

Amer Sports Living Wage Commitment in Finished Goods Manufacturing

1. Our commitment

Amer Sports is committed to progressively striving towards living wages for workers in its finished goods manufacturing.

Amer Sports recognizes living wage as a basic human right and supports the Global Living Wage Coalition's (GLWC) definition, which is: "The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events".

[Amer Sports Ethical Policy](#), which is aligned with the Fair Labor Association's (FLA) code of conduct, states that "Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income." FLA uses the terms "living wages", "fair compensation", and "fair wages" interchangeably.

We have defined our living wage approach based on the wage data we have collected from our finished goods factories for the past three years (2021–2023) and the first remediation pilots we have participated in.

2. Our approach

2.1. Living wages in finished goods manufacturing

We expect our finished goods factories to provide compensation that meets workers' basic needs and provides some discretionary income. Wages must be paid on time and reflect the worker's job duties, experience, and performance. When this is not the case, factories shall take appropriate actions to progressively reach a level of compensation that does.

To identify living wage gaps, we collect wage data from our finished goods factories and compare it to wage benchmarks such as international poverty lines, legal minimum wages and living wage estimates. Where available, we use the Global Living Wage Coalition living wage estimates. Alternatively, we employ data from the WageIndicator. We use FLA's Fair Compensation Dashboard (which is derived from the Anker Methodology) to analyze wage data. Once the wage data analysis is completed, and to close any living wage gaps, we share the results with our suppliers and work with them on wage improvement plans based on industry best practices and successful living wage implementations.

Achieving living wages is a complex matter that depends on the political, economic and legal situation in the countries we operate in. As raising wages requires tripartite negotiations between worker representatives, governments and factories, Amer Sports engages with these parties via industry associations and civil society organizations to create an atmosphere of trust that enables a constructive

dialogue towards implementing living wages. More specifically, we engage with the following stakeholders:

- Governments: We leverage our memberships in industry associations to engage with national governments to promote human rights, develop social protection nets and advocate for compensation improvement for workers.
- Civil society organizations (CSO): We believe that effective industrial relations are built on social dialogue and transparency. The collective bargaining mechanism enables workers to negotiate better working conditions, wages and benefits. We continue to implement our CSO outreach strategy by engaging with local CSOs and unions to support their efforts on defining wage-setting systems that facilitate the road towards attaining living wages.
- On a global level, we conduct interviews with international labor union leaders to get a thorough understanding of the union structures and labor relations in sourcing countries. On a country level, we conduct interviews with local union leaders to better understand the key challenges faced by workers and what brands can do to help promote workers' wellbeing. On the factory level, social labor auditors and our staff discuss with labor union leaders seeking their feedback on any key concerns regarding working conditions and wages. The feedback will be incorporated into our living wage approach to drive continuous improvement.

2.2. Social and labor monitoring program

Amer Sports started its working conditions monitoring program over a decade ago. A core part of this monitoring program is dedicated to legal obligations to ensure our suppliers pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any benefits required by applicable laws, regulations, or respective employment contracts. Amer Sports does not tolerate any deviation from legal obligations and will terminate business relations with suppliers if they are not able to remediate these issues.

Please refer to [Amer Sports Ethical Policy](#), [Amer Sports Social and Environmental Compliance Benchmarks](#) and [Amer Sports Sustainability Report](#) for the complete overview of how we put our labor standards into practice.

2.3. Responsible procurement and production practices

We are dedicated to continuously improve our performance regarding labor conditions and environmental impacts in our supply chain. This implies a shared responsibility between Amer Sports and its business partners, and thus, we have a two-level commitment:

- We are committed to operating responsibly with our business partners, across our global and multi-layered supply chain, to ensure that our procurement decisions do not have adverse impacts on people and the environment.
- We are committed to engaging in business only with companies that meet our standards as defined in our Ethical Policy and our Material Compliance Policy as well as comply with the applicable labor and environmental laws and regulations.

The Amer Sports Nominating and Corporate Governance Committee, appointed by the Board of Directors, is accountable for the development of the sustainability strategy. Amer Sports Executive Board members are responsible for supervising the implementation of the sustainability strategy and the associated performance. Sustainability teams and Supply Chain functions work closely together on implementing sustainable procurement and production practices to achieve Group level commitments and targets.

3. Our performance

3.1. Wage data collection and wage ladders

Between 2021 and 2023, we collected wage data from over 45 factories following a risk-based approach, which means that we prioritized the factories that are the most exposed to risk. The level of risk is defined according to the country profile, historical audit scores and production volumes. Our total wage database covers 69% of volume of our finished goods suppliers and over 100,000 factory workers. We plan to increase the coverage of our wage database to 80% of the volume and prioritize improvement activities in countries with the largest living wage gaps.

We communicated the results of our wage data collection with our sourcing teams and will work in collaboration with them to define and test remediation actions.

3.2. Our journey towards living wages

On our journey toward living wages, we have implemented the following actions:

- To improve working conditions beyond legal obligations, Amer Sports became a participating member of the Fair Labor Association (FLA) in 2020. Our goal is to obtain the FLA accreditation, so we are actively working on responsible procurement practices.
- In 2021, we started to collaborate with Better Buying to gather transparent information about our purchasing practices and to drive positive change towards more sustainable partnerships with our suppliers. We use the results of the Better Buying surveys to identify the areas we need to improve in and prioritize our actions.
- We joined the Employment Injury Scheme (EIS) pilot in 2022, which was initiated by the Government of Bangladesh, ILO and the German Social Accident Insurance. The goal is to close the gap between existing and internationally recognized (ILO) protection nets for workers who have suffered a severe workplace accident to prevent them and their families from falling into poverty. The pilot covers around 150 factories and 150,000 workers.
- Our brand Arc'teryx is committed to certifying 80% of their products as Fair Trade by 2025. For each Arc'teryx Fair Trade product ordered, premiums are paid directly to garment workers to improve their livelihoods, for example for childcare, gas stoves, health insurance, or clean water.
- In 2022, we started participating in a living wage pilot in Vietnam which is a collaboration between FLA, GIZ's Partnership for Sustainable Textiles, and the Industry for Global Solidarity and the Research Center for Employment Relations. The goal of this pilot is to gradually close the gaps between the current wages and living wage estimates.
- In 2023, Amer Sports signed the Minimum Wage Pledge for Bangladesh.

4. Our continuous improvement plan

We continue to move forward on our journey towards living wages by:

- continuing to monitor compensation levels in the factories we already have data for and reporting on the progress year to year with the goal of attaining living wages at strategic finished goods factories by 2030;
- collecting wage data from new factories following a risk-based approach with the goal of covering 80% of our finished goods factories by 2025;
- obtaining living wage estimates for all our manufacturing and sourcing regions where we collect factory wage data;
- working on remediation actions and launching pilots in collaboration with our suppliers, industry associations and civil society organizations to reduce living wage gaps; and
- continuing to engage with different stakeholders to create constructive dialogue in promoting living wages and responsible purchasing practices.