

Report: Sunrise Supply Chain Due Diligence Obligations

Re: Art. 964j-k of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO)

Executive Summary:

Sunrise Communications Ltd. and all its consolidated affiliates (“Sunrise”) complies with the due diligence obligations in relation to child labour as outlined in the *Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO)*; and is exempt from due diligence obligations on minerals and metals.

Sunrise upholds a strong commitment to human rights, including child labour. This commitment is outlined in the Sunrise *Human and Labour Rights Policy*. Furthermore, the Sunrise *Vendor Code of Conduct* mandates all suppliers to adhere to the highest standards of responsible business conduct.

Sunrise conducts recurring child labour risk assessments of its upstream supply chain. All active suppliers are assessed in relation to the likelihood and impact of child labour risks. Measures are then implemented to assess, mitigate or prevent any identified risks. Additionally, a whistleblowing procedure enables all parties to raise concerns about child labour and a supply chain traceability system collects relevant traceability data for products and services for which there is a reasonable suspicion of child labour.

The due diligence approach was shaped by international frameworks for responsible business conduct and human rights due diligence, where applicable, to improve the effectiveness and scope of the due diligence.

1 Scope of application

The Swiss Federal Ordinance (221.433) regulates the due diligence and reporting obligations to be complied with by companies under Articles 964j - 964l CO in relation to minerals and metals from conflict-affected and high-risk areas and in relation to child labour.

Sunrise is exempt from the due diligence and reporting requirements in relation to minerals and metals as Sunrise does not import raw materials into Swiss customs territory, nor process minerals in Switzerland, nevertheless Sunrise considers this a salient issue and requires vendors to ensure that raw materials used in their production processes are conflict-free.

Sunrise, however, must comply with the due diligence and reporting obligations of the Ordinance (DDTrO) in relation to child labour.

2 About Sunrise

Sunrise is Switzerland's leading challenger, with a strong number two position in the Swiss telecommunications market. By providing the most comprehensive fixed network access and a world-class mobile network delivering the highest gigabit coverage in Switzerland, Sunrise stands out as a premium and scaled company.

3 Policy commitment

Sunrise maintains a strong commitment to responsible conduct in business operations and the supply chain.

3.1 Human and Labour Rights Policy

Sunrise is committed to respecting human and labour rights in accordance with national and international guidelines and standards as outlined in the Human and Labour Rights Policy, which applies to all employees, members of management, business partners and other representatives of Sunrise.

3.2 Vendor Code of Conduct

The Sunrise Vendor Code of Conduct mandates that vendors, and their respective supply chains demonstrate the highest standards of business conduct, integrity and adherence to all applicable laws and regulations. Vendors, through the strategic procurement sourcing process and the new vendor onboarding process are required to accept the Vendor Code of Conduct before doing business with Sunrise.

In respect to child labour the Vendor Code of Conduct outlines the obligation to respect the requirements of Article 32 of the UN Convention on the Rights of the Child, the Conventions of the International Labour Organisation (Convention No. 138) and the Swiss Labour Code (Article 30).

The Vendor Code of Conduct requires vendors to:

- have their own documented third-party management framework governing the identification, management, and risk assessment of third parties
- ensure subcontractors comply with the requirements of the Vendor Code of Conduct

- use periodic self-evaluation or other auditing procedures to ensure conformity to applicable laws and regulations and the principles and expectations specified in the Vendor Code of Conduct
- to report any incident, behaviour or other circumstances that may be regarded as or potentially result in non-compliance with the principles and expectations specified in the Vendor Code of Conduct

Additionally, Sunrise reserves the right to:

- review the vendor's third-party management framework
- request a list of third parties that are defined to be critical
- verify the vendor's compliance with the Vendor Code of Conduct

The Vendor Code of Conduct is reviewed on an annual basis to verify it meets the requirements of the due diligence ordinance (DDTrO).

4 Child labour risk management

In accordance with Art. 15 of the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO), Sunrise has implemented a risk management system to identify and assess risks in relation to child labour in the upstream supply chain. The risk assessment covers all direct suppliers from which Sunrise purchased a product and/or service during the reporting year.

4.1 Risk assessment methodology

A risk assessment model evaluates suppliers in relation to specific child labour risk factors, namely country risk, commodity risk, and industry risk. These risk factors are modelled based on credible, publicly available databases and reports issued by recognized organisations such as, but not limited to, the International Labour Organisation (ILO), the U.S. Department of Labour and the UNICEF.

The risk model calculates risk scores for all direct suppliers. Risk scores are based on a five-point scale and facilitate the identification and subsequent prioritisation of potential child labour risks in the upstream supply chain.

In addition to the model-based assessment, Sunrise may determine that a supplier presents a risk based on other indicators, including:

- Concerns raised by management, business stakeholders, or other third parties
- Adverse media concerning the supplier
- The sourcing country of products or services provided by the supplier as reporting during the strategic sourcing and new vendor onboarding processes

A risk assessment matrix plots all suppliers based on the specific child labour risk factors and facilitates the assignment of risk ratings for suppliers, hence enabling the prioritisation for future due diligence of suppliers in which risks have been identified.

4.2 Mitigation measures

For identified supplier risks, Sunrise may request that a supplier complete a child labour questionnaire. The questionnaire requires suppliers to:

- Provide their policy commitment to preventing child labour
- Provide evidence of their due diligence process, governance and reporting framework for child labour
- Describe any violations or accusations of child labour in their own operations or upstream supply chain, including remediation measures undertaken if applicable
- Describe any reasonable suspicions of child labour in their own operations or upstream supply chain, including actions to mitigate these risks

Based on the responses to the child labour questionnaire, an incident management panel will determine if further investigation and/or action is required. For suppliers that do not meet the expectations of Sunrise, the required actions will be decided by the incident management panel. Where applicable, Sunrise will collaborate with suppliers to drive remediation efforts.

5 Incident management panel

The internal incident management panel was established to:

- Review the ongoing risk assessment outcomes;
- Assess occurrences where there are potential indicators of child labour; and
- Determine the necessary next steps when required.

The incident management panel comprises members from the Legal, Risk & Assurance, Strategic Procurement, and Sustainability teams who are well engaged and have a strong understanding of the requirements of the child labour due diligence ordinance. The panel may call on additional representatives from management, the wider business, or external experts as required.

6 Supply chain traceability

The names and addresses of all direct suppliers are recorded in the enterprise resource planning (ERP) system of Sunrise. In the event that there are reasonable grounds to suspect child labour in the supply chain, the product or service name, description and made-in country of products and services purchased from the supplier in question will be requested and documented.

7 Early warning (whistleblowing) procedure

Sunrise has a [whistleblowing portal](#) and procedure for its employees, former employees, and other business partners (such as suppliers) to report incidents, anonymously if desired, which they suspect may violate the law or internal policies (e.g. Code of Conduct). All reports are triaged and investigated by the team best placed to perform the investigation.

8 Embedding and integration

Since 2023, the Sunrise Strategic Procurement team has undergone ongoing training on sustainable procurement through workshops, e-learning modules, and consultations. Child labour and the implications of the DDTro have been key elements of these trainings to ensure sourcing managers can flag any potential risks.

Furthermore, ESG principles are integrated into strategic procurement best practices with ESG factors, including the potential for child labour, being mandatory in the evaluation of prospective suppliers.

9 Communication and transparency

The Vendor Code of Conduct and Human and Labour Rights Policy are publicly available on the Sunrise website. The commitment stated by Sunrise and the procedure to adhere to the requirements of Art. 964j-k of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO) will be approved by the Sunrise Board of Directors and published annually before the 30th of June for the respective year.