

Develop a Human Rights Policy American Outdoor Brands 2020

RESOLVED: Shareholders request that the Board of Directors of American Outdoor Brands Corp. ("AOBC") adopt a comprehensive policy articulating its commitment to respect human rights, which includes a description of proposed due diligence processes to identify, assess, prevent and mitigate actual and potential adverse human rights impacts.

WHEREAS: The UN Guiding Principles on Business and Human Rights (hereinafter UNGPs), state:

The responsibility to respect human rights requires that business enterprises: (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; [and] (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts[i].

In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including . . . [a] policy commitment to meet their responsibility to respect human rights.[ii]

As investors, we seek to identify and assess human rights risks and impacts in portfolio companies because they can have direct implications for shareholder value and, depending on how they are managed, can affect a company's long-term viability.

Given the lethality of firearms products and the potential for their misuse, the risk of adverse human rights impacts is especially elevated for all gun manufacturers, including AOBC.

Companies exposed to human rights risks may incur significant legal^[iii], reputational and financial costs that are material to investors, and a public-facing human rights policy that includes a human rights due diligence process is essential to managing these risks. The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership or structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors or with the severity of the enterprise's adverse human rights impacts.

While AOBC has a number of corporate policies, including a Code of Ethics, the information available on its web site does not mention a public commitment to respect human rights.

A public policy that articulates the company's commitment to respect human rights and describes its efforts to avoid contributing to adverse human rights impacts would assure shareholders that these risks are being adequately managed.

The UNGPs recommend that such a policy should:

- Refer to internationally recognized human rights.
- Stipulate that the human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services will be publicly available and communicated to all relevant parties;
- Apply throughout the company's value chain and in operating environments regardless of legal requirements; and
- Be embedded throughout company functions and reflected in operational policies and procedure.

[i] https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

[ii] https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

(section 15a)

[iii] <https://www.bloomberg.com/news/articles/2019-12-17/smith-wesson-sued-by-victims-of-2018-mass-shooting-in-toronto>