

A scenic mountain landscape featuring a calm lake in the foreground, a dense forest of evergreen trees in the middle ground, and rugged, snow-capped mountains in the background. Two hikers with backpacks are visible in the lower right, walking across a grassy slope. The sky is clear and blue.

**Amer Sports  
Corporate Responsibility review 2019**



**Contents**

Introduction and background.....3

Products.....4

Human rights and anti-corruption and bribery .....6

Environment .....9

Social and employee matters ..... 13

Ethics ..... 14

Risks and risk management ..... 15

Important events in 2020 ..... 15

## Corporate Responsibility Review 2019

### Including statement of non-financial information

#### Introduction and background

Amer Sports is a sporting goods company and sports lifestyle retailer with internationally recognized brands including Salomon, Wilson, Atomic, Arc'teryx, Suunto, Precor and Peak Performance. The company's apparel and footwear products as well as technically advanced sports equipment improve performance and increase customers' enjoyment of sports and outdoor activities. The Group's business is balanced by its broad portfolio of sports and products and a presence in all major markets.

Amer Sports updated its strategy in 2019, and the focus is based on the strategic priority areas Softgoods, own retail, e-commerce, and China.

Amer Sports' strategy emphasizes excellence in consumer-centric product creation and enhancing the consumer experience. Through continuous research and development, Amer Sports seeks to develop new and better sporting goods, services and experiences that appeal to both consumers and trade customers. Amer Sports aims to ensure the quality and safety of its products, make products durable while improving efficiency, and, with actions related to these areas, meet the expectations of its stakeholders and strive for continuous improvement.

Amer Sports' global operations encompass business functions from product development to product sourcing, manufacturing and outbound logistics. Reliable, efficient and timely supply chain management and operations are important elements of the Group's strategy. Amer Sports sells its products directly to consumers through brand stores, factory outlets, and e-commerce and through trade customers in sporting goods chains, specialty retailers, mass merchants, fitness clubs and distributors.

#### Amer Sports is committed to sustainability

Amer Sports is committed to sustainability and seeks to conduct its business in a continuously more sustainable manner. The company follows laws and regulations in a rigorous manner. According to the company values, Amer Sports plays fair, plays by the rules, and always seeks to do the right thing.

Amer Sports drives innovation, and encourages its employees to contribute in the development of new ways of working and to share best practices to promote an innovation culture. This applies to all areas of the company, and Amer Sports puts special emphasis on innovation and improvement related to sustainability. The company focus on continuous improvement; sets targets, measures and monitors its progress, and acts on identified areas for improvement.

#### Sourcing

Amer Sports sources its products from suppliers around the world, and a significant proportion of suppliers are located throughout Asia. Amer Sports manufactures one third of its products itself, approximately two thirds of the production value is outsourced, and a minor percentage is produced by partially outsourced vendors. The Amer Sports Sourcing Office in Hong Kong is responsible for monitoring and improving social compliance of its global suppliers, vendor qualification, product industrialization, contract management, price negotiations, procurement process, optimization, and export administration for Amer Sports Group. Amer Sports publishes

the list of its finished goods suppliers at the company's website at <https://www.amersports.com/responsibility/social/supply-chain/>.

### **Code of Conduct**

Amer Sports is committed to socially responsible sourcing practices, and expects its sourcing partners to respect human rights in the spirit of internationally recognized social and ethical standards, including the International Labour Organization (ILO) Standards and the United Nations' Universal Declaration on Human Rights. The Amer Sports Code of Conduct (available in 14 languages) defines the major principles of the company's business conduct.

The content of the Code of Conduct focuses on the promises to consumers, shareholders and business partners. The Code of Conduct aspects include product safety, responsible marketing, accurate and transparent information, safe, fair and healthy workplace for employees, environment, antitrust and competition law, conflicts of interest, anti-corruption and bribery, privacy, financial reporting, protection of confidential information, and compliance with all laws and regulations.

### **Products**

Amer Sports is committed to international, regional or country-specific laws and regulations that limit the chemical contents of the materials used in the Amer Sports' products. The company is also proactively protecting the environment and consumers' health. For instance, Amer Sports has voluntarily restricted or phased out the use of perfluorinated compounds.

### **Material Compliance Policy**

In 2019 Amer Sports has created the Material Compliance Policy (MCP). Its key purpose is to manage the chemical composition and ethical sourcing of materials used in the products of its brands, and the chemical impacts in product manufacturing.

The MCP explains the company's expectations and requirements for materials as well as acceptable verification methods that Amer Sports imposes to its suppliers. The MCP is valid for all Amer Sports brands and product categories.

The content of the MCP includes Restricted Substance List (RSL), Testing and Certification Requirements and Ethical Sourcing Requirements in addition to Chemicals Management. The RSL contained in the MCP applies to all Amer Sports brands, products and product categories, except for Apparel & Gear as it is a bluesign® system-partner and relies on the bluesign® system, including the bluesign® RSL. The bluesign® is a holistic system that provides solutions in sustainable processing and manufacturing to industries and brands.

Currently, Peak Performance suppliers shall comply with the Peak Performance specific material compliance and restricted substance list policy. Amer Sports acquired Peak Performance in 2018, and integration into Amer Sports' material compliance program is in progress.

The complete Material Compliance Policy document is available at <https://www.amersports.com/responsibility/products-and-customers/>.

### **Circular economy principles**

Amer Sports has defined its Circular Economy Principles. The Circular Economy is about closing the loop in business, for instance, using resources in a way that they are kept in circulation. This will reduce waste,

increase resource productivity and help reduce environmental impacts, in-line with Amer Sports environmental guidelines.

With the following concrete examples Amer Sports' brands illustrates how these principles are put into practice:

- Arc'teryx is known for its durable and high quality products and has created a used-gear marketplace to extend the lifespan of these products. Customers can bring their used gear into any Arc'teryx brand stores across the U.S., or mail it in. The products are then cleaned and repaired and put back into circulation. As the Used Gear program matures, Arc'teryx anticipates extending the model to other countries. A used-gear marketplace reduces the company's impact on the planet by keeping good products out of the landfill and in use while accelerating the company's transition towards a circular economy.
- Salomon has presented Crossamphibian Swift 2, its first sustainable shoe. All the upper parts of the shoe, e.g. fabric, laces and sock liners, are made of recycled and bio-based material.
- Salomon has unveiled a new concept for a performance road running shoe made of just one material, allowing it to be recycled into a ski boot shell. Using the grinded small recycled shoe pieces in the creation of the ski boot extends the life of the original materials by up to 10 times. This concept will be cascaded into a range of products in Spring/Summer 2021 and it is expected to inspire more similar products in the following years.

With the new concept Salomon is able to create athletic shoes that drastically reduce the impact on the planet, including how to expand the lifespan of the materials used. Most traditional footwear constructions rely on multiple materials making it difficult to fully recycle.

- Atomic continuously investigates how the company can increase the use of recycled materials in its boot manufacturing processes. During the last five years Atomic has developed its processes to increase the use of recycled plastic in the ski boot constructions. Currently, 50% of the boots Atomic manufactures contain at least 30% recycled plastic. In 2019, this equated to 181 tons of recycled material, and this figure is expected to increase by 6% in 2020 as Atomic expands the use of recycled plastics into the Backland boot range.

The Amer Sport ski boot manufacturing facility in Romania leads the way in this work. The plastic waste generated in the production process is broken down into granulated material. The recycled material is carefully tested and blended with virgin plastics so that the final material achieves the desired quality and characteristics. Finally, the blended material is reinjected into the boot shell and cuff molds to form a new boot.

- Wilson has created the first performance tennis ball designed with fully recyclable packaging, Triniti. Featuring a unique octagonal paper container, the Triniti sleeve is fully recyclable after use. The ball core integrates a unique plastomer material that extends fresh ball feel, while STR Felt provides enhanced durability and is 50% more flexible than the standard ball for better feel at contact. This blend of new core material and flexible felt allows this ball to maintain enough liveliness to exist outside of a pressurized can.

Wilson and RecycleBalls partner to collect, recycle and repurpose tennis balls across the United States. The Wilson/RecycleBalls partnership aims to recycle 20 million tennis balls in the U.S. over the next three years. This program will look to expand into global markets. In addition, Wilson Team Sports is also looking at ways it can integrate recycled plastics into its basketball products.

- Suunto has explored alternatives to prolong the lifespan of its products, and to provide a new way to maximize utilization of its products. Since October 2019 Suunto started an initiative in which refurbished products have been available at Suunto.com since.

## **Human rights and anti-corruption and bribery**

The Amer Sports Ethical Policy sets out the core values of the sourcing operations. The company expects its suppliers to operate according to the principles in its Ethical Policy, which is embedded into the supplier agreement and signed by suppliers confirming their compliance with the Policy.

The Ethical Policy requires that suppliers do not engage in the giving or receiving, directly or indirectly, of bribes, kickbacks, or other illicit payments or improper benefits intended to achieve business advantage or financial gain. Amer Sports expects its sourcing partners to respect human rights in the spirit of internationally recognized social and ethical standards, including the International Labour Organization (ILO) Standards and the United Nations' Universal Declaration of Human Rights, and to prohibit corruption and bribery. The Amer Sports Ethical Policy is aligned with the Fair Labor Association's Code of Conduct, and it is available in 24 languages.

In addition to Ethical Policy, Amer Sports has Social Compliance Policy which provides suppliers with detailed information on how Amer Sports implements its supplier monitoring program as well as requirements that include, but are not limited to, the following issues: monitoring and documentation, child labor, forced labor, migrant labor, compensation and benefits, working hours, health and safety, environmental and chemical safety, safe disposal of broken needles, discrimination, disciplinary practices, harassment and abuse, freedom of association, grievance procedure and sub-contracting policy.

To ensure that Amer Sports' business partners and its own manufacturing facilities follow Amer Sports' standards, the company has implemented a Vendor social and labor monitoring program. Under the program, existing and new suppliers of Amer Sports brands as well as Amer Sports' own manufacturing facilities are audited by a third-party audit company. The social compliance functions as follows:

- The Amer Sports Vendor Sustainability team, located in Hong Kong, provides training on Amer Sports' standards defined in the Amer Sports Ethical Policy and the audit procedures. This is part of the vendor onboarding process.
- Amer Sports has commissioned third-party auditors from Bureau Veritas and UL Responsible Sourcing Inc. to conduct regular social and labor compliance audits in helping sourcing partners comply with labor regulations, industry standards, and health and safety practices in workplaces.
- If improvement opportunities are identified in an audit, a corrective action plan has to be developed by vendors. Re-audits are required depending on the severity of improvement opportunities. New vendors are required to resolve all severe issues before an order will be placed.

- In case of systemic issues, Amer Sports also collaborates with industry peers in developing joint capacity building programs to support vendors for systematic remediation and continuous improvement.
- Amer Sports follows regularly its vendors' social labor performance and their sourcing scores. The scores are part of both strategic vendor development plans and the regular monthly performance review cycles. The audit findings are categorized into different risk levels indicating the priorities of the corrective actions to be taken. Facilities have to perform a root cause analysis of the audit findings and develop corrective action plans to improve their performance.

### **Cooperation with organizations**

To develop its monitoring programs and improve its suppliers' performance, Amer Sports is a member in several non-governmental organizations.

Amer Sports has been a full member of the Sustainable Apparel Coalition (SAC) since 2018 and a signatory of Social Labor Convergence Project (SLCP), which is a multi-stakeholder project aiming to improve labor conditions in the apparel and footwear industry.

Amer Sports collaborates with Better Work, an International Labour Organization (ILO) program, in different capacity building activities for our vendors. The collaboration includes the Better Factory Cambodia initiative. Additionally, it provides access to Better Work's working conditions assessment reports and coaching and training plans and facilitates monitoring the improvement progress done by Better Work at facilities.

Arc'teryx collaborates with SMART Myanmar, an initiative which aims at improving working conditions, promoting labor and environmental standards in the textile and garment industry. The SMART Myanmar supports its vendors in the country in sustainable production of social responsibility projects. Arc'teryx also collaborates with Business for Social Responsibility (BSR) and kicked off a HERproject in Myanmar to support vendors in educating female workers on health, financial inclusion and gender equality topics. This initiative helps unlock the full potential of women working in the country. Both projects are expected to complete in 2019/2020.

Wilson Sporting Goods Company is a Category C licensee of Fair Labor Association (FLA). As a parent company of Wilson, Amer Sports engages in the FLA's due diligence process including the third-party assessment by FLA for facilities and review of Amer Sports' social compliance program.

Peak Performance cooperates actively with its suppliers and takes efforts to continuous improvement in its supply chain management. Peak Performance hosted a supplier summit in April 2019 with all its Tier 1 and 2 partner suppliers. Peak Performance is a member of amfori Business Social Compliance Initiative (BSCI) program, a global business association for open and sustainable trade. Peak Performance joined Amer Sports in 2018, and integration into Amer Sports' Vendor social and labor monitoring program is in progress.

Peak Performance is a member of amfori BSCI program, which is a global business association for open and sustainable trade. Its vendors are monitored under the BSCI audit program and their working conditions performance is tracked over time. Peak Performance is a signatory brand of the Accord on Fire and Building Safety in Bangladesh, and is committed to improving building safety in Bangladesh. In 2020, Amer Sports will explore and define how Peak Performance's audit programs can be fully integrated into existing Amer Sports processes.

Product compliance and environmental sustainability have been added to the responsibilities of the Vendor Sustainability department within Amer Sports Operations in order to provide holistic support to sustainability.

Amer Sports has several key performance indicators to track how social and labor compliance audits have improved its suppliers' performance related to human rights, working conditions, and prohibition of corruption and bribery. Progress in the selected KPIs is tracked by providing examples annually, and benchmark over a period of five years.

<b>Suppliers' employees in audited factories</b>	<b>2019</b>	<b>2018*</b>	<b>2017</b>
Suppliers' employees in audited factories	168,854	161,458	116,457
Number of countries where suppliers' employees in audited factories are located	21	22	20

<b>Suppliers covered by Supplier Code of Conduct (%)*</b>	<b>2019</b>	<b>2018*</b>	<b>2017</b>
Purchase value from suppliers signed the supplier Code of Conduct	96	96	94

<b>Audits</b>	<b>2019</b>	<b>2018*</b>	<b>2017</b>
Factories audited 1)	156	153	129
Audit visits by external third party	133	127	121
Remediation visits by Amer Sports' CR team	50	52	64

<b>Breakdown of audit findings (%)</b>	<b>2019</b>	<b>2018*</b>	<b>2017</b>
Monitoring & documentation	5	5	5
Human rights	2	3	2
Compensation & benefits	9	11	10
Working hours	13	14	14
Fire safety	21	17	23
Operation & machine safety	37	38	31
Environmental & chemical safety	13	12	15

<b>Audited purchasing volume (%)</b>	<b>2019</b>	<b>2018*</b>	<b>2017</b>
Audited purchasing volume of purchase turnover forecast 2)	96	96	98.4

<b>Breakdown of supplier turnover by country risk (%)</b>	<b>2019</b>	<b>2018*</b>	<b>2017</b>
High risk countries (of total supplier turnover)	96	96	93
Low risk countries (of total supplier turnover)	4	4	7

\* Peak Performance suppliers included from July 1, 2018 onwards.

1) Peak Performance does not perform audits on low-risk countries

2) Country risk level referring to Business Social Compliance Initiative (BSCI) definition 2018



## Environment

Amer Sports is committed to reducing the environmental impact of its products and operations through the use of methods which are responsible and economically sound. Amer Sports strives to continuously improve its performance and assess the environmental impacts of its decisions. To guide its Group-wide actions, Amer Sports has created its Environmental Guidelines to outline the commitment to reduce the environmental impacts of its operations.

Amer Sports brands and categories have many approaches on how they work to reduce their environmental impact, based on their environmental policies defined in the ISO certifications.

- Salomon has ISO 14001 environmental certification and ISO 50001 certification for the energy management system in their Design Center in Annecy, France. The ISO 50001 standard supports organizations in all sectors to use energy more efficiently.
- Peak Performance has started its work in identifying its circular economy approach according the Amer Sports' principles with its design and sourcing teams. Peak Performance is also an active member to STICA, the Swedish textile initiative for climate action, which measures its greenhouse gas impacts in Scope 1, 2, 3 and communicates them for a total of 42 Nordic brands.

Peak Performance published its first Sustainability report in 2019, available on Peak Performance's website. To reduce its greenhouse gas emission in its own operations Peak Performance changed its fleet of leased cars into hybrid cars.

- Suunto has ISO 14001 environmental certification for its headquarters and manufacturing facility in Finland, Vantaa. The ISO 14001 standard provides a practical tool to manage environmental performance and it is based on the principle of continuous improvement of environmental performance by monitoring and controlling the impacts linked to the company's activities.

In 2019, Suunto arranged three clean-ups in the surroundings of its headquarters and manufacturing facility in Vantaa, Finland. Also, Suunto stopped using carton cups at Suunto headquarters. Suunto promotes taking care of oceans and is a member of the Mission2020.org, a Dive industry initiative.

- Precor has an Environmental Management Policy statement that has established objectives to identify the environmental aspects and significant impacts of its business, expanding its recycling program, leveraging innovative programs and achieving a zero landfill status, as well as reusing steel and aluminum in the production of machined components.

Precor's manufacturing facility in North Carolina has a LEED® Gold certification. LEED® Gold certification is a premier program for the design, construction, and operation of high-performance green buildings.

- The Amer Sports Winter Sports Equipment manufacturing facility in Altenmarkt, Austria continuously finds new ways to improve its sustainability, and it has received several environmental awards for its advanced ways to manage its operations. It applies innovative measures on reducing its carbon footprint, being more sustainable, and recycling more. For instance, the heating energy for the ski

factory comes solely from biomass, and the electrical power consumption of the plant has been 100% renewable for many years. Every year the Altenmarkt factory actively works towards finding new ways to reduce waste or the use of energy. In 2019, the lighting was improved, a photovoltaic system was assembled on the roof of one hall, and green roofs were added to the new warehouse.

### **Climate actions**

Amer Sports conducts its corporate-wide carbon footprint assessment annually. The company participates in the Carbon Disclosure Program (CDP) in order to manage the company's carbon emission sources, to reduce emissions and improve efficiency across building energy use, travel emissions, waste production, and other environmental metrics.

### **United Nation's Fashion Industry Charter for Climate Action**

Amer Sports' largest apparel brands, Arc'teryx, Salomon and Peak Performance, are signatories of the United Nation's Fashion Industry Charter for Climate Action (UN Charter), and committed to the science-based targets to reduce emissions as defined in the Charter. As part of the Charter, the fashion industry stakeholders have a role to play in reducing climate emissions resulting from their operations, with an awareness that the majority of climate impact within the industry lies in manufacturing of products and materials. As members of the Charter, Amer Sports' Apparel brands have started exploring ways to improve how they measure and track scope 3 emissions.

In 2016, the Amer Sports Group, including the Apparel brands, increased the boundary of the carbon footprint assessment to cover additional sites, e.g. brand stores and factory outlets, within their operations. In 2019, the largest Apparel brands expanded the data collection of their scope 3 emissions further still and included logistics in their scope 3 emissions figures.

Amer Sports' Apparel brands are active members in the UN Fashion Charter's working groups, e.g. Raw Material, Logistics, Manufacturing/Energy and Promoting Broader Climate action. The Charter is preparing the new reporting requirements for 2020 reporting cycle onwards.

As climate change is a priority area for Arc'teryx' environmental and sustainability efforts, in 2019 Arc'teryx also successfully measured its carbon footprint baseline for 2018 with an increased boundary and expanded scope, as an important first step to meeting its obligation as a UN Fashion Charter signatory. This information will be used to establish and commit to a public carbon reductions target and the learnings will be shared across the Amer Sports Group.

Arc'teryx has partnered with the Pembina Institute, a Canadian climate policy and research think-tank, to be one of the founding members of the Catalyst Business Coalition, advocating for the political and business imperative to act ambitiously on climate change.

In line with the UN Fashion Charter's work, Peak Performance participated in a three-year European Clothing Action Plan (ECAP) project which ended in 2019. ECAP was a European Union funded project which aimed to reduce clothing waste across Europe and embed a circular economy approach.

### **Higg Index and the Facility Environmental Module**

Started with Arc'teryx as a pilot in adopting Higg Index and its Facility Environmental Module (FEM) in 2018 the whole Amer Sports Apparel and Footwear category is currently active user of Higg FEM. As a full member of

Sustainable Apparel Coalition (SAC), Amer Sports Apparel and Footwear category continued working closely with the Higg Index tools in driving environmental sustainability. The Higg FEMg is a tool to measure the environmental performance of vendors including Environmental Management System, energy, water use, wastewater, air emissions, waste, and chemical management. For instance, Amer Sports Apparel and Footwear category uses the Higg FEM as a tool to engage and build capacity with suppliers in order to enable environmental improvements. All of the Amer Sports Apparel and Footwear category finished goods vendors and more than half of the Amer Sports Apparel and Footwear finished goods vendors have completed the Higg FEM in 2019.

Amer Sports Apparel and Footwear category has provided training workshops for both finished goods vendors and material suppliers since 2016 and is actively working on renewable energy feasibility studies with its Vietnam partners and the Clean Energy Investment Accelerator (CEIA). The Supplier Environmental Management program was initiated in 2019 with Amer Sports Apparel and Footwear category's material suppliers, and a pilot energy efficiency projects in partnership with Clean By Design are currently underway. Clean By Design is an innovative program targeting to reduce the environmental impacts.

As an example, Salomon Footwear is actively collaborating with the SAC on Higg Product Module (PM) tool to assess sustainability impacts of a product throughout its lifecycle. In 2019, the focus was on the Materials Sustainability Index (MSI) tool which defines the environmental impact of each material in order to have a common standard of material quotation method for Tier 2 suppliers.

Amer Sports measures its performance in environmental impacts with key performance indicators, and aims to continuously reduce the environmental impacts of its operations. Progress in the selected KPIs is tracked by providing examples annually, and benchmark over the time of five years.

<b>Energy consumption (kWh)</b>	<b>2019</b>	<b>2018*</b>	<b>2017*</b>
<b>Direct energy consumption</b>			
Fuel oil	208,427	785,413	1,270,327
Natural gas	52,399,749	41,067,497	41,211,844
Wood biomass	6,388,390	5,547,773	5,735,320
<b>Indirect energy consumption</b>			
Electricity	75,556,428	60,655,863	55,384,364
Heating	1,931,652	2,728,343	2,801,341
<b>Total energy consumption within the organization</b>	<b>136,484,647</b>	<b>110,784,889</b>	<b>106,403,196</b>
<b>Total non-renewable energy</b>	<b>120,615,357</b>	<b>94,563,896</b>	<b>90,958,641</b>
<b>Total renewable energy</b>	<b>15,869,290</b>	<b>16,220,993</b>	<b>15,444,555</b>
<b>% of renewable energy</b>	<b>12%</b>	<b>15%</b>	<b>15%</b>
<b>Change in total energy consumption, %</b>	<b>23.2%</b>	<b>4.1%</b>	<b>5.2%</b>

<b>Greenhouse gas emissions (GHG)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Scope 1	12,286	14,991	14,575
Scope 2	27,387	18,652	17,157
Scope 3	**16,443	12,596	11,148
Emissions intensity ratio (tCO <sub>2</sub> /mEur)	**19.20	16.53	15.97

<b>Waste (t)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Recycling & reuse	4,583	5,980	5,309
Composting	57	64	62
Incineration (mass burn)	2,732	1,093	1,024
Landfill*	4,165	3,873	2,508
Hazardous waste	n/a	n/a	n/a
Total amount of waste	11,538	11,010	8,903
Waste recycled or reused (%)	<b>40%</b>	<b>54%</b>	<b>60%</b>

<b>Water (l)</b>	<b>2019 ^</b>	<b>2018</b>	<b>2017</b>
Total volume of water used	117,629,031	32,696,451	38,231,868

\* Minor corrections were made as new and more accurate data became available.

\*\* Figure includes 2,777 tCO<sub>2</sub>e from logistics across three brands within the Group: Arc'teryx, Peak Performance and Salomon.

^ Water supply for 2019 was estimated for all sites across the Group; figures for prior reporting periods' water use figures were derived from actual activity data only.

In 2019, the Amer Sports' emissions increased by 22% compared to 2018. This increase has been primarily driven by the key updates in the reporting approach, which now captures additional sites, a more complete emissions profile of estimated data, and uses more accurate, region-specific factors, were applicable. The key reasons for the emissions increase are as follows:

- In 2019 Amer Sports expanded the scope and included logistics data from three Apparel brands, accounting for 28% of the group-level increase.
- Reason for the natural gas emissions increase was that Amer Sports has previously used emissions factors from Defra to cover entire portfolio, and in 2019 the company changed its data collection platform which utilizes region specific factors. This change created 19% of the group-level increase.
- Historically, the emissions relating to electricity consumption at the Austrian winter sport equipment manufacturing facility have been reported as zero due to their green energy tariff supply. From 2019, this green tariff is now reflected within the market-based reporting, as per the GHG Protocol's dual reporting approach. A country-level emissions factor is applied for location-based reporting, and this has increased emissions from electricity use in Austria, driving 12% of the group total increase.
- Emissions from air travel increased by 54% between 2018 and 2019, driving 40% of the Group-level increase. In prior assessment periods, air travel data has been converted to carbon equivalent by applying standard emissions factors dependent on distance travelled. This, however, did not include radiative forcing. Radiative forcing creates an increase in emissions of approximately 90% per flight; this has been applied to 2019 figures.

### **About the boundaries and GHG methodology**

For the greenhouse gas emissions assessment Amer Sports' has consolidated all the sites using operational control principle. This means that all the entities and facilities under operational control were included in the assessment.

In the assessment the used emissions factor data sources are:

International Energy Agency (IEA) CO2 emission from fuel combustion, OECD/IEA (2019), European Energy Agency 2020, Defra, UK Government conversion factors for Company Reporting (2019), and the region-specific emissions factors.

Assessment methodology is Greenhouse gas protocol (revised edition, 2004) and ISO 14064-1 (2006).

In the assessment the materiality threshold was 3%, and all emissions source > 3% were included. The environmental data in the assessment has not externally assured.

### **Social and employee matters**

Amer Sports' People Strategy aims to ensure sustainable business success, and it is aligned with the Group strategy, business initiatives, and selected focus areas. People Vision defines passion and professionalism as sources for great performance and productive engagement.

Amer Sports is committed to providing opportunities for continuous development and learning for all its employees since passionate and capable people perform and excel. The company evaluates and develops the company's strategic capability areas systematically in order to drive organizational and personal growth and effectiveness.

Amer Sports has a 'Strategy, Structure and Capability Review' practice in place in all its entities to ensure alignment between company strategy and their structure, people and culture. The long-standing aim is to enable resource fluidity through agile resource management actions as well as to increase transparency for future capability and resourcing needs.



High-performance culture is enforced through coaching dialogue and motivational pay & performance management processes. Amer Sports cascades its vision and strategy to organizational levels through our performance management process 'Coaching for Success'. This process provides employees with the opportunity to have a one-to-one performance and development discussion with the manager / team lead and encourages an ongoing feedback dialogue.

In 2019, the Coaching for Success process was completed for 86% of total workforce. Amer Sports continuously aims to improve its Coaching for Success quality and completion and to have all Amer Sports employees covered in the global Human Resources performance process. The 2020 Performance Review through Coaching for Success will be completed during Q1 2021.

Organizational dialogue and employee engagement are also fostered through a renewed employee engagement assessment executed in 2018 with the 'Pulse Survey' across all Amer Sports entities. 87% of all invited employees provided their feedback. A coordinated follow-up dialogue across the Group aims at further driving employee engagement and at greater business and performance impact and investment pay-out.

Talent engagement and retention is enabled through systematic talent management and succession planning practices. In 2018, Amer Sports maintained a strong focus on building and scaling capabilities to support the strategy of profitable growth.

As of 31 December 2019, the total number of employees was 9,898 of which 59 % were men, and 41% women.

## **Ethics**

The Amer Sports Code of Conduct defines the major principles of the company's business conduct. Success in competition requires determination to win, team spirit, fair play and innovation, and these values guide the company's operations around the world. Every Amer Sports employee is responsible for his or her own behavior, acting with integrity, and observing the highest standards of business ethics.

To familiarize and understand the content of the Code of Conduct and also to ensure awareness of anti-corruption and bribery, Amer Sports has established an e-learning test, which is part of the onboarding process, and all new employees are asked to take the Code of Conduct e-learning test. The Code of Conduct e-learning test covers product safety, responsible marketing, accurate and transparent information, safe, fair and healthy workplace for employees, environment, antitrust and competition law, conflicts of interest, anti-corruption and bribery, privacy, financial reporting, protection of confidential information, and compliance with all laws and regulations. The Code of Conduct is available in 14 languages. Company employees are the most important source of insight for revealing a possible misconduct that needs to be corrected.

Amer Sports has an external feedback channel for supplier employees and an internal ethics and compliance reporting system to own employees, called WhistleB. This allows anonymous reports through an external ethics and compliance channel.

In the near future, Amer Sports will confirm a process to track the annual % of the Code of Conduct completion coverage, out of all its own employees, and targets to continuous improvement and progress in Code of Conduct completion.

## **Risks and risk management**

The Board of Directors approves and endorses the company's Risk Management Policy that defines the objectives, principles, processes and responsibilities concerning risk management at Amer Sports. The Board of Directors and the Audit Committee review the Policy annually and ensure that risk management activities are aligned with the Policy.

The Risk Assessment is performed by Business Units and Group Functions. A risk universe provides a structure to the process that assesses Financial, Operational, Compliance and Strategic risks. Specific risk categories cover Governance, the Code of Conduct, and Regulatory type of risks, such as corporate social responsibility risks, health, safety and environmental risks. The risk management process includes risk identification, assessment, control, communication, and monitoring.

Risks are reviewed and assessed annually by the Executive Board, which also conducts an annual risk management mapping and assessment at Group level. Risk reporting is integrated into the annual meeting cycle of the Board of Directors and the review is reported annually to the Audit Committee. Risk reporting is also integrated into the monthly operational, strategic and functional reviews.

When assessing relevant risks, both the financial impact and the probability for the risk to occur are assessed to give guidance in the final risk ranking. When deciding on the final prioritization, also possible mitigating actions are considered.

## **Important events in 2020**

The sporting goods industry, like many others, has faced the most challenging economic situation in recent history. The business impact of COVID-19 has been worldwide and serious.

Amer Sports took early actions to ensure that its employees and stakeholders were safe, starting from travel restrictions which changed quickly to a complete travel ban. The company has provided instructions on how a person can protect oneself from the virus, and shared these instructions consistently within the Group to all its companies, reminded people to follow the instructions from the local health authorities, and moved its employees to work from home when possible.

Consumer demand and access to products have declined while consumers were staying at home and many stores were temporarily closed. Amer Sports took several actions to ensure that the company remained operational. Amer Sports has also put capital and operating expense measures in place to mitigate the impact of the coronavirus and to manage expected cash needs.

The company continued to work closely with its shareholders to ensure it will be able to execute its strategy over the on-going coronavirus outbreak, and when the situation normalizes.

Statement of non-financial information signatures

Helsinki, Finland, June 15, 2020

Heikki Takala

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