



Product Design and Materials Innovation

Under Armour's value-chain and subsequent environmental impact is a direct function of how our product is designed, which includes how materials are engineered and sourced. Our efforts are directed to build the high performing, high quality, extremely durable and comfortable products that we and our customers wear to perform better. During this process, the lifecycle of the products and their components – and their relationship with the environment – is always top-of-mind. The Lighthouse, a key pillar of our sustainability vision, will help us first here in the United States, and is expected over time in other parts of the world, to scale more advanced and sustainable manufacturing.

High levels of quality, durability, and performance are pillars of UA product and materials.

Quality and durability are critical to the reduction of our environmental footprint. Our products are backed by a Universal Guarantee of Performance (UGOP), which punctuates our promise to the consumer that product with the UA logo will last. This maximizes the life-cycle of our garments, which minimizes the need to discard and replace them – but we are exploring responsible End of Use solutions, too.



Footwear

In many ways, Under Armour Footwear is still the new kid on the block, gaining popularity fast. We're forging our own path and innovating out of the gate – new materials, sourcing, and supply chain management approaches. We are working to avoid developing bad habits; we can build Right the First Time.

Our footwear lines are driving toward digital Threadborne technologies, taking advantage of advanced material manufacturing techniques and functional yarns, and minimizing waste through engineered design.

For instance, our Speedform Slingshot uses 100% of its allocated raw materials: this means no cutting room scraps. For Fall/Winter 2017, we're launching our Threadborne Fortis 3 embroidered shoe. Embroidery also uses 100% of its spec'd raw material

This move toward digital technologies aligns with our drive toward Local for Local manufacturing, exemplified by our Lighthouse mission – which is spearheaded by our new manufacturing innovation facility in Baltimore. This movement to make products closer to our consumers will enable the potential future reduction of greenhouse gas emissions with less transportation burden. It may also increase our ability to use materials even more efficiently: highly focused, close-to-market, consumer-insight based development can reduce off-target retail product offerings.

Our vision is to manage, monitor, and report our material resource consumption throughout the development and production stages of our footwear and other products. We're working to



direct more fully the origin and composition of the materials used to produce our shoes, enhance the clarity of our materials quality specifications, and ensure that they meet these specifications throughout their lifecycle in our footwear products.

Apparel

Under Armour was born by challenging the status quo. We continue to do so by engineering new materials and products that not only are designed to benefit the consumer with performance gains, but also reflect an emphasis on enabling a higher level of sustainability.

One example of Under Armour's ground-breaking innovation is our MicroThread platform, which we engineered to gradually reduce our dependence on elastane to create stretch in a fabric. This innovation is revolutionary not just for us – it's a future game-changer for the whole athletic apparel industry. Not only does this technology make a lighter, more durable, faster-drying fabric; by reducing the amount of elastane used, it also makes these garments recyclable. As for other companies in the apparel and footwear industry, Under Armour's biggest opportunities to reduce the environmental impacts of our products are likely tied to materials and product design. Deepening our commitment to Under Armour's MicroThread platform will help both us and our industry tackle one of the most challenging sustainability issues. This is about transitioning toward a circular economy: reducing waste at the end of a product's useful life by reusing its materials in other products. In a context of increasing global waste and natural resource scarcity, the issue of making more garments recyclable must be tackled at large scale.

Under Armour is committed to making all athletes better through the relentless pursuit of innovation – and we're always searching for ways to innovate with both our product and our process. For example, we use virtual design and virtual prototypes to eliminate pre-production waste during the development process, lessening the introduction to the environment of garments and samples never intended for sale. In terms of fiber use, over 80% of Under Armour's materials are polyester-based (both virgin and recycled), which, by many measures, is more sustainable to produce than alternative fibers. Polyester may also reduce GHG emissions from consumer use. It dries faster than other materials and can require shorter dryer cycles; it can be easily air-dried, even indoors, to better protect the product and the environment through decreased consumer energy use. (We also aim to increase our use of recycled polyester to at least 15 percent of our sourced polyester by 2020.) Under Armour has also converted from rayon to modal where possible for both Men's and Women's product – with modal having a much more controlled and monitored supply chain. In cases where rayon is still used, we ask that suppliers use sustainably sourced fiber. Looking forward, Under Armour is also exploring the use of bio-polymers to enhance performance and sustainability across multiple product lines.

To keep lowering our environmental impact beyond product ingredients, Under Armour is continuing to work on reducing textile waste as well as improving efficiency through our Manufacturing Excellence Initiative at strategic partner factories. This program provides an end-to-end solution to maximize productivity and ultimately improve our overall operating footprint.