# **KnowTheChain 2022 ICT Benchmark**

#### **Additional Disclosure**

<u>Company Name</u>: Logitech International S.A.

<u>Date</u>: 8th September

<u>References</u> Logitech Responsible Recruitment Policy

FY22 Sustainability Report RBA Code of Conduct Other - as listed below.

## INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

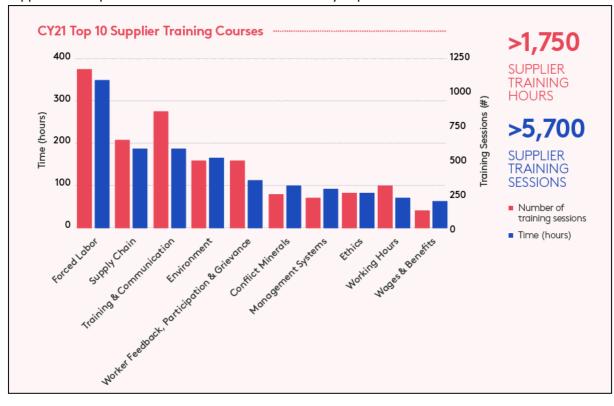
1.2 Company engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

## **Logitech Response:**

We host and facilitate supplier capability-building events over the course of the year in China to facilitate discussion and understanding of our standards and international good practice and to help suppliers to share best practices and lessons learned with each other.

As noted in our annual Sustainability Report, Logitech supplier contracts all state our requirement for the RBA Code to be implemented by suppliers, to manage their own supply chain. This is an RBA requirement, which all RBA members uphold and are audited on.

We also connect our suppliers with RBA capability-building sessions and development resources and encourage their participation in such sessions, to achieve independent certifications. Over the last year, we encouraged our suppliers to make time for RBA e-learning and as a result of our efforts, suppliers completed >5,700 RBA e-learning courses covering a range of sustainability topics. Data on the top 10 RBA training courses completed by suppliers is shown below - this data is included in the Supplier Development section of our FY22 Sustainability Report.



As shown in the graph, RBA training on "Forced Labor" was the #1 training course completed by suppliers, in terms of hours of training and number of training sessions and "Supply Chain (management)" was the #2 training course. These training courses all reflect and communicate RBA's requirement for the RBA Code to be implemented as a full supply chain initiative i.e. cascaded by suppliers to their own suppliers, as a framework for supply chain management. The training sessions include quizzes and other assessment methods to measure the effectiveness of the training. In addition to the above, we share relevant tools and guidance from the RBA Academy of resources and track and monitor supplier uptake and use of these resources, to measure the effectiveness of our engagement.

## **INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY**

2.1 Company has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains

#### **Logitech response:**

Our RBA Commitment Statement (which articulates our commitment to the RBA Code, including supply chain policies) is approved by our President and CEO (Mr. Bracken Darrell). Supply chain policies and sustainability policies are the responsibility of Logitech's Head of Operations & Sustainability (Mr Prakash Arunkundrum).

In FY22, we introduced an ESG metric that counts towards 10% of the annual bonus incentive plan for our Group Management Team, comprising our President and CEO, our Chief Financial Officer, our Head of Global Operations and Sustainability and our General Counsel. This ESG metric covers five dimensions including our performance on the Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment. The Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment measures our company performance across all dimensions of sustainability and includes measurement of performance with respect to the following aspects of supply chain working conditions:

- Supplier code of conduct
- Supply chain risk management measures
- ESG integration in the Supply Chain Management strategy
- Supply chain transparency and reporting
- Conflict minerals
- Living wage

#### **INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY**

2.2 Company discloses how it trains relevant decision-makers within the company on risks and policies that address forced labor.

#### Logitech response:

We provide training to all relevant decision-makers within Logitech, including our procurement team. As reported in the Supplier Development section of our annual Sustainability Report, we have an established Quarterly Business Review (QBR) process, where Logitech's Sustainability Team partners with Logitech's Procurement team to assess the sustainability performance of suppliers, as an integral part of a wider assessment process for supplier performance. The QBR process involves a desk-based audit of six main categories of supplier performance: engineering, sustainability, quality, demand/supply capability, and commercial aspects.

For the quantitative part of the QBR process, engineering performance carries a 25% weighting, and other categories of performance (including sustainability performance) each carry a 15% weighting. However, the quantitative scoring process is only one part of the QBR process, which also includes qualitative consideration of each supplier's alignment or compliance with the spirit of our sustainability commitments, policies, goals, and objectives. Suppliers who receive high QBR scores

are categorized as "preferred". These suppliers benefit from additional development opportunities, including a greater opportunity to expand their business relationship with us. Suppliers with low QBR scores are subject to additional auditing and commercial restrictions (e.g. no new contracts) and ultimately termination if performance does not improve in line with agreed timelines. Members of the procurement team are trained by Logitech Sustainability Team as part of this process and communicate the findings back to suppliers, which would include any concerns or issues in relation to forced labor, where relevant.

## **INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY**

2.3 Company has tasked a board member or board committee with oversight of its supply chain policies that address forced labor, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

## **Logitech Response:**

## Oversight of its supply chain policies:

Our Supplier Code of Conduct is the <u>RBA Code of Conduct</u> and our commitment to the RBA Code of Conduct, as a full supply chain commitment, is communicated in our <u>RBA Commitment Statement</u>, which is available on the policies page of our website <u>here</u>. The <u>RBA Commitment Statement</u> is signed off by our President and CEO who is a Board-member. Supply chain policies and sustainability policies are the responsibility of Logitech's Head of Operations & Sustainability (Mr Prakash Arunkundrum).

#### **Experiences of affected workers:**

As part of our supplier audit process, experienced and trained Lead Auditors carry out 1 to 1 confidential interviews and informal discussions with workers in the supply chain over the course of the year and the experience of workers is taken into account when drawing up audit reports and corrective action plans for facilities over the course of the year.

Every employee has the right and the responsibility to report any observations, concerns, grievances or issues relevant to our Code of Conduct and commitment to ethical and responsible supply chain management. We have an established Ethics Hotline, which is hosted by EthicsPoint (a third-party). This hotline facility is a whistle-blowing mechanism, which employees can use, to confidentially and anonymously report any issues they identify or observe. For example, any employee can report any concern that they may observe or hear as part of their management of suppliers and visits to supply chain factories. Reports to the hotline are investigated and managed in accordance with defined procedures, which are overseen by our Legal, People & Culture and Internal Audit functions and ultimately by our board-level Audit Committee. We have a no retaliation policy; the identity of individuals who may choose to report issues are protected. Our Internal Audit team is responsible for investigating allegations that are raised as a result of internal audits and certain submissions via the Ethics Hotline. Audit findings and remediation actions are reported to the Audit Committee on a quarterly basis.

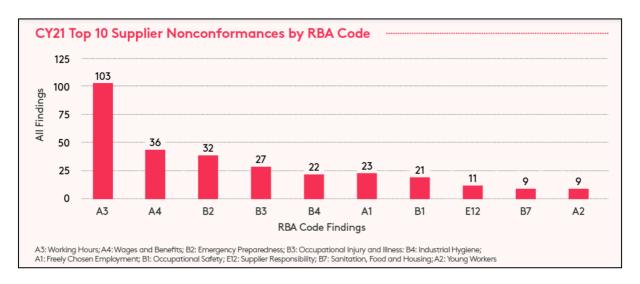
## **INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY**

4.2 Company discloses details on forced labor risks identified in different tiers of its supply chains

#### Logitech response:

The Human Rights and Labor section of our annual Sustainability Report always includes a section entitled "Freely Chosen Employment", where we share an overview of the key risks, provisions and performance observations relevant to forced labor risks from the reporting period. Our Statement on Slavery & Human Trafficking (available here) also includes a description of the key risks and management measures we have in place.

In addition to the above, this year, we have expanded our annual Sustainability Report to include reporting of the top 10 supplier non-conformances by RBA Code. This new data relates to our Tier 1 Suppliers and shares the number of findings we identified in the reporting period, for top risks, including labor risks.



#### **INDICATOR 5: DATA ON SUPPLY CHAIN RISKS**

## 5.1 The percentage or number of supply chain workers who are women

## **Logitech response**

Data on the percentage or number of supply chain workers who are women is not available but with our Supplier Diversity Pledge, we committed to make diversity a priority, including building an inclusive and diverse supplier base that is representative of our communities. Our supplier diversity efforts aim to address social injustice by enabling companies owned by underrepresented groups to gain a more equal share in markets they were long excluded from. It also makes our own supply chain more resilient and agile by widening our pool of potential suppliers, promoting competition in the supply base, and improving product quality. To actualize our Supplier Diversity Pledge, we established three priority goals:

- Increase spending with diverse suppliers
- Increase the percentage of diverse suppliers in our supply base
- Expand outreach to diverse businesses

In June 2022, we co-founded the Coalition for Gender Fair Procurement with an organization called GenderFair. The coalition is an alliance of like-minded organizations seeking to promote Gender Fairness. It is based on The UN Women's Empowerment Principles and the coalition is working to inspire sustained positive progress toward UN SDG 5 (Gender Equality). Members are asked to promote Gender Fairness in their own organization and across all industries and organizations.

We completed the Gender Fair assessment for our own organization in November 2021. As a result, Logitech is now certified as a Gender Fair company, with an independently validated score of 93/100..

In coalition with GenderFair, we are now assessing at least 50 of our high impact (large employee base and/or revenue) suppliers each year for gender fairness using GenderFair's assessment methodology, which is based on the United Nations Women's Empowerment Principles. So far we have assessed ten high-impact suppliers, which have a combined employee count of over one million people and global revenues of \$146 billion. These suppliers account for more than \$38 million of Logitech supplier spend.

Our ultimate goal is to contribute to an industry-wide shift in procurement practices whereby every organization assesses their high-impact suppliers for gender fairness, requires suppliers to report and improve on gender equality year-on-year and preferentially procures from suppliers who are certified Gender Fair. We want to establish a new industry standard for gender-fair procurement. A standard that will advance gender equality by leveraging the power of corporate procurement as a lever for change. To provoke this industry-wide change, we know we need allies. We are therefore advocating for other like-minded organizations to join us in the Coalition For Gender Fair Procurement. As a coalition, we have the power to influence large companies with our consolidated spending power.



Please refer to the Diversity, Equity & Inclusion section of our FY22 Sustainability Report for further information in this regard.

## **INDICATOR 6: PURCHASING PRACTICES**

6.1 Company commits to responsible buying practices in its contracts with suppliers

## Logitech's response

Our Supplier Code of Conduct is the <u>RBA Code of Conduct</u> and our commitment to the RBA Code of Conduct, as a full supply chain commitment, is communicated in our <u>RBA Commitment Statement</u>,

As noted in the Supplier Development section of our annual Sustainability Report, compliance with the RBA Code, including all relevant labor, ethics, environmental and health safety good practice requirements are embedded into our due diligence process for new supplier qualification and supplier onboarding. Suppliers are required to apply the RBA Code responsible buying requirements within their own supply chain, thus driving the adoption of the good practice across our full value chain. The scope of the RBA Code is summarised below. As shown, it encompasses many aspects of responsible buying, including ethical requirements and labor management requirements.



## Responsible Business Alliance

Advancing Sustainability Globally



- Young workers
- Working hours
- Wages and benefits
- Freely chosen employment Humane treatment
  - Non-discrimination
  - · Freedom of association



- Fair business, advertising and competition
- Protection of identity and
   No improper advantage non-retalliation
- Responsible sourcing of materials
- Privacy
- · Business integrity



- · Environmental permits and · Energy consumption and
- Pollution prevention and resource reduction
- Hazardous substances
- greenhouse gases
- Solid waste
- Air emission
- Materials restrictions
- Water management



- Occupational safety
- Emergency preparedness
- Occupational injury and illness
- Industrial hygiene
- · Physically demanding work
- Machine safeguarding
- · Sanitation, food, and housing
- · Health and safety communication



- Management commitment Feedback, participation
- Risk assessment and management
- Improvement objectives
- Training and communication
- and grievance mechanisms
- · Audits, assessment and corrective actions
- · Supply chain responsibility
- Other

#### **INDICATOR 6: PURCHASING PRACTICES**

6.3 Company discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

## **Logitech Response:**

Our annual Sustainability Report reports the following quantitative metrics.

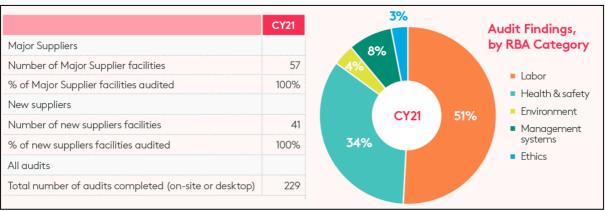
Please note our auditing and training programs to check and ensure compliance with the RBA Code include full auditing processes to check that suppliers have responsible practices in place to address forced labor risks because (as noted previously), forced labor is fully addressed in the RBA Code of Conduct. We also report the % of findings, which related to specific categories of the RBA Code.

## SUPPLIER DEVELOPMENT

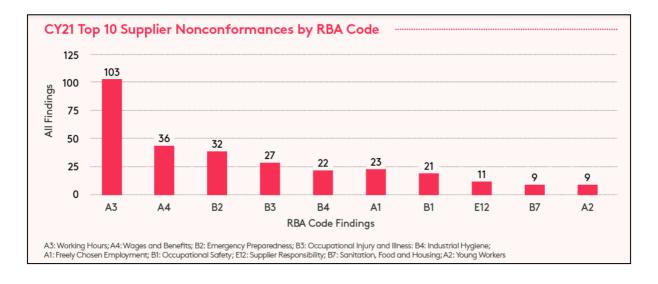


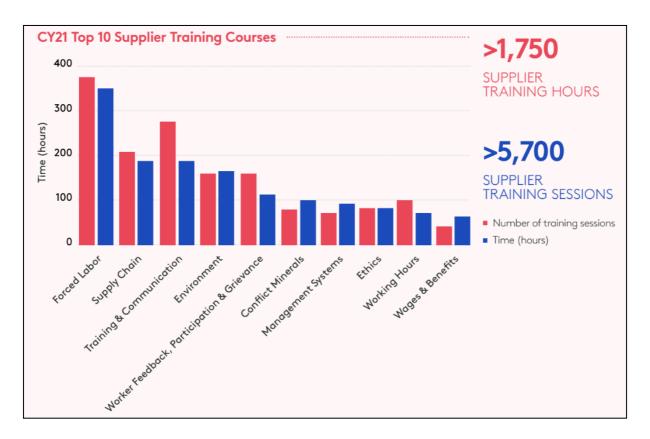
- · 100% major suppliers audited in CY21
- · 229 audits carried out in CY21

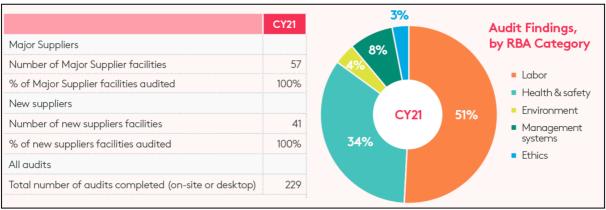




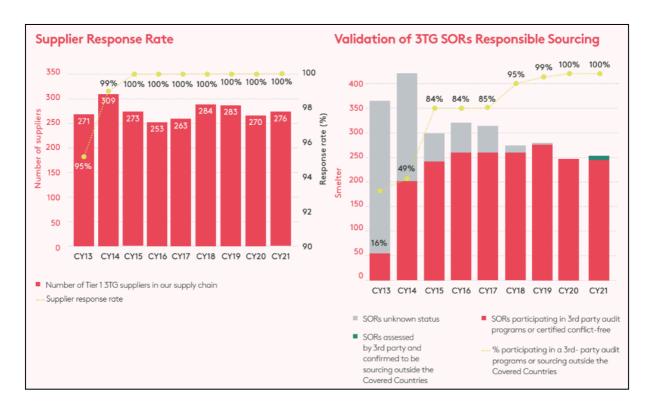
In our FY22 Sustainability Report, we expanded our year-on-year reporting (as described above) to also now also track and report quantitative data points on the number of non-conformances associated with relevant topics of the RBA Code and the number of training hours and training sessions.







In addition to the above, our annual Sustainability Report always reports quantitative metrics for our Responsible Sourcing of Minerals Program. As a manufacturer of products that contain 3TG, we understand the importance of avoiding conflict minerals, and we are committed to conflict-free sourcing. In addition to 3TG, we also recognize the need to responsibly source cobalt, which is primarily used in the production of lithium-ion batteries. Our program ensures that legal and regulated mining can continue to provide livelihood opportunities to those in need, while eliminating any direct or indirect support of conflict and human rights abuses, including potential forced labor. Year-on-Year, our annual Sustainability Report includes reporting of key quantitative metrics on the % of suppliers engaged in our responsible sourcing program, the % certified conflict-free and the % participating in certification programs.



#### **INDICATOR 7: RECRUITMENT-RELATED FEES**

7.1 Company requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle")

#### **Logitech Response:**

Know the Chain requested we confirm which version of the RBA Code we adopt. As set out in our RBA Commitment Statement, we are committed to continuously reviewing and updating our processes and approach to align with the "current" version of the RBA Code.

## **Excerpt from our RBA Commitment Statement:**

Through collaboration across our sector, we can collectively drive effective and systemic change in sustainability management, catalyze improved supply chains, and support our transition to a more sustainable world. The RBA has an established Code of Conduct ("the Code"), which is reflective of international norms and good practice, including the Universal Declaration of Human Rights, ILO International Labour Standards, OECD Guidelines for Multinational Enterprises, ISO 45001, ISO 14001 and SA8000. We have adopted the Code in full and it provides our framework for sustainability management. It helps us to apply the precautionary principle, look beyond our legal obligations and continually improve our performance to ensure our way of working is aligned with our values.

The <u>policies section of our website</u> includes an overt reference to the RBA Code of Conduct and links to the RBA website where the current version is always maintained, by RBA (As of September 2022, the latest version is Version 7.0).

Logitech contracts with suppliers require suppliers to continually improve and evolve, to maintain compliance with the current version of the RBA Code. RBA, as an organization, engage with its members to proactively disclose planned updates to the Code and develop guidance for members, to ensure members evolve and maintain compliance.

#### Regarding the Employer Pays Principle:

The Employer Pays Principle is fully incorporated into the RBA Code of Conduct requirements. RBA requires all employers to put provisions in place to ensure the costs of recruitment-related fees are

borne by the empower and not by the worker. As noted previously, we require all suppliers to comply with the RBA Code of Conduct requirements, as a contractual requirement of doing business with Logitech and we audit supplier compliance with the RBA Code of Conduct (and more specifically, the RBA requirements relating to recruitment fees) as part of our audit program.

This year, we articulated the full scope of our commitment and requirements in this area in our Responsible Recruitment Policy. The provisions and requirements set out in this policy document are not new but we decided it would be helpful to summarise all the RBA requirements and our additional provisions and requirements in one document, for ease of communication. Please refer to the Responsible Recruitment Policy for further information.

#### **INDICATOR 7: RECRUITMENT-RELATED FEES**

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts

#### Logitech response:

Please refer to the answer above and our Responsible Recruitment Policy, which also provides a good summary of the measures we have in place. Please do not hesitate to contact us if you have any further questions. Our approach to this topic is not new but we have recently improved our reporting of activities and supplier management in this area. An excerpt of one relevant section of the policy is shown below. Auditing supplier compliance with these requirements is a core element of our existing audit program because these requirements are also part of the RBA Code.

#### Recruitment Fees

- No workers shall pay recruitment-related fees to Logitech, Logitech agents, or sub-agents. The same
  requirements apply to our supply chain. We require all parties to uphold the "Employer Pays Principle" i.e., the
  costs of recruitment (i.e., recruitment fees and related costs) shall be borne by the employer.
  - Recruitment agencies shall carry out reasonable due diligence to verify workers have not paid recruitment-related fees and shall be contractually obliged to do so.
  - Logitech shall carry out worker interviews as part of new-hire orientation at our production facility to double-check and verify that workers have not paid recruitment fees.
  - o Checking for recruitment fees is covered in the scope of Logitech auditing protocols.
  - If a worker is found to have paid such fees, the worker shall be reimbursed by the employer. In the case
    of a supplier nonconformance, the employer shall provide evidence to Logitech that fees have been
    repaid to workers.

## **INDICATOR 7: RECRUITMENT-RELATED FEES**

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

## Logitech response:

Please refer to the responses above.

## **INDICATOR 8: RESPONSIBLE RECRUITMENT**

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

## **Logitech Response:**

Our Responsible Recruitment Policy notes the following:

#### Advocacy

- As an RBA member, Logitech participates and reviews proposed changes to the RBA Code of Conduct and advocates and votes for updates that align with our values and evolving best practice.
- Logitech also participates in the following RBA initiatives, promoting responsible recruitment and broader labor management:
  - Responsible Labor Initiative (RLI) is a multi-stakeholder initiative, which is focused on ensuring that the
    rights of workers vulnerable to forced labor in global supply chains are consistently respected and
    promoted. Through our membership of the RLI, we gain access to the RLI Responsible Recruitment Due
    Diligence Toolkit to drive and inform responsible recruitment across Logitech and our supply chain.
  - The <u>Responsible Factory Initiative</u> (RFI) provides a framework for factories to advance their performance beyond RBA code compliance and establish their facility as a Factory of Choice. Through our membership of the RFI, we aim to improve our production facility and supplier facilities to achieve RFI certification through RBA Code Compliance, leadership training, and employee engagement.

As noted previously, all of the provisions that are described in the Responsible Recruitment Policy have been in place for a number of years as part of our commitment to the RBA Code of Conduct and other best practice standards. The Responsible Recruitment Policy was articulated this year, to make our commitment and requirements easier to communicate to stakeholders.

## **INDICATOR 9: FREEDOM OF ASSOCIATION**

9.2 Company discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations; and

## **Logitech Response**

We are members of the Responsible Business Alliance (RBA), which is a global membership of companies with an established framework for supply chain management and labor management. As communicated on the RBA website, the RBA Code of Conduct is aligned with international norms and standards including the Universal Declaration of Human Rights, ILO International Labor Standards, Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and International Organization for Standardization (ISO) and Social Accountability International (SAI) standards.

## INDICATOR 10: GRIEVANCE MECHANISM

10.1 Company takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers

## **Logitech Response**

As noted previously, as part of our supplier audit process, experienced and trained Lead Auditors carry out 1 to 1 confidential interviews and informal discussions with workers in the supply chain over the course of the year and the experience of workers is taken into account when drawing up audit reports and corrective action plans for facilities over the course of the year.

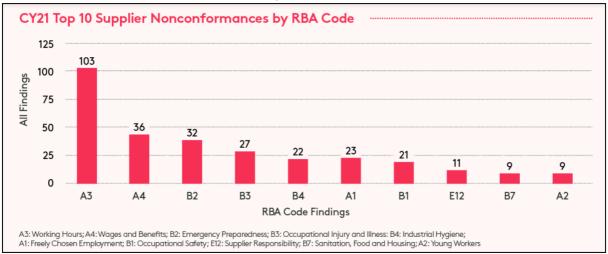
In addition, every employee has the right and the responsibility to report any observations, concerns, grievances or issues relevant to our Code of Conduct and commitment to ethical and responsible supply chain management via our Ethics Hotline (as described previously). For example, any employee can report any concern that they may observe as part of their management of suppliers and visits to supply chain factories. Reports to the hotline are investigated and managed in accordance with defined procedures, which are overseen by our Legal, People & Culture and Internal Audit functions and ultimately by our board-level Audit Committee.

## **INDICATOR 10: GRIEVANCE MECHANISM**

10.2 Company discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved

#### Logitech response:

In the Supplier Development section of our annual Sustainability Report, we share an overview of our audit process, which includes worker interviews where grievances can be raised in strictest confidence. In our FY22 Sustainability Report, we expanded our year-on-year reporting (as described above) to also now also track and report quantitative data points on the number of non-conformances associated with relevant topics of the RBA Code.



#### **INDICATOR 11: MONITORING**

11.1 Its methodology for monitoring the implementation of its supply chain policies addressing forced labour

## **Logitech Response:**

As noted in our annual Sustainability Report, we audit our Major Suppliers (i.e. suppliers that account for 80% of Logitech's direct spend) and new suppliers and Joint Design Manufacturers by replicating the RBA's Validated Assessment Program (VAP) process. The VAP includes a review of relevant documents, such as working hour records, payroll, deductions and benefits, and includes worker interviews in local languages and visits to associated production facilities, and related worker housing (including dormitories, hostels and any off-site housing of workers/migrant workers).

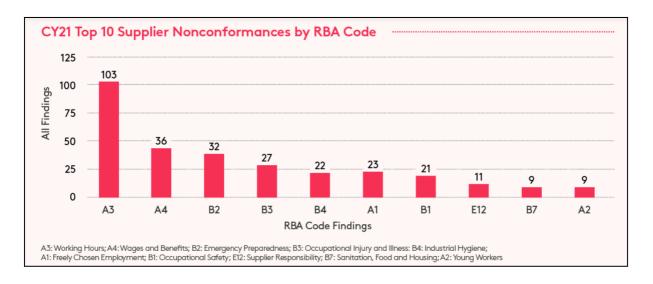
The Logitech Audit process also includes worker interviews where grievances can be raised in the strictest confidence. Supplier factory management teams are informed that a number of individuals will be chosen at random by auditors, during the factory tour and interviewed in confidence. Interview notes are maintained confidential to the Auditor conducting the interviews and any concerns or issues reported during interviews are double checked via documentation, observation or other non-personal means. Audit findings are only reported if evidence can be presented from corroborating sources, excluding interviewee testimony, to protect the identity of the interviewee.

## **INDICATOR 11: MONITORING**

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers

## **Logitech Response:**

In the Supplier Development section of our annual Sustainability Report, we share an overview of our audit process, which includes worker interviews where grievances can be raised in strictest confidence. In our FY22 Sustainability Report, we expanded our year-on-year reporting (as described above) to also now also track and report quantitative data points on the number of non-conformances associated with relevant topics of the RBA Code.



#### **INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS**

Company has a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process

#### **Logitech Response:**

The RBA VAP Audit process includes a full Corrective Action Process, which requires suppliers to define corrective action plans and submit them to Logitech for approval. The Corrective Action Plans must include clearly defined roles & responsibilities for any agreed actions and must include both corrective actions (to address the immediate finding) and preventative actions (to prevent reoccurence).

#### NON-SCORED RESEARCH

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

## **Logitech Response:**

Yes - Our Zero Tolerance statement on slavery and human trafficking can be found on our website <u>here</u>. This statement responds to the requirements under The California Transparency in Supply Chains Act of 2010, the United Kingdom Modern Slavery Act of 2015 and the Australian Modern Slavery Act of 2018.

## **NON-SCORED RESEARCH**

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

#### **Logitech Response:**

Yes - Our Zero Tolerance statement on slavery and human trafficking can be found on our website <a href="here">here</a>. This statement responds to the requirements under The California Transparency in Supply Chains Act of 2010, the United Kingdom Modern Slavery Act of 2015 and the Australian Modern Slavery Act of 2018.

#### NON-SCORED RESEARCH

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

#### **Logitech Response:**

Yes - Our Zero Tolerance statement on slavery and human trafficking can be found on our website <u>here</u>. This statement responds to the requirements under The California Transparency in Supply Chains Act of 2010, the United Kingdom Modern Slavery Act of 2015 and the Australian Modern Slavery Act of 2018.

## **NON-SCORED RESEARCH**

High Risk Sourcing: Please indicate whether your company sources from China or Malaysia. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

## Logitech response:

As stated in our annual Sustainability Report, we source in China, Malaysia and other countries.