

Slavery and Human Trafficking Statement

INTRODUCTION

This statement describes the current situation and factors related to modern slavery and human trafficking in Suunto operations and supply chains and lays out the action plan on it. This document is done in accordance with Section 54 (Transparency in Supply chains) of the UK Modern Slavery Act 2015 and Ethical Trading Initiative Framework for Slavery & Human Trafficking statements. Suunto expresses zero tolerance towards any form of modern slavery in our operations or supply chains. Suunto is committed to acting ethically and transparently, supporting initiatives that work towards responsible supply chains and dedicated to improvements that this statement outlines. This is Suunto's second Slavery and Human Trafficking statement (until May 2022 belonging to a multi-brand group whose code of conduct and policies were followed and the first statement was published at the start of the ownership change, as a baseline). In practice this statement covers the period of H2/2022-H1/2023 ie. the first year in the new ownership and with new policies.

BUSINESS AND SUPPLY CHAINS

Suunto was founded in 1936 in Finland and still has its headquarters and factory in Vantaa, Finland. Our product categories are GPS sports watches, dive computers and compasses, which we make for sports enthusiasts, people passionate for outdoors and marine environments. Suunto's vision is to be a trusted guide in the world of outdoor sports and adventure and protecting our playground while doing so. Suunto products are made durable, repairable and long-lasting which is also the most efficient way to reduce the environmental and social impacts that products cause in their lifetime from raw material sourcing, manufacturing, use and end-of-life.

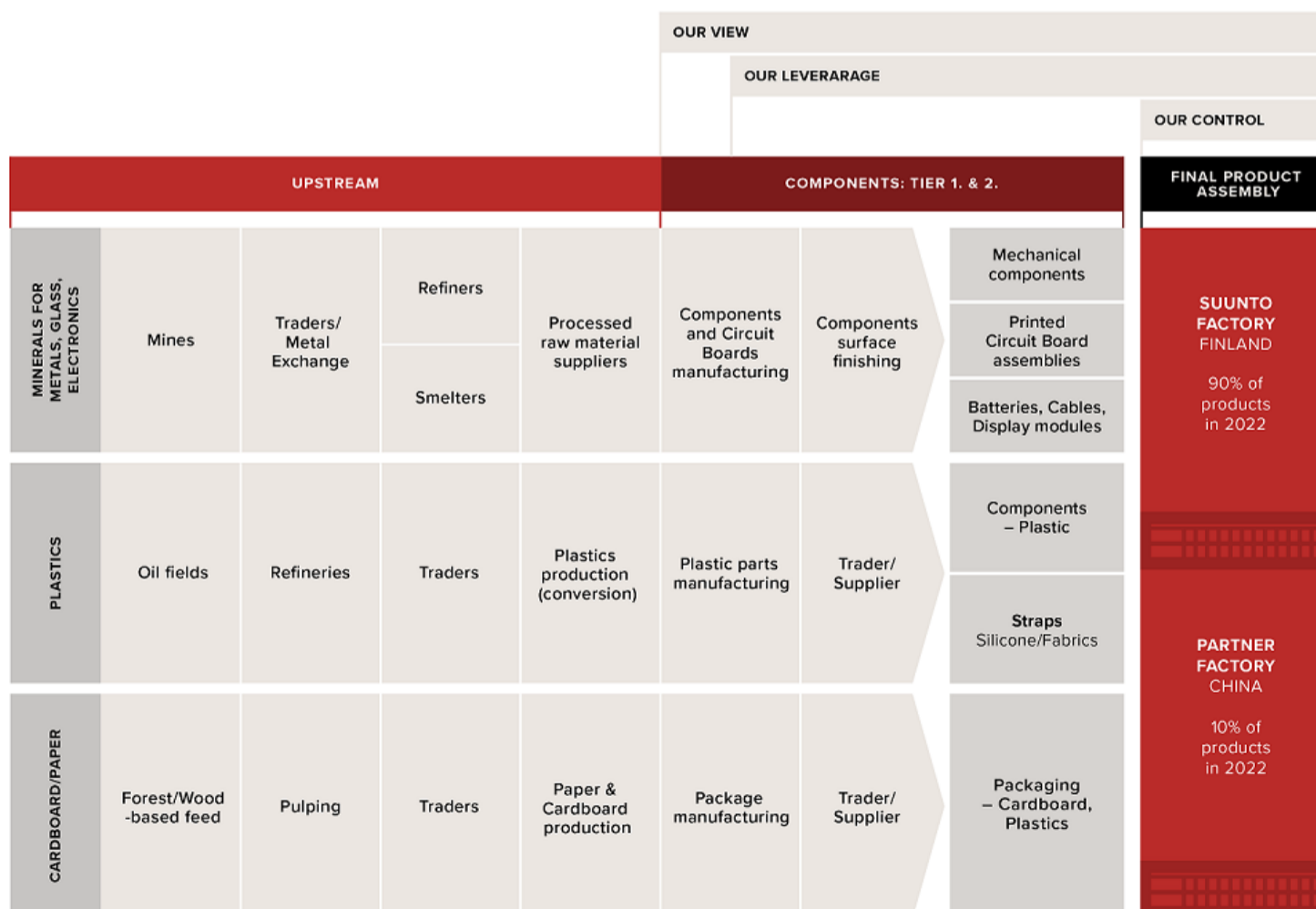
Suunto products are sold in around 100 countries. Until May 2022 Suunto was part of Amer Sports Group (later AS) and followed AS's code of conduct, policies and practices related to social and environmental sustainability. From May 2022 Suunto has been owned by, and functions as an independent unit of Liesheng, China. Majority of Suunto's 300+ employees are based in Finland; in addition to this, we employ regional sales and marketing teams located on all continents. In 2022 90+% of Suunto's products were made (testing and assembly) in Suunto's own factory in Finland, where the Finnish legislation is followed concerning all employees. This is the area of direct control from the point of labour rights and working conditions in Suunto's supply chain.

Apart from this, there was one contracted factory in China doing assembly for the remaining <10% of the products in 2022. During 2022-2023 our current owner has started a product development unit in China, employing 180 Suunto-specific employees, who support Suunto sourcing and production.

Majority of the components used in Suunto products are sourced from Asia or Europe, the ratio being approximately 50/50. We have visibility and leverage on Tier 1; we know all our component suppliers. Apart from this we do have a partial view on Tier 2 suppliers.

We acknowledge the low visibility and complexity of the supply chains in the global electronics sector (component and part sub-manufacturers) and the extractives sector supplying raw materials for the components used in products (mines, smelters/refineries and wholesalers/traders). We are not importing or trading minerals used in electronics ourselves, but to support the development of human rights due diligence and environmental responsibility in the sector, we are part of organizations/industry initiatives promoting them.

The following map describes the material flows and tiers in our value chain.



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POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

The following policies and requirements are connected to modern slavery and prohibit the use of forced- or child labour, or any practices related to modern slavery and human trafficking in Suunto value chain. Suunto Ethical Policy includes the areas of, but is not limited to, Ethical Trading Initiative's Base Code and takes into account the Universal Human Rights and the conventions and standards of the International Labour Organization ILO and what is considered as decent work. The principles defined in the Ethical Policy -if followed successfully-, would prevent situations and conditions that can facilitate or enable modern slavery.

- Code of Conduct
- Ethical Policy
- Substance Requirements (*incl. Conflict minerals)
- Supplier Requirements
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing channel

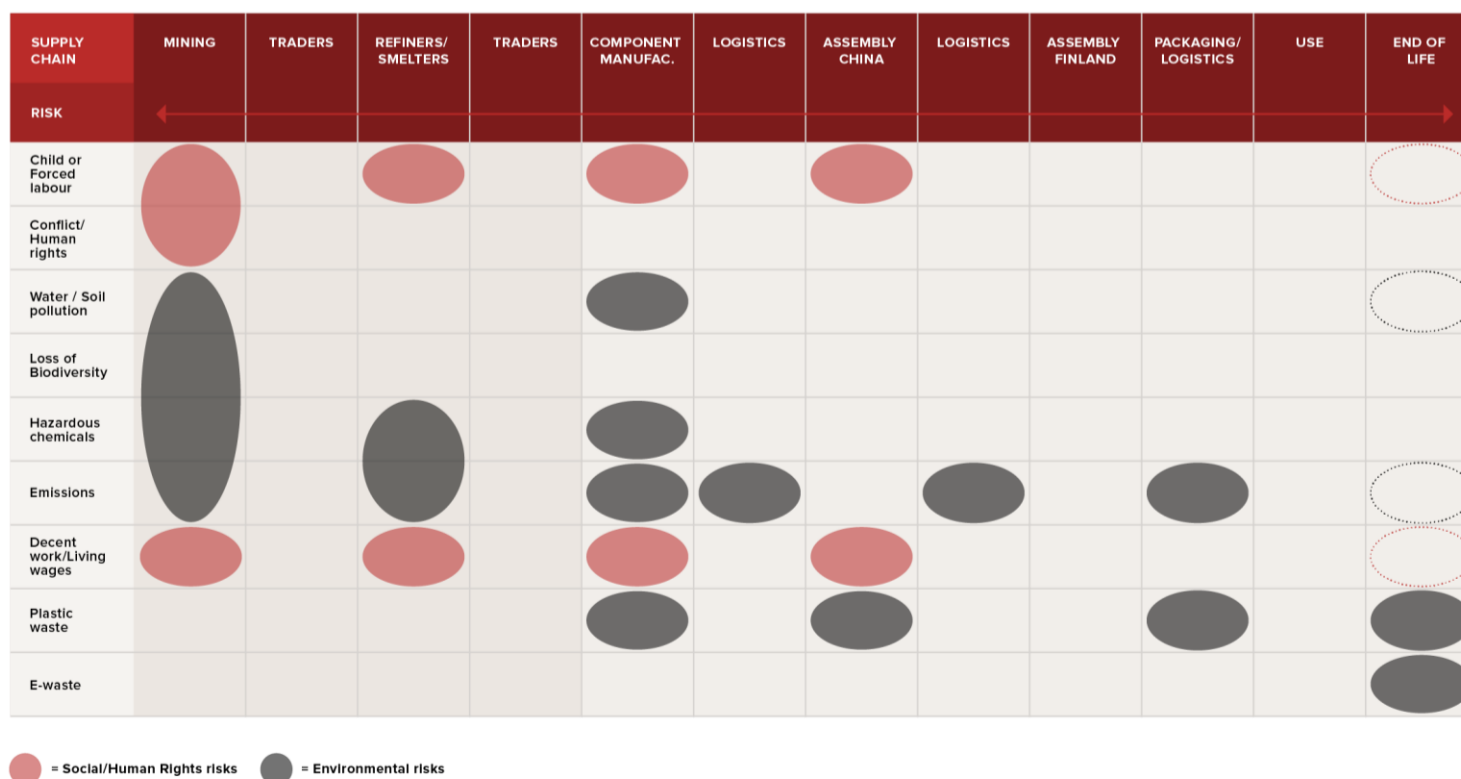
Suunto Leadership Team is responsible for the company strategy, compliance and approval of the policies, including the Slavery and Human Trafficking Statement. Managers of different teams are in charge of implementing the Code of Conduct, Ethical Policy and principles mentioned in this statement as part of their work. The Ethical Policy is part of the Supplier requirements -documents, and suppliers agree to adhere to the Ethical Policy and be part of the monitoring and auditing practices by signing the Supplier Requirements Declaration and supply agreements with Suunto. Suunto Sourcing is responsible for the selection of suppliers and the communication of the Supplier requirements to them. Sustainability and Sourcing are responsible for the implementation of the Responsible sourcing system, incl. supplier audits, and follow up activities. In line with Suunto's dedication towards high-quality products, we aim to build stable and lasting partnerships with suppliers. This is expected to enhance the communication related to ethical standards and continuous improvement.

In 2022 Suunto opened a whistleblowing channel and formed a process to handle any possible grievances through the channel. The channel is anonymous and accessible to everyone through Suunto's website www.suunto.com. Suunto holds the right to terminate a business relationship with a supplier if there is a violation of social or environmental responsibilities or laws. The central policies have been translated in Chinese -the main location we source from-, apart from Europe.

IDENTIFICATION OF RISKS AND STEPS TAKEN TO PREVENT AND MANAGE THE RISKS

Suunto started the work on responsible sourcing by assessing the ¹⁾ Industry-/sector -related risks and ²⁾ Risks related to the main geographical area for sourcing and will stay informed about the developments in these fields by following up the work of international organizations, NGOs and governments. Updating the sustainability risk-assessment is a shared task of the Sustainability manager and Quality manager, with inputs from the key functions in the company like Supply Chain Management and Sourcing. The human rights work is led by the Sustainability manager and the Leadership team is updated in the quarterly management reviews as necessary.

This map describes the industry hotspots ie. the most common risks in electronics value chain:



Moving up in the value chain from Suunto's own factory, the components sourced originate from South-East Asia, mainly China, classified as a risk-country on human rights and decent work. Based on the most recent reports and data from reputed international organizations like ILO, World Bank, Amnesty International, Transparency International, Freedom House, Global Slavery Index, the main risks related to our key sourcing context include:

- Forced labour (including forced migrant labour); Child labour
- Excessive and/or involuntary overtime
- No freedom of association

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The following are also risks in our sourcing context based on wide sample of statistics, but have to be studied more closely, in the current moment and in the exact production locations:

- Low wages vrs. Living wage (concrete paid wages w/a overtime vrs. the Global Living Wage Coalition’s benchmarks)
- Working conditions and safety
- Discrimination/Inequality by gender and other factors
- Corruption and limiting the freedom of expression are risks that are linked to the realization or prevention of other risks.

Suunto is a member of FIBS (Finland Business and Society, a corporate responsibility network of Nordic countries, a partner of WBCSD) -including its Human Rights Working Group and RMI (Responsible Minerals Initiative). In 2023 we became a member of Sedex and will use their risk-assessment and supplier monitoring methodologies and tools to improve supply chain transparency and sustainability. Within these organisations there is continuous peer learning on human rights, training on risky contexts, supply chain risk-management and upcoming legislation.

DUE DILIGENCE PROCESSES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING IN BUSINESS AND SUPPLY CHAINS

Suunto is committed to zero tolerance of slavery and human trafficking in its operations and supply chains. All the company documents and policies related to responsible sourcing and human rights due diligence were updated in 2022. This includes the Suunto Supplier Requirements Declaration and appendixes, that our suppliers are required to approve and follow (consisting of the environmental, ethical and quality-related policies and requirements), including international requirements on decent work and condemnation of forced labour.

As part of the supplier selection and supply agreement process, Suunto Sourcing team assesses suppliers on different compliance and quality aspects, ensuring they adhere to our policies and requirements. Records are kept on the Supplier Requirements Declarations signed by the suppliers.

Following the earlier auditing scope of AS -and their cooperation with Fair Labour Association- Tier 1. suppliers were audited annually/semi-annually by a third-party. In our case this meant the contracted assembly factories (earlier two, one in 2022) in China. During the past year, we have renewed the company policies and supplier requirements and been searching for a partner and/or a recognized framework for the monitoring of the supply chain. In 2023 we finished our membership process to join Sedex and have identified the strategic suppliers representing 85% of our annual purchases for the scope of the supplier requirements and monitoring. Out of these, a smaller, more targeted group has been selected for auditing, based on the risk-country status (in our supplier base this means China). For this, we will utilize the Sedex’s risk-assessment tools, alongside with the platform’s Supplier self-assessment and SMETA audits. In the recent update of the self-assessment questionnaire, more specific questions were added on how the migrant workers are recruited (link to forced labour), to add to the knowledge base and risk assessments in the platform.

EFFECTIVENESS IN ENSURING THAT SLAVERY AND HUMAN TRAFFICKING IS NOT TAKING PLACE IN BUSINESS OR SUPPLY CHAINS

As described in the Risks-chapter, the main sourcing countries and the complexity of supply chains of parts and raw materials in the electronics sector do pose also Suunto supply chain to slavery and human trafficking risks, although we as a business also do have some positives to mitigate the risks (long trade relations with the suppliers, our product offering focusing more on quality and durability than low prices).

This is Suunto’s second statement (first one after the “baseline” of 2022). *The action plan* on mitigating slavery and human trafficking and human rights risks in our supply chain is still outputs-oriented as we have set up the framework (policies and tools, implementation plan, auditing methodology and selection of a partner) that we are beginning to implement with suppliers. The update on the progress will be done annually through this statement, our Sustainability website and annual Sustainability report published at suunto.com/sustainability.

RISK	SCOPE	ONGOING EFFORT	INITIATED IN 2022	STATUS 2023	GOAL
Possibility of forced labour/ forced migrant labour, involuntary overtime/ child labour in manufacturing risk countries.	Selected scope: Strategic Tier 1. suppliers in China ▪ 1 assembly factory ▪ 10 strategic component suppliers	<ul style="list-style-type: none"> ▪ Building the framework for Responsible sourcing ie. tools, schedule and implementation plan for assessment, monitoring, improvement, grievance and remedy process into which all suppliers agree to participate as described in the Supplier requirements (and Ethical Policy) ▪ Continuous follow-up on country & industry risks, research and development of legislation on decent work topics 	<ul style="list-style-type: none"> ▪ Ethical Policy ▪ Slavery, Human Trafficking Statement ▪ Supplier Requirements ▪ Whistleblowing channel (All renewed in 2022)	Completed (updates made as needed, additional Supplier Requirements Declaration created to be signed by suppliers).	1) Documents guiding the work ready 2) Documents and Whistleblowing channel available and communicated in needed supplier languages 3) Strategic suppliers have done the first round of self-assessment & findings are assessed and classified 4) Auditing plan for first batch in place 5) Relevant staff in Finland and China trained on decent work and supply chain human rights topics 6) Membership in/cooperation with a CSR/ethical trade organization
			Setting up the procedure on possible cases detected via WB channel	Completed.	
			Process and schedule for the extended supplier monitoring and auditing	In process, initiated post Sedex membership set up.	
			Translating Ethical Policy, S&HT statement and WB channel in main supplier languages	Documents completed. WB channel TBC.	
			Training of related staff	Completed/continuous in Finland, China partial due to org. & personnel change	
			Selecting the auditing partner	Completed (Sedex SMETA).	
			Cooperating/seeking a membership of an NGO specialized in supply chain HR	Completed (Sedex).	

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		<ul style="list-style-type: none"> Update context- and risk-assessment annually; organise training as per need 	<p>issues for improving/verification of the system</p> <p>Next steps:</p> <ul style="list-style-type: none"> Assess training needs and possibilities to take the system further (beyond audits) After the system is set up & functional: Plan (outcome level) KPIs to follow, include in the statement Work on remedy procedures 		
	Raw materials (extractives sector)	Beyond own control and visibility – support partners/networks	<p>Becoming a part of one of the leading industry organizations on transparency in the extractives sector</p> <p>Study on recycled raw materials</p>	<p>Delayed due to organisational and personnel changes.</p> <p>(Post Sedex membership set up and planning & scheduling of self-assessment and audit process. Linked to preparation & indicator setting for the EUCSRD & EUHRDD).</p>	<p>7) Responsible sourcing has indicators and records progress on them (aligned with the upcoming EU reporting directives and indicators set for them)</p> <p>We learn from the cooperation with suppliers, the context and the audit results and develop the work beyond audits.</p>
				Completed (RMI).	8) Membership in/cooperation with a responsible mining initiative/organization
				In process/continuous.	

TRAINING AND CAPACITY BUILDING ABOUT SLAVERY AND HUMAN TRAFFICKING

In the end of 2021 all Suunto staff received a mandatory code of conduct training, including topics on modern slavery and human trafficking with our previous owner. In the new ownership, any new employee joining the company has to familiarize with the central human rights policies as part of the induction process. In the past year different teams (Sourcing, Design, Product Development) have been updated on the value chain human rights topics and risks, as part of Sustainability Product Requirements review processes or a separate sustainability training. The company leadership has been updated on human rights and forced labour topics and risks in quarterly management reviews and additional meetings. Sustainability function has participated in several trainings on the upcoming EU reporting requirements on corporate responsibility and human rights due diligence. During the year we were an active member of the Human Rights Working Group of FIBS (Finnish Business and Society), participated in numerous trainings and meetings on the subject and updated our sourcing country context risk-analysis. To support building of more responsible minerals supply chains -as a company not trading directly in minerals- we joined the Responsible Minerals Initiative (RMI) in 2022 and the supply chain sustainability organization Sedex in 2023.

In 2023 and going forward, the requirements of the upcoming EU legislation will involve more people in the human rights due diligence reporting in the company and increase the ownership of the topic. At the same time, initiating the Sedex membership and its processes with suppliers will involve the Sourcing team and other functions in the practical supply chain monitoring and supplier cooperation in a new way, including continuous learning on the topic and its implementation and effectiveness.

This statement was approved on 30th October 2023.

On behalf of the Suunto Leadership Team,

Jussi Vähäkylä

VP, Sales