



## The Under Armour Way

At Under Armour, everything we do is engineered to make you better. Our products are the end result of our value chain, which is comprised of two main segments: *upstream* (product ingredients, parts, and materials, from when they are built in the factory until they are shipped to us) and *downstream* (from when our customer receives them to the products' end of life). We have not yet made our defining product, but everything we do and make is designed to make athletes better. It's backed by our Universal Guarantee of Performance (UGOP): built with exacting quality standards, built to perform and to last.

To protect our business, the people we affect, and our environment – *This House* – we must fulfill our **Sustainability Vision**. We expect this vision to change: to be refined and refocused as we execute our plans and flex them to allow for novel ideas and disruptive innovation. But here is how we see it now:

We have a **materiality-focused** sustainability strategy that was informed, in part, by conducting a Materiality analysis aligned with the Global Reporting Initiative (GRI) G4 framework. We started this process in 2014 and used this analysis as part of how we determine future strategic Sustainability priorities. In a sustainability context, we believe that material issues and risks are the concerns we identified after considering the perspectives of both internal and external stakeholders. We believe these issues are critically important to Under Armour.

We started here by identifying our mission and goals, then building the team – and we are adding to the playbook according to which we are executing our vision. Our sustainability path will be unique to Under Armour as we head toward the Sustainability *North Star* that is reflected in our **Sustainability Vision Statement**. We are continuing to build and supplement our materiality assessment process, which we started by benchmarking with the reported materiality issues and

sustainability practices of respected businesses in the apparel, footwear and digital/IT business sectors. Key Under Armour leaders, managers and teammates met and engaged in educational sessions where we analyzed and ranked these identified issues and concerns.

## SUSTAINABILITY VISION STATEMENT

**WE** own a strategic advantage because we **WILL** innovatively design our products and operate our business in ways that makes athletes better, provides high and long-term stakeholder value, **PROTECT** our customers, our team and our partners' teams and ensure that we efficiently use resources to sustainably build **OUR HOUSE.**

While our Materiality process is ongoing, and we are working to develop a related matrix, we have identified 13 Aspects potentially material to Under Armour. These areas cover protecting



the people touched by our operations, the workers that make our products and other stakeholders: those who are affected by, or interested in, what we do. They include: Forced or Compulsory Labor, Child Labor, Freedom of Association and Collective Bargaining, Occupational Health and Safety, Fair Wages,

Non-Discrimination, Diversity and Equal Opportunity, and Local Communities. Among these aspects is also product design and key topics of environmental management: Materials, Supplier Environmental Awareness, Effluents and Waste, Energy, Emissions, and Water.

## CURRENT STRATEGIC PRIORITIES

OUR STRATEGIC SUSTAINABILITY PRIORITIES CONDUCTED CONCURRENTLY WITH THE MATERIALITY ASSESSMENT PROCESS INCLUDE THE FOLLOWING INITIATIVES:

ENGAGING WITH SUPPLIERS TO PROMOTE ETHICAL AND CONTINUOUS IMPROVEMENT IN SUPPLY CHAIN PRACTICES TO STRIVE FOR ALIGNMENT WITH THE FAIR LABOR ASSOCIATION'S WORKPLACE CODE OF CONDUCT AND UNDER ARMOUR'S SUPPLIER CODE OF CONDUCT.

ENHANCING UA'S INTERNAL ENVIRONMENTAL INITIATIVES AND WORKING TO MEASURE, MANAGE AND THEN SET TARGETS AND USE ENVIRONMENTAL IMPACT CRITERIA IN NEW CONSTRUCTION TO REDUCE EMISSIONS AND MINIMIZE ENVIRONMENTAL IMPACT.

## What's Next?

We will continue to identify, and work with, key external stakeholders such as customers, investors, suppliers, partners, and others to complete our GRI aligned materiality assessment process. For example, we worked with our Consumer Insights team to conduct a focused sustainability issue survey with some of our customers, and incorporated those insights into our materiality results. This dialog will continue, but among the most telling, and appreciated, outcomes of our customer engagement was learning what they expect from us. They expect us to continue to innovate, whether in product development or environmental management, and would be disappointed with anything less. They also expect us to do the daily blocking and tackling: identifying, and working to address, the inherent and sometimes changing risks posed by business operations and issues of concern to them.

Moving forward, we will round out our external stakeholder efforts, and re-engage and expand our internal efforts. A GRI framework materiality focus is core to our strategy, so this effort will continue to inform and shape our sustainability program moving forward.

We have referred to the [Global Reporting Initiative \(GRI\) G4 framework](#) in assessing what content would be valuable to our stakeholders. We plan to update stakeholders periodically about how our sustainability journey is progressing. For example, after completing our [materiality assessment](#), we expect to make publicly available information about the issues identified to be material to our business and external stakeholders.



Future changes to our sustainability reporting will be guided by our identified material issues, in alignment with our materiality-driven sustainability strategy. At Under Armour, our evolving data systems are key to driving innovation in the design and performance of our products. We therefore know the importance of collecting accurate sustainability data to continue making progress in our journey toward ongoing measuring, monitoring, and communication about our sustainability metrics. Under Armour is now working with third-party partners to further develop our capacity and platforms for data collected internally, for our operations, and externally from our suppliers, third-party audit firms, and logistic partners. This data will inform continued improvement in our Sustainability reporting efforts.

Our program to manage this area is called Sustainability because, through it, we focus on sustainable business practices including our, and our suppliers', social, health and safety, environmental and human rights practices and performance. Under Armour's core values of Innovation, Inspiration, Reliability, and Integrity guide our expectations of suppliers and subcontractors: we expect them to do business in a manner that aligns with our values. Under Armour seeks to work with third-party suppliers that treat their employees with dignity and respect, provide appropriate workplace and related residential conditions and strive to implement environmental better and best practices, including minimizing their environmental impact. We also strive to work with third-party suppliers that meet their legal obligations to their employees and comply with standards including those in the Fair Labor Association's Workplace Code of Conduct and benchmarks, as well as the Under Armour Supplier **Code of Conduct**. In 2006 Under Armour joined the **Fair Labor Association** (FLA) as a **Category B Licensee Affiliate**. In 2014, we evolved our efforts by becoming a **Participating Company**, and we are currently in the initial implementation period of our membership. The Head of our Sustainability program is a member of the FLA's Board of Directors and its Monitoring Committee. We use the FLA's **Sustainable Compliance Initiative** assessment methodology to assess and support our suppliers in implementing lasting performance improvements.

Based on our work, we have seen that third-party suppliers have different levels of sustainability performance, so we regularly enhance our supplier engagement efforts to

address issues (including those that are systemic or reported), to address new trends and risks and to maximize new opportunities. Through our assessment and engagement efforts, we often find at least some, and in other cases, many, areas in which our suppliers need to improve their performance. While we do not expect perfection, we do expect continuous improvement from our suppliers just as we do from ourselves. We work with suppliers to support improved performance and re-set the performance bar, not just stop our work, if we, or they, meet or exceed some of our goals. We also require our suppliers and their suppliers' subcontractors to meet their legal obligations to their employees. We assess whether they respect and comply with the FLA Workplace

Challenges and Actions	
Challenge	Action
Assessments reveal noncompliance with the Codes and laws	Provide tools, including capacity building, to support better and sustainable performance

Code of Conduct and benchmarks (collectively, the "FLA Code") and Under Armour's Supplier Code of Conduct (the "UA Code"). All Under Armour suppliers and their subcontractors are required to execute agreements in which they reaffirm these commitments, including their commitment to meet their obligations as employers to their employees, comply with applicable laws and the FLA Code and adhere to the **UA Code**.