

Our Future Is Defined by What We Do Today



ADVA Optical Networking Sustainability Report 2014

Contents

CEO Statement on Sustainability	3
About This Report	4
Our Stakeholders	5
 Who We Are	7
Twenty Years of Adding Value	8
The ADVA Core Values	9
 Our Approach to Sustainability	10
The Sustainability Teams	11
The Sustainability Mission	12
 Our Corporate Ethics and Compliance	14
Our Code of Conduct	15
 Our Employees	16
Training and Education	17
Health and Safety	17
Equal Opportunities for All Employees	18
Global Idea Bank	18
Employee Statistics	18
 Our Local Communities	20
Charities and Projects We Support (to Name Just a Few)	21
 Our Suppliers	22
Customer-Centric Supply Chain	23
Working With Our Suppliers	24
Self-Assessments/Self-Questionnaires	24
CSR Supplier Audits on Site	24
Conflict Minerals	24
 Our Environment	25
Carbon Emissions	26
Energy Consumption and Waste Reduction	27
Transport Optimization	27
Our Products and Technology	28

Glossary/Appendix	29
Corporate Information	30



CEO Statement on Sustainability

It is important for ADVA Optical Networking to be understood as having a social conscience – because we do. Three years ago, industry terminology focused on Corporate Social Responsibility (CSR). Today things have graduated to a wider concept of Sustainability. To our company, being a sustainable business means using common sense about how we conduct ourselves with respect to competition, the environment and society. We aim to use our extra capacity to make the world a better place. Every choice we make will support a balance between our society, the environment and building a long term and profitable business. We will not make altruistic gestures to seem more benevolent and greener than we are. We act pragmatically and with a goal to continually improve. We believe this is what our customers expect of us and how they conduct their own businesses. We see social and environmental responsibility as being good for business growth.

We address a very demanding customer base who are in tune with state-of-the-art eco design and social responsibility. They demand that new products should be more energy efficient than older ones. They are concerned about damage to their brand if something we do casts them in a dim light. They care about these things so greatly that they contractually obligate us to perform against standards that were not present a few years ago. So us living up to our commitment and satisfying their needs automatically commands us to be in control of all facets of our business. We do this by keeping it simple.

ADVA Optical Networking will continue to innovate with new products that are significantly more energy efficient than their predecessors. We will participate in forums to set standards for energy efficiency so we can share our knowledge and stay in touch with the market. Our design teams are formalizing carbon footprint ratings down to the component level so that we can put that performance dimension on the same level as cost when making component selections. We are planning recycling in all phases of our business. Whether it is using raw materials for our products that are made from recycled content, or working with customers on a circular economy – where we control the hardware from birth to retirement. We will continue to focus on resource efficiency, both material and human. We are used to doing more with less. We compete with industry titans daily and win with this approach. We expect the same of our supply partners. We select them based on their ability to exploit opportunities with technology while being conscientious.



Beyond this, we still need to do more with all suppliers – whether component, service, or logistics providers – by helping them to drive social and environmental consciousness. We are committed to making social and environmental ratings more prominent in supplier selection. Finally, we maintain our accreditations through ISO14001, we support the Carbon Disclosure Project and, though it may be difficult to achieve, we have set our sights on one day becoming a zero waste company.

I will drive ADVA Optical Networking forward with an eye to work on what brings true collective benefit. We have to be diligent with our resources. We have a good understanding of customer and stakeholder expectations. And we have an energized and empowered staff who understand that business success is not just about technology. It's about long-term customer stickiness generated through the mutual respect we build with partners beyond today's specific deal. I think the commitments on Sustainability I have laid out directly capitalize on the inherent drive within our company. This path will yield better products and will propel ADVA Optical Networking forward as a leader and trusted partner.

A handwritten signature in black ink, appearing to read 'Brian Protiva'. The signature is stylized and fluid.

Brian Protiva
Chief Executive Officer

About This Report

This report is based on the Global Reporting Initiative (GRI) in accordance with the Global Reporting Initiative fourth generation of guidelines (G4) at a core level.

Report Boundaries

2014 is the third period reported for. Our first GRI Index summary report for 2011 was published in March 2013.

This report covers the period from January 1, 2014 to December 31, 2014. It contains data relating to ADVA Optical Networking, 15 entities including parent company and 14 wholly owned subsidiaries (referred to, collectively, in this report as “we”, “us”, “our”, “company” or “ADVA Optical Networking”).

Report Format

As part of our commitment to reduce our carbon footprint, our Sustainability Report and our previous GRI indexes are available as electronic copies in PDF format only.

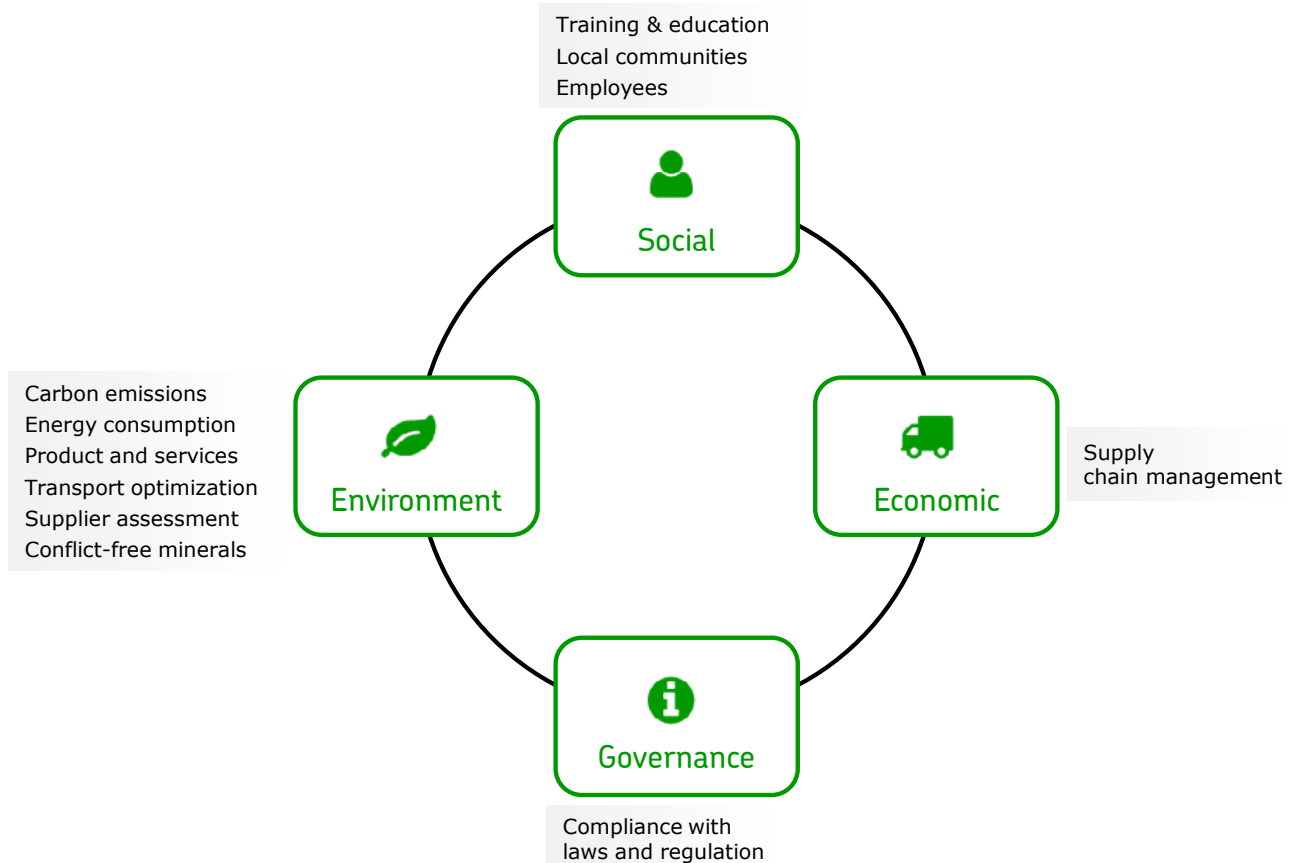
Report Content

This report focuses mainly on the corporate responsibility issues that are of greatest importance to our stakeholders and that have a major influence on our business success. The corporate responsibility section of our website presents general information on our sustainability programs, and provides access to specific policies and includes an index that points readers toward relevant GRI indicators. It can be found [here](#).

[GRI index table \(in accordance “core”\)](#)

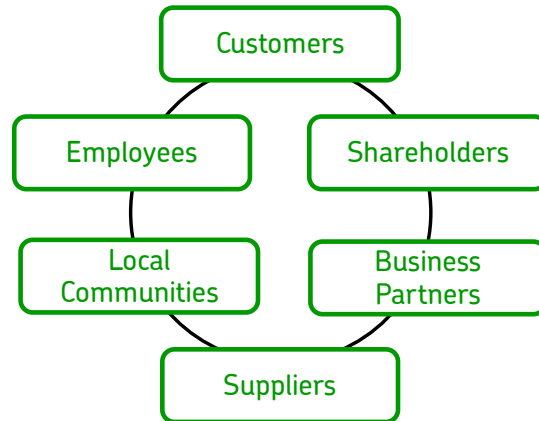
Identified Material Aspects

Sustainability aspects we have identified by now for inclusion in the Sustainability Report. Due to still pending analysis, no further prioritization can be given in this report.



Our Stakeholders

ADVA Optical Networking's stakeholders determine our daily life and business. As such, they are an integral part of our sustainability actions. Our relevant stakeholders are:



This diagram outlines the parties which ADVA Optical Networking has a direct impact on, as well as those that influence us. This may include profitability, availability of products, consumption of (raw) material and energy, influence on the community, and livelihood of staff.

Different stakeholders have to be served differently, and in different areas of sustainability. However, a common strategy for Stakeholder Engagement, agreed with and supported by the Vorstand, has been defined:

Our Mission

Stay in constant dialogue with our stakeholders on how we should drive sustainability.

Our Key Objectives

- Let stakeholders know sustainability is a key strategic initiative
- Collect stakeholders' opinions on how to drive sustainability
- Report back on the ideas we receive from them
- Show them how their direction results in future goals
- Institutionalize the process of gathering stakeholders' ideas
- Institutionalize the reporting of our results

Our Key Initiatives

- Stakeholder announcement and survey on sustainability
- Feedback collected responses to stakeholders
- Conduct Annual Stakeholder Sustainability Survey
- Conduct Annual GRI reporting
- Conduct External GRI assurance
- Annual standalone Sustainability Report
- Frequent public website updates on 'About Us'

Our CSAT Program at a Glance

Since 2009, we have run individual & personal customer satisfaction surveys. This CEO-driven program involves collecting the yearly feedback from our top customers and triggering improvement initiatives across the entire company. As we have used the same methodology from the beginning, we can compare data and analyze trends. This has led to lots of valuable feedback and resulted in several improvement activities over the years.

We ask a simple question: "How likely would you be to recommend ADVA Optical Networking to a colleague?" Customers respond on a 0-to-10 point rating scale. We spoke to 56 customers and spent 120 hours in 1:1s, collecting valuable information for most categories.



Customer Satisfaction Survey – Results 2014

	2014	2013	2012	2011	2010	2009
Overall	40%	21%	29%	27%	20%	15%
Technology & Innovation	8%	-5%	0%	-8%	10%	10%
Product Quality & Reliability	20%	11%	16%	-1%	20%	23%
Fault Correction	34%	4%	19%	11%	2%	-4%
Proposals	63%	34%	36%	49%	31%	38%
Order Management	69%	45%	55%	47%	16%	39%
Shipping & Invoicing	63%	34%	49%	40%	12%	5%
Project/Program/Account Management	64%	43%	64%	67%	43%	7%
Technical Services	47%	30%	36%	43%	25%	5%

The Net Promoter Score is obtained by asking customers a single question on a 0 to 10 rating scale: "How likely is it that you would recommend our company to a friend or colleague?" Based on their responses, customers are categorized into one of three groups: promoters (9–10 rating), passives (7–8 rating), and detractors (0–6 rating). The percentage of detractors is then subtracted from the percentage of promoters to obtain a Net Promoter Score.



We Are Creating Tomorrow

Helping Day at Children's Hospice
Meiningen, Germany

*Our team spent a day at the children's hospice in
Tambach-Dietharz tidying the gardens, washing
windows and cleaning the playing areas.*



Who We Are

At ADVA Optical Networking we're creating new opportunities for tomorrow's networks, a new vision for a connected world.

Our intelligent telecommunications hardware, software and services have been deployed by several hundred service providers and thousands of enterprises.

Over the past twenty years, our innovative connectivity solutions have helped to drive our customers' networks forward, helped to drive their businesses to new levels of success.



Total Employees 2014:
1,491



Total Revenues 2014:
EUR 339.2 million

Our Customers Per Region

Americas

313

EUR 110.2 million

Level 3 Communications, Time Warner Cable, NoaNet, various research and education networks, and enterprise customers from the financial and other verticals.

EMEA

1,003

EUR 203.4 million

AMS-IX, British Telecom, COLT, DE-CIX, Deutsche Telekom, Media Broadcast, RomTelecom, Telefónica, PSNC, HEAnet, Arnes, Telkom South Africa, and enterprise customers from the financial and other verticals.

Asia-Pacific

175

EUR 25.6 million

KDDI, NextGen Networks, NTT, PCCW, SingTel, TATA Communications, Telstra, The Stock Exchange of Thailand, and further enterprise customers from the financial and other verticals.

Twenty Years of Adding Value

Through the Eyes of Brian Protiva, Co-Founder and CEO of ADVA Optical Networking

Our team, our technology, is focused on one core objective – helping our customers to succeed. It’s this focus that has seen our company develop so strongly over the past 20 years. Our team has helped to shape an entire industry, helped to redefine how networks can be used as a company’s competitive edge. What’s more, this is just the start.

We’re about to embark on some of the most exciting developments the industry has ever seen. From big data transport to mobile connectivity, we’re playing an intrinsic role in the future of network technology. The advances we make here will touch almost every aspect of our modern lives.

1994

In this year, we set out to conquer the world. That was in Meiningen, with four people and one vision: to ADD VALUE... ADVAnced Optical Networking was born.

1995

We launched our first product.

1997

We were proud that our products worked well and started thinking about further markets.

1998

We were proud to launch our second product generation. We also went public this year – what an amazing feeling.

1999

Along came 1999, and with it the “Big Bubble.” With the rest of the startups from that era, we had visions of becoming the dominant equipment provider in the telecommunications industry. We launched our third generation of products and brought the FSP-I and FSP-II to market.

2000

Like all young, aggressive engineers with money in their pockets, we decided to acquire some companies.

2001

In 2001, we completed construction of our state-of-the-art R&D, production and administration facility in Meiningen, Germany.

2007-2010

We continued to grow as an organization – in size and in complexity.

2012

The flexibility of our organizational structure was further enhanced when ADVA AG Optical Networking completed its conversion into an SE legal entity (Societas Europaea, a public limited-liability company under European law). We now operate under the name of ADVA Optical Networking SE.

2013

This year was a busy one for us. Our team was awarded a prestigious Supply Chain Management Award. This is presented annually to the company with the most effective value chain in the manufacturing industry. Shortly after, we also won an acclaimed eco Internet award for our 100G Metro card.

2014

In this year, we strengthened our timing and synchronization business with our latest acquisition, Oscilloquartz SA. In the future, this will help our radio-access networking business.

We also participated for the first time – and won – the prestigious British Telecom Game-Changing Challenge on sustainability, and became a silver-awarded member of the BT Better Future Supplier Forum. Our winning proposal was on sustainable logistics optimization. It is currently being implemented with BT, and has also been discussed in QuEST Forum.

In addition to hardware and software products, we also offer a wide range of support services that help customers to plan, build and care for their networks. Our services portfolio includes a network operation center, where our experts operate and manage customers' networks.

More details about ADVA Optical Networking and our products can be found on our [website](#).



The ADVA Core Values

Teamwork

We communicate actively, openly and honestly. We build trust by honoring our commitments, exercising dependability and responsiveness. We value diversity and embrace change as an opportunity to grow. We inspire each other.

Excellence

We strive for excellence in all we do. We are passionate about exceeding customer expectations by delivering the highest quality and the most innovative solutions. We measure what counts and take action to continually improve.

Accountability

We take responsibility for executing defined plans. We set clear priorities and deliver on our promises. We are determined to establish and maintain partnerships, taking individual responsibility for our joint efforts.

Motivation

We thrive on challenges and our achievements. We promote continuous personal development, encourage creativity and the success of each individual. We cultivate positive attitudes to create extraordinary results.



Teamwork Is Part of Who We Are

Sandwich Day
Gdansk, Poland

Our team embarked on a mission to prepare delicious sandwiches for all Gdynia employees to collect money to purchase schoolbooks for poor children.

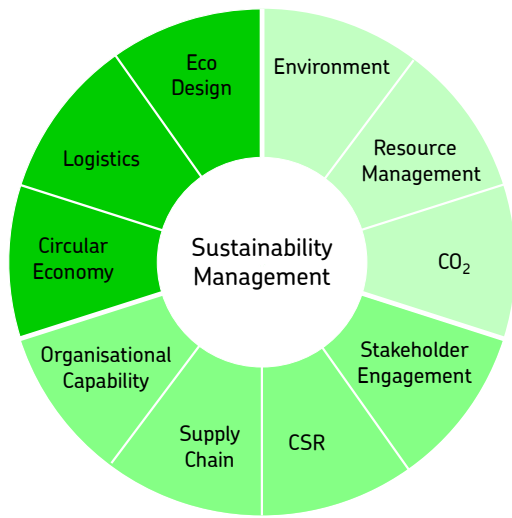


Our Approach to Sustainability

2014 has been a busy year for ADVA Optical Networking with regard to sustainability. We were successfully assessed by a large international network operator, won a sustainability-related idea competition, and started restructuring and consolidating our sustainability efforts to become even more efficient. Historically, ADVA Optical Networking has always engaged with its stakeholders, taken care of its supply-chain sustainability, considered its corporate social responsibility, and, finally yet importantly, built very energy-efficient telecommunications products. We will continue to do all of this in the future and also to consider sustainability areas which so far may not yet have gotten the attention they deserve.

In 2014 we were assessed for sustainability for the second time by one of our most important customers, British Telecom (BT). We participated and won the 2014 BT Game-Changing Challenge, an ideas competition intended to help make BT, one of the largest and most influential network operators, more sustainable. In particular, this relates to their NetGood program.

This process also led us to adopt a broader view on sustainability so that we can focus on all aspects equally well. By the end of 2014, we adopted a more holistic view on sustainability, which is shown here:

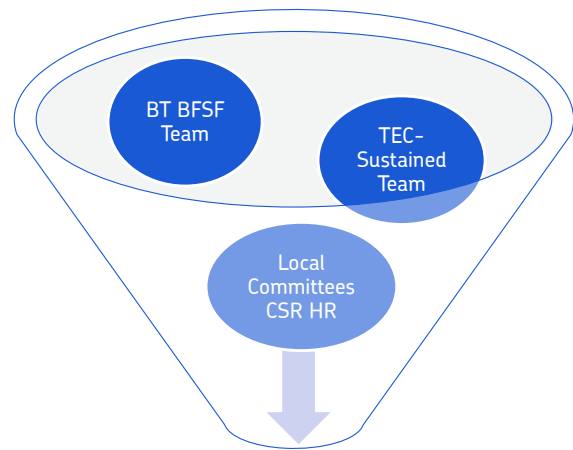


This 10-segments diagram helps us to support all areas of sustainability efficiently and with relevant long-term goals. These includes taking even more care of the environment, strengthening our organizational capabilities and engagement, and preparing the way toward a circular economy. This is an ongoing process and, in some areas, our work has only just started in 2014.

In this report, we will describe our achievements in the sustainability areas that we worked on successfully in 2014.

The Sustainability Teams

The year 2014 saw a substantial increase in our sustainability-related activities. This was pushed from three directions. Our engagement in corporate social responsibility was driven by local HR teams, as it had been previously. Then, we noticed that continued action is necessary to maintain and improve environmental aspects and competitiveness of our products. This led us to founding a dedicated sustainability team in our Technical Organization. Finally, our work on sustainability for and with one of our large customers, British Telecom, the nomination into their Better Future Supplier Forum (BFSF) and the related participation at the Game-Changing Challenge required a dedicated team. Together, the team members formed the ADVA Sustainability Committee.

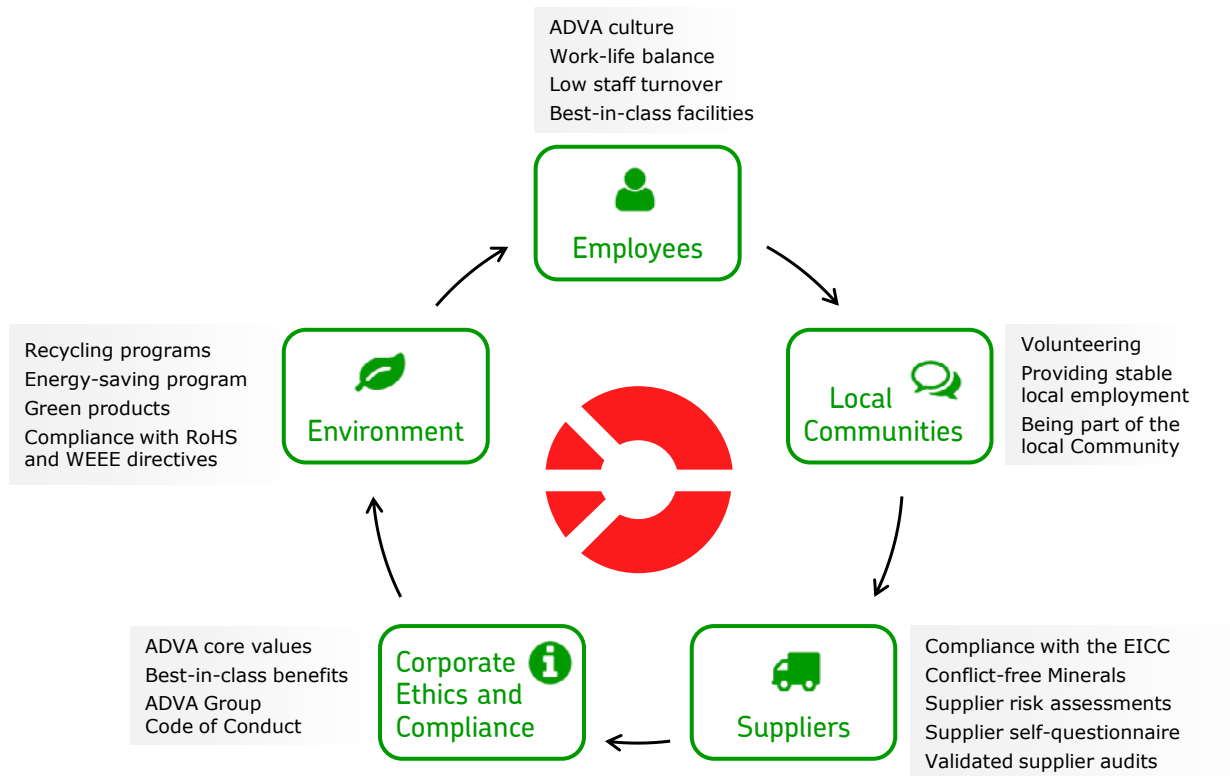


Sustainability / Corporate Responsibility Committee

Also in 2014, we began to consolidate the different Sustainability Teams. In 2015, this will lead to the formation of a Global Sustainability Department.

The Sustainability Mission

In 2014, we passed our official ADVA Optical Networking strategy for the various areas of corporate responsibility, as a superset of the stakeholder-engagement strategy already shown. Again, this is split into a Mission, and a number of Key Objectives and Initiatives, respectively:



Our Mission

Continue to bring products to market in a responsible manner while recognizing that our actions have an impact on society, the environment, and the reputations of ADVA Optical Networking and its customers.

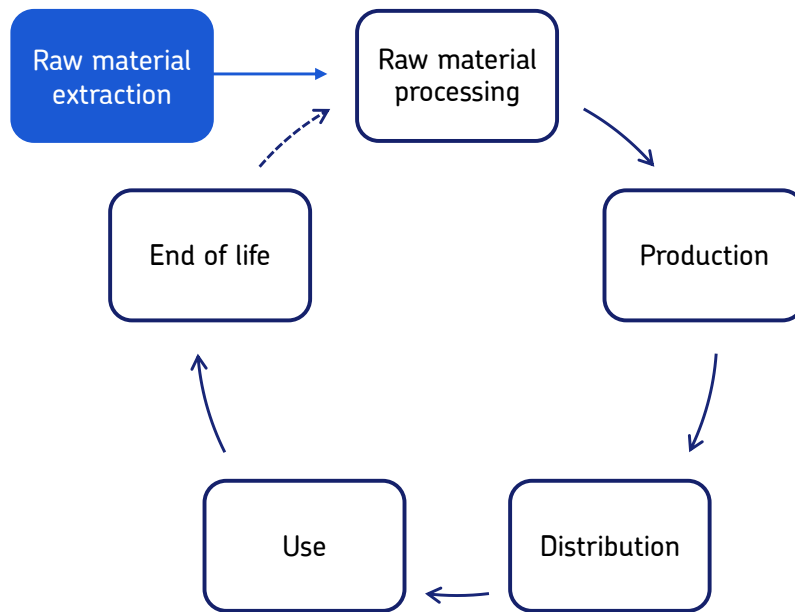
Our Key Objectives

- Institutionalize sustainability and CR throughout the company
- Maintain impeccable standards of corporate responsibility for ADVA Optical Networking and our business partners
- Bring new products to market that are class-leading on energy efficiency, while also incorporating increasing DFE attributes
- Find new ways to keep our products out of landfills by extending service life, refurbishing, or recycling them
- Optimize packaging and logistics to achieve the smallest carbon footprint possible in the E2E supply chain
- Optimize our own use of resources and cut our carbon footprint by 10% by 2016

Our Key Initiatives

- Strengthen the ADVA Sustainability Committee to drive and support all related activities in the company
- Work with internal and external partners in a constant loop of question, audit, and follow-up to ensure compliance to CR standards
- Support the selection and use of a Life Cycle Assessment tool to guarantee more sustainable design, manufacturing, and transportation
- Launch a new logistics model for a key customer that will serve as a benchmark for others
- Drive unused products back to ADVA for reuse and decrease the number of newly built products intended for internal use only
- Continue packaging, reuse and size-reduction programs
- Include CO₂ footprint as a decision criteria on transportation. Maximize sea freight
- Improve and automate carbon footprint reports and drive sites to be more efficient

Complementing our corporate-responsibility mission and strategy, we also defined a product-design mission and strategy, which covers relevant technical aspects of our products.



Our Mission

Continue to innovate with new products that are class-leading in energy efficiency and carbon footprint.

Institutionalize reuse at every step of the product life-cycle.

Our Key Objectives

- Institutionalize standards and normative references for product energy efficiency rating that support our goal to be an industry leader
- Assess product portfolio accordingly
- Enable the carbon-footprint assessment from component to product-use level
- Assess product-set carbon footprint
- Set class-leading targets for improvements in energy efficiency and carbon footprint for next-generation products
- Institutionalize design for extended life to maximize reuse potential of new products
- Ensure that technology processes support these objectives

Our Key Initiatives

- Continue work with TEEER standards and in standardization bodies to maintain state-of-the-art
- Current and next-generation product EE baseline work
- Cross-department LCA tool selection
- Sponsor university research to continue ADVA product carbon-footprint baseline work
- Partner with experts to define targets on EE and carbon footprint
- Kick-off DFR³ baseline work
- Update processes where required



We Play by the Rules

Run in Colors
Tel Aviv, Israel

The Color Run is 'the happiest 5k on the planet!' – A globally organized race where you get to run a moderate distance and have colorful fun while doing it.



Our Corporate Ethics and Compliance

Integrity and ethical decision making are central requirements for the sustainable success of our company. We recognize that it's our responsibility to comply with national and international laws, regulations, internal policies ...

Integrity and ethical decision-making are central requirements for the sustainable success of our company. We recognize that it is our responsibility to comply with national and international laws, regulations, internal policies and ethical standards. This compliance is part of our DNA. It's in everything we do.

Our efforts are supported by a Compliance Department focusing on three core responsibilities:

- Prevent
- Detect
- Respond

These responsibilities are the foundation of our Ethics and Compliance Program that protects our global team, affiliates and customers.

Our Code of Conduct

We have adopted a Code of Conduct that summarizes fundamental ethical and legal duties, and the most important principles and standards of our company and our subsidiaries. This code is an extension of our values and the foundation of who we are. All our employees must comply with this code and any other corporate policy. Violations of our policies are not tolerated. They may result in disciplinary action up to and including contract termination and personal liability.

If situations arise where you believe violations of the law, our policies or ethical standards have occurred, we want you to speak out. To do so, you are encouraged to contact our management, compliance department, or our ombudsman, an external, neutral intermediary.

We also collaborate with EthicsPoint, a third-party service provider, to adopt an Ethics and Compliance Helpline supporting simple, risk-free, anonymous and confidential reporting of violations. This helpline can also be used for questions regarding our Code of Conduct and/or its application to certain business situations. Contact us whenever you feel the need. You may find the link [here](#).





We Are More Than Numbers

Dragon Boat Challenge
York, United Kingdom

The Dragon Boat Challenge team have rowed their way to over £720,000 since first competing in the race in 2003. Each year, the team supports a range of local charities.



Our Employees

It's not our technology that makes us an industry leader, it's our people. It's their vision, their talent, their commitment. They are what drives our company forward. Our global team works with incredible unity ...

Our employees are one of our relevant stakeholder groups, and our most valuable asset. We are proud of, and support the ADVA Optical Networking Culture. This helps us to ensure, among other aspects of sustainability, low staff turnover. Several building blocks are part of this culture:

Training and Education



The ADVA University

ADVA Optical Networking is committed to sponsoring a state of the art education, development and training program for our employees. Our ADVA University includes an E-Learning program as well as a Learning Management System that includes technical as well as non-technical training for our employees. The ADVA University Portal is structured to be a single point of reference for all of your training needs.

We are committed to offering our employees comprehensive on-the-job training, as well as specific continuing education opportunities in order to advance both, their personal and professional development. These needs are identified, documented and reviewed semi-annually within an electronic performance appraisal and competency management system.

Through ADVA Optical Networking's general development program, our employees are offered courses on various topics that are regularly requested, including language classes, office software know-how and the improvement of personal communication, presentation, conflict management and project management skills. Based on individual development plans, which are agreed annually and reviewed with the respective manager, our employees are offered training courses tailored to meet their needs. This also includes technical training, which is mostly conducted internally by our own technical experts.

Management Training Program

ADVA Optical Networking has also instantiated an in-house Management Training Program. This program is targeted at all leaders who have people-management responsibilities. It comprises twelve modules that fit the different experience and knowledge levels. This helps our managers maximize both the individual and the related team performance.

With these training and education components, we continue to build a solid foundation from which we can utilize and develop the skills of our employees.

Health and Safety

Work Life Program

ADVA Optical Networking is the trusted partner for innovative Optical+Ethernet solutions that ADVance next-generation networks for data, storage, voice and video services. Our technology is cutting-edge and that's why a career at ADVA Optical Networking is one of a kind.



We support a flexible, diverse, and casual work environment, which stimulates change and motivates our highly efficient people. No matter what the department, you are an integral part of creating and supporting the world's most innovative Optical+Ethernet solutions from design via production, logistics, and negotiations to implementation and finally the related servicing.

We have designed our work and life programs around you because we know that you will spend the majority of your life at work.

Safety in the Workplace

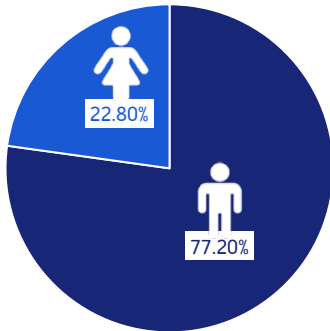
- Annual training in fire safety and workplace health and safety to avoid accidents
- Regular fire drills and alarm exercises to train employees how to act in an emergency
- Additional electrostatic discharge and laser protection training for employees working in production in our Meiningen development and production site
- Designated emergency personnel listed for each building
- First aid training offered with refresher courses every two years

Equal Opportunities for All Employees

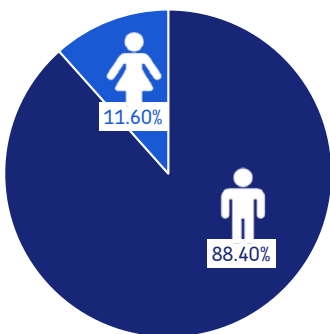
ADVA Optical Networking is an equal opportunity employer and has an on-going commitment to the creation of a workplace free of discrimination and harassment. The company recruits, hires, trains and promotes individuals on all job levels without regard to race, religion, ancestry, sexual orientation, marital status, national origin, age, gender and physical or mental disability.

ADVA Optical Networking is committed to a fair and equitable workplace where everyone is a respected and valued member of the team. The company's core values (teamwork, accountability and motivation) and leadership principles (integrity/honesty, decisiveness and respect) guide employees and managers in all business activities.

Females / Males
in ADVA Optical Networking Globally



Females / Males in Management
at ADVA Optical Networking Globally



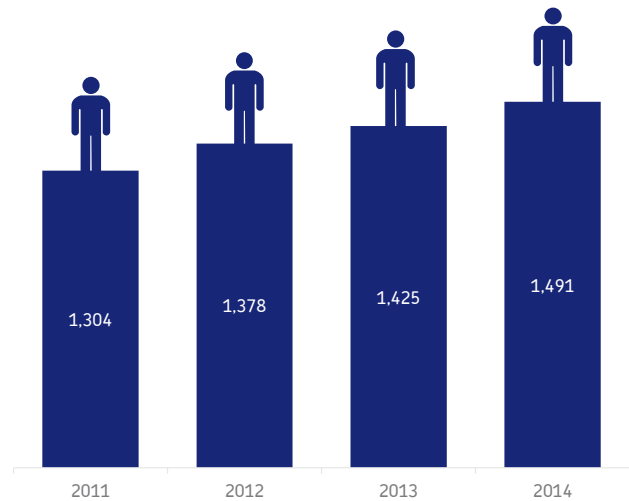
Global Idea Bank



Our Global Idea Bank aims to encourage our employees to generate ideas and participate in improving our quality, productivity, processes and motivation, all of which help us to become more efficient and also lead to improved sustainability in ADVA Optical Networking.

The Global Idea Bank gives employees an opportunity to have their creativity recognized, rewarded, and also put into practice. A cross-functional committee reviews and decides whether an idea is more deeply investigated or not. In 2014, 94 new ideas were submitted. 15 of these ideas were successfully implemented, with a further four in progress.

Employee Statistics



On December 31, 2014, ADVA Optical Networking had 1,491 employees, including 17 apprentices.

The breakdown of permanent employees by department is listed in the table below:

Employees per department (on December 31)	2014	2013	Change
Research and development	673	651	+22
Purchasing and production	222	199	+23
Quality management	21	21	+0
Sales, marketing and service	414	395	+19
Management and administration	144	146	-2
Apprentices	17	13	+4
Total employees	1,491	1,425	+66

On average, ADVA Optical Networking had 1,463 employees during 2014, up from 1,427 during 2013. Furthermore, there were 17 temporary employees working for ADVA Optical Networking at the end of 2014. The increase in employees largely related to the acquisition of Oscilloquartz SA, Neuchâtel, Switzerland, in April 2014, which at the time of the acquisition brought 66 new employees on board, mostly in the areas of purchasing, production, and research & development. The acquisition was driven by the expansion of the product portfolio into the timing distribution and synchronization business.

Employees per country (on December 31)	2014	2013	Change
Germany (including apprentices)	496	496	+0
USA	309	319	-10
Poland	248	223	+25
China	139	133	+6
United Kingdom	102	103	-1
Israel	58	45	+13
Switzerland	58	4	+54
France	17	16	+1
India	14	12	+2
Singapore	11	11	+0
Italy	8	8	+0
Norway	0	24	-24
Other countries	31	31	+0
Total employees	1,491	1,425	+66

Employees per function (on December 31)	2014	2013	Change
Management and administration	144		
Purchasing and production	222		
Quality management	21		
Research and development	673		
Sales, marketing and service	414		
Apprentices	17		
Total employees	1,491	1,425	

Turnover (on December 31)	Excl. apprentices	Incl. apprentices
Average headcount in 2014	1,451	1,463
Leavers	135	138
	9,3	9,4



We Are Building Our Future Together

Interacting with the Elderly
Chongyang, China

We celebrated the Chongyang Festival by visiting the Nanshan Nursing Home. We organised a talent show, brought food and drinks and listened to the residents stories.



Our Local Communities

We believe in developing our local communities, in giving our time to the areas where we live and work. Our team is continuously encouraged to improve their local environment, whether through volunteering or developing ...

Our employees are also given the opportunity to join our volunteer team and help others and/or volunteer their time to work on behalf of others for a particular cause. The ADVA Optical Networking volunteer programs help us to not only promote or improve quality of life, but they also enable our volunteers to develop their own skills, meet others, make contacts and have fun.

Volunteering takes on many forms and is performed by a wide range of people. Our volunteers serve on an "as-needed" basis, such as responding to natural disasters, running marathons for the cure of illnesses, or responding to the needs for our communities.

Charities and Projects We Support (to Name Just a Few)

The Children's Hospice

The Children's Hospice in Tambach-Dietharz (Kinderhospiz Mitteldeutschland e.V.) cares for children suffering from life-limiting illnesses, as well as for their families. Families from all over Germany are offered the chance to have a break from everyday life, often from the very complex care of seriously ill children. During these breaks, the entire family is given a second home in the hospice. Expert personnel give individual care to every child and the whole family is looked after. The hospice creates space and tries to empower all family members. Our work with the Children's Hospice began shortly before the Christmas of 2012, when our local Research & Development team helped to raise money for them. Through this initiative, a trusted partnership was founded and we have since become an official sponsor. We not only sponsor the hospice but also support it by helping on-site with various activities like Helping Days. You can find out more about this institution [here](#).

charity: water

charity: water is a non-profit organization bringing clean and safe drinking water to people in developing nations. In the western world, we face growing concerns about protecting the world's most precious resource. We hear about shortages, droughts and see evidence of reservoirs and aquifers drying up, but most of us have never really been thirsty. However, plenty of people in developing nations have. In fact, 800 million people, or one in nine people on the planet, do not have access to clean water. charity: water are helping to change that.

As a team that cares about people and the world around us, we decided to re-think our holiday gifts in 2014 and focus on giving back to the community through a donation to charity: water. Our gift will fund the digging of a well in a developing country, providing a community with clean, safe drinking water. This will help the community to focus more time on education, earning an income, and taking care of their families. For more information, please follow this [link](#).

Help for Heroes

The mission of this national network is to deliver support for our wounded and their families. We will inspire and enable those who have made sacrifices on our behalf to achieve their full potential. The war in Afghanistan may be over, but for those who have suffered life-changing injuries, the battles are just beginning.

Help for Heroes has estimated that of the 220,560 individuals sent to Afghanistan and Iraq between 2001 and 2014, up to 75,000 service men and women and their families may need our support in the future. They will not let them fight these battles alone. For more information, please follow this [link](#).

One Foundation

The Shenzhen One Foundation (Chinese: 深圳壹基金公益基金会) was registered on December 3, 2010, as an independent public fundraising foundation in China. One Foundation strives to provide a professional and transparent public service platform according to the vision of "It Starts with One" (Chinese: 尽我所能, 人人公益). One Foundation's strategy is to focus on the three areas of disaster relief, children's welfare and philanthropic development. Find out more about the One Foundation [here](#).

Susan G. Komen

As the world's leading breast cancer organization, Susan G. Komen for the Cure® is committed to ending breast cancer forever. They regularly organize a 5k run/walk event to raise money for their work. ADVA Optical Networking teams participate regularly to raise money and awareness, and to honor loved ones who have battled breast cancer. Find out more about this organization [here](#).

The Noble Box Project

The project was established in 2001 in order to support struggling families on Christmas Eve. Its main premise is helping wisely – providing direct support in an effective, concrete and meaningful way, but also to give hope and inspiration to struggling families. About a month before Christmas, a precise description of a family and their needs is placed in an anonymous database on the Noble Box website. From there, donors can choose a family that they would like to assist, on their own or with a group of friends. We placed piggy boxes in every kitchen and collected funds to supply food, hygiene products, clothes and other items that families may need. Find out more about this project [here](#).





We Act as One

Supply Chain Award
Frankfurt, Germany

We emerged from a prestigious field of competitors to win the "Supply Chain Management Award" for our trailblazing end-to-end supply chain solution.



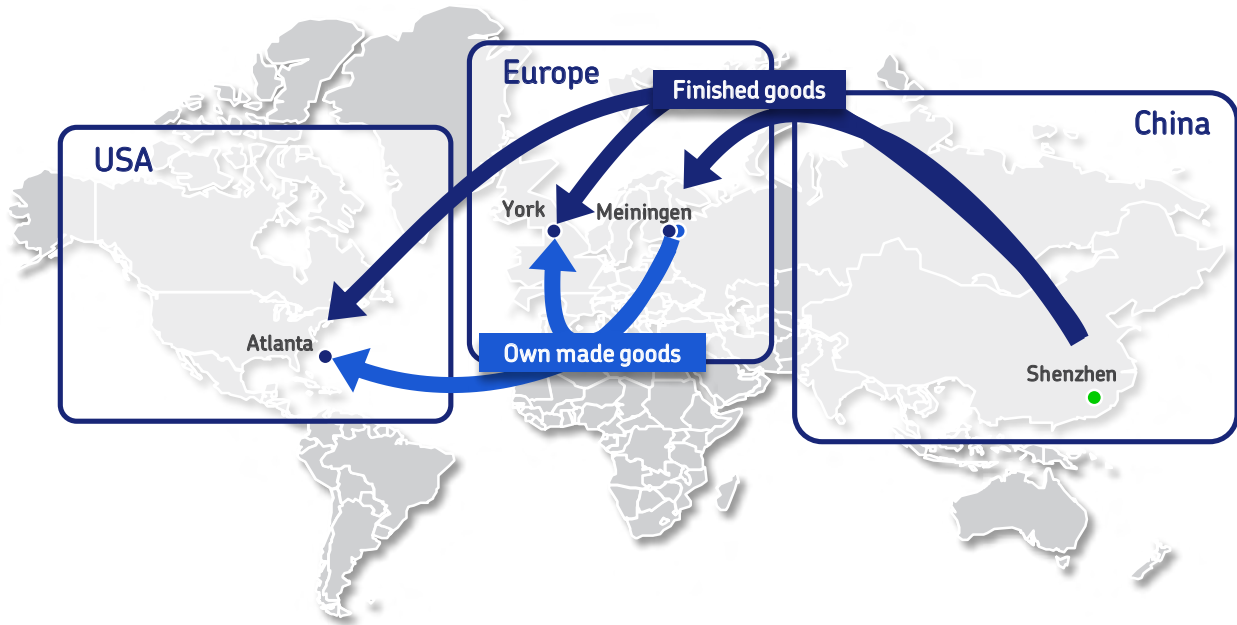
Our Suppliers

Our suppliers are an extension of our company. We hold them to the same exacting standards that we demand of ourselves. We know that our customers expect the same level of service and expertise ...

Customer-Centric Supply Chain

We have opened several major logistic hubs across the globe to avoid sending ADVA Optical Networking goods via multiple different sites to end customer. We also changed our internal structure/organization to work more efficiently on the customer and the supplier site.

- Staging and distribution sites
- Backhaul logistics center
- In-house manufacturing



Staging and distribution sites are in „Demand Region“ (close to the customer).

Staging sites can be brought into any other region with small „internal footprint“ e.g. by 4PL support use with on-site experts for system staging activities.

Backhaul logistics center is in „Supply Region“ (close to the suppliers).

Customer Focus Teams are set-up in customer region/ Supply Planning Teams are set-up in supply region.

The Backhaul Logistics center is close to our suppliers. Due to this we are able to reduce our CO₂ emission by consolidating shipments and moving more towards sea freight instead of air freight.

Working With Our Suppliers

Telling Our Suppliers

Our suppliers know our expectations from the outset. We clearly document these in our Supplier Code of Conduct that is based on EICC standards.

Asking Our Suppliers

We want to know our suppliers have a sustainability program. That's why we ask for explicit details and updates on how they are building a sustainable future.

Scoring Our Supplier

We score the supplier against our own code of conduct. This ensures we understand the supplier's approach to labor practices, health & safety, the environment and other key areas.

Ranking Our Supplier

We rank suppliers according to risk and develop a regional risk dimension. This provides a detailed risk picture across our entire supply base.

Working With Our Suppliers

Our audits ensure we are constantly engaged with our suppliers, helping them to move forward and remain within our [Supplier Code of Conduct](#).

Auditing Our Suppliers

We are continuously auditing our suppliers, continuously examining general quality topics, social policies and environmental issues.

Self-Assessments/Self-Questionnaires

In order to assess compliance with the Supplier Code of Conduct, which is based on the EICC Code of Conduct, ADVA Optical Networking has implemented a supplier assessment process intended to uncover risks and address them. This process consists of a supplier survey that documents compliance on every aspect of the company's supplier code of conduct, a risk assessment performed by the company, and finally on-site supplier audits.

CSR Supplier Audits on Site

Every year we continue to accelerate our supplier CR audits, ensuring our suppliers are meeting the stringent standards that we expect, and that our customers expect. With over 80% of our supply chain, centered on 30 suppliers in low-risk regions, we are able to maintain constant and direct communications.

Conflict Minerals

Conflict resources are natural resources extracted in a conflict zone and sold to perpetuate the fighting. The most commonly mined conflict minerals are cassiterite (for tin), wolframite (for tungsten), coltan (for tantalum), and gold ore, which are extracted from Eastern Congo.

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires companies to verify and disclose their sources of cassiterite, wolframite, and tantalum. In addition, the U.S. Securities and Exchange Commission (SEC) issued the Conflict Mineral Law. It asks for independent third party supply chain traceability audits and reporting of audit information to the public and SEC.

ADVA Optical Networking follows these US requirements and audits its suppliers accordingly. We have requested information from all of our component suppliers with regard to their compliance. The majority of them answered, mostly positively. Some replies are still open, and some of our suppliers did not yet have the information. In total, we were able to successfully assess almost 50% of our suppliers. Therefore, this is ongoing work.



We Address Our Impact

World Environment Day
Shenzhen, China

We not only exercised ourselves through walking, hiking and mountain-climbing, but we also collected rubbish and promoted lower carbon emissions for a better environment.



Our Environment

We strive to comply with all environmental laws and regulations, including RoHS, WEEE and REACH. What's more, we aim to continuously improve our environmental performance by setting higher goals every year ...

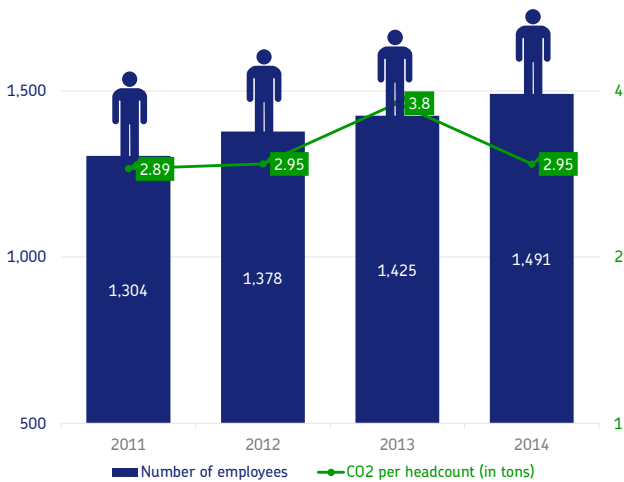
Carbon Emissions

For ADVA Optical Networking, caring for the environment is an integral part of our sustainability considerations. Here, our carbon dioxide emissions play an important role. We seek to reduce these during the lifetime of our products, in our daily life, at our sites, and with regard to travel and logistics.

To reduce our CO₂ footprint, we started a pilot project in 2014, the Energy-Saving Week, at our main site in Meiningen. The idea originated from our Global Idea Bank: "We want to find out how much energy we can save at our location by conscious use of electrical energy. How much can we, as ADVA employees here at the Meiningen site, do to reduce energy consumption through energy-conscious behavior?" During that week, we achieved savings of about 5% purely through our employees being more environmentally aware. There were no strict rules – the saving was solely based on our ideas and their implementation.

In 2015, we will have two Energy-Saving Months at other ADVA sites, and we plan to do this once a year at all of our major sites.

Another measure for reducing our CO₂ footprint and promoting a healthier lifestyle was Bike-to-Work, which be-



gan in 2012. It was supported by a major German health insurance company. In 2014, a total distance of 8500km was completed, saving almost another two tons of CO₂ equivalent (tCO₂e). Next, we plan to collect new carbon-saving-related ideas and implement them, together with Bike-to-Work, at all of our major sites.

Finally, there is a bonus program in force, which favors company fleet cars with low CO₂ emissions.

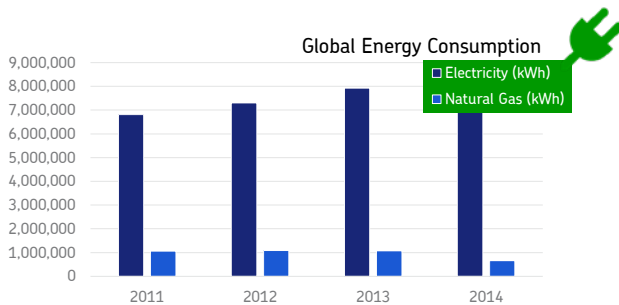
Quantified emissions breakdown over one year

2014	Source	Units	Consumption	CO ₂ e (tonnes)	
Scope 1 (direct emissions)	Natural gas	kWh	662,258	119	
	Owned transport (ADVA Car Fleet)	km	1,927,561	287	
	Total scope 1			406	
Scope 2 (indirect emissions)	Purchased electricity	kWh	7,929,808	4,271	
	Total scope 2		7,929,808	4,271	
Scope 3 (other indirect emissions), excluded employees travel	Waste disposal *				
	Cardboard	tonnes	49	1	
	Waste to Landfill	tonnes	27	5.39	
	E-scrap	tonnes	8	0.17	
	Plastic	tonnes	4	0.08	
Total scope 3		88	7		
<i>* Tons of waste produced</i>				Total all scopes	4,684

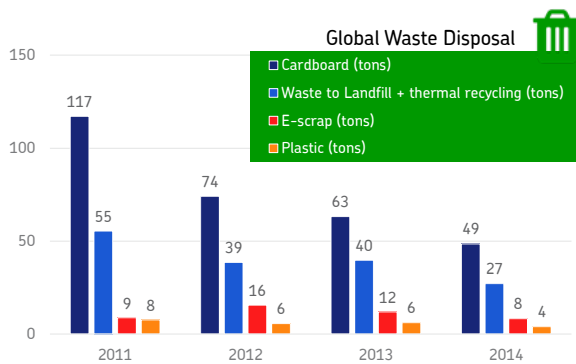
Energy Consumption and Waste Reduction

In an environment of increasing energy and raw-material scarcity, any savings on energy and raw-material consumption become more and more important. With the degree of recycling also increasing, the relevant measure for raw-material intake is the amount of landfill or waste.

Decreasing energy consumption and waste becomes specifically tricky when, at the same time, the company is growing. In recent years, we have taken several measures in order to limit our energy consumption and waste generation.



We reduced waste disposal in several relevant areas over recent years. An area of particular success in waste reduction relates to cardboard. This resulted from several focused measures we took in order to optimize our transport and logistics globally.



Transport Optimization

In 2014, optimization of transport and logistics, both with regard to the environment as well as cost, was one of the focus areas of our sustainability activities. We introduced re-usable packaging for most of our products, and further optimized size (and weight of the products themselves) such that cost and transport-related CO₂ footprint were significantly reduced.

Since re-used packaging may look a bit battered after several use cycles, we also developed a little sticker that points users toward the useful aspects of re-using materials.

In the context of the 2014 BT Game-Changing Challenge, we also developed a logistics scheme that is optimized with regard to cost and reducing truck-rolls, thus saving significant amounts of CO₂. Once fully ramped up, the scheme is capable of saving 1100 tCO₂e per year. This proposal also made us the winner of the 2014 Game-Changing Challenge.

	Volume Optimization	Enable Reuse
FSP 3000 7HU Box	24%	x
FSP 3000 9HU Box	23%	x
FSP 150 EG-X Box	22%	x
FSP 150 1HU Box	20%	x

Another relevant area of CO₂ reduction in transport in 2014 was airfreight reduction. This transport type has been massively reduced, the vast majority of our (pre-) products now being transported via ship. Transport-related CO₂ analysis that we did revealed that, per product unit, ship freight only leads to 5% of CO₂ emissions, compared to air freight. Of course, like any other sustainable measure, this also saves on cost.

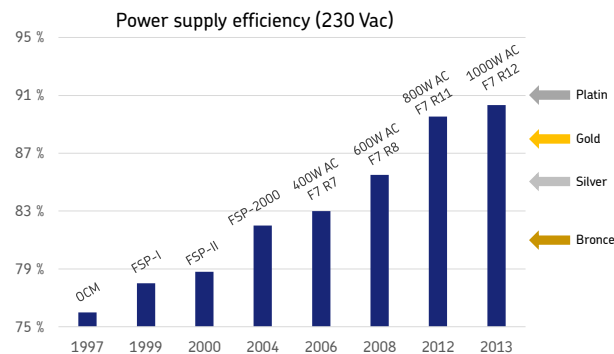
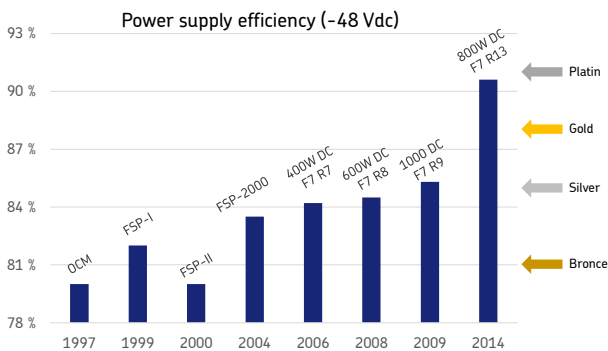


Source: *Sea Route Distance* – August 2015

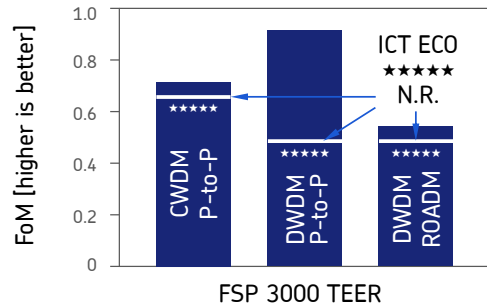
Our Products and Technology

Historically, our products have been the focus of our sustainability considerations. This has been underpinned by Life-Cycle Assessments that we conducted as early as 2012. These revealed that up to 80% of the environmental impact of our products, considering their full life cycle and thus including manufacture and transport, are determined by their use phase and energy consumption. Therefore, energy efficiency of our products has always been of primary interest. One of the areas of increasing energy efficiency relates to the power-supply units (PSUs) that we use in our products. These have been constantly improved in efficiency over time. 2014 saw the introduction of first PSUs that clearly exceed 80+ Gold rating. This development will be continued by introducing PSUs that exceed 80+ Platinum rating, further increasing the energy efficiency.

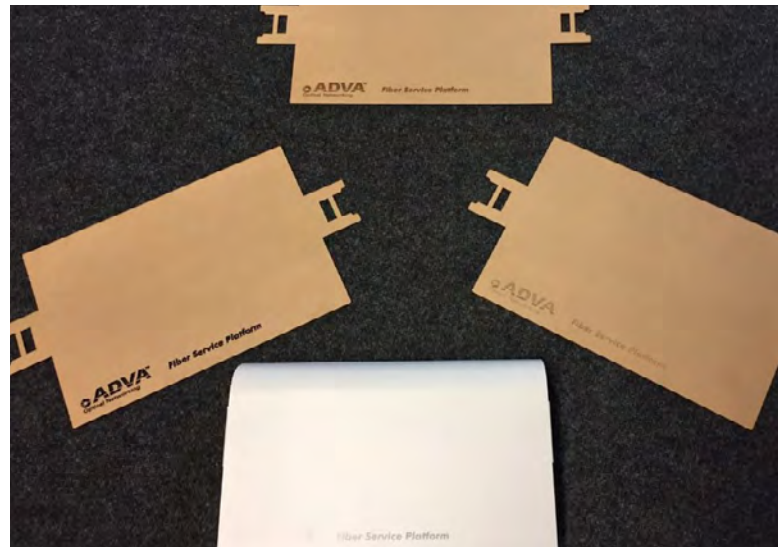
For more information on 80+, follow <http://www.plugloadolutions.com/About.aspx>.



In order to ensure that our products meet the latest Telecommunications Energy-Efficiency Ratings (TEER), we regularly check compliance with relevant TEER requirements like the ICT Ecology Guidelines. Because of our energy-efficiency activities, we know that our products are always compliant with the most-demanding TEER requirements.



Next to energy-efficiency considerations, we follow relevant RohS and REACH requirements. In addition, we started work on Design-for-Recycling (DfR) in 2014. As a first example, we investigated front-cover plates for our transport equipment that are made of renewable resources. Our intention is to make these available toward the end of 2015.



Glossary/Appendix

CWDM (Coarse Wavelength Division Multiplexing)

CWDM is a standardized technology that uses up to 18 different wavelengths for data transmission over a single fiber. It uses a coarse wavelength grid of 20nm spacing, enabling simple optical components technology. This makes CWDM systems cost-effective, but also limits their total capacity.

DWDM (Dense Wavelength Division Multiplexing)

DWDM is a standardized technology that is based on a dense wavelength grid, which requires high-precision optical components. Typically, up to 192 wavelengths spaced at 50GHz are used for data transmission over a single fiber, thus maximizing the bandwidth per fiber.

EICC (Electronic Industry Citizenship Coalition)

The EICC is a nonprofit coalition of electronics companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain. EICC members commit and are held accountable to a common Code of Conduct.

FSP (Fiber Service Platform)

The Fiber Service Platform is ADVA Optical Networking's comprehensive product portfolio that provides carriers and enterprises with innovative connectivity solutions for access, metro and long-haul networks.

GRI (Global Reporting Initiative)

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others.

ICT Ecology Guideline Council

The ICT Ecology Guideline Council is composed of the five Japanese industry organizations: Telecommunications Carriers Association, Telecom Services Association, Japan Internet Providers Association, Communications and Information Network Association of Japan and ASP-SaaS-Cloud Consortium. The object of the council is to take further industry-wide measures to prevent global warming by creating, disseminating and promoting the *Ecology Guideline for the ICT Industry*.

ISO 14001

A standard developed and published by the International Organization for Standardization. This standard defines, establishes and maintains an environmental management system for the manufacturing and service industries.

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)

A regulation issued by the European Union addressing the production and use of chemical substances and the potential impact of these substances on human health and the environment.

RoHS (Restriction of Hazardous Substances)

A directive issued by the European Union regarding the restriction of specific hazardous substances used for production and processing of electronic devices and components.

TEER (Telecommunications Energy Efficiency Rating)

TEER is a guideline to measure/calculate the energy efficiency (or energy consumption) of telecommunications equipment at a given functionality (e.g., throughput). Relevant standards and guidelines are Ecology Guideline for the ICT Industry, the ATIS-0600015 series or ECE-C1.2.

WEEE (Waste Electrical and Electronic Equipment)

A directive issued by the European Union regarding the return and recycling of electrical and electronic equipment waste.

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ADVA Optical Networking on the Web
More information about ADVA Optical Networking,
including solutions, technologies and products, can be
found on the company's website at
www.advaoptical.com.

The PDF file of this sustainability report, as well the
previous GRI Summary reports are located on the
ADVA Optical Networking website and can be down-
loaded at [http://www.advaoptical.com/en/about-us/
corporate-responsibility.aspx](http://www.advaoptical.com/en/about-us/corporate-responsibility.aspx).

