

# 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 statement describes the second year of Suunto having its own ethical policy framework (until May 2022 belonging to a multi-brand group whose code of conduct and policies were followed, the first statement published as a baseline at the start of the new ownership). In 2023 the company still experienced many changes related to production and sourcing and division of roles between the organizations in Finland and China, and this delayed some parts of the due diligence work planned. Anyhow, on most parts we are on track with the actions presented in the previous statement (see pages 3-4).

## 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, compasses and headphones, 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.

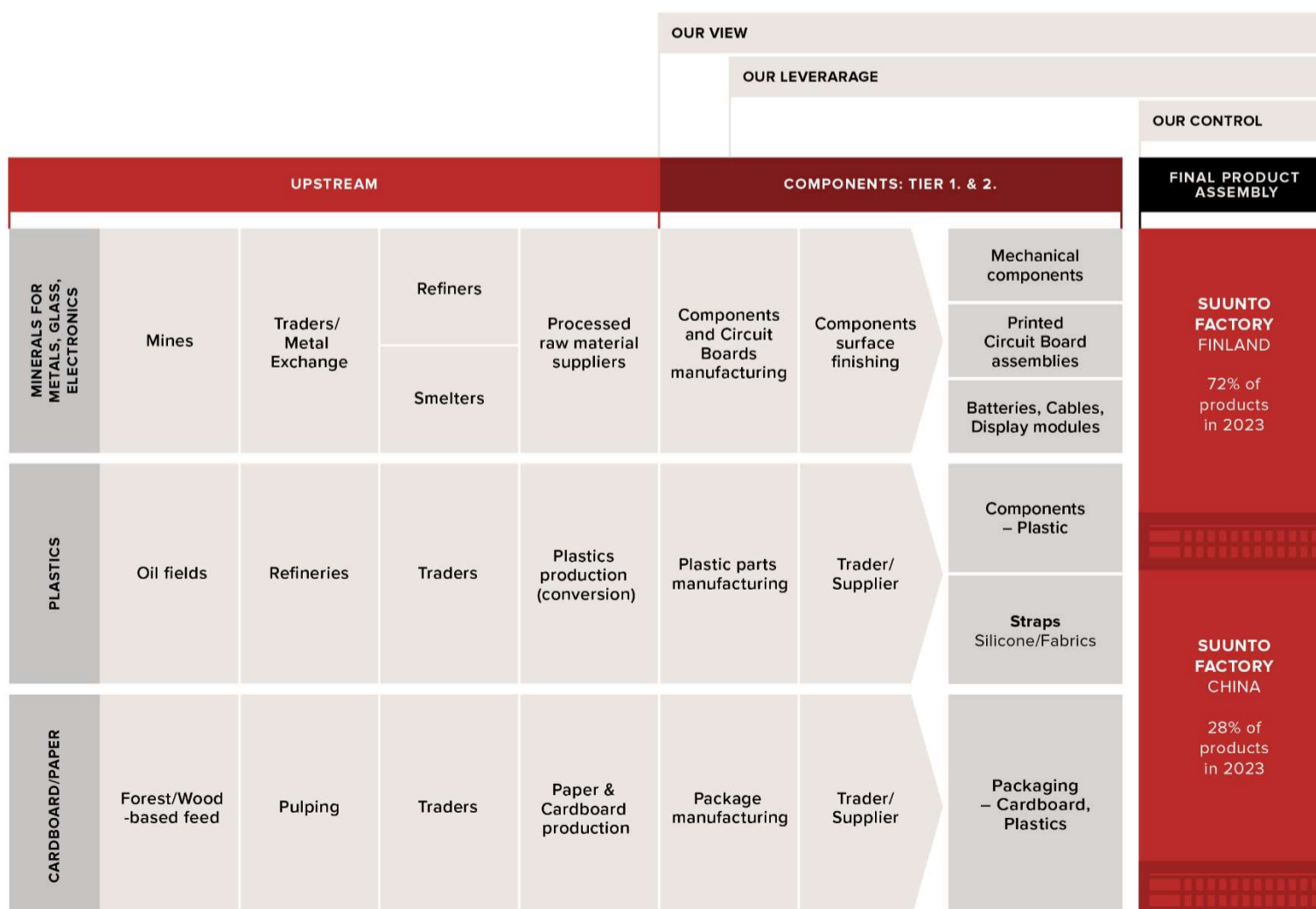
Suunto products are sold in around 100 countries. Until May 2022 Suunto was part of Amer Sports Group and followed its code of conduct, policies and practices related to social and environmental sustainability. From May 2022 Suunto has been owned by, and functions as an independent unit of Liesheng, China. Majority of Suunto's 300 employees are based in Finland; in addition to this, we employ regional sales and marketing staff located on most continents. In 2023 72% of Suunto's products were made (designed, tested and assembled) 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 supply chain.

Our current owner has also started a product development unit in China, employing 335 Suunto-specific full-time employees, who support Suunto sourcing and production (assembly), and who made the remaining 28% of all products in 2023.

Majority of the components used in Suunto watches originate from Asia. Other product categories have components and sub-assemblies also from Europe, including Finland. 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 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), leading to low visibility. We are not importing or trading minerals used in electronics ourselves, but we are a support member of organizations/industry initiatives developing human rights due diligence and environmental responsibility in the extractives sector.

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 Suunto 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 of 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 Slavery and Human Trafficking Statement. One person in the Leadership Team has a dedicated responsibility on sustainability. Managers of different teams are in charge of implementing the Code of Conduct and ethical principles and requirements as part of their work. The Ethical Policy is part of the Supplier requirements -document "package", to which suppliers adhere to by signing the Supplier Requirements Declaration and supply agreements with Suunto. This includes agreeing to be part of the monitoring and auditing. Suunto Sourcing (teams in Finland and China) 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.

Suunto has a publicly accessible whistleblowing channel and a process to handle any possible grievances through it. The channel is anonymous and accessible to everyone through Suunto's website [www.suunto.com](http://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 into Chinese – the language of the main sourcing location/origin of the components used in products.

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

The basis for the responsible sourcing is the identification of the <sup>1)</sup> Industry-/sector -related risks and hotspots and <sup>2)</sup> Risks related to the main geographical area of sourcing. We have done both of these analyses from the data and statistics of numerous international research institutes, civil society- and human rights organizations, and update them annually. The human rights work is led by the Senior sustainability manager and the Leadership team is updated in the periodical management reviews as necessary. In 2023 we started preparing for the EUCSRD (EU Corporate Sustainability Reporting Directive), where supply chain due diligence and social sustainability have a big role. In 2023 we conducted a gap analysis with an external sustainability consultancy and planned the double materiality assessment, required by the EUCSRD. This process will include a detailed impacts- and risks analysis throughout the company's value chain.

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

SUPPLY CHAIN	MINING	TRADERS	REFINERS/ SMELTERS	TRADERS	COMPONENT MANUFAC.	LOGISTICS	ASSEMBLY CHINA	LOGISTICS	ASSEMBLY FINLAND	PACKAGING/ LOGISTICS	USE	END OF LIFE
RISK	←											
Child or Forced labour	●		●		●		●					○
Conflict/ Human rights	●											
Water / Soil pollution	●				●							○
Loss of Biodiversity	●											
Hazardous chemicals	●		●		●			●				
Emissions	●		●		●	●		●		●		○
Decent work/Living wages	●		●		●		●					○
Plastic waste					●		●			●		●
E-waste												●

● = Social/Human Rights risks    ● = Environmental risks

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 exact production location, at a particular point of time:

- 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 tools and auditing methodology to improve supply chain transparency and sustainability. Within these organisations there is continuous peer learning and training provided on human rights, management of supply chain risks 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. The company documents and policies related to responsible sourcing and human rights due diligence were revised in 2022, after the change of company ownership. In 2023 we added a Supplier Requirements Declaration (SRD) to be signed by suppliers, this process being done in cooperation with Suunto legal, sustainability, sourcing and leadership representation. Suunto suppliers are required to approve and follow the SRD -consisting of policies on environmental, ethical and quality-related requirements, including decent work and condemnation of forced labour. The policies are updated annually or when needs arise. We keep ourselves informed on the development of legislation against imports whose value chains may include forced labour and communicating about the changes to our suppliers. The recently approved forced labor regulations and/or the enforced implementation of the existing legislation, for example the EU Forced Labor Regulation and US Uyighur Forced Labor Prevention Act, will support companies to develop their due diligence work.

As part of the supplier selection and negotiations during the 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.

After the ownership change we were searching for a suitable partner or a recognized framework for the monitoring of the supply chain to replace the auditing system of the previous owner. In 2023 we finalized our membership process to join the supply chain sustainability organization Sedex. As a preparation for this, we have identified strategic suppliers representing 85% of our annual direct purchases. This group will be in the scope for the 1<sup>st</sup> phase of supplier requirements process. Out of these, a smaller, more targeted group has been selected for closer monitoring and auditing, based on the risk-country status (in our supplier base this means China). On this, we will utilize Sedex’s tools, supplier self-assessment questionnaire and SMETA audits. In the recent update of the Sedex self-assessment questionnaire, more specific questions were added on the recruitment of migrant workers (link to forced labour), to build the platform’s knowledge base and risk assessment capabilities on the topic.

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

As described in the Risks-section, the main sourcing countries and the complexity of supply chains of 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 (long trade relations with the suppliers, our product offering focusing on high quality and durability).

This is Suunto’s third Slavery and Human Trafficking statement (the first in 2022 forming the “baseline”). *The action plan* on mitigating slavery and human trafficking and human rights risks in our supply chain is still outputs-oriented as we had to create the framework first (policies and tools, implementation plan and selection of a partner and the auditing methodology) first, that we have just began 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](https://suunto.com/sustainability).

RISK	ONGOING EFFORT	ACTIONS, Baseline mid-2022	ACTIONS, Status end-2023
<p>Possibility of forced labour; forced migrant labour; involuntary overtime; child labour in manufacturing risk countries.</p> <p>Selected scope for 1<sup>st</sup> phase:</p> <p>Strategic Tier 1. suppliers in China</p> <ul style="list-style-type: none"> <li>▪ 1 assembly factory</li> <li>▪ 10 strategic component suppliers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Building responsible sourcing framework ie. tools, schedule and implementation plan for assessment, monitoring, improvement, grievance and remedy process</li> <li>▪ Communicate and cooperate with suppliers and receive their consent to participate in responsible sourcing activities as described in the Supplier requirements</li> </ul>	<p><b>Goal:</b> Documents stating the supplier requirements ready, Whistleblowing channel open.</p> <ul style="list-style-type: none"> <li>▪ Ethical Policy</li> <li>▪ Slavery and Human Trafficking Statement</li> <li>▪ Supplier Requirements</li> <li>▪ Whistleblowing channel</li> </ul> <p>All policies renewed in 2022, Whistleblowing channel open.</p>	<p>Additional Supplier Requirements Declaration created in 2023 with Suunto Legal to be signed by suppliers.</p>
		<p>Setting up the procedure on possible cases detected via Whistleblowing channel.</p>	<p>Completed.</p> <p>No cases from suppliers reported in 2023.</p>
		<p>Translating Ethical Policy, Slavery and Human Trafficking statement and Whistleblowing channel in main supplier languages.</p>	<p>Documents completed.</p> <p>New translations in Chinese for revised docs planned for 2024.</p>
		<p><b>Goal:</b> Documents communicated in needed supplier languages and signed by suppliers.</p>	
		<p>-</p>	<p>Supplier requirements declaration + policies sent to all critical suppliers and received their consent by signature; contracts archived/ progress documented.</p>

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<ul style="list-style-type: none"> <li>documents (incl. Ethical Policy)</li> <li>▪ Continuous follow-up on country &amp; industry risks, research and development of legislation on decent work topics</li> <li>▪ Update context- and risk-assessment annually</li> <li>▪ Organise training as per need</li> </ul>		Plan to expand the scope of suppliers in 2024.
	<b>Goal:</b> Membership in/cooperation with a responsible sourcing or ethical trade organization.	
	Cooperating with/ membership in an NGO specialized in supply chain human rights issues for verification of our system.	Completed (Sedex).
	<b>Goal:</b> Strategic suppliers are active in the Sedex system - have done first round of self-assessment & findings are assessed for future steps.	
	Process and schedule for extended supplier monitoring and auditing drafted.	Monitoring process and scope defined. Partner selected. Signing up to Sedex platform in progress (Self-Assessment Questionnaires). *Delays caused by internal organizational changes impacting sourcing function/roles and supplier portfolio.
	<b>Goal:</b> Auditing plan for the first batch of suppliers in place.	
	Selecting auditing partner.	Completed (Sedex SMETA).
		Audits can follow after joining the Sedex platform and filling in the SAQs.
	<b>Goal:</b> Relevant staff in Finland and China trained on decent work and supply chain human rights topics.	
	Training of related staff.	Continuous/completed in Finland. *Partial/delays in China due to organizational & personnel change (planned for 2024).
	<b>Goal:</b> Responsible sourcing has indicators and records progress on them. We learn from the cooperation with suppliers, the context and the audit results and develop the work beyond audits.	
<ul style="list-style-type: none"> <li>▪ After the system is set up &amp; functional: draft (outcome level) KPIs</li> <li>▪ Work on remedy procedures</li> <li>▪ Continuous assessment of training needs and the possibility to take the system further</li> </ul>	Post Sedex set up, self-assessments and first audits. KPIs will be finalized in conjunction to preparation & indicator setting for the EUCSRD (& EUHRDD). *also taking into account the EU Forced Labor Regulation 2024	
Raw materials (extractives sector)	Beyond own control and visibility – support partners/networks specialized in the topic	<b>Goal:</b> Membership in/cooperation with a responsible mining initiative/organization
		Becoming a part of one of the leading industry organizations on transparency in the extractives sector.
		Study on recycled raw materials.
		Completed (RMI membership).
		In process/ continuous.

## TRAINING AND CAPACITY BUILDING ABOUT SLAVERY AND HUMAN TRAFFICKING

Familiarizing with the central ethical policies and code of conduct is part of the onboarding process of new employees joining Suunto. In 2023 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 periodical management reviews and additional meetings, especially when preparing for the EUCSRD. Sustainability function has participated in several trainings 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). To support building of more responsible minerals supply chains -as a company not trading directly in minerals- we continued our membership in the Responsible Minerals Initiative (RMI). To set up our own supply chain monitoring processes we joined the supply chain sustainability organization Sedex.

Initiating the Sedex membership and launching of the Supplier Requirements Declaration process has involved people from many different teams, e.g. legal, sourcing, quality, sustainability and leadership. The preparative steps towards the EUCSRD have required participation of a wider group of employees and managers to learn about the upcoming requirements and at the same time, to assess supply chain risks and due diligence. In 2023, following the recommendations from the external ISO audits, we initiated a new company compliance review process where different functions like quality, sustainability and substance/product compliance present compliance-related changes and risks to Suunto Legal and Finance, who are responsible of the company risk management.

This statement was approved on 19<sup>th</sup> June 2024.

On behalf of the Suunto Leadership Team,  
Jussi Vähäkylä, VP Sales