



Supply Chain Sustainability

We have a rallying cry at Under Armour: **"We are just getting started"**.

*And that certainly rings true for our Sustainability initiatives. We have not yet made our defining product, but we will increasingly make more sustainable product backed by more sustainable processes. It's a necessity to meet and to preserve the resources needed to fuel our global growth goals over the next several years and ultimately **Protect and Build This House. Onward.***

Under Armour's iterative process of using identified and GRI 4 guidelines aligned material issues and our stakeholder engagement drive the development of our sustainability efforts. For this reason, our environmental focus has started with our manufacturing supply chain as well as our products. Independent third-party contract manufacturers make nearly all Under Armour's products and it is our preliminary assessment that the manufacturing process represents a significant proportion of our global environmental impacts. Many of these manufacturers also serve multiple customers, so it can be challenging to influence their sustainability practices if we're a newer customer or one that represents a smaller share of their production. We are committed, however, to working with our manufacturing partners to reduce our collective environmental footprint.

Measure, Manage, Reduce, Design It Out: Go Circular

Our initial efforts have focused on better understanding the scope of environmental issues faced by our contract manufacturers. For example, in 2016, we surveyed more than 130 suppliers about their energy and water use, greenhouse gas (GHG) emissions, and waste. Our questions on energy use and **GHG emissions** (Scope 1/Direct and Scope 2/Indirect) focused on their reported total facility-level data, and we're analyzing their answers to better understand energy use at the product level. Questions on water consumption and use followed a similar format; we also collected data about how much waste the manufacturers generated and recycled – and how they disposed of the rest.

As our survey data analysis continues, we are excited to engage with suppliers on the responses collected. We also realize that we must continue to engage actively – and better – with our suppliers about these issues on a regular basis. For example, while the data provided was helpful, we're looking to be more explicit about our expectations on methodologies and approaches in order to improve our data quality and integrity. We can achieve this by working with suppliers that are struggling to communicate their data in a consistent manner and, when possible, by encouraging the use of commonly accepted standards.

Under Armour is in the process of evaluating and updating its environmental surveying methodology, and we're working on establishing a stronger environmental engagement process with our manufacturers. We're also going to expand our surveys to encourage manufactures to share best practices and ideas on how they can best collaborate with us on joint environmental initiatives. When Under Armour collects and analyzes an enhanced and expanded set of data, we intend to establish time-bound targets for reducing our global environmental impacts. We recognize that collaboration is key to developing solutions to global problems that a single company cannot solve. To make more progress together, we are evaluating memberships in leading multi-stakeholder sustainability initiatives with a common engagement, measurement, and rating methodology for entire value chains, from brands to suppliers to product.

The Under Armour Lighthouse: We're moving toward the next era of advanced technology, global product innovation, and manufacturing. We are envisioning Local-for-Local, where our product is designed for – and made locally – around the globe.

We're now at the right size, at the right time, and in the right place to revolutionize how all product is made. Our Lighthouse will create products more sustainably, in ways that support local communities. It is pioneering and laying the groundwork for what the factory of the future will look like. The Lighthouse is bringing our vision: Under Armour manufacturing that makes products the likes of which consumers have never seen before, designed for – and made in – local communities in the U.S. and around the world.

If Under Armour can be more efficient, we can be more effective – and more sustainable. That's why we built the Under Armour Lighthouse, a 35,000 sq. ft., state-of-the-art advanced manufacturing and product innovation center for footwear and apparel. The technology we bring to the Lighthouse is nothing short of the absolute pinnacle. Among its array of capabilities are 3D design, rapid prototyping, and 3D printing. Our Lighthouse athlete body virtualization now gives Under Armour a unique 360° perspective: it allows us to see things we've never seen before and to build our products to address more needs.

Located right next to our designers, developers, and product managers, the Lighthouse also heightens collaboration between Under Armour and our external partners. It is an epicenter of accelerated process innovation to explore and prove radically new ways to design and make product. The Under Armour Lighthouse materializes disruptive innovation that improves product performance, quality, cost, productivity – and sustainability. **When proven, our innovations will be transferred to factory partners in the U.S.A. and throughout our global supply chain. We hope to scale globally the Lighthouse model, offering true local for local production, with local resource development and use, and shortened or eliminated supply chains, which will reduce our products' environmental footprint.**

We are already well underway with domestic manufacturing. In January 2017 Under Armour released its first collection of apparel made in the U.S. and out of the Lighthouse. Featuring a women's sports bra and legging set, called Arris Project, it includes an innovative material that supports sustainability by cutting dry time in half. **In the near future, you'll see new cutting-edge footwear and apparel products made here in the U.S., with a smaller environmental footprint as a result of efficient manufacturing, transportation, and how we use materials. The Lighthouse will also always be creating jobs. It will serve as a foundation for Under Armour's Local-for-Local vision, where product is designed for – and made locally – supporting communities around the world. By 2020, we aim to produce 10 million units of product at the Lighthouse.**