



## 2022 NEW BALANCE HUMAN TRAFFICKING AND MODERN SLAVERY STATEMENT

The New Balance Human Trafficking and Modern Slavery Statement is issued in response to the reporting requirements of the California Transparency in Supply Chains Act of 2010 (SB 657), the United Kingdom (UK) Modern Slavery Act of 2015 and the Australia Modern Slavery Act of 2018. In addition, New Balance intends for this statement to help inform consumers, suppliers and other stakeholders of the Company's efforts to identify and manage risks, as well as remedy any reported incidents of human trafficking, modern slavery and child labor in our global supply chain. This statement was developed in consultation with relevant entities we own and control and covers the policies, programs and activities for New Balance Athletics, Inc. and its affiliates implemented during the year ending December 31, 2022. To access previous annual statements, please see the [archive](#) on our website.

For more information on New Balance and our commitment to Responsible Leadership, including our social and environmental programs and performance, please click [here](#).

### NEW BALANCE BUSINESS AND SUPPLY CHAIN

New Balance Athletics, Inc., including its affiliates (New Balance), is a privately-owned athletic footwear, apparel and sporting goods company headquartered in Boston, MA with over 7,600 associates globally. Associated brands under New Balance include NB Team Sports, Warrior and Brine. New Balance sells products to consumers through owned and licensed retail stores and e-commerce, as well as through global wholesale markets, distributors and licensees.<sup>1</sup>

In 2022, New Balance sourced products from 141 Tier One contract manufacturers located in 26 countries. New Balance publishes twice annually the names and addresses of [Tier One suppliers](#) organized by country and product type with details on supplier group name, number of workers, percent of workers who are female, number of foreign migrant workers and whether the supplier has a collective bargaining agreement. In addition to working with contract manufacturers, in 2022 New Balance owned and operated six manufacturing facilities in the United States, one facility in the United Kingdom and one in Mexico. To increase our supply chain transparency, we also publish the lists of our [Tier Two strategic material suppliers and subcontractors](#), and the [suppliers of our global licensees](#).

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<sup>1</sup> For the purposes of this disclosure, New Balance conducts business in California, Australia and the UK and brings in annual "gross receipts" worldwide that exceed \$100 million US and \$100 million AUS, and annual turnover of more than £36 million.



## OUR APPROACH: POLICIES AND GOVERNANCE

New Balance is committed to doing business with manufacturers and suppliers that share our commitment to uphold fundamental human rights and abide by the standards in our [Supplier Code of Conduct](#) (Code). The Code is available in 42 languages and is based on the Universal Declaration of Human Rights and the International Labor Organization (ILO's) Core Conventions. The Code incorporates several principles related to human trafficking and slavery, including but not limited to:

- Working conditions, including hours worked and freedom of movement;
- Workplace health and safety;
- Prohibition of child labor;
- Prohibition of forced labor, including prison labor, indentured labor or debt-bonded labor; and
- Maintaining a workplace free of discrimination and harassment.

New Balance also publishes a [Supplier Standards Manual](#), which provides suppliers and stakeholders with detailed guidance on how to implement each element of the Code. Key requirements designed to protect against human trafficking include voluntary employment, freedom of movement and elimination of recruitment fees. New Balance considers forced labor and child labor violations zero-tolerance issues, which require immediate and thorough remediation to start or continue doing business with the Company. Our Supplier Standards Manual provides suppliers with additional clarity on our requirements to protect against forced labor, including guidance on recruitment fees. Recruitment fees are a zero-tolerance issue for New Balance and workers in our supply chain may not pay any fees, expenses or deposits in exchange for employment. In addition, New Balance suppliers are required to comply with and declare that the raw materials, components and finished products supplied to New Balance comply with the [New Balance Restricted Substances Manual](#), which includes regional sourcing and material restrictions linked to forced labor and other risks.

New Balance is an accredited member of the Fair Labor Association (FLA). A link to the most recent New Balance Reaccreditation Report can be found [here](#). New Balance is also a signatory to the [AAFA/FLA Apparel and Footwear Industry Commitment to Responsible Recruitment](#). The commitment reinforces our work with suppliers that employ migrant workers to create conditions so that:

- No workers pay for their job;
- Workers receive a timely refund of fees and costs paid to obtain or maintain their job;
- Workers retain control of their travel documents and have full freedom of movement; and
- All workers are informed, in a language they understand, of the basic terms of their employment before leaving their country of origin.

Our Risk Committee is comprised of senior leaders from across the Company, including the President and Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer



(COO), Chief Human Resources Officer (CHRO) and General Counsel. The Committee oversees New Balance environmental, social and governance (ESG) activities, including strategy, policies, practices and programs that the Company implements to address the risks of human trafficking and slavery in the Company's supply chain. The Vice President of Responsible Leadership and Global Compliance reports to the General Counsel and meets with the Committee at least twice per year. The Vice President of Responsible Leadership and Global Compliance, while independent from product development and sourcing, is also a member of the Company's Value Chain Leadership Team (VCLT), a cross-functional group of executives with responsibility across the supply chain. VCLT meetings regularly review New Balance environmental, health and safety, and labor practices in owned and contract manufacturers.

Additionally, New Balance pledges to uphold the highest standards in the Company's owned manufacturing facilities and for New Balance associates globally. The Company's commitment to employee health, safety and development, as well as ethical recruitment and hiring, is reflected in the Company's policies and practices and in accordance with national and international law. As stated in our [Code of Business Ethics and Conduct](#), all New Balance associates have a responsibility to uphold and promote compliance with the New Balance Supplier Code of Conduct.

## **RISK ASSESSMENT**

Based on an annual risk assessment process using data from the US Department of State (*Trafficking in Persons Report*) and US Department of Labor (*List of Goods Produced by Child Labor or Forced Labor*), as well as supplier information and industry non-governmental organization (NGO) reports, we identified the following regions in our Tier One supply chain as highest risk for forced and/or child labor: Cambodia, China, India, Indonesia, Jordan, Mexico, Pakistan, Taiwan (ROC), Thailand, Turkey and Vietnam. We recognize that human trafficking and slavery risks are higher in footwear and apparel factories that employ migrant workers, and thus we developed an additional assessment tool to evaluate those factories.

The Countering America's Adversaries through Sanctions Act (CAATSA), passed in 2017, declared that products manufactured wholly or in part by North Korean nationals, including outside of North Korea, are automatically deemed to have been made with forced labor and are, therefore, prohibited from entry into the United States. Our Supplier Standards Manual prohibits the manufacture of New Balance products in a facility employing North Korean labor.

To develop our beyond Tier One approach, we conducted a risk assessment for Tier Two material suppliers guided by the United Nations (UN) Guiding Principles on Business and Human Rights and the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. Our assessment focused on 12 risk areas identified by the OECD Guidance, including issues such as child and forced labor. As an outcome of the risk assessment, forced labor risks in textile mills and other material suppliers employing migrant workers were identified as a priority focus area.



We also continue to map our supply chain further upstream to identify potential risks linked to raw materials sourcing. In 2019-2020, we participated in a [rubber mapping project](#) in Vietnam co-led by the Fair Labor Association and International Organization for Migration. In 2021 and 2022, we advanced our upstream mapping for cotton and leather. We are also engaging with a variety of industry stakeholders to better understand upstream supply chain risks and due diligence approaches.

New Balance continues to monitor the reports of forced labor in the Xinjiang Uyghur Autonomous Region (XUAR) of China in the apparel supply chain. New Balance does not have any manufacturers of finished products nor any nominated material suppliers in the XUAR, and as directed by U.S. regulation and advisories, our policies state that suppliers may not source or manufacture products for New Balance in the XUAR.

In addition to our on-site due diligence and monitoring, we scan our suppliers monthly against relevant web and media sources for potential issues relating to forced labor and other violations.

#### **SUPPLIER AUDITS: DUE DILIGENCE, MONITORING AND REMEDIATION**

Suppliers seeking to do business with New Balance must sign a supply agreement that includes the obligation to abide by our Code of Conduct and undergo a compliance inspection (audit) before production orders can be placed. Compliance audits are conducted by members of the New Balance Global Compliance team or qualified third parties and may be announced, semi-announced or unannounced audits. The New Balance audit tool includes verification of supplier performance against the Code. In addition to a physical site inspection, the audit includes interviews with supplier management and confidential employee interviews. As mentioned in the section above, if a supplier employs migrant labor, New Balance may employ an additional assessment tool to provide further scrutiny in assessing potential forced labor risks and practices. Through our affiliation with the Fair Labor Association and the ILO/IFC Better Work Program, their organizations also conduct independent assessments of certain suppliers, which we review.

In cases where noncompliance issues are found, suppliers must complete a Corrective Action Plan (CAP). For new suppliers, verification of corrective actions is required before orders can be placed. Existing suppliers must also implement a CAP and our team works with them to improve workplace practices. New Balance's preferred approach is to continue working with suppliers to improve and remedy conditions rather than to terminate the business relationship. By staying engaged, we seek to improve the lives of those impacted, as well as help to change industry practices. However, if compliance violations are serious or persistent, New Balance will terminate the business relationship. In 2022, New Balance did not end a business relationship with any supplier for compliance reasons.

In 2019, we set out to work with our Tier 1 and strategic Tier 2 suppliers to ensure they adhere to our commitment to responsible recruitment by 2023. As of 2022 all findings of recruitment fees were remediated at our Tier 1 suppliers and at high-risk strategic Tier 2 suppliers that we have audited or communicated with on this issue. We continue to work with our suppliers in this



area and closely monitor any audit findings that identify potential forced labor issues and their remediation.

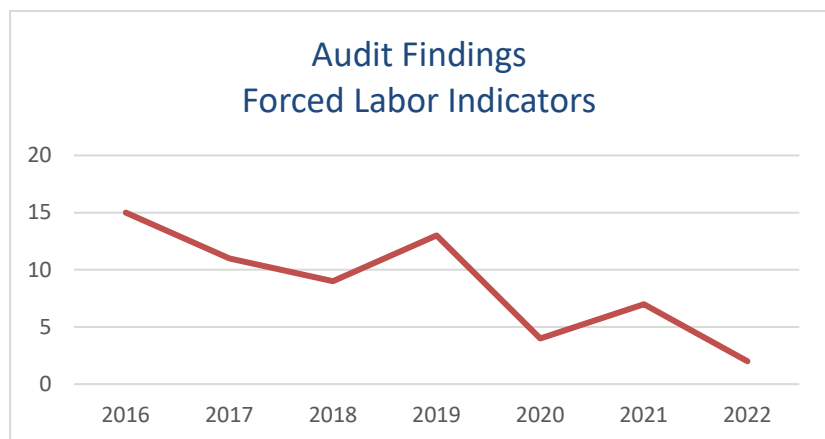
### ***Tier One***

New Balance aims to conduct compliance audits at all Tier One suppliers on an annual basis. In 2022, NB audited 85 percent of our Tier One suppliers.

From 139 compliance audits conducted at new and existing Tier One suppliers, we observed audit findings related to potential forced labor risks at two suppliers where workers faced limitations when resigning and when taking their paid leave. One factory addressed the issue by updating their systems and workplace policies, which was verified during the remediation process and in a subsequent audit. At the second factory, where the audit found that workers were not provided with accurate information on how to take their paid leave, remediation will be verified during the next audit.

### **Audit Performance**

Since New Balance started reporting on forced labor findings in our Tier One suppliers in 2016, we have seen a gradual decline in the number of potential forced labor findings as shown in the graph below. New Balance conducted fewer audits in 2020 due to disruptions from the COVID-19 pandemic, so there were fewer findings that year.



### ***Beyond Tier One***

The New Balance compliance monitoring program also includes monitoring of strategic subcontractors to measure performance against zero tolerance issues, including forced labor. Out of 88 subcontractor audits conducted in 2022, none indicated evidence of potential forced labor issues.

We recognize that the risk for forced labor may be greater in the upstream supply chain where business relationships are more diffuse and where suppliers often work for multiple industries. These levels of the supply chain are also less frequently audited by the footwear and apparel industry. As part of our work to address forced labor risks beyond Tier One, New Balance is working with other brands and external stakeholders and participating in industry initiatives to identify and tackle forced labor issues further upstream in the supply chain.



In Taiwan, we have been working with other apparel and footwear brands to identify and communicate with shared material suppliers about foreign migrant worker labor standards, including the elimination of recruitment fees. New Balance rolled out our responsible recruitment implementation plan with strategic Tier Two suppliers in Taiwan in 2019, and through brand collaboration and a series of one-on-one engagements with suppliers, we supported these key facilities in eliminating recruitment fees. Of the 16 strategic Tier Two suppliers we engaged on this issue, all had eliminated recruitment fees in 2022. We continue to monitor these strategic suppliers and support them with training for factory workers on responsible recruitment.

### ***Third-Party Grievances***

In addition to our supplier monitoring program, workers in our supply chain have access to confidential grievance mechanisms. We have implemented third-party operated worker hotlines in our strategic sourcing countries of China, Vietnam and Indonesia. In addition, any worker or third party can contact our corporate office directly through the New Balance email address listed on the Supplier Code of Conduct. Concerned parties can also reach out to our Global Compliance team during audits or other factory visits or use third-party grievance mechanisms, such as the Fair Labor Association's third-party complaint process.

In 2022, New Balance did not receive any third-party complaints through worker hotlines or grievance mechanisms involving allegations of forced labor.

### **TRAINING AND AWARENESS RAISING**

The New Balance Global Compliance team is comprised of approximately 20 staff members located around the world who manage and implement the New Balance supplier compliance program. Team members regularly visit New Balance suppliers to audit factories, help suppliers to implement remediation plans and provide trainings to improve supplier self-management capabilities. In 2022, New Balance conducted regional supplier workshops in China, Vietnam and Indonesia, which included additional awareness training on zero tolerance issues, including forced labor. In addition, virtual trainings were held for new suppliers in Asia focused on New Balance's standards on forced labor and recruitment fees. Moreover, in 2022 New Balance kicked off a web-based responsible recruitment training initiative for factory workers at several Tier 1 and Tier 2 suppliers. Over 700 factory workers participated in this training in 2022 and we are expanding this initiative to reach more workers in 2023.

In 2022, a cohort of New Balance associates across the Company participated in sustainability training that included awareness raising on the most salient social and labor concerns in the apparel and footwear industry, including forced labor and modern slavery. Each year, the New Balance Global Compliance team conducts annual refresher training on the Global Compliance program for select New Balance associates working in sourcing, development, operations and/or human resource roles globally.



This statement was reviewed and approved by the Board of Directors of New Balance Athletic Shoes (UK) Limited and New Balance Australia Pty. Ltd. on June 5, 2023.

Signed

A handwritten signature in black ink that reads "Joe Preston".

Joe Preston  
President & CEO, New Balance Athletics, Inc.  
Director, New Balance Athletic Shoes (UK) Limited  
June 5, 2023

A handwritten signature in black ink that reads "Darren Tucker".

Darren Tucker  
Vice President, Asia & Pacific  
Director, New Balance Australia Pty. Ltd.  
June 5, 2023