

# **FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT REPORT**

## **1. Introduction**

Acushnet Canada, Inc. (“Acushnet Canada”) has prepared this report in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chain’s Act (the “Act”). This report details the steps the Acushnet Group (as defined below) has taken during the financial year ended December 31, 2023 to ensure that forced labour and child labour are not taking place in its supply chains or in any part of its business. As required by the Act, this report has been approved by Acushnet Canada’s governing body and is made available in a prominent position on the homepage of Acushnet Canada’s website.

## **2. Description of Acushnet Structure, Activities and Supply Chain**

The Acushnet Group manufactures and distributes high quality golf equipment through its valued and established global brands. A significant portion of the value of the Acushnet Group’s brands is derived from the Acushnet Group’s commitment to trading ethically and in compliance with law.

Acushnet Canada is part of an international group of business entities, all of which are under the ultimate ownership and control of Acushnet Holdings Corp., a body corporate formed under the Laws of the State of Delaware, United States of America (such business entities, collectively, the “Acushnet Group,” “we,” “us” or “our”). The Acushnet Group operates in jurisdictions around the world, including in the European Union, North America, and Asia Pacific.

The Acushnet Group has a business presence in Canada, principally through Acushnet Canada, its Canadian incorporated subsidiary. The actions and policies described in this report are applicable to all business entities within the Acushnet Group.

The Acushnet Group sources components for the assembly of its products from a range of suppliers, the majority of which are located in the U.S. and the Asia Pacific region. The Acushnet Group’s procurement team is primarily U.S.-based and oversees procurement for all golf ball, club, shoe, glove and apparel products manufactured and distributed by the Acushnet Group. The Acushnet Group’s operations are supported and carried out by employees (or “associates”) at our wholly-owned Thai golf glove factory, our joint venture Chinese golf shoe factory and our Hong Kong based apparel sourcing operation. Our golf balls are made from

various raw materials at four wholly owned manufacturing facilities, three of which are located in the U.S. and one of which is located in Thailand. The majority of our golf gloves are made from various raw materials at our wholly owned manufacturing facility in Thailand; the balance are manufactured in factories located in Vietnam, India and Indonesia. Our golf shoes are made from various raw materials at our joint venture in China and our supplier factory in Vietnam.

Generally, our golf clubs are made from globally sourced components that are assembled at our wholly owned facilities around the world. All other of the Acushnet Group's products (e.g., hats, gear and apparel) are globally sourced from various third-party manufacturers.

### **3. Policies and our approach to forced labour and child labour**

Our policies regarding labour within our supply chain are designed to ensure that we conduct our business ethically, with respect for human rights and the environment and with a positive impact on the communities in which we operate.

#### **3.1 Treatment of Acushnet employees**

We ensure that the working conditions of our worldwide associates fully comply with all applicable employment laws and regulations in effect in the jurisdiction in which such associates perform their employment duties.

In addition, the Acushnet Group's employment practices are consistent with the following principles:

1. Employment is freely chosen: forced, bonded or trafficked labour are zero-tolerance issues;
2. No harsh or inhumane treatment is allowed: physical or verbal harassment and intimidation are zero-tolerance issues;
3. Wages and benefits meet or exceed national legal minimum wage and all applicable laws and regulations. Illegal deductions from wages shall not be permitted. Workers are paid at regular intervals, the maximum being monthly; and
4. Working hours are not excessive: working hours must comply with national laws or benchmark industry standards or relevant international standards, whichever affords greater protection to workers' health, safety and welfare. Acushnet operates pursuant to the guidelines of its Code of Business Conduct and Ethics and its Supplier Citizenship

Policy, each of which prohibit the use of forced labour. Our Thai factories operate under the Thai Labour Standard (TLS 8001-2010).

Several of our U.S. facilities are Voluntary Protection Programs ("VPP") Star certified by the U.S. Occupational Safety and Health Administration ("OSHA")<sup>1</sup>

### **3.2 Policy regarding Acushnet supply chain**

The Acushnet Group has adopted and implemented a "Supplier Citizenship Policy," which describes the business practices and employment standards applicable to the Acushnet Group's direct suppliers worldwide.<sup>2</sup> All of the Acushnet Group's significant direct suppliers receive copies of our Supplier Citizenship Policy on an annual basis and many suppliers post the policy on site at their various locations.

Our Supplier Citizenship Policy requires our vendors to comply with eleven principles covering a range of issues that are relevant to human rights, corporate responsibility and ethical trading. These principles require our suppliers to ensure the fair and ethical treatment of workers and the prohibition of forced labour and child labour.

### **4. Due diligence processes in relation to forced labour and child labour in its business and supply chains**

The Acushnet Group has a multi-faceted programme for auditing suppliers' compliance with our Supplier Citizenship Policy.

Supplier compliance with the Supplier Citizenship Policy is monitored by supplier self-assessments, completion of mandatory questionnaires distributed by the Acushnet Group, Acushnet Group personnel visits and third-party audits. Many of our suppliers are required to

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<sup>1</sup> OSHA's VPPs recognize employers and workers in the private industry and federal agencies who have implemented effective safety and health management systems and maintain injury and illness rates below the U.S. Bureau of Labor Statistics averages for their respective industries. For additional information, see [www.osha.gov/vpp](http://www.osha.gov/vpp).

<sup>2</sup> Our Supplier Citizenship Policy is available at [http://acushnetcompliance/Policies/English/Supplier\\_Citizenship\\_Policy\\_new.pdf](http://acushnetcompliance/Policies/English/Supplier_Citizenship_Policy_new.pdf) .

report their compliance with the Supplier Citizenship Policy by submitting detailed questionnaire-based reports either annually or bi-annually, depending on their risk profile.

Various types of audits are conducted, including on-site visits by Acushnet Group personnel. Third-party on-site audits for certain of our suppliers are conducted periodically and are focused on supplier compliance with each of the eleven principles set forth in our Supplier Citizenship Policy. In the event of a violation, suppliers are required to prepare and adhere to corrective action plans designed to resolve the compliance issue(s) identified through the audit process. The Acushnet Group reserves the right to terminate a supplier relationship if serious non-compliance is discovered (such as forced labour or child labour) and not immediately remedied, as well as in the event of repeated violations of, or continued non-compliance with, our Supplier Citizenship Policy.

These due diligence efforts are supplemented by the Acushnet Group's purchasing agreements, which require suppliers to comply with all applicable laws and regulations, including local laws regarding forced labour and child labour.

#### **5. The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk**

The Acushnet Group evaluates actual and potential suppliers according to a risk-based strategy and new supplier screenings are conducted by Acushnet Group associates.

Our Supplier Citizenship Policy establishes the Acushnet Group's policies and procedures for identifying and mitigating the risk that forced and/or child labour is occurring within our supply chains and represents an integral part of our broader Corporate Responsibility programme. We believe that the Act presents an opportunity for progressive organizations to share key insights and experiences and to encourage further action to prevent the occurrence of forced and/or child labour worldwide.

The Acushnet Group is aware of and takes seriously the elevated degree of risk associated with certain of the geographical regions in which we operate, and we believe that we have taken appropriate action to address and mitigate those risks. For example, the Acushnet Group employs heightened due diligence and auditing standards when evaluating the employment practices of our suppliers in high-risk geographic regions (e.g., Thailand and Asia Pacific) to ensure that those

suppliers are fully compliant with our labour and other human rights focused requirements, including those established by our Supplier Citizenship Policy.

We evaluate the degree of risk associated with each of our suppliers based on the following criteria:

- Location of facility (less developed countries receiving higher scrutiny);
- Type of product being supplied to the Acushnet Group;
- Size of purchasing program with supplier;
- Size of Acushnet Group product volumes at the factory; and
- Past audit results.

During the financial year ended December 31, 2023, the Acushnet Group took the steps outlined above to reduce the risk that forced labour and child labour is used at any step of the production of goods in Canada or elsewhere by the Acushnet Group or of goods imported into Canada by the Acushnet Group. However, because the Acushnet Group did not identify any instances of forced labour or child labour within its supply chain during the financial year ended December 31, 2023, the Acushnet Group did not take any measures to remediate (i) any forced labour or child labour or (ii) the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in the Acushnet Group's activities and supply chains.

## **6. Steps taken to assess the effectiveness of forced labour and child labour policies**

The Acushnet Group takes the following measures to ensure the effectiveness of our policies regarding forced labour and child labour and to ensure that our suppliers remain in compliance with the principles set forth in our Supplier Citizenship Policy.

First, the Acushnet Group's Risk Management Committee (the "RMC") has worldwide responsibility for compliance issues related to the Acushnet Group's operations. The RMC meets regularly and periodically reviews and updates a range of policies and procedures, including those designed to ensure the absence of forced or child labour within our supply chains (e.g., our Supplier Citizenship Policy and Code of Business Conduct and Ethics). The RMC also monitors the implementation of our relevant policies and procedures worldwide.

The RMC endeavours to swiftly respond to and address any instance of forced labour or child labour practices detected in our supply chains. The RMC and the Acushnet Group's senior management are responsible for overseeing disciplinary and other remedial actions as may be necessary in response to the violation of our relevant policies by our associates, contractors and/or suppliers; The Acushnet Group will terminate our relationship with associates, independent contractors and suppliers in the event of serious and/or persistent non-compliance with our relevant policies, including those prohibiting forced labour and child labour within our supply chains.

In addition, the Acushnet Group's worldwide facilities are subject to annual internal compliance audits and periodic independent third-party audits, which may be initiated by the Acushnet Group, at the request of our customers and at the request of various non-governmental organizations.

## **7. Employee and Management Training**

The Acushnet Group has an extensive employee compliance training program, which includes training regarding supply chain issues for our associates responsible for supply chain management. All Acushnet Group associates worldwide must comply with our Code of Business Conduct and Ethics, which establishes that the use of child, prison, or forced labour are strictly prohibited in the operations of the Acushnet Group or any of our suppliers. The Acushnet Group requires its associates (including management) to complete training regarding our Code of Business Conduct and Ethics, including at the outset of employment and periodically thereafter.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Ted Manning

Title: President

Date: May \_\_\_\_, 2024

Signature: *Ted Manning*  
Ted Manning (May 30, 2024 12:21 EDT)

I have the authority to bind Acushnet Canada, Inc.