand the most relevant ESG issues for Sonion and our stakeholders, define the basis of our ESG initiatives for 2023 and assist in setting the long-term goals for our ESG compliance, including the aim to reduce our environmental footprint.





Employees
Human Capital
Health & Safety
Diversity, Inclusion & Equal Opportunity



Environment
Hearing Health & Hearing Equity
Accessibility
Carbon Footprint



Customer & Products
Product Quality & Safety
R&D and Innovations
Customer Intimacy & Customer Satisfaction



Supply Chain
Ethical & Sustainable Supply Chain



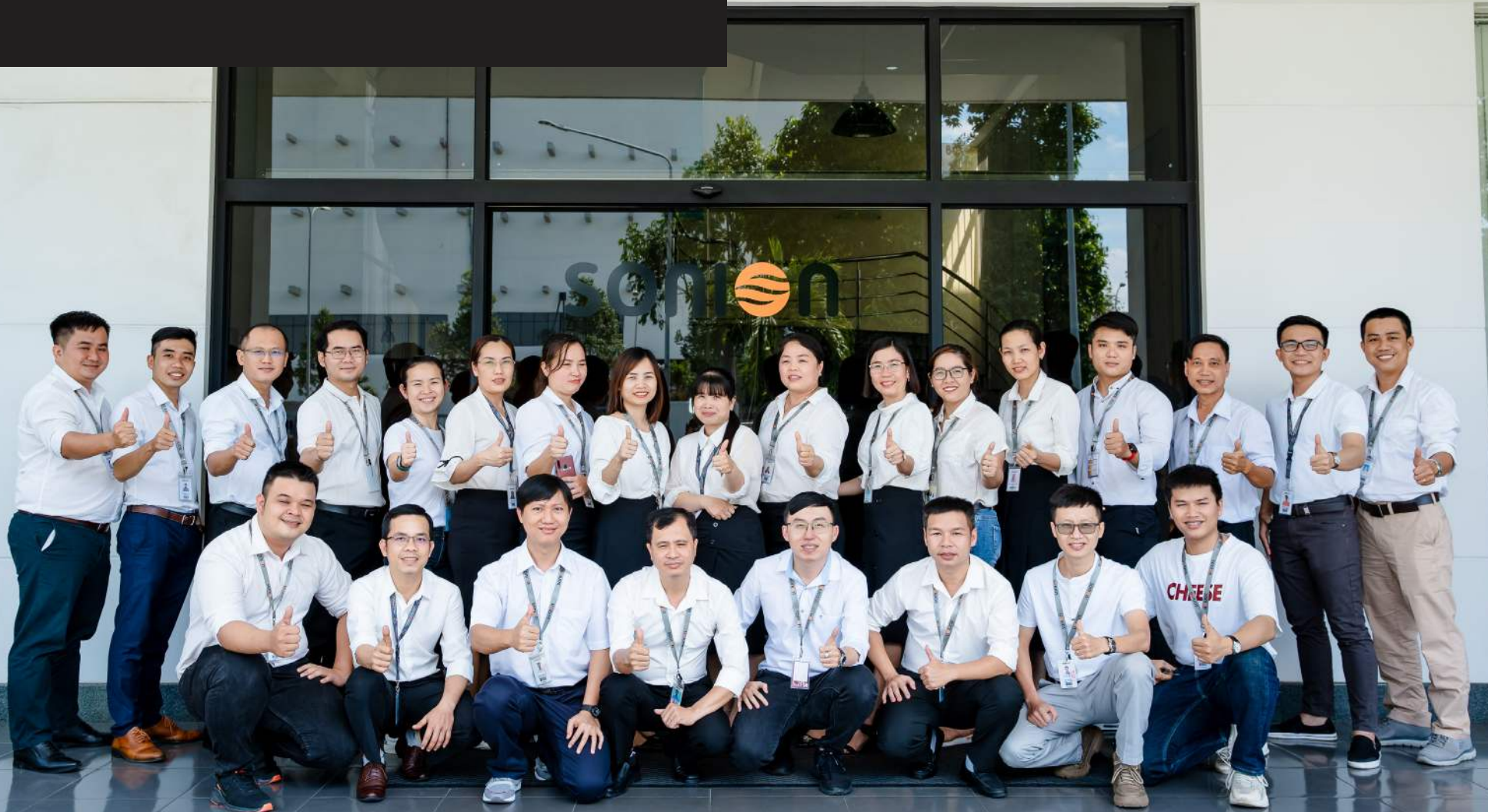
Governance & Compliance
Business Ethics
Regulatory Framework

Our Sustainable Development Goals (SDGs)

During 2021, we identified the UN Sustainable Development Goals that are most relevant to Sonion. By 2022, we have stated that Goals 7 and 13 are also applicable to Sonion, which entails taking rapid action on climate change and its impacts. These important Goals correspond to the five materiality topics and ESG strategy that we have introduced and will continue to enforce throughout 2023.

We are currently in the process of becoming a signatory to the UN Global Compact, which advocates the Ten Principles of Human Rights, Labor, Environment, and Anti-Corruption. Our goal is to incorporate the UN Global Compact and its principles into our ESG strategy, business culture, and day-to-day operations at Sonion. By doing so, we reinforce our dedication to the Global Goals and further our efforts to promote and support them.

Our Employees - Our Colleagues



Our Employees

We continually aim to create a respectful working culture that is genuinely open and inclusive concerning our communication, our internal collaborations, and our general approach to people and our daily work.

We take pride in the diversity of our workforce and view it as a competitive advantage to be nurtured and expanded.

Labor and human rights

We strive to conduct all our activities in a way that respects human rights and people's dignity, as set out in the United Nations Bill of Rights and the core conventions of the International

al Labor Organization. We recognize and respect our employees' rights to freedom of association and collective bargaining and acknowledge collective bargaining as a tool enabling democracy and engagement within the organization. We are committed to preventing modern slavery and do not accept the use of forced or compulsory labor and child labor and we work to ensure that our supply chain shares the same commitment.

We adhere to the International Labor Organization's Declaration of Fundamental Principles and Rights at Work:

- Freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced or compulsory labor
- The effective abolition of labor
- The elimination of discrimination in respect of employment and occupation
- A safe and healthy working environment

Our manufacturing facilities in Vietnam and the Philippines and many of our suppliers are located in high-risk countries with an enhanced risk of human rights and labor violations. These risks are addressed by enforcing the ILO principles strictly and establishing strong local management teams to ensure compliance. In addition, Sonion has a specialized program for risk assessment of suppliers, and review and approval of suppliers are done to ensure compliance with the ILO principles.

Diversity, Inclusion & Equal Opportunities

Sonion is a global and international organization, and we recognize the value of a diverse workforce that brings varied experiences, ideas, and innovation to the workplace. We strive to be an inclusive workplace that evaluates all candidates for available positions equally. We do not discriminate based on race, color, sex, religion, political opinion, national extraction, sexual orientation, or social origin. Employees are only selected based on competencies, skills, and overall ability to do the job at hand.

To achieve this, we have implemented policies to

ensure that all candidates are evaluated fairly and equitably when applying for open positions. This includes equal opportunities for men and women in all job titles and levels of management. Our goal is to have a balanced representation of gender across the whole organization, including in our management and board.

However, we acknowledge that there is still a disparity in our organization regarding gender representation in certain positions. Currently, most qualified engineers in R&D are men, while most qualified women are employed in our production.

By the end of 2022, Sonion employed over 6000 people with most of the employees based in Vietnam and the Philippines. The majority (85%) are blue-collar/direct labor and 87% are women.

At the manager level, there is a majority of male managers. There are ongoing initiatives to support the development of our female employees to take on manager roles.

The Executive Management Team are all male, while the combined Management Team has a 12% female

representation. The Sonion Board of Directors remains at 14% female representation. The Board will continue to aim for 25% female representation. The Executive Management Team will emphasize equal gender representation for any open positions in the senior management team and next level management.

To foster a diverse and inclusive workplace, we have established the following initiatives:

- Encouraging open-mindedness and respect for differences in ideas and perspectives and cultures
- Develop and implement diversity and inclusion training programs to educate employees
- Offer flexible work arrangements, such as remote work and flexible schedules to support a balance between work and private life
- Encourage employee feedback and listen to their suggestions
- Embracing different holidays, customs, and traditions
- Encourage mentorship programs to help employees from underrepresented groups grow and advance in their careers
- Promote equal pay opportunities for advancement, regardless of gender, race, or other personal characteristics

Diversity, Equity, and Inclusion – DE&I - program in Sonion Netherlands

In Sonion, we have recognized that an inclusive organization relates well to the outside world and is often more successful in pursuing ambitions, innovation, and achieving goals. Diversity and inclusion also create an organization where people feel involved, respected, and seen regardless of age, background, or religion. Research has linked improvements in diversity and inclusion to better business performance, responsiveness to customer needs, and team collaboration.

We started a DE&I project at our Dutch site in April 2022 to explore how we can work with and benefit from working more actively with DE&I in Sonion. With the assistance of an external consultant in 2022 we explored the current DE&I situation by conducting interviews, workshops and completing a general questionnaire.

The results have led to an action plan for 2023 where awareness of DE&I and what it means will be explored and defined through dialog sessions and later a roadmap on how DE&I can be integrated in Sonion Netherlands. Based on the experiences from this

project we aim to implement a global DE&I policy and initiate local DE&I projects at our other sites.

Internships

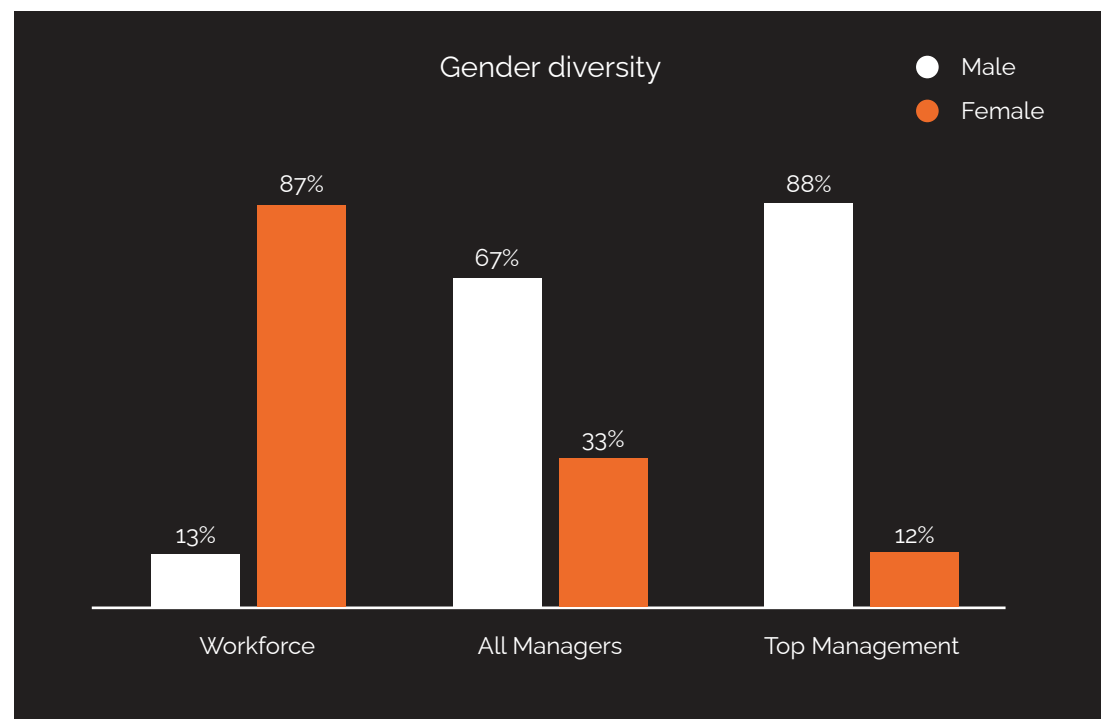
Sonion wishes to attract the right talent, and we work closely with various universities worldwide. We offer students the opportunity to work in our organization as a member of one of our research and development teams, either in an internship, or as part of their bachelor's, master's, or Ph.D. thesis work.

Competency and Development

Effective teamwork requires relationships, respect, and sharing. Our em-

ployees are offered the opportunity to develop the necessary competencies to achieve the expected results.

Our organization places a strong emphasis on employee competency and development. We offer a range of development opportunities, including trainings, workshops, seminars, and other learning programs. We encourage employees to take on new challenges and responsibilities and provide support as they pursue their career goals. By fostering a culture of competency and development, we aim to contribute to the organization's success.



Sonion has a number of strategies in place to facilitate career management and employee growth. For instance, we have a policy about internal job postings that encourages people to take control of their careers and seek out new opportunities within the organization. We conduct annual performance reviews that help us assess the productivity of each employee, as well as serve as the basis for promotion plans and annual merit increases. Furthermore, we have a training plan that outlines the actions and tools the employees may utilize to improve their job performance and acquire the necessary skills for their present and future jobs. By prioritizing career development and investing in our people, we are committed to developing a talented and motivated workforce that can prosper in the present and future.

To support and foster a culture of collaboration, we initiated a program called 'Outward Mindset and Accountability'. This program provides practical tools for improving collaboration and conflict resolution. Outward Mindset emphasizes being aware of group goals and considering how actions impact others. We have trained our colleagues in EU, USA, and some in Vietnam to support and improve

collaboration across the organization. Additionally, we started a Sonion Academy Program for our sales teams in 2022 to build trust and encourage teamwork. In 2023, we plan to initiate a similar program for our R&D team.

Bonus Scheme and Appraisal

In Sonion, we value the contributions of our employees and recognize their efforts through performance appraisal process. The process assesses each individual's performance based on predefined criteria and provide regular feedback to help them grow in their careers. While the Bonus Scheme or

the Short Term Incentive Plan (STIP) is designed to reward our employees for an outstanding performance and to motivate employees to perform at their best and align their goals with the organization's objectives.

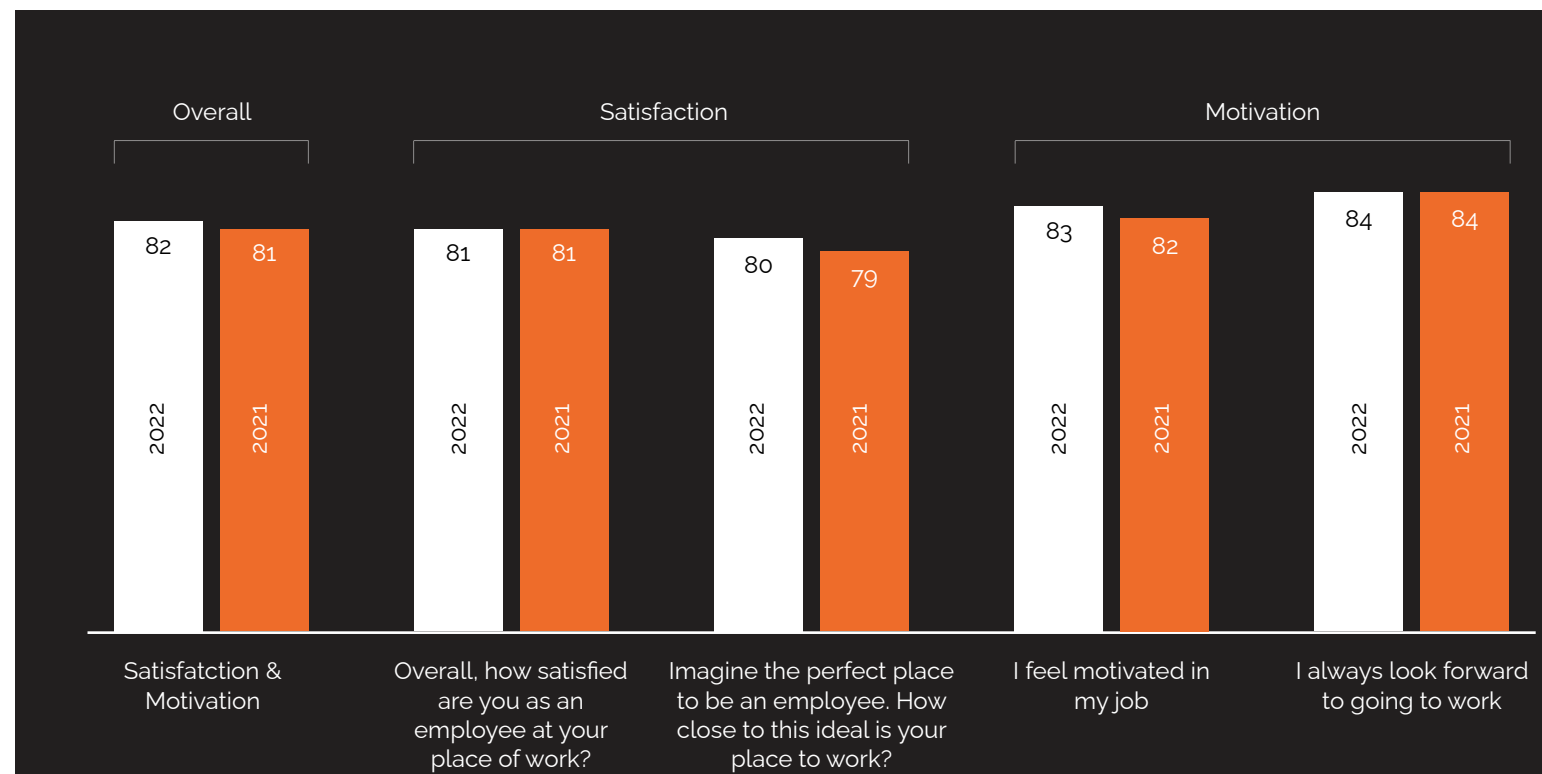
Employee Satisfaction

The Employee Engagement Survey (EES) is a key component to our efforts to ensure the well-being of our colleagues and identify areas for improvement within Sonion. The surveys are conducted on a regular basis and administered by an external partner, Ennova, an international organization

specializing in employee engagement. The most recent EES was conducted in September 2022, with a response rate of 87% across all Sonion locations.

The results of the EES were highly positive with the "Satisfaction & Motivation" pillar showing an improvement from 81 to 82 compared to the previous year survey.

In summary, the results of the EES indicate that our employees are highly engaged and committed to the company, with Sonion's scores outperforming benchmarks for the similar organizations.



Employee Retention

The overall employee turnover rate for Sonion across all sites decreased with 6%. This reduction in employee turnover is significant for the company, particularly given the challenges that the industry faced due to the Covid-19 pandemic. Sonion was expecting a higher turnover rate in 2022 due to a more normalized situation, which gave employees more options to explore opportunities with other companies. Despite this expectation, the compa-

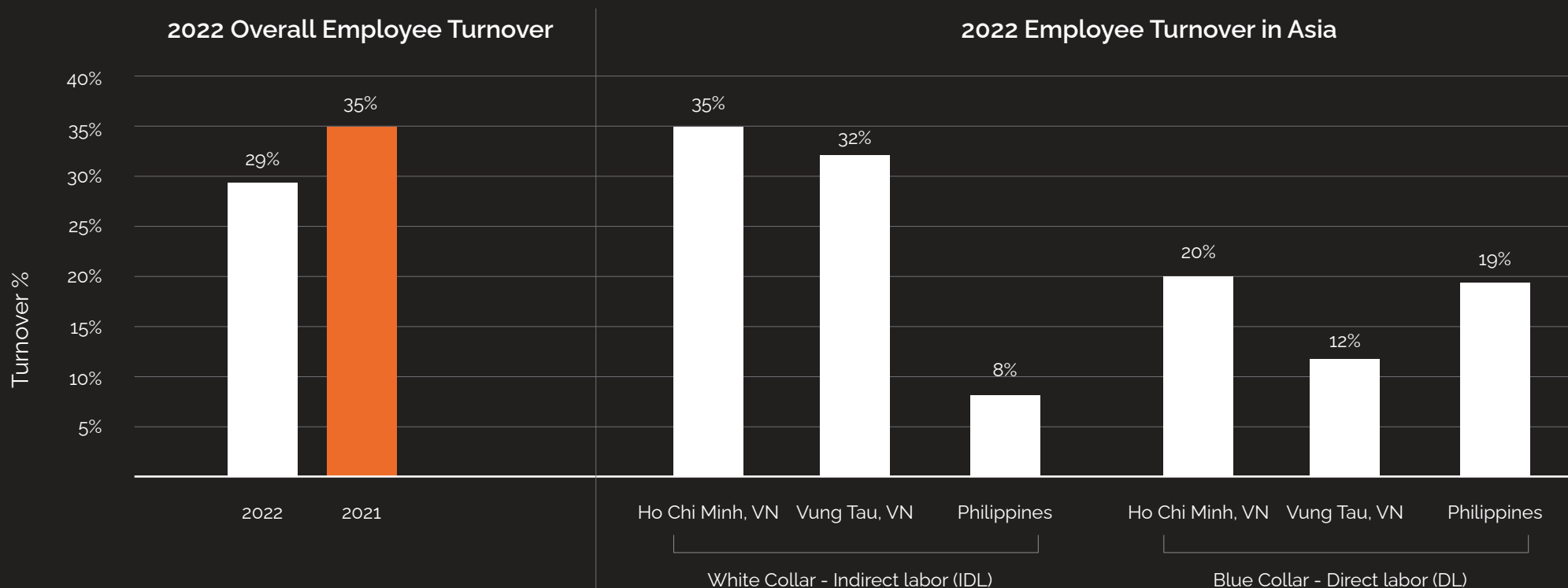
ny was able to achieve a significant reduction. The outcome suggests that employees still view Sonion as an attractive place to work and also indication of a successful efforts to improve employee satisfaction and retention. However, Sonion must continue to monitor its turnover rate and identify any underlying factors that may contribute to turnover.

The turnover rate for our manufacturing facilities, where the majority of our

employees are located, has different factors contributing to the turnover results for 2022. Our manufacturing facilities in Vietnam have a higher employee turnover rate among white-collar employees (IDL) compared to our facility in the Philippines. Even if the reasons for resignation were not disclosed, it is known that some employees left for better opportunities outside of the company.

On the other hand, the turnover rate of our blue-collar employees (DL),

who played a significant role in the decrease in our overall turnover rate for the year 2022, was mainly due to personal reasons such as returning to their hometowns, or taking care of their families and children. These personal factors were cited as the primary reasons for their resignations.



Health and Safety Risk, Preventive Actions and Working Conditions

At Sonion, the Health and Safety of our employees are a top priority. We are committed to continuous improvement and creating a safe and supportive work environment as a company. To support this objective, we provide our employees with a comprehensive benefits plan that includes health insurance and encourage a work-life balance.

In 2022, we have successfully passed ISO 45001 recertification audits performed by Bureau Veritas Certification at all Sonion Manufacturing sites.



At our manufacturing plants and offices worldwide, we have implemented various health and safety procedures, including Hazard Identification, Risk Assessment, and Control (HIRAC). All employees undergo annual health check-ups and receive safety, health, and environmental (SHE) training.

In hazardous work environments, such as operating with high-pressure equipment or hazardous chemicals, employees receive additional annual external safety training. All departments undergo annual Job Safety Analysis to identify and remove potential hazards. We also provide our employees with personal protective equipment (PPEs) to ensure they are protected while performing their duties.

In the event of emergencies such as fires, storms, or flooding, we have established protocols to ensure the safety of our employees both in production and office areas.





Lost Time Incidents

We are committed to keep a safe workplace for all of our workers, and to make sure it operates continuously, we regularly track and measure lost-time incidents to identify their underlying causes and take preventative action.

- The percentage of lost time injuries is computed and submitted to the appropriate government agency.
- The system's Safety Score Board, which tracks days without a lost time accident, is updated daily. In the event of an accident, prompt investigation including root cause and corrective action is conducted.
- Summarized Incident Monitoring is part of ESH/SHE team's weekly report.

In 2022, our company had a strong record of employee health and safety. There were no cases of fatality or serious physical injury. We recorded only one case of an employee requiring three consecutive days away from work due to light injury. Our rate of man-hours lost due to labor accidents or occupational diseases was 3.5ppm. These results demonstrate our commitment to providing a safe and healthy work environment for our employees.

Mental Health and Well-being -Stress and Noise

To support the emotional and mental well-being of employees in the workplace, we have implemented several practices to help employees develop coping mechanisms to manage stress. Employees are also given access to resources and support for their mental and emotional well-being through employee assistance programs and mental health support. Additionally, the workplace policies and procedures are regularly reviewed and improved to ensure a positive and supportive work environment, reducing the risk of stress and burnout. These practices are essential in creating a healthy and supportive workplace culture and promoting employee well-being.

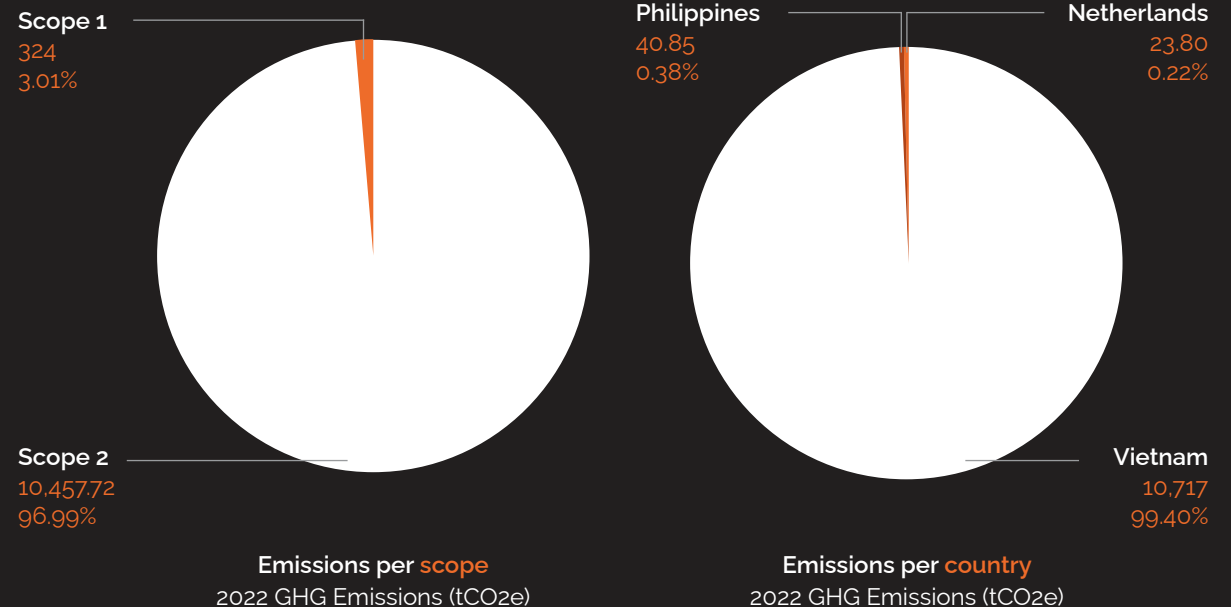
In the Netherlands, we have unlimited 24/7 access to certified psychologist to maintain their mental health and well-being. For Asian based employees, we have established health clinics at our sites.

Monitoring the level of noise in the workplace is essential for safeguarding the health of employees, which cultivates a work environment that promotes well-being and enhances concentration and work efficiency.



Environment & Society

We are **focused on acting sustainably** by continuously striving to minimize the impact of our activities on the environment in which we operate. We are **determined to reduce our environmental footprint** and support initiatives to limit our effect on the climate by reducing our emissions.



Climate Impact

Our company is committed to mitigating the effects of climate change. As a first step, we have initiated the calculation of our greenhouse gas (GHG) emissions, including both scope 1 and scope 2 emissions, using 2022 as our baseline year. This process will help us to understand our carbon footprint and identify opportunities to reduce our emissions through energy efficient practices and investments in renewable energy. Measuring our GHG emissions is a crucial step in our journey towards becoming a more sustainable and environmentally responsible company. By using 2022 as our baseline year, we have established a

clear starting point from which to track our progress and make substantial reductions in our emissions over time. We believe that by regularly monitoring and reporting on our emissions, we can identify areas where we can make significant progress of reducing carbon footprint and contributing to a more sustainable future for all.

Sonion also promotes sustainable energy use in our facilities to reduce our carbon footprint. The factory in the Philippines operates on 100% renewable energy sourced from Hydro Electric Power Plants (HEPP) and our office in the Netherlands runs on 100% renewable energy from wind. In 2022, the total greenhouse gas

(GHG) emissions of our company were 10,781.24 metric tons of CO₂ equivalent (tCO₂e). Scope 1 emissions, which are direct emissions from sources that are owned or controlled from combustion of fossil fuels, accounted for 3% of our total GHG emissions in 2022, with a total of 324 tCO₂e. Scope 2 emissions, which are indirect emissions from generation of purchased electricity, accounted for 97% of our total GHG emissions in 2022, with total of 10,457.72 tCO₂e.

The majority of our GHG emissions, 99%, were generated in our facilities in Vietnam. The facilities in the Philippines and the Netherlands accounted for 0.38% and 0.2% of our total GHG

emissions, respectively due to 100% renewable electricity consumption in the Philippines and the Netherlands. The only emissions in the Netherlands came from natural gas used for heating, with total emission of 23.8 tCO₂e. These emissions from natural gas consumption for heating in the Netherlands are being offset with Verified Carbon Units. The data provides an overview of our company's GHG emission in 2022 and the sources of those emissions, which will help us assess our impact on the environment and identify opportunities for improvement in the future. In 2023 we intend to create inventory of Scope 3 emissions.

Environmental Impact

Sonion is dedicated to reducing our environmental impact to a reasonable level. We recognize the importance of utilizing energy, water and other resources efficiently, and are committed to implementing strategies to minimize our impact on the environment. To this end, we have implemented

several initiatives aimed at controlling the use of energy, water and other resources and reducing waste.

Our facilities in Asia prioritize energy and water conservation, waste reduction and air quality monitoring. We continually assess the air quality of both inside and outside the facilities, and regularly update our health and

safety policies to maintain a safe and healthy work environment while minimizing the impact on the neighboring communities. Furthermore, we regularly submit noise level reports to local authorities in order to comply with environmental regulations and assure comfortable working environment for our employees.

In 2022, we have successfully passed ISO 14001 recertification audits performed by Bureau Veritas Certification at all Sonion manufacturing sites.



Energy and Water

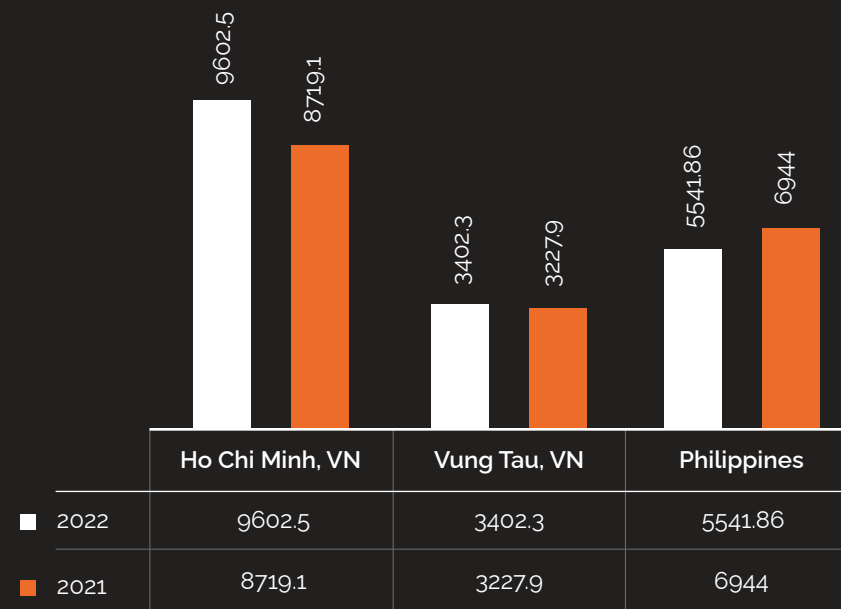
We have established annual targets to control energy and water usage in our manufacturing facilities in Asia. All employees receive training and detailed instructions on how to conserve water and energy on a daily basis to lessen the environmental impact and to support and improve the sustainability of our production.

At our facility in Ho Chi Minh City, Vietnam, we experienced an increase in total energy consumption in 2022 compared to 2021, primarily due to the facility operating at full capacity after the relaxation of Covid-19 pandemic restrictions. However, despite the overall increase in energy consumption, we were able to reduce energy consumption when measuring kilowatt-hour per product (kWh/prod). This indicates efficiency in energy consumption.

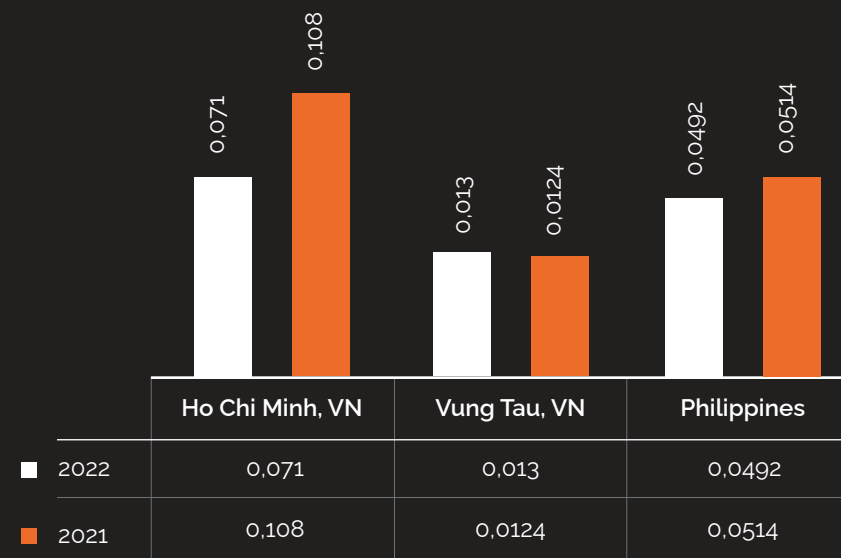
On the other hand, our facility in the Philippines showed a decrease in overall energy consumption, both in megawatt-hour (MWh) and kilowatt-hour per product (kWh/prod). In Vung Tau, Vietnam, there was a slight increase in both total megawatt-hour (MWh) and kilowatt-hour per product

(kWh/prod) due to an expansion in the facility, installation of new machines, and production lines, which consume more electricity during the operation, and output is also low due to the testing process.

The increase in water consumption at our facility in Vietnam was caused by an increase in production capacity and manpower during 2022. Additionally, the amount of water supplied in the Vung Tau facility increased due to the expanded Air Handling Unit (AHU), to accommodate the expanded production lines. However, when measuring cubic meter per man-hour (m³/Mh), there was a significant decrease in water consumption for both Ho Chi Minh and the facility in the Philippines. In November 2021, we have identified leakages at our facility in the Philippines. Moreover, a reduction in manpower in the Philippines in 2022 also resulted in a decrease in water consumption.



Energy Consumption (MWh)

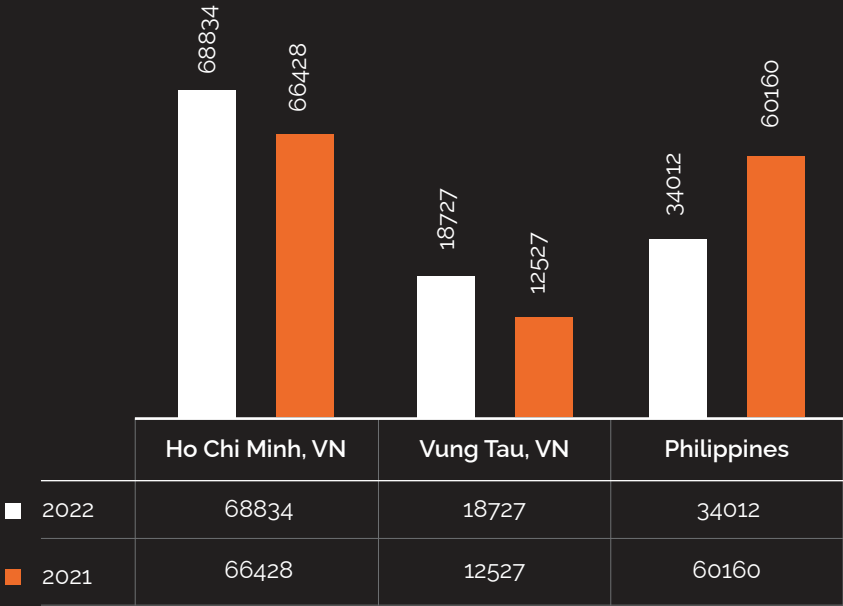


Energy Consumption (KWH/PROD)

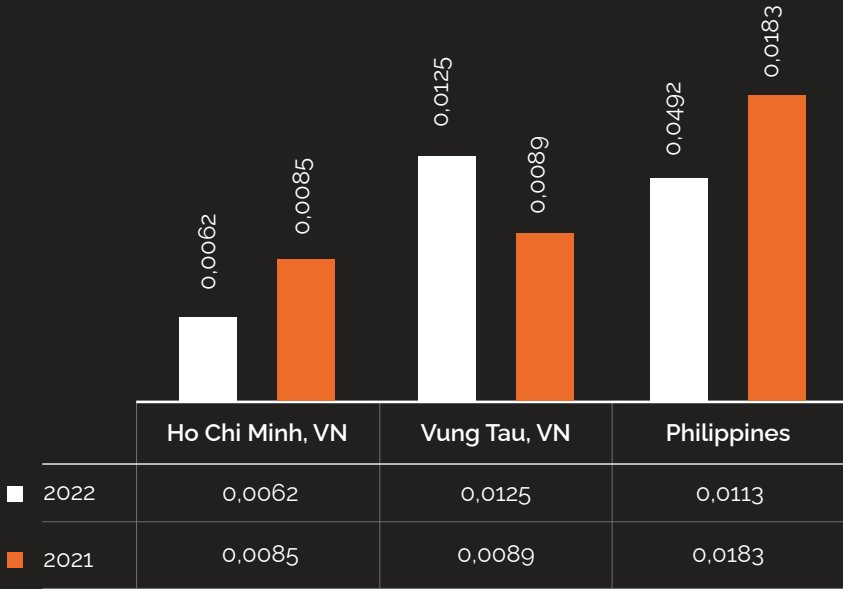
We have yet to define specific targets for the overall energy and water consumption across all our facilities. We plan to establish these targets during 2023. Sonion will continue to monitor and evaluate our energy usage to identify areas for improvement and strive toward reducing our global energy consumption in a sustainable and responsible manner.

Initiatives in conserving water and energy

- Fixing leaks and ensuring proper maintenance of pipes and plumbing systems.
- Rainwater collection system to water the plants
- Encouraging employees to report leaks and water waste in the work place.
- Switching to LED lights instead of fluorescent lighting.
- Annual training and having signages boards at our sites to encourage employees to turn off lights, air conditioning, and computers when not in use.



Water Consumption (M3)

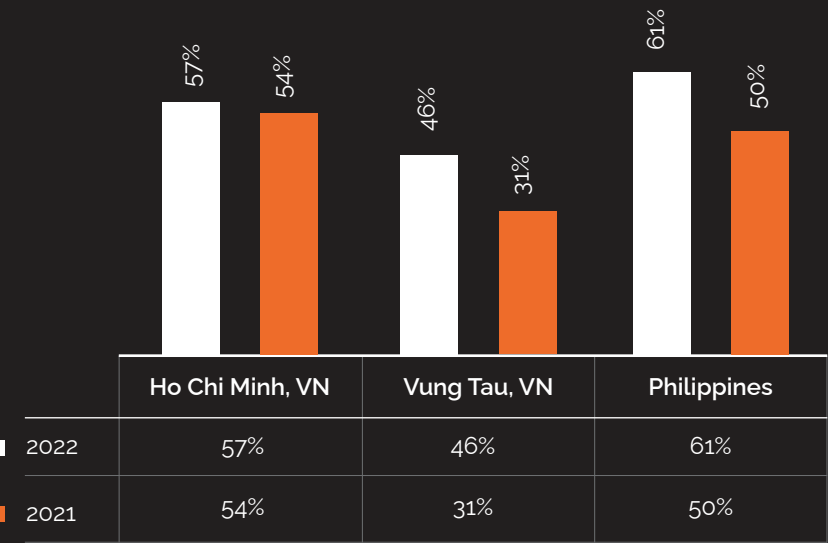


Water Consumption (M3/MH)

Waste Disposal, Reduction and Control

We recognize the importance of reducing waste and maximizing resource efficiency and have increased our focus on waste management. Each Sonion manufacturing facility is responsible for waste separation, collection, disposal, and treatment to maximize resource efficiency and reduce waste. This includes local recycling of paper, plastic, and metal.

The focus on waste management and environment responsibility is a reflection of Sonion's broader commitment to sustainability and preserving the environment for future generations. Sonion has achieved positive results in waste recycling, with the recycling outcome for the year 2022 surpassing that of 2021.



Waste Recycled (%)

Air Quality

In 2022, we conducted quarterly air monitoring at our manufacturing facilities to ensure that our operations comply with regulatory limits and to ensure the safety of our employees and the surrounding community. None of the criteria set by local authorities were exceeded during any of the monitoring periods.

Sonion monitors the air quality in various areas, including the workshop areas inside the facility. Outside we monitor the ambient air surrounding the facility, the exhaust positions including the chimneys of backup generators and fume treatment system, and the chemical vapor generated from the production lines. Sonion work diligently to ensure that the air quality is monitored effectively and accurately, and that any potential issues are identified and addressed promptly.

RoHS and REACH

Our products comply with Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the Restriction of the use of certain Hazardous Substances (RoHS) in electrical and electronic equipment, including its amendment, 2015/863, and with the EU's regulation 1907/2006 on the Registration, Evaluation and Authorization of Chemicals. Environmental Law & Regulations Coordinator monitors and approves parts/materials for new products based on supplier information and testing. In 2021, a project was launched to identify lead-free substitutes for parts/materials containing lead that qualify for RoHS exemptions. We are proactively eliminating lead from our products ahead of the exemption expiry date.

REACH SVHC updates are closely tracked for consequences for Sonion products. 2022 January and July updates to the REACH SVHC list did not affect Sonion compliance.

Community Engagement

Corporate social responsibility has become a defining characteristic of our company culture. Each of our facilities is dedicated to positively impacting the communities in which they are located.

Our facility in Ho Chi Minh, Vietnam has been actively involved in several significant initiatives in recent years, including the Spring of Love and Baby Home programs, and will continue to do so in the future to support the growth and well-being of the surrounding community. Despite facing financial difficulties due to the Covid-19 pandemic, Sonion made a significant donation to a local charity focused on providing cleft palate surgeries to children.

In 2022, as part of our community outreach efforts, the Sonion facility in the Philippines donated rice to approximately 80 households and supported the painting and renovation of public schools. Additionally, the facility donated 500 doses of Moderna vaccine to the local community in Alaminos, Pangasinan, and donated flu vaccines and organized a vaccination program at the SOS Children's Village in Lipa City, Batangas.





Customers & Products



We develop and manufacture high-quality micro electro-acoustic and micromechanical products and solutions for the hearing health and professional audio markets.

We strive to provide innovative technology and high-quality products and services that meet our customers and our own quality standards throughout their life cycle. We always operate in a manner that safeguards the quality and safety of our products and services. We are conscious of the materials and substances in our products.

Product Quality & Safety

We are maintaining a mature Quality System that assures high quality and safety of all our products. In 2022, we have successfully passed ISO 9001 recertification audits performed by Bureau Veritas Certification at all product manufacturing and development sites.

Product Safety

Product safety is of great importance to Sonion. We follow a strict risk management process during product development and in mass production. We continuously monitor safety relevant parameters of our products. We have not received any product safety related concerns from our customers in 2022.



Product Quality

We are committed at all levels of the organization to delivering high-quality products to customers. Thanks to continuous improvements, we see a

reduction in the number of complaints received each year. Over the past five years, we have more than halved the relative number of complaints received. We track complaints in Complaints Per Million (CPM) - number of complaints per million products sold. We reduced the number of complaints from 1.06cpm in 2018 down to 0.49cpm in 2022.

We have achieved this through:

- Continuous effort to address real causes for quality issues, in order to prevent recurrence
- Increased focus on improvements in the development phase, to prevent early production risks
- Applying Test-To-Failure principle during pre-Design Freeze development phase
- Maintaining Ongoing Reliability Testing program to proactively identify any reliability risks in mass production

Product compliance

Sonion products comply with all relevant regulatory requirements. We continuously monitor updates in legal requirements and anticipate necessary changes to sustain full compliance throughout our supply chain.

Biocompatibility

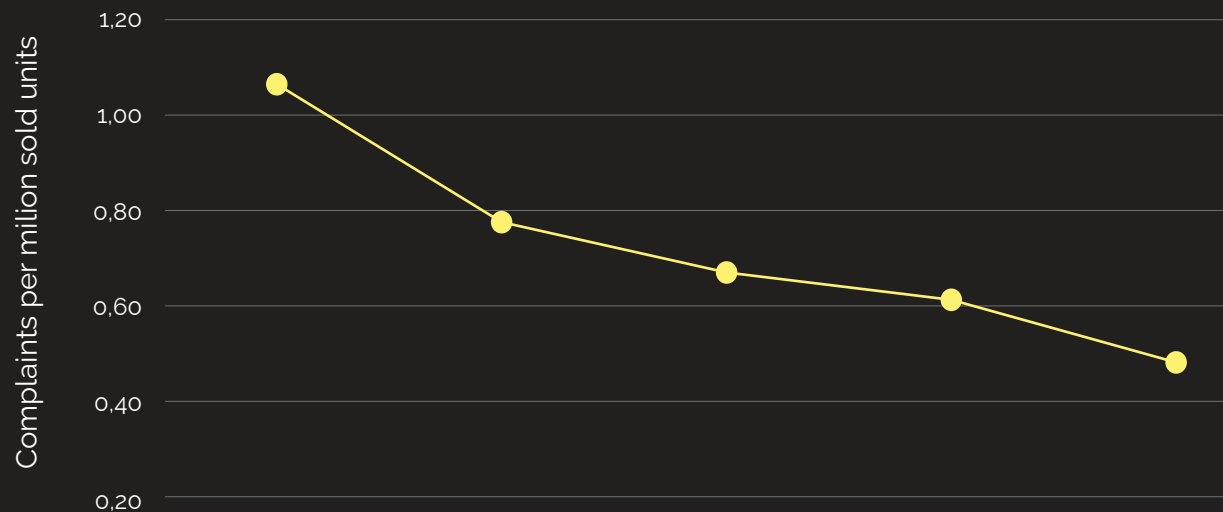
There has been a strong emphasis on biocompatibility and enhancing our efforts to comply with MDR criteria from our customers in 2022 including development and production-related actions. We adhere to the term “biocompatibility” referring to the safety of the materials used in a medical device

and the risk of a human experiencing an adverse reaction.

In 2022, we introduced a new deliverable in our design process for skin-contact components: Biocompatibility Summary. It provides all the necessary information our customers need for component-level biocompatibility evaluation.

We have also introduced a production control program to ensure that production areas of skin-contact components are controlled on all elements touching skin-contact components. We intend to roll out this system to all relevant production areas by end of 2023.

Complaints per million units sold 2018-2022



	2018	2019	2020	2021	2022
● Complaints per mill.	1.06	0.79	0.72	0.63	0.49

Innovation

Sonion is developing products for and together with the leading hearing instrument and professional audio companies, and together we help the world to listen. Professionals and people with hearing loss need the best possible products, and as such we are continuously improving our products on performance, quality, reliability, and sustainability, all with the purpose of enabling the best possible hearing aids and audio products.

We are pushing the boundaries on what is physically possible with our products and technologies. Very often our products are developed in close collaboration with our customers. This helps to ensure that the end-user is gaining the benefits that our customer and we intend from the product. Our R&D engineers in the Netherlands and Vietnam work in project teams with our customers' R&D teams to develop the optimal technical solutions, and Product Management and Sales help to ensure that the product's value proposition is met.

To ensure that we can remain the preferred partner to our customers, Sonion's research is based on both

technology and end-user behavior. Our Research and Technology team scouts, develops, and matures technologies relevant to improving our products' performance, quality, and reliability. We patent our technologies and innovation when relevant, to ensure we can deliver that value to our customers and the end-user. We research how our products impact the end-users and hearing care professionals to understand their needs, objectives, and challenges. Our Consumer Centricity team captures these insights and supports our own development and our customer's development by ensuring products that address the users' needs.

In 2022, Sonion was invited to join the European research project "Listen-2Future" led by Infineon Austria, it is an EU-funded project with 27 partners from 7 countries to develop new and smallest microphone and ultrasound sensors for examinations in industry and medicine. The project was officially started in February 2023 and Sonion is looking forward to actively participating and supporting with our expertise in this area.





Responsible Supply Chain

Sonion is committed to responsible sourcing and collaboration with third parties

In Sonion, we are committed to high standards for how we conduct business. Our business requires us to work with an extended supply chain. To sustain and continue our successful business, we must have a reliable and responsibly operated supply chain.

We only conduct business with suppliers and business partners who align with our values and share our vision of operating sustainably. We are actively engaging with our suppliers on these matters, encouraging the integration of ESG sustainability into core decision-making and implementing leading practices for improving supply chain sustainability performance.

We require our suppliers to acknowledge and commit to our Supplier Sustainability Compliance. With our Supplier Sustainability Compliance, in which we have defined the expectations for our suppliers to be uncompromising in their ethics, accountability, reliability, and sustainability practices. All new suppliers and all the current top-tier suppliers are required to sign our Supplier Sustainability Compliance. Our Supplier Sustainability Compliance is incorporated into

our standard purchase agreements. Our relationship with our suppliers is governed by our Code of Conduct. It provides the ethical and behavioral framework to support how we do business and describes the minimum standards and principles we also expect from our suppliers. We require suppliers and business partners to adhere to all applicable laws and regulations.

We screen our suppliers and have audit procedures to ensure that our suppliers align with our sustainability practices and secure a reliable, sustainable supply chain. With our sustainability practices, we expect our suppliers to apply internal practices and processes that are equivalent to or better than those set out thereunder. We also expect our suppliers to ensure their key supply chain partners also undertake to commit to our

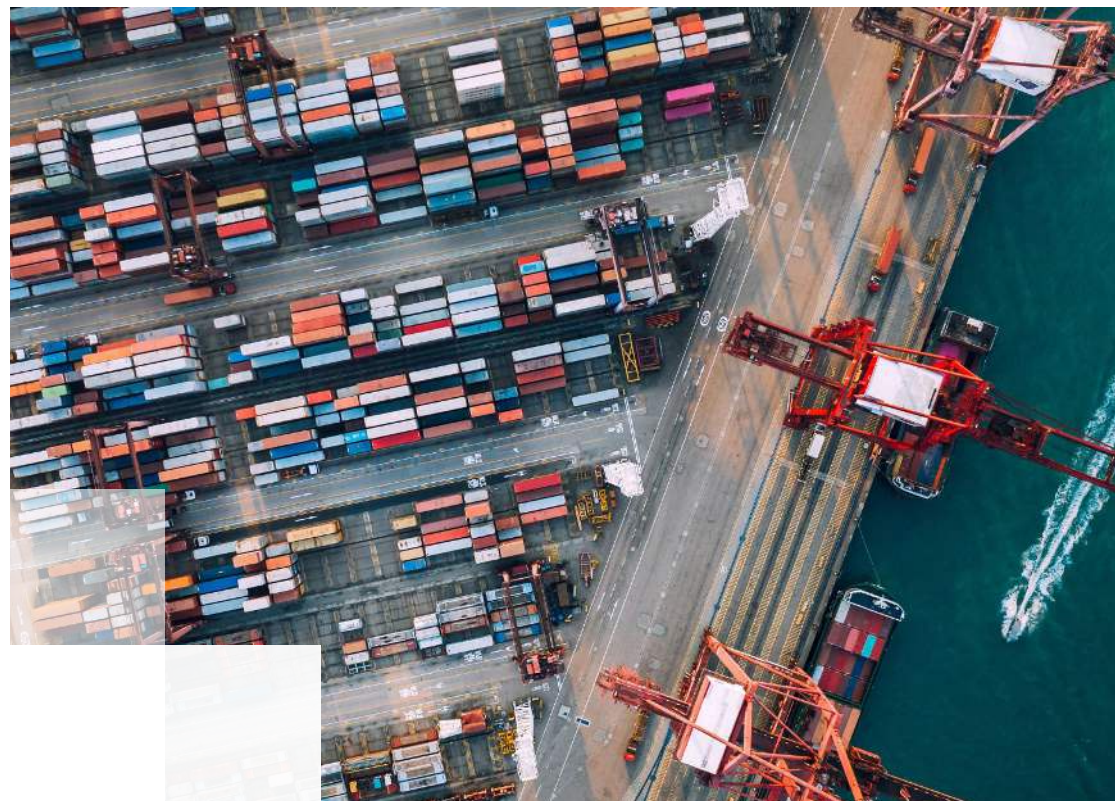
sustainability practices detailed in our Supplier Sustainability Compliance. Sonion's sustainability practices are stated in the Sonion Code of Conduct, our ESG Report and our Supplier Sustainability Compliance, all of which are available on our website (www.sonion.com).

Sonion is committed to sustainability and responsible sourcing practices, which is why we are proud to report that all of our paper suppliers are certified by the Forest Stewardship Council (FSC). We believe that preserving our forests and ensuring responsible

forestry practices is crucial for the well-being of our planet, and FSC certification ensures that the paper products we purchase are sourced from responsibly managed forests.

Conflicts minerals

We are committed to sourcing materials only from suppliers that use 3TG (Tungsten, Tantalum, Tin and Gold) smelters conformant with the Responsible Minerals Initiative's due diligence. Every year we send out the latest version of the Conflict Minerals Reporting Template (CMRT) to receive updated information from all relevant suppliers.





Governance & Compliance

To support our successful development in Sonion we always need to be aligned on how to conduct ourselves towards each other, our customers, our business partners, and the community where we work and live

Our integrity and ethical behavior are crucial for our internal culture, reputation, and relationships with our customers and other business partners.



ESG and our governance organization

In Sonion, ESG is placed under the responsibility of the General Counsel & Head of Compliance supported by the Quality Assurance Director and the Management Team. The General Counsel & Head of Compliance reports to the CEO and the Sonion Board of Directors approves the Sonion ESG and Compliance program and is regularly updated on the ESG initiatives. In each part of the organization, we have appointed dedicated ESG responsible persons to ensure that the ESG initiatives are anchored throughout the organization.

Global Compliance Program

The Global Compliance Program reflects our commitment to a high level of business ethics and is the basis for our ESG agenda. The program includes our Sonion Code of Conduct, a global Whistleblower Line, and global policies and guidelines. Local Compliance Officers are appointed for all local sites supporting the local managers and ensuring that the global compliance initiatives are implemented consistently across Sonion.

The Sonion Code of Conduct and other compliance policies can be found on our website (www.sonion.com)

New Code of Conduct in 2022

Our values support how we do business, and our Code of Conduct provides the ethical and behavioral framework describing the minimum standards and principles that apply to all Sonion employees and our contractors and suppliers performing work for Sonion.

In 2022, we revised our Code of Conduct to ensure that it aligned with our values. The changes in the revised Code of Conduct reflect the new challenges that we face and the evolving ethical environment. The new Sonion Code of Conduct was rolled out globally at all our sites during 2022 starting with our management teams. The training sessions were conducted as in-person and virtual sessions for employees unable to join in person. At our factory sites in Vietnam, more than 4000 employees were introduced to and trained in the new Code through video sessions followed by online tests that could be completed by using an app on their smartphones. The completion rate was close to 99%.

Our Compliance Training Program

To ensure awareness and understanding of our Code of Conduct and the principles and behaviors expected of our employees it is mandatory to participate in our compliance training program. We have different training programs to ensure that our white-collar/indirect labor force and our blue-collar/direct labor force receive suitable compliance training.

All new employees receive induction training which is typically in-person or virtual sessions and includes an introduction to our Code of Conduct and relevant policies. All white-collar employees are requested to complete online compliance training courses and in-person courses on relevant compliance topics. Our online courses are available in several languages including Vietnamese.

Training and Completion Statistics

In 2022, we held 27 in-person or virtual compliance training sessions for white-collar employees based at our Danish, Dutch, Polish, US, and China sites. At our factory sites more than 5000 employees, mainly blue-collar employees were introduced to and

trained in our new Code of Conduct through video sessions followed by online tests that could be completed by using an app on their smartphones. Completion rates were close to 99%. In June, a dedicated compliance training session for the Sonion Management Team kicked off the global roll-out of our new Code of Conduct.

Our online compliance training via TRACE has been active since December 2019 and all white-collar employees have been enrolled and are asked to complete the training sessions. On average more than 69% have completed a course within 30 days of enrollment to a new course. Completion rates are on average over 90%.

Human Rights

We are committed to and work actively to conduct all our activities wherever we operate in a way that respects people's human rights and dignity, as set out in the United Nations Bill of Rights and the core conventions of the International Labor Organization. We recognize and respect the employees' rights to freedom of association and collective bargaining and acknowledge collective bargaining as a tool enabling democracy and engagement within Sonion.

Our general online training courses include:



Cyber
Awareness
training



Anti-bribery
and
anti-corruption



Conflicts of
Interest

Selected courses both online and in-person for relevant employees include:



Trade Compliance



Confidentiality
and Non-disclosure
Agreements



Competition Law
Compliance



New relevant courses are
added continuously to the
online compliance
training program

We are committed to preventing modern slavery and do not accept the use of forced or compulsory labor and child labor and we work to ensure that our supply chain shares the same commitment.

We strive to meet or exceed local human rights standards, and, if national legislation and international human rights principles conflict, we will always adhere to the higher standard.

Anti-bribery

We conduct our business honestly, rely on the merits of our product and our employees, and have a zero-tolerance policy for any form of bribery or corruption. We do not accept any form of direct or indirect corruption or bribery. It is strictly forbidden to make improper payments (bribes, gifts, kickbacks, or other payments for illegal purposes) to government employees, officials, customers, or others. This applies to direct and indirect payments made through third parties. We ensure that gifts, hospitality, and entertainment do not unlawfully influence decision-making. We never offer, request, or accept any gifts, hospitality, or entertainment that could be per-

ceived as a bribe. Local customs are never an excuse for bribery, they are still unacceptable and illegal. We do not use corporate assets or funds for political donations.

We do not tolerate facilitation payments and will not pay protection or extortion money in any country unless there is a threat to our employees' health or safety. Facilitation payments are small payments or gifts offered to public officials intended to secure or speed up routine governmental actions or to obtain unlawful preferential treatment.

We expect the same ethical behavior from our business partners, customers, suppliers, or third parties.

Conflicts of Interest

We expect all business decisions to be made in the best interest of Sonion. We avoid conflicts of interest in our business dealings. We educate our employees on how to detect and address conflicts of interest to avoid any relationship, influence, or activity that make it difficult to perform our work and make objective decisions. All conflicts of interest or potential conflicts of interest must be disclosed.

Compliance with Competition Laws

We believe in and support fair and unrestricted competition. We act independently in all our commercial decisions and win business by having the best products and delivering the best performance to our customers. We will never seek to collaborate or coordinate with our competitors, suppliers, or customers in a way

that could restrict competition. We will never participate in illegal price coordination, bid rigging, or restrictive market sharing. We do not use our market position to discriminate against others through unfair business practices. We have focused training for our management, sales, and supply teams in understanding competition law and ensuring that we comply with all applicable competition and anti-trust laws.





Trade Compliance and Export Controls

It is the policy of Sonion to comply with all applicable export control, sanctions, customs laws, and regulations including those governing sanctioned parties and export of products, services, and technical data. Our products are exported globally and depending on the destination and nature or application of our products, the export may be subject to export controls or trade sanctions.

All exports are handled in accordance with the exporting and importing countries' applicable laws which seek to control nuclear proliferation, missile technology, and chemical and biological weapons. We work actively to ensure that the right controls, policies, and procedures are in place to support the lawful export of our products. All Sonion employees are required to ensure such compliance within their sphere of influence and receive the necessary training.

Protecting our Assets and Financial Integrity

Ensuring accuracy and financial integrity is the core basis for conducting business in Sonion. We maintain accurate and complete records of all

our business dealings. We ensure that economic and commercial decisions are based on accurate financial data. We follow all applicable laws and professional standards that apply to our business. We maintain accurate and complete records of our financial transactions, in accordance with our policies, internal control systems, and applicable professional standards. We are committed to having the necessary control and systems in place to prevent and detect fraud.

Our technologies, intellectual property, commercially sensitive information, and financial and physical assets are vital to our business. To safeguard our company assets, we protect them from unauthorized use and disclosure. We have the relevant policies and instruct and train our employees to act appropriately to protect our company assets and only use them for business purposes.

We respect intellectual property rights and protect confidential information and we expect others to respect our intellectual property rights. The innovations and intellectual property we create, and hold are our vital assets, and we protect them from unauthorized use and disclosure. We will not

disclose any confidential information unless authorized to do so, or as required by law.

Data Privacy

We respect data privacy and protect the personal data we need to collect from our employees, customers, business partners, and other stakeholders. We comply with all applicable data protection laws and regulations and only process personal data for business purposes. We are committed to protecting personal data through security measures and responsible policies.

IT and Cyber Security

Sonion depends on the availability of reliable and trustworthy information and the efficient use of information systems. Prevention of unauthorized access to information and information systems and unauthorized usage or corruption of information and data is therefore of vital importance to Sonion.

We are committed to protecting all information, systems, applications, networks, and devices across our business and locations from external threats that are trying to exploit any weaknesses in our physical or digital security. We do not tolerate any inap-

propriate use of information and the use of our business systems to access, store, or transmit anything considered to be offensive, obscene, or inappropriate. We expect our employees to protect the information in their care and follow all applicable procedures.

We take the security of our IT infrastructure seriously. To ensure optimal protection, we are working continuously to implement measures and controls to minimize the risks and respond to evolving threats. We have

implemented several initiatives to enhance security and protect our systems and data. These include the deployment of new firmware with advanced security features for our firewalls, the hardening of our firewall, rewriting our IT policy, providing security policies, and installing a robust event logging system.

In addition, we have implemented a backup solution for Microsoft Office 365, and are in the process of designing and deploying a new WIFI solution

in Vietnam. We have replaced old unsupported switches, deployed new servers, and rewritten our IT policy. We provided ongoing periodic cyber awareness training to all users.

Our commitment to IT security is further demonstrated by the successful passing of Cybersecurity/Penetration tests. We remain dedicated to maintaining the highest levels of security for our IT infrastructure.





Speak Up

- How to raise concerns in Sonion

Sonion encourages open and honest dialogue about all matters relating to Sonion

We support and encourage all employees to discuss work-related issues or concerns, with the immediate Manager or another Manager. Alternatively, all employees can approach the local HR department or the Compliance Officer. Any serious issues and breaches of this Code of Conduct, including legal, serious financial, or reputational risks, should be reported to the Local

Managing Director, or the Head of Compliance/General Counsel.

It is important for us that all Sonion employees feel they can speak up and come to the management with concerns without fearing retaliation. We will address and take seriously all concerns raised in good faith. We will investigate any reported matter and

where a violation has occurred and take corrective action to resolve the situation.

In Sonion we will not tolerate harassment, vengeful actions, or other types of sanctions against any person who in good faith files a report or who assists Sonion in connection with the processing and investigation of a case.

Whistleblower Line

In addition to our Speak Up policy and local grievance complaints systems, we also have the Sonion Whistleblower Line which was implemented internally in 2021 and expanded in 2022 to include third parties.

All Sonion employees globally and former employees, customers, suppliers, and other business partners can use the Whistleblower Line. The Sonion Whistleblower Line is solely for the reporting of serious offences which may affect the Sonion Group, or which may be crucial for an individual's life or health, or suspicion of such matters.

The reported matters could include:

- Financial fraud
- Violation of corporate governance, for instance bribe or distortion of competition

- Violation of work environment and work safety regulations
- Violation of environmental legislation and pollution of the environment
- Physical violence and sexual offences

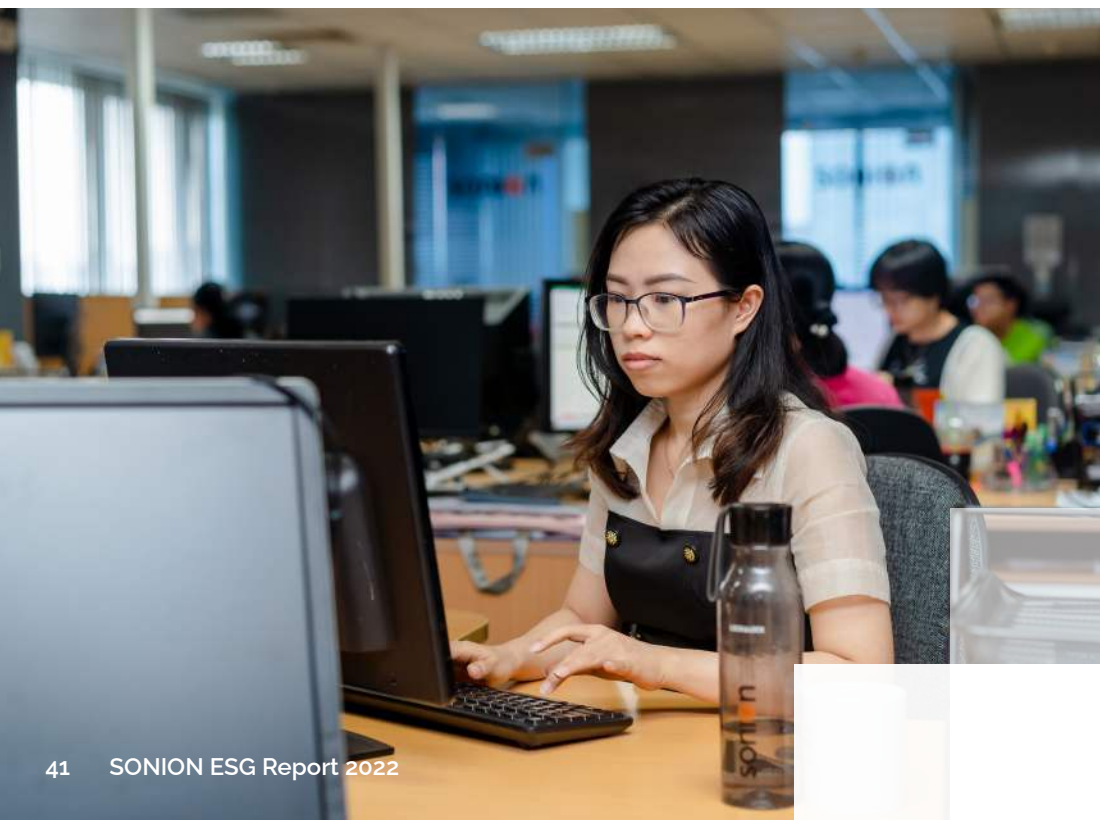
The reporter can choose to be anonymous, and reports can be submitted in English, Danish, Dutch, Vietnamese, Polish and Chinese.

Employees can access the Whistleblower Line on the Sonion Intranet, our website, and information on boards at our sites where you can also scan a QR-code with your smart phone and access the site directly.

You can find the link on the Sonion website to the Sonion Whistleblower Line here:
<https://report.whistleb.com/en/sonion>

Whistleblower Reports

In 2021, no reports were received and in 2022, one report was received and handled according to the Sonion Whistleblower policy and internal investigation guidelines.





Contacts:

Mette Boje-Larsen
General Counsel & Head of Compliance
mboj@sonion.com

Lukasz Siergiej
Quality Assurance Director
lsi@sonion.com

Betonvej 10
4000 Roskilde
Denmark