

Human Rights & Labor Rights Due Diligence Policy

For Tier 1 and Strategic Tier 2 Supply Chain Partners

On's commitment to Human Rights and Labor Rights

We want to make a positive impact and do things right. For ourselves. For communities. For the planet. We put the human aspects first and believe this is the basis for any sustainable business activity. On supports the protection of international human rights and labor rights and respects all applicable laws and regulations. We are committed to upholding and respecting human rights in all aspects of our global supply chain. This policy extends to our Tier 1 manufacturers and Strategic Tier 2 suppliers (hereinafter "Supply Chain Partners"). T1 suppliers is where finished assembly for our products takes place. Supply Chain Partners represent a supplier relationship longer than three seasons, represent a large materials business volume for On and the supplier is the sole producer of a product and business-critical material. All of On's products are manufactured by independent contract suppliers

Our commitments and due diligence framework adhere to the UN Sustainable Development Goals (SDGs), the United Nations International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, ILO's 11 fundamental instruments (Forced Labor, Freedom of Association, Discrimination, Child Labor, Occupational Safety and Health). We also align with the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct as best practices in respecting human rights.

We are committed to conducting robust, embedded, worker-centric human rights and labor rights due diligence. This policy seeks to be practical and effective. In instances where national legislation and international human rights and or labor rights standards diverge, we follow the higher standard, where possible.

We clearly and actively communicate our human rights and labor rights requirements to our Supply Chain Partners in key documents including our [Supplier Code of Conduct](#) and [Blueprint for Responsible Manufacturing](#), and through this policy.

We expect our Supply Chain Partners to conduct human rights and labor rights due diligence within their own operations and supply chains to identify, prevent, mitigate, and account for adverse impacts, including through regular assessments, audits and through the use of their internal grievance mechanism systems.

We carry out human rights and labor rights impact assessments for our Supply Chain Partners on a continuous basis, striving to undertake a formal review of impact assessments and this policy at minimum every three years, and more frequently in countries and sites designated high-risk, or where we see a need for urgent review.

Salient Human Rights Risks

We have identified five salient human rights risks from our Supply Chain Partners' activities. We seek to proactively identify, cease, prevent or mitigate these risks:

- Child labor
- Discrimination and harassment in all forms, in particular gender-based discrimination and sexual harassment
- Forced labor (e.g. debt bondage, withholding of wages, restriction of movement, trafficking of persons, coercion)
- Inhumane treatment (e.g. physical, verbal, denying basic working needs)
- Adverse environmental impacts that pose a threat to workers (e.g. water contamination, mismanagement of hazardous waste and air pollution impacts)

We prohibit modern slavery in all forms. We recognize the importance of eliminating forced labor, child labor, human trafficking, or any form of modern slavery from our supply chain, with zero tolerance for such practices. We prohibit and do not place or make available on the market, or export, products made with child labor, forced labor and/or trafficked persons.

We recognize that women constitute the majority of the workforce in the footwear and apparel industry. We also acknowledge that there exists disparate impacts and heightened vulnerabilities on women and we strive to identify, cease and eliminate such treatment.

Salient Labor Rights Risks

We have identified four salient labor rights risks from our Supply Chain Partners' activities. We seek to proactively identify, cease, prevent or mitigate these risks:

- Unethical recruitment practices and contracts
- Violating local requirements for providing minimum wage, social security and benefits
- Lack of freedom of association, collective bargaining, and grievance mechanisms
- Working conditions that pose the treat of serious injury or death to workers

Human Rights & Labor Rights Due Diligence Approach

We are committed to identifying, assessing, prioritizing, addressing, monitoring, and communicating human rights and labor rights risks and conducting ongoing human rights and labor rights due diligence. Our approach includes ongoing due diligence, identifying and prioritizing the most severe and most likely risks through stakeholder engagement, our Workplace Standards Monitoring Program, and impact assessments. The key aspects of our due diligence framework include:

Integrating Due Diligence

- We have integrated our risk-based human rights and labor rights due diligence into our relevant policies and risk-management activities.
- We have established policies and processes, enabling us to identify, address, and prevent the adverse impacts that we may have on people. These policies and processes state our expectations for conducting business practices.
- Our Blueprint for Responsible Manufacturing clearly communicates our requirements and approach to both human rights and labor rights with embedded due diligence activities within our supply chain to monitor and manage risks.

Identifying, assessing and prioritizing potential and actual impacts

- Our risk-based approach to identifying and assessing risks and impacts on human rights and labor rights is conducted through impact and self-assessments. Country risk-mapping is also conducted before engaging with Supply Chain Partners in new regions
- Our Blueprint for Responsible Manufacturing outlines our robust due diligence mechanism, including our Workplace Standards Monitoring Program for both new and existing Supply Chain Partners. This program is designed to systematically identify and assess actual and potential adverse impacts, with issues posing the highest risks to people and the planet considered zero-tolerance requiring immediate action.
- The appendix of our Blueprint for Responsible Manufacturing prioritizes all zero-tolerance, major, and minor issues related to social, climate, and business ethics for which we actively screen.

Preventing potential impacts, remediating and ending adverse impacts

- We act to prevent and adequately mitigate potential adverse impacts on people.
- When we identify an adverse impact, we act to end it. Where we cannot immediately do so, we minimize the extent. This involves on-site assessments, documentation of issues, corrective action planning, follow-up, and evaluation of remediation effectiveness – all of which is captured in our internal systems and communicated to internal teams, and On Leadership, as well as our Supply Chain Partners.
- Where non-compliances are identified, we aim to work together with our Supply Chain Partners to resolve these issues. In cases where serious violations are confirmed to be present, On will immediately initiate a corrective action procedure, which sets forth specific remediation timelines and actions, or the review, suspension or termination of contracts.
- Where we cause an actual adverse impact, we either provide, or work with our suppliers to help them provide, remediation.

Meaningfully engaging with stakeholders

- On meaningfully engages with a range of stakeholders. This includes employees, our Supply Chain Partners, NGOs, governments, trade unions, and civil society. Together with our stakeholders, we continuously assess the potential and adverse impacts of our business operations and supply chains, as well as their remedy. On is committed to creating a working environment founded on diversity, equity, inclusion, wellbeing, learning and development and as such we believe positive community impact is a critical way for us to manifest our brand values and mission in the world. We do this through our social impact partnership program, [Right to Run](#).
- On also stays abreast of human rights and labor rights through multilateral sustainability conferences, working groups, and partnership engagement to share knowledge, understand human rights and labor rights trends, and stay in alignment with the latest social developments.

Monitoring and communicating

- All issues are captured in our internal systems, and Supply Chain Partners are assessed against our Workplace Standards Monitoring Program.
- Performance of our Workplace Standards Monitoring Program is regularly communicated to both our Supply Chain Partners and broader teams.

Grievances and Remedy

We expect our Supply Chain Partners to manage the effectiveness of their own grievance mechanisms and to remedy grievances in a timely manner according to severity and scale, specifically prioritizing on the nine salient issues aforementioned in this policy. We enable individuals and entities to submit complaints where they are, or might be, adversely impacted. On uses a confidential reporting system. On's [Speak Up tool](#) allows employees, contractors, suppliers, and other stakeholders to securely raise concerns regarding any potential or actual unethical or inappropriate behavior within the company's operations and supply chain. The confidential hotline serves as a mechanism for individuals to report issues such as fraud, harassment, discrimination, safety violations, or any other misconduct without fear of retaliation.

All grievances reported to On undergo thorough investigation by authorized employees. On is committed to protect the identity of those who report issues and remediate any non-compliance. We act to prevent any form of retaliation against complainants, including by ensuring confidentiality, as permitted by applicable law. On's process is designed to encourage the reporting of any misconduct and protect those who come forward.

On is committed to ensuring that it takes proactive measures to prevent and address adverse human rights and labor rights impacts, providing grievance mechanisms which are fair, publicly available, accessible, predictable and transparent to all stakeholders, and offers appropriate remedies to those affected by its activities.

Continuous Improvement, Transparency and Reporting

We recognize that the respect of human rights and labor rights is ongoing and requires continuous improvement and vigilance. We regularly review and update our policies, procedures, and practices to reflect evolving best practices, legal requirements, and stakeholder expectations.

We regularly review, monitor, and update this policy, our list of adverse impacts, and our corresponding action plans in accordance with the outcome of our assessments, duly considering information from stakeholders.

Annually, we assess our own operations and measures, and those of our Supply Chain Partners, to monitor and evaluate the implementation and effectiveness of our due diligence framework. We also do so when new likely risks emerge.

We provide all applicable employees with appropriate education and training on this policy. We engage with our Supply Chain Partners to raise awareness of human rights and labor rights and create capacity building initiatives aimed at improving human rights and labor rights practices and fostering sustainable development.

We actively seek feedback and collaboration from a diverse array of internal and external stakeholders, including our direct employees and leadership, government bodies, investors, non-governmental organizations, trade unions, suppliers, and trade associations. We use this feedback to understand potential areas for improvement and to help inform direction and strategy.

We publicly report on our human rights and labor rights due diligence and progress in our annual Impact Progress Report, which can be found on our [investors page online](#).