

Sustainability and Impact Report 2022



A message from our President and CEO

Dear Valued Stakeholders,

I am excited to present our 2022 Sustainability and Impact Report.

At New Balance, our company values of integrity, teamwork, and total customer satisfaction are at the core of everything we do. From the people who craft our products, to the materials we use and the methods we employ, we are dedicated to making our operations sustainable and ethical. Together, as OneNB, we believe we can foster meaningful change within our company and the global communities in which we operate.

Our associates have always been the key to our success. Fostering our unique culture, pursuing our brand's purpose, and advancing diversity, equity, and inclusion (DE&I) is part of our commitment to conducting business with integrity. It is important that all New Balance associates around the world work and develop in a collaborative and respectful environment.

New Balance MADE has always been an integral part of our company heritage and culture. We have never wavered in our support for domestic manufacturing through our U.S. and UK factories and we will continue to invest in the craftsmanship and innovation that are part of our heritage and future.

We work closely with our Tier 1 suppliers to promote respect for human rights and fair wages, and are turning our focus to mapping our indirect supply chain to better understand those and other risks. For the first time, we are publishing supply chain wage data in this report and have set targets for our suppliers to demonstrate responsible recruitment practices.

We are passionate about working to make a positive impact on the environment and in the communities where we operate. The footwear and apparel industry has a significant environmental impact, and we are committed to improving our own environmental performance and

that of our suppliers. Environmental sustainability is also embedded in our product innovation program. We are researching environmentally preferable materials for substitution across our most significant material categories.

On climate change, we have submitted science-based emissions reduction targets to the Science Based Targets initiative, the gold standard for ambitious climate goals. To achieve these goals requires significant cuts to our own impact and industry-wide change. We are driving change across the apparel and footwear sector by collaborating with and taking on leadership roles in industry organizations.

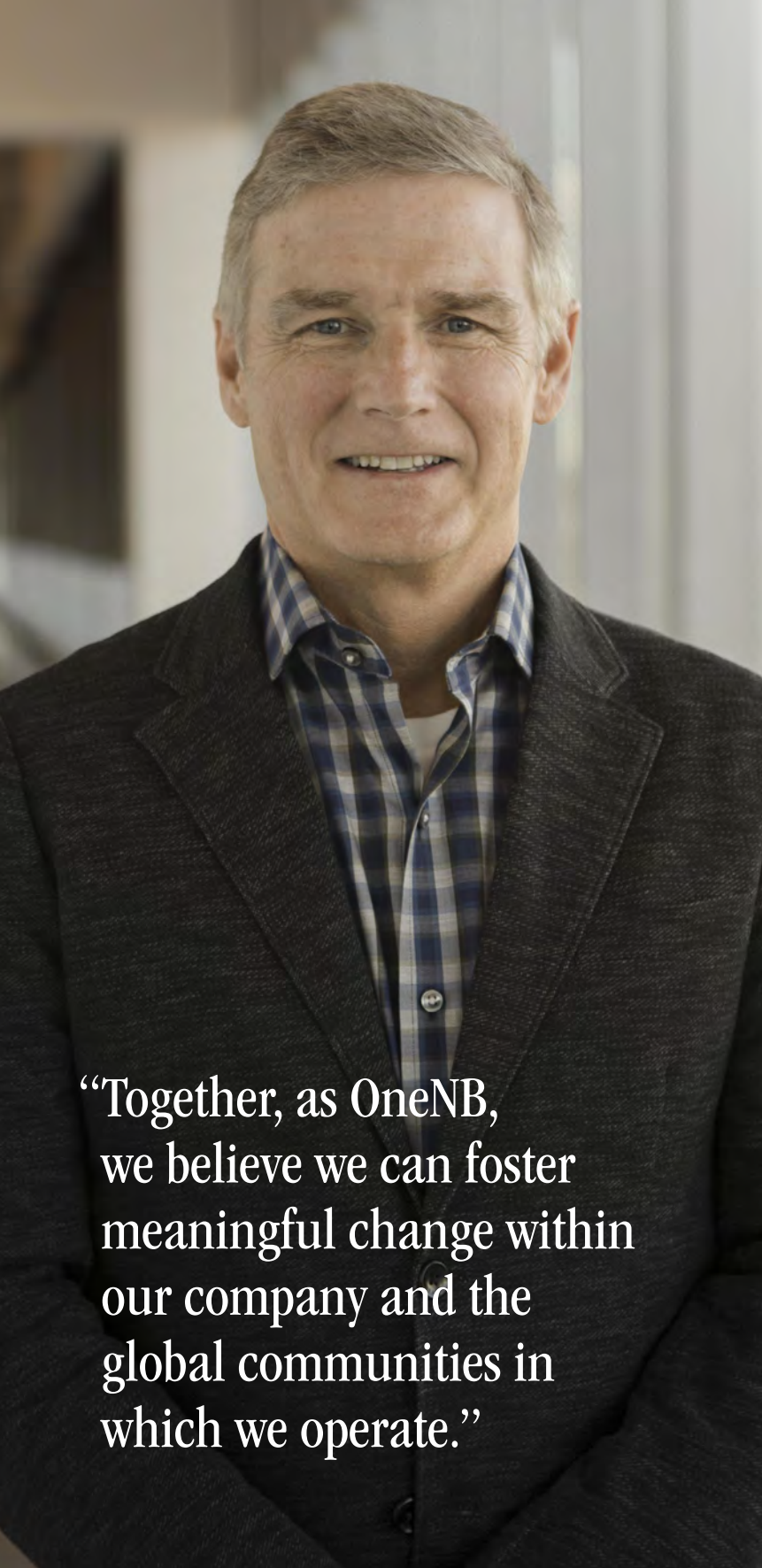
Community engagement and philanthropic giving are also critical, long-standing components of our work for positive change where our associates live and work. In 2022, the New Balance Foundation donated \$8.5 million to more than 70 nonprofits, serving 14.5 million individuals, and empowering 1.6 million young people through multiple programs. Additionally, we made a special \$1 million donation to help victims of the war in Ukraine.

In 2022, New Balance achieved \$5.3 billion in global annual sales, a remarkable 21% growth from the previous year. I would like to thank our global teams for the passion and dedication that delivered strong business performance and key sustainability advancements.

I look forward to the goals we'll continue to set and achieve on our journey forward and updating you on our progress.

Sincerely,

Joe Preston
President and CEO



“Together, as OneNB, we believe we can foster meaningful change within our company and the global communities in which we operate.”

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About New Balance

Independent since 1906, we empower people through sport and craftsmanship to create positive change in communities around the world.

Our relentless focus on innovation, quality, and craftsmanship continues to drive our business success globally. How we operate is equally important, with our values of integrity, teamwork, and total

customer satisfaction remaining core to our company culture. Our purpose guides us to empower people through sport and craftsmanship to create positive change in communities around the world. Our commitment to Responsible Leadership and the communities where our associates live and work is reflected in our focus on making our operations more sustainable and ethical; advancing diversity, equity, and inclusion (DE&I); and ensuring positive social impact. We have established multiyear environmental and social goals and are tracking our progress and setting new targets to push ourselves to always do better.

41

GLOBAL OFFICES
HEADQUARTERS
IN BOSTON,
MASSACHUSETTS

\$5.3B

**IN GLOBAL
ANNUAL SALES**

6

**COMPANY-OWNED
FOOTWEAR
MANUFACTURING
FACILITIES**
(FIVE IN NEW
ENGLAND, U.S.,
ONE IN FLIMBY, UK)

8k+

**ASSOCIATES
WORLDWIDE**

3.5k

**GLOBAL RETAIL
LOCATIONS,
INCLUDING
200 OWNED
AND LICENSED
IN THE U.S.**

115

**COUNTRIES
WHERE
NEW BALANCE
PRODUCT
IS SOLD**



1906

WILLIAM J. RILEY
FOUNDS THE NEW
BALANCE ARCH
SUPPORT COMPANY



1972

JIM DAVIS
ACQUIRES
NEW BALANCE



1981

**NEW BALANCE
FOUNDATION
ESTABLISHED**



1982

990 LAUNCHES
FIRST RUNNING
SHOE TO RETAIL
FOR \$100



2000

**NEW BALANCE
ACHIEVES \$1 BILLION**
IN GLOBAL
ANNUAL SALES



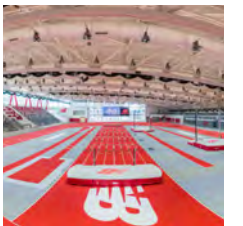
2015

**NEW BALANCE
GLOBAL HQ OPENS**



2020

**NEW BALANCE
CREATES GENERAL
USE FACE MASK**
DURING COVID
PANDEMIC



2022

**THE TRACK AT
NEW BALANCE OPENS**
NEW BALANCE
METHUEN, MA, OPENS

Company history

In 1906, William Riley founded the New Balance Arch Support Company in Boston, Massachusetts. Inspired by nature, he designed arch supports modeled after the structure of a chicken foot to provide better comfort, support, and balance to consumers. By 1938, we crafted our first pair of running shoes for a local running club. On the day of the Boston Marathon in 1972, current Chairman Jim Davis acquired New Balance. Four years later, the New Balance 320 running shoe was rated Running World's #1 running shoe, followed two years later by the first running shoe designed exclusively for women. Since then, we have diversified, crafting a complete range of performance and lifestyle footwear, apparel, and accessories for athletes of all ages and abilities around the world.

Our purpose and values

Our purpose declares our reason for being, captures what our brand stands for, and reflects our values. In 2021, a group of global leaders across the company came together to articulate our purpose in a way that is authentic, honest, and undeniably New Balance. Informed by our heritage, our purpose is our North Star that guides everything we do, from strategic planning to collaborations to investment decisions. Every person associated with New Balance, including associates, athletes, ambassadors, and partners, has a responsibility to embrace, endorse, and amplify our purpose.

Since our inception, we have been more than just products. People are at the center of everything we do and everything we make. With sport in our DNA, we have challenged the status quo by helping athletes at all levels elevate their games and maximize their potential with products built to perform under immense pressure

and designed as tools of self-expression. We are equally committed to the growth of our associates by dedicating resources and skills training to enable their learning, development, and success.

Guided by our purpose, we provide inspiration to drive engagement and actions through deliberate decisions that open doors, foster dialogue, drive progress, and create a better future. As sport and style continue to merge, our commitment to people, community, innovation, and sustainability is amplified.

As craftspeople, we have a responsibility and a role to play in protecting and regenerating our ecosystems. Building our product more responsibly is a continuous journey. We are unwavering in our commitment to product construction, the materials and methods we use, and — most importantly — the people crafting our products. New Balance has been building a strong foundation of sustainability practices and respecting human rights

through our Responsible Leadership program — and has outlined a set of bold actions and alliances targeting various aspects of climate change and social responsibility. We realize this alone is not enough, and we are just getting started. From pursuing renewable energy across our supply chain to promoting women's empowerment in our key suppliers, New Balance continuously seeks change that creates both short- and long-term impact.



Independent since 1906, we empower people through sport and craftsmanship to create positive change in communities around the world.



MADE

We are especially proud to own and operate six footwear factories in the U.S. and UK (MADE factories) where our associates manufacture some of our most iconic and highly crafted shoes, like the 990, 991, and 1500.

Commitment to domestic manufacturing

New Balance takes pride in the innovation and craftsmanship of our associates who work in our MADE factories and in our strong commitment to domestic manufacturing and the communities where we operate.

New Balance MADE is an integral part of our company heritage and culture. Since our inception in 1906, we have been unwavering in our support for growing manufacturing jobs and have continued to invest in expanding our domestic manufacturing operations.

We believe our MADE product line is a competitive advantage, as it inspires creativity and product innovation, showcases the craftsmanship of our skilled associates, and helps meet significant U.S. and global consumer demand.

MADE in USA

New Balance is the only major athletic shoe manufacturer that has consistently maintained factories in the U.S. We own five manufacturing facilities in Maine (Norridgewock / Norway / Skowhegan) and Massachusetts (Methuen / Lawrence), where more than 1,300 U.S. workers prepare, cut, and mold materials and components of athletic shoes; and sew, press, and assemble those materials and components into the final product.

New Balance MADE U.S. footwear contains a domestic value of 70% or more. MADE makes up a limited portion of New Balance's U.S. sales.

INCREASING U.S. PRODUCTION

The 2022 opening of our new 80,000-square-foot factory in Methuen, Massachusetts, reflects our confidence in the craftsmanship of our U.S. associates and our commitment to MADE in USA footwear. We are planning additional manufacturing capability at the Skowhegan, Maine, factory through an estimated \$65 million investment. The proposed expansion would double the factory's production capacity and add more than 200 new jobs when the project is complete in 2024.

EXPANDING OUR DOMESTIC SUPPLIER NETWORK

When viable, we source shoe components and materials from suppliers in the U.S. for our MADE in USA footwear. We are proud to maintain longstanding relationships with domestic suppliers that employ thousands of U.S. workers across the country.

We import certain parts of MADE in USA shoes, for example soles, when we cannot source them domestically due to the limitations of the U.S. supply chain. These are then incorporated into the final manufactured product through assembly, molding, laminating, or other processing by our associates or by our U.S. suppliers.

MADE in UK

Since 1982, we have harnessed technological innovation and meticulous craftsmanship to build every pair of MADE in UK shoes. Our factory in Flimby, England — a village of fewer than 2,000 residents on the coast of the Irish Sea — employs approximately 280 associates.



Our Responsible Leadership strategy

Our day-to-day actions impact people and the planet. Our Responsible Leadership strategy describes how we strive to build a better, more sustainable future. By understanding these impacts and reshaping our actions, we can improve the lives of people throughout our value chain and protect our environment.



“Responsible Leadership is the moral fiber that is woven in our culture. It is part of who we are and what we strive to be.”

ANNE DAVIS, NEW BALANCE VICE CHAIRMAN



We aim to be a leader in driving positive change in our industry. Based on our assessments and feedback from internal and external stakeholders, our Responsible Leadership strategy currently focuses on:

Cultivating an inclusive and diverse workplace

Our everyday actions create an environment where diversity is valued and each associate is seen, heard, and respected. We aspire to be a global destination for talent with an unwavering commitment to a diverse, equitable, and inclusive workplace. We are working toward our aspiration by fostering a diverse talent pipeline, promoting a continuous learning environment, building an inclusive culture, and holding ourselves accountable — starting by publishing our U.S. diversity data. We aim to provide equitable opportunities to advance within the organization so we can forge a better tomorrow for everyone.

Ensuring fair and decent work in our supply chain

We are raising standards across our supply chain by ensuring compliance with our [Supplier Code of Conduct](#) and promoting best practices beyond basic compliance. We have a comprehensive supplier program to make progress on fair compensation, prevent forced labor, and promote fair recruitment practices. Further, we are engaged with our strategic suppliers to establish Workplace Dialogue programs and provide education opportunities to empower women working in their factories.

Advancing child health through sport

We are dedicated to making a difference in the lives of young people and communities. The New Balance Foundation's grants, totaling more than \$8.5 million in 2022, focus on bridging academic achievement gaps, reversing the trend of childhood obesity,

and removing barriers to health, especially among underserved youth and diverse populations who are disproportionately affected.

Addressing the climate crisis

We are transitioning ourselves and our suppliers to renewable energy, investing in lower carbon materials and treatments, engaging in joint policy advocacy, and investigating ways to reduce transportation emissions. New Balance signed the Business Ambition for 1.5°C commitment in 2021 and has submitted new science-based targets for our own operations and across our value chain for approval by the Science Based Targets initiative (SBTi).

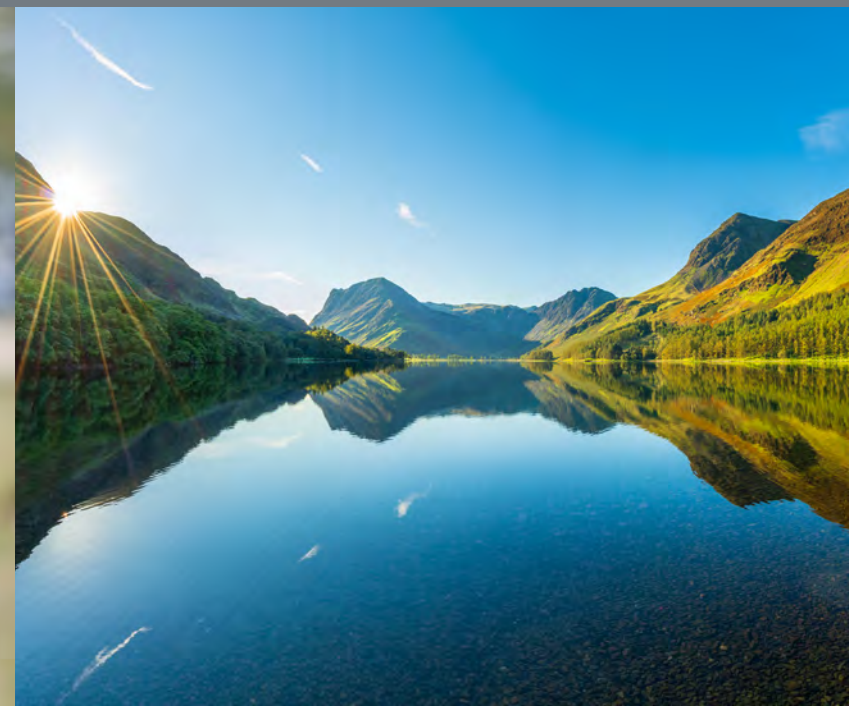
Protecting water resources

We are collaborating with our supply chain to eliminate harmful wastewater effluent, particularly in our Tier 2 supply chain, which has the biggest impact.

We are also working with suppliers in water-stressed regions to reduce freshwater consumption.

Building a circular economy

We are challenging ourselves to do things differently and break free from the traditional linear consumption cycle that ends in a landfill. We are trying new approaches to design for circularity, focused on reducing waste in production, incorporating recycled feedstock, and extending product life to keep products and materials in circulation for as long as possible.



Our Responsible Leadership targets and progress

For high-impact and high-risk areas, we have set ambitious and transparent targets to create positive change.

Key

- Achieved**
- On target**
- Needs attention**

SUPPLY CHAIN / HUMAN RIGHTS

Metric	2022 Progress	
By 2023, publish targeted supply chain wage data as part of our commitment to fair compensation ¹	On target	
By 2023, all Tier 1 and strategic Tier 2 suppliers will adhere to our commitment to responsible recruitment to eliminate the risk of forced labor ²	Achieved	
By 2025, 100% of strategic suppliers will lead worker well-being or engagement programs	88%	
By 2025, 100% of women workers in our strategic footwear factories will participate in training and education programs for personal and career development	11%	

CLIMATE EMISSIONS³

Metric	2022 Progress	
By 2022, set new science-based targets to align carbon reductions with 1.5°C pathway	Achieved ⁴	
By 2030, reduce scope 1 and 2 emissions by 60% ⁵	Achieved	
By 2030, reduce scope 3 emissions by 50% ⁵	21% increase	
By 2025, source 100% renewable electricity for owned-operations	98%	

WATER³

Metric	2022 Progress	
By 2025, eliminate the discharge of hazardous chemicals in water	91%	

MATERIALS^{3,6}

Metric	2022 Progress	
By 2025, source 100% preferred leather	91%	
By 2025, source 50% recycled polyester	44%	
By 2025, source 100% preferred cotton	64%	

WASTE³

Metric	2022 Progress	
By 2025, achieve zero waste to landfill in our Asia Tier 1 footwear factories	37.5% diverted	
By 2025, achieve zero waste to landfill in our U.S.-owned factories	87% diverted	
By 2025, achieve zero waste to landfill in our UK factory	unverified ⁷	

PRODUCT CHEMISTRY

Metric	2022 Progress	
By 2025, eliminate the use of hazardous chemicals ⁸	23% ⁹	

NEW BALANCE FOUNDATION (NBF)

Metric	2022 Progress	
Donate \$7 million in 2022 from NBF to nonprofits	\$8.5 million	
Serve 15 million individuals annually through nonprofits funded by NBF	14.5 million	
Serve 3 million individuals annually directly through programs funded by NBF	8.7 million	
At least 30% of people served fall below the poverty line	30%	
Empower 1.5 million young people annually through NBF-funded programs ¹⁰	1.6 million	
Direct at least 85% of total NBF grant funding annually to programs that support “building a culture of health”	88%	

1 See [Vietnam Fair Compensation Case Study](#).

2 As of 2022, findings of recruitment fees were remediated at Tier 1 suppliers and at high-risk strategic Tier 2 suppliers that we have audited or communicated with on this issue.

3 Does not include Warrior.

4 Targets submitted to Science Based Targets initiative (SBTi) in 2022, approval pending.

5 Compared to a 2019 baseline. Our Scope 3 target applies to Categories 1 and 4.

6 Excluded from our environmentally preferred material goals (and progress against those goals) are licensed footwear and apparel, apparel designed and marketed by New Balance’s regional design centers (Tokyo Design Center and Manchester Design Studio),

New Balance direct to team, promotional products ordered through third-party vendors, and global football apparel prior to 2022. Beginning in 2022, global football apparel was included, except New Balance Japan.

7 Not reportable due to unreliable data from vendor, which has since been replaced.

8 New Balance RSL testing compliance was 99% in 2022.

9 Based on number of New Balance certified suppliers. See [Product Chemistry](#) section for detail.

10 Includes all New Balance Foundation-funded programs that engage youth in fitness, nutrition, academics, enrichment, leadership, college readiness, and career readiness.

People

OUR PEOPLE
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DIVERSITY, EQUITY, AND INCLUSION
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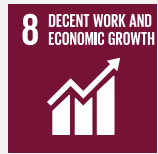
ASSOCIATE HEALTH AND SAFETY
19

SUPPLY CHAIN RESPONSIBILITY
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OUR COMMUNITIES
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Our people



Our people are the heart of New Balance. In our stores, factories, distribution centers, and corporate offices around the world, our talented associates are the how and why behind what we do and what we make.

Guided by our values and inspired by our purpose, our associates are passionate about their craft and are committed to strengthening what makes New Balance special — our collaborative, supportive, and inclusive culture.

We invest in programs that support associate recruitment, growth, and development in an engaged and inclusive atmosphere.

Recruiting top talent

We aspire to be a global destination for talent by seeking, recruiting, and retaining skilled, capable, and motivated individuals who share our values and are committed to our purpose to drive our business forward and strengthen our culture. Our talent acquisition process focuses on providing a value-added experience to all candidates. Throughout the process candidates get a detailed view of the New Balance associate experience through diverse panel interviews, facility tours, and engaging conversations. In addition, candidates have the opportunity to gain an understanding of our business, culture, and key initiatives, including DE&I and volunteerism.

Our website [New Balance Careers](#) and other recruitment channels showcase our culture, benefits, and the rewarding associate experience unique to New Balance.



“Grey to Meet You” events in China

In 2022, the Human Resources team in our China regional office created a new inclusivity-focused orientation program for associates. As part of *Grey to Meet You* — whose name celebrates one of our primary brand colors — newly hired associates learn about our core values and [Responsible Leadership](#) commitment. *Grey to Meet You* also offers regular Café Talk discussions, integration sessions for new leaders, and a “buddy program” to help acclimate our new hires.

Cultivating an engaged workforce

We are committed to ensuring our unique culture flourishes to deliver an invaluable experience to our workforce by supporting the whole associate — from robust wellness offerings and resources, to empowering and dynamic learning programs that enable associates to own their growth and development. By supporting our people, we unlock our greatest potential in the work we do, the products we make, and the impact we have in our communities.

Associate resource groups

In North America, our eight Associate Resource Groups (ARGs) are associate-led, self-directed groups organized around common interests and backgrounds. The ARGs build community, provide collective insight, accelerate development, and enhance institutional practices, benefiting their members and contributing to our overall success.

ARG members support our diversity, equity, and inclusion (DE&I) initiatives, networking, and volunteer activities. Learn more about our ARGs in the [diversity, equity, and inclusion](#) section of this report.

Networking platform

In 2022, we introduced an online global networking platform to facilitate helpful connections and communication between associates across locations and departments within New Balance. Associates create an online profile and specify what kind of interactions they seek, such as advice on developing new professional skills or expanding their professional network. Based on their input, the platform then recommends new connections each month. For example, an associate may want to learn more about a certain area of the company or specify an interest in a topic such as health and wellness, change management, or women in leadership. Associates also can search the network for others with these interests. The platform received positive feedback from participants, and we plan to expand its availability and functionality in 2023.

Competitive compensation and benefits

Our companywide associate compensation and benefits package is both comprehensive and competitive. We regularly review our compensation framework to ensure that it is fair, equitable, and highly competitive compared to market and industry data.

Because our associates have diverse needs and lifestyles, our benefits packages offer a broad spectrum of resources to support their well-being, including generous healthcare coverage, financial planning assistance, flexible paid time off, and much more. We are committed to supporting our associates' well-being through our actions, culture, and robust offerings. We complement traditional benefits and resources with an array of offerings that support the whole associate.

Total reward packages vary by the number of hours a week an associate works and what region and country they work in, but each package is designed to be highly competitive, with a focus on providing associates with resources and benefits to enable their well-being goals.

Some examples include:

- We have successfully implemented a 4-day work week in our Flimby factory and are contemplating whether it can be replicated
- We have added menopause support as part of our North America offerings
- We have leaves for marriage, childcare, and religious ceremonies in many of our locations in Asia
- We have menstruation leave in some of our Asia locations, providing up to two days per month of time off for menstruation cycle support
- We have supportive prayer accommodations, including bathing areas and dedicated spiritual (prayer) rooms in some offices and factories

Beyond benefit packages, we believe it is important to prioritize conversations about well-being. Our CEO and senior leaders are role models for these efforts. We provide associates with engaging resources, host panels designed to share real-life experiences, and encourage prioritizing well-being.



Creating sustainability advocates through The Underswell School of Understanding

Building a responsible company is a continuous journey. To accomplish our mission, we need every associate to fully embrace sustainability with passion and purpose, and to actively integrate sustainability and climate consciousness into their work.

Since 2021, [The Underswell School of Understanding](#) has helped associates learn about and better understand the complexities of sustainability. The innovative learning curriculum is specifically designed to help business professionals understand the nuances of sustainability and the crucial intersection of business, planet, and people.

In 2022, we doubled the number of associates who enrolled in this 12-week program, and we plan to sponsor participation for more associates in 2023. We are thrilled to see the impact this program has had on our teams — graduates describe the program as “transformative” for its ability to open cross-functional dialogues across the company. Better-informed associates contribute to our culture of sustainability and position us for long-term success.

Learning and career development

We ask our associates to give us their best, and in return, we invest in their professional development. We are committed to providing the vast set of tools, support, and opportunities needed to empower learning, develop new skills through experience, and ensure our core competencies are woven into the fabric of their goals and growth.

Our competency framework, developed by a global team of 19 senior leaders in 2021, identifies five core competencies for all associates to possess to support our business strategy; three competencies specific to people managers, and three competencies specific to our organization’s senior leaders. These competencies include proficiency levels that can assess where they are and where they have opportunity to grow and guide associate and manager performance and development conversations.

Our learning strategy centers on the 70 / 20 / 10 development philosophy, where 70% of learning comes from on-the-job experience, 20% through social learning and 10% through formal education methods. This philosophy has proven to be highly effective for associates to acquire and develop new skills by participating in learning opportunities that are relevant to their work, including peer learning, coaching, and networking. In 2022, we enhanced our Workday Human Capital Management system, providing associates with new tools to communicate their career interests and gather feedback from peers and project team members in support of their ongoing development.

Through our online learning portal, The Track, associates can access more than 180,000 learning and development resources, on-demand sessions, and digital and in-person courses ranging from communication to management and

leadership skills. In addition, each region offers instructor-led learning opportunities that engage associates in learning experiences that foster skill development and peer learning.

Our People Performance Pay (PPP) is an integrated cycle which aligns performance goals, competencies, compensation, and development, involving at least three formal conversations annually in which managers and associates connect to set goals, review progress, and identify development pathways. Workday tools and resources help to automate the flow of information and provide a place for associates and managers to record their information. We support both associates and managers in the fullest throughout this process by offering trainings on goal-setting, providing feedback, and assessing development needs. In 2022, more than 75 managers in the U.S. participated in workshops to develop skills in Self-Awareness, Growth Mindset, Communication, Feedback, and Emotional Intelligence. Over 765 individual contributors and managers participated in training on how to give feedback.

Leadership development

For more than a century, our leaders have been instrumental in building a brand and culture that embraces continuous innovation and learning by leading by example, building cross-functional relationships, and understanding our broader business. We foster leadership development through a comprehensive range of companywide and regional programs that include associates representing different areas of business to enrich the experience. Programs include kickoffs and graduations attended by senior leaders who embody the importance of development, share their own experiences, and connect the learning associates are receiving with the skills and leadership needed for future growth and success.



SIGNATURE LEADERSHIP

Our global leadership development program, Signature Leadership, helps associates develop leadership strengths and styles, gain an increased understanding of our global business, cultivate heightened levels of collaboration with cross-functional peers, and increase confidence in risk-taking and experimentation. We launched a new cohort of Signature Leadership in 2022 with 13 leaders from 6 countries who experienced an enhanced leadership curriculum.

The program unfolds over three separate sessions. Deemed by many participants as the “best leadership program ever,” Signature Leadership enables them to develop the agility, creativity, and broader perspective required to advance our business objectives, strengthen our culture, and develop self-awareness in their leadership.

WOMEN UNLIMITED

We tailor career development for women associates to support their aspirations, talents, and life goals. WOMEN Unlimited, Inc. (WUI) is a 29-year old women-owned U.S.-based company that offers development experiences that are created for high-potential female talent to support their growth and transformative shift toward becoming confident, influential, and impactful leaders. WUI’s programs include three unique components – Mentoring, Education, and Networking – and each program is designed to meet the needs of women at specific career stages. WUI provides additional opportunities for male and female leaders to engage as mentors and / or speakers, enhancing their understanding and capabilities for developing and retaining top talent.

Diversity, equity, and inclusion



We believe in the value of diversity and a workplace where what makes us different is also what brings us together. A diverse, equitable, and inclusive culture allows different perspectives and approaches to flourish, and maximizes the potential of our associates by empowering them to do their best work in an environment that fosters inclusion and belonging. Each individual knows their ideas and contributions matter.

Strategy and approach

We foster inclusivity through our everyday actions, creating an environment in which each associate is seen, heard, respected, and comfortable bringing their true talented self to work every day. Individually and collectively, we commit to learning and growing so we can forge a better tomorrow for our associates, consumers, and communities.

In 2020, we established a diversity, equity, and inclusion (DE&I) Pod, a diverse group of North America leaders who came together to craft our first strategic DE&I plan, focused on the North America region. The leaders set the tone and direction with a strategy focused on education and awareness; talent sourcing and associate growth; engagement; and leading with data. In 2021 and

2022, we executed Phase I of our North America plan. In 2023, we will accelerate our DE&I efforts with the launch of a global strategic framework that supports our overarching DE&I aspirations.

To achieve our DE&I aspirations, our framework includes four key pillars, as shown below.

We designed this framework to strengthen our culture globally and drive meaningful change at all levels of the organization. Beginning in 2023, each region will align its plan to this framework.

Additionally, the framework and regional plans will enable us to better align reporting and communications around all our DE&I efforts and establish a process for sharing best practices across the company.

STRATEGIC FRAMEWORK: FOUR KEY PILLARS

- 
1 Education and awareness
 Empowering associates, managers, and leaders at all levels to build their cultural competency
- 
2 Talent acquisition and associate growth
 Attracting and nurturing a diverse workforce representative of the communities in which we live and work
- 
3 Associate engagement and experience
 Cultivating an environment where every associate feels included and empowered to uphold our culture of DE&I
- 
4 Data and metrics
 Implementing a thoughtful and intentional strategy that centers on the ethical, legal, and moral responsibilities of gathering and using DE&I data



Creating an inclusive culture

Education and awareness

We empower our associates with resources to build awareness, understanding, and skills that strengthen our inclusive culture. We offer additional DE&I learning opportunities in regional workshops and through The Track, our companywide professional development resource.

In North America, many of our programs were in direct response to our associate resource group (ARG) input and our associates' desires to become stronger allies. These programs included:

- Demystifying DE&I
- Recognizing and Addressing Micro-Aggressions in the Workplace
- Embedding Inclusion into Everyday Experiences

- Inclusive Leadership: Advancing DE&I with Agility
- Allyship in the Workplace

Our other regions have programs and initiatives based on the interests of associates and the needs of those regions.

Diverse talent sourcing and growth

We attract candidates with diverse backgrounds and life experiences through our strategic recruitment programs and channels. We also work across the company and with external organizations to help ensure all associates have plentiful and viable career pathways.

As part of our recruitment strategy, we review the hiring process to minimize bias and ensure we are advertising jobs across a variety of hiring sources to attract a diverse candidate pool. Associates are able to review roles on our internal careers site to find organizational opportunities that align with their development goals and interests.

In North America, associates from our ARGs have played an active role in providing input for our new external Careers site and have helped increase awareness of opportunities at New Balance through participation in other external forums.

EXPANDING OUR OUTREACH

We have strong relationships with historically Black colleges and universities (HBCUs), including Stillman College in Alabama and Pensole Lewis College of Business & Design in Michigan, to create opportunities to increase our pipeline of talented graduates entering our industry. In addition, we reach out to diverse candidates from UMass Boston and Northeastern University, as well as through our MBA internship program.

INTERNSHIP PROGRAMS

Our internship opportunities allow students to apply and expand their talents in real-world settings. We evaluate

interns as potential future associates, identifying those who possess the skills to excel in a career with us.

We post internship opportunities on our website throughout the year and support educational institutions, including HBCUs, in offering cooperative programs for several majors related to our industry. In 2022, 53 interns worked with us in the U.S.

We also recruit Master in Business Administration candidates from U.S. and UK universities to intern with various corporate teams.

DESIGNING WITH SOLE

We collaborate with **Pensole Lewis College of Business & Design** (formerly PENSOLE™ Footwear Design Academy) to broaden career pathways for underrepresented groups in our industry. Pensole Lewis, a Detroit-based HBCU, has helped place more than 700 graduates in positions at New Balance and other prominent athletic apparel brands since 2010.

Inclusive Leadership training

In 2022, we teamed with an external training and coaching consultancy firm to host a two-part course on Inclusive Leadership for our associates. The program centered on understanding what Inclusive Leadership is and why this approach is important to us. Participants also discussed the current state of diversity at New Balance, shared their views on the environment we want to create as Inclusive Leaders, and brainstormed actions to help achieve that vision.

“I learned so much from the Inclusive Behaviors Inventory (assessment tool) and how I can better collaborate with teammates in other parts of the world. Global inclusion is about so much more than simply considering the time of day you schedule a meeting. Everyone brings a unique perspective, and those perspectives are critical for solving big problems in new ways.”

PROGRAM PARTICIPANT



“Being part of the Pensole and New Balance program was one of the greatest experiences I had in my undergrad journey.

I got to discover a new career path, learn from awesome mentors, and work with very talented people. This opportunity taught me to think outside the box, story tell, and get to know the consumer. These tools helped me through my senior year of college, my first job out of college, and now, years later, to land a full-time job at New Balance. I'm excited to keep learning and growing as a designer and continue to push the brand forward.”

ISABELLA MENDEZ

FORMER INTERN WITH THE PENSOLE ACADEMY
who now works as a Color Designer at New Balance



Conversations Amongst Us

Our collaborative projects with designer and creative director Joe Robinson, aka Joe Freshgoods (JFG), took many shapes and forms in 2022. In April, New Balance launched its “Conversations Amongst Us” campaign with JFG and New Balance’s Black Soles ARG to tell authentic Black stories and celebrate the culture through wearable products. Featuring a yellow-toned white color palette with blue accents representing positivity, hope, and opportunity, the collection included 550s, 2002Rs, an apparel line, and accompanying campaign videos featuring New Balance athlete, Kawhi Leonard, and New Balance ambassador, Storm Reid. The thoughtful designs, which felt classic but relevant to current trends, took product storytelling to the next level.

In 2020, we joined with Foot Locker and Penske Lewis to create a U.S.-based co-op program titled “Designing with Sole.” The program features a five-week master class focused on footwear and apparel design, color and materials, and brand marketing, along with other immersive, hands-on experiences. In 2022, 25 individuals enrolled, 8 of whom went on to intern with New Balance.

Learn more about our recruitment approach in the [Our People](#) section.

Culture and engagement

We believe an engaged workforce is a powerful driver of change and innovation. We support and empower our associates in building community and connection and amplifying their voices by providing a safe, accessible, and welcoming work environment to foster teamwork and collaboration that unlocks our greatest potential and drives our business forward. Every associate at every level of the organization has a role to play in strengthening our inclusive and collaborative culture.

ASSOCIATE RESOURCE GROUPS

Our ARGs are self-directed groups that form around associates’ shared backgrounds and interests to build community, strengthen culture, and advance DE&I initiatives at New Balance. In 2021, we formalized two ARGs (Black Soles and She Got Now) in North America. The program has grown each year and we now have 500+ associates across North America participating in eight ARGs. We continue to grow the number of ARGs and associate participation. Each ARG is supported by a dedicated senior leader to serve as an executive sponsor, who provides guidance to the group while being a voice and advocate at the senior leadership level.

ARGs work closely with the business to provide input, participate in key initiatives, advance our business priorities, and champion our inclusive culture. Representatives from each group serve on the ARG Leadership Council to come

together to share ideas and support, develop best practices, and collectively advance our culture and business objectives.

ARGs frequently host events for members of their ARG community. Signature ARG events in 2022 included:

- A community celebration and shared insights on the cultural significance of Juneteenth, hosted by Black Soles
- Cafécitos con HOLA, which featured samples of Hispanic coffee and cuisine, and a volunteer event with Cradles to Crayons as the backdrop for celebrating Hispanic Heritage Month
- A Q&A with New Balance distance runner, Abbey Cooper, presented by Products of Grace
- Summer and fall social gatherings organized by Prism Alliance
- Q&As with senior leaders, presented by She Got Now

CULTURAL CONVERSATIONS

We created an ongoing series of forums, stories, programs, and in-person and virtual events to encourage meaningful conversations across the organization about our culture, communities, and DE&I commitment. Our 2022 efforts amplified the experiences, perspectives, achievements, and heritages of many of the communities represented at New Balance, including women; LGBTQIA+; Asian and Pacific Islander; Hispanic and Latinx; U.S. military veteran; and Black associates.

Key global and North American-specific initiatives ranged from offering educational resources and programs and celebrating significant cultural days and months to amplifying associate and brand stories and hosting internal and external speakers. These initiatives helped foster deeper understanding of our culture and demonstrate our commitment to fostering a welcoming and caring environment where diversity is valued at all levels of the organization.



New Balance ARGs

- Asiatic Voices — Asian associates and allies
- Black Soles — Black associates and supporters
- HOLA — Hispanic and Latinx associates
- Neuro Balance — Neurodiverse associates, families, and supporters
- Prism Alliance — LGBTQIA+ associates and allies
- Products of Grace — Faith-based associates
- She Got Now — Women’s development network
- The Village — Working parents and supporters

500+

NORTH AMERICA ASSOCIATES
ARE MEMBERS OF AN ARG

DIALOGUE FORUMS EXPLORE TIMELY TOPICS

In 2022, we offered several forums that presented opportunities for associates in our U.S. and European locations to join monthly conversations about important topics affecting us, our communities, and the broader world.

In Europe, approximately 50 managers attended DE&I manager forums with facilitated conversations around important topics. Attendees highly commended the value of the dialogue.

In the U.S., we begin our OneNB Forums with an opening presentation and dialogue, followed by small-group discussions. At the end of each Forum, participants reconvene to discuss key learnings and takeaways. In 2022, 54 associates participated in OneNB Forums and 100% of participants rated that they would recommend the forum to others. Among the OneNB Forum topics in 2022 were “Caring for Yourself and Others” and “Inclusion: Our Individual & Collective Cultures.”

Data and metrics

In 2021, we launched DE&I dashboards for managers at all levels of the organization to equip our leaders and managers with the information and resources they need to support our long-term DE&I efforts. The DE&I dashboard is designed to give managers visibility into various data points that can be used to measure and track progress and inform decision-making.

In November 2022, we conducted our second global DE&I diagnostic survey to better understand the experiences of our associates, identify areas where we are making progress, and target opportunities for further improvement. More than 2,000 associates from around the world provided anonymous input.

We are using the insights and experiences shared by associates to inform and help build our regional DE&I plans and goals by identifying future areas of focus, driving ongoing DE&I conversations throughout the organization, and implementing new initiatives and learning and development opportunities in response to the input we received.

In conjunction with the global DE&I framework, we are developing an intentional and responsible data strategy to equip leaders with key metrics to execute our global DE&I strategy and define regional plan metrics, reporting frequency, and data process renewal. We will use our data and metrics strategy to track and report on the progress of our DE&I initiatives.

Diversity in our workforce

A key element of our DE&I strategy is the use of data and metrics that enable us to understand our current state, which actions are having impact, and how we can drive further progress. We know that data transparency breeds loyalty, builds trust, and increases engagement. Our 2022 representation data for the U.S. serves as a baseline as we build our regional plan.

U.S. ASSOCIATE REPRESENTATION – RACIAL AND ETHNIC DIVERSITY

American Indian or Alaska Native	0.4%
Asian (Not Hispanic or Latino)	3.9%
Black or African American (Not Hispanic or Latino)	9.1%
Hispanic or Latino	26.0%
Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino)	0.3%
White (Not Hispanic or Latino)	56.7%
Two or more races	1.9%
I do not wish to answer	1.4%
(blank)	0.3%

U.S. ASSOCIATE REPRESENTATION – GENDER

Female	50.7%
Male	49.2%
Not declared	0.1%

U.S. DIRECTOR AND ABOVE REPRESENTATION – RACIAL AND ETHNIC DIVERSITY

Asian (Not Hispanic or Latino)	3.1%
Black or African American (Not Hispanic or Latino)	1.9%
Hispanic or Latino	2.5%
White (Not Hispanic or Latino)	91.9%
(blank)	0.6%

U.S. DIRECTOR AND ABOVE REPRESENTATION – GENDER

Female	35.0%
Male	65.0%



Supporting young leaders and creators through Community Goods

Our \$100,000 donation to Community Goods in 2022 helped the nonprofit expand opportunities for youth from underserved communities. Founded by Joe Robinson, aka Joe Freshgoods, a designer and creative director from the west side of Chicago, Community Goods uses creative expression to help youth build leadership, teamwork, and citizenship skills, and equips them with the tools and education needed to thrive in creative endeavors.

Creating access and opportunity in our communities

Sport has the power to promote inclusion and equal access for all, and we harness that power through initiatives that champion diversity and promote equity. We focus on inspiring, discovering, empowering, amplifying, and sustaining diverse and inclusive talent in communities around the world. This approach not only helps to shape sports culture and our industry, but also strengthens our future.

Nurturing tomorrow's industry leaders

UNIVERSITY OF MASSACHUSETTS BOSTON



In 2018, we gifted \$5 million to establish the Dr. J. Keith Motley Endowment Sport Leadership and Administration (SLA) Bachelor of Arts program at the University of Massachusetts (UMass) Boston. This program opened new and diverse career pathways for students pursuing sports management and leadership careers. The endowment created additional jobs at the university to support this new area of study. In just five years, more than 100 students have enrolled.

In 2022, in conjunction with the SLA program, we hosted the inaugural Equity in Sport Leadership Conference. Focused on achieving transformative change through sport in the 21st century, the conference featured speaker- and attendee-led discussions on student-athlete activism, mental health, leadership diversity, human rights in sport, and equity in sports marketing, branding, and analytics.



We are Changing the Game with GLSEN

Since 2019, we have proudly supported GLSEN's Changing the Game initiative, which aims to support LGBTQIA+ youth in athletics. In 2022, we committed \$600,000 over three years to help achieve Changing the Game's ambitious goal of reaching more than 1 million students by 2025. This work is expanding in Canada and the UK and eventually will extend globally.

According to the 2021 GLSEN National School Climate Survey, 42.6% of LGBTQIA+ students avoided locker rooms and 39.4% avoided physical education or gym class entirely. To address this, the program helps schools create and maintain an athletic and physical education climate where all students, teachers, and coaches have equal access and feel welcomed, respected, and safe, regardless of sexual orientation or gender identity / expression.

Together, New Balance and GLSEN's Changing the Game made a positive impact on more than 91,000 students and trained 154 school administrators on how to create supportive and inclusive school environments for student athletes using the program's resources and curriculum.

Learn more about our investment in [GLSEN](#).

“It's so important for all sports, teams, athletes to welcome all people into their environments with open arms.”

KYLIE OHLMILLER
PROFESSIONAL LACROSSE PLAYER

Associate health and safety

To promote associates' well-being and provide safe environments where their craftsmanship can prosper, we invest in state-of-the-art safety equipment and empower our associates to protect themselves and each other. Our ability to craft quality products depends on continually meeting standards, assessing risk, and improving our workplaces.

Health and safety management

Safe workplaces start with adherence to international industry standards and local regulations. Our Environmental Health and Safety (EH&S) management system aligns with ISO 45001 and ISO 14001 standards and our facilities comply with relevant laws, such as the U.S. Occupational Safety & Health Administration (OSHA) standards and the UK Health and Safety at Work (HSW) Act 1974. Ongoing diligence helps minimize the risk of fines and legal issues and demonstrates our commitment to **Responsible Leadership**. Additional EH&S requirements are described in our **Code of Business Ethics and Conduct** and **Supplier Code of Conduct**.

Risk assessment

Representatives at each New Balance factory continually evaluate operational practices, and address current and potential EH&S risks. In 2022, we hired additional site safety coordinators at our U.S.-owned factories to enhance our ability to identify, prevent, and control risk.

Our annual EH&S risk assessment targets the root causes of work-related injuries, accidents, and near misses in our manufacturing operations. By maintaining ergonomically sound workstations and practices, we help associates avoid injuries, including musculoskeletal disorders (MSDs) and soft-tissue injuries. We also continue to assess health risks from COVID-19 and take appropriate steps to keep our workforce safe.

Safety audits

We conduct biweekly (U.S.) and monthly (UK) factory safety audits and inspections to identify potential hazards and evaluate compliance with industry standards, our policies, and safety regulations. Audit results help us address issues that could lead to accidents, injuries, or illnesses and promote a safe working environment.

Our site safety coordinators report audit findings and make recommendations to our U.S. Value Chain Executive Safety Committee or UK Health & Safety Committee, as well as our manufacturing leads, in order to help shape our overall EH&S management program.

Safety training

We offer annual safety training to all associates, including through our New Hire Safety orientations and monthly safety topics shared via our EH&S training calendar. Our manufacturing teams receive role-specific training on machinery operation, accident prevention, industrial hygiene, and other safety protocols as part of our regulatory compliance. In 2022, we introduced a weekly *Safety Toolbox Talks* program to reinforce best practices. Team managers lead discussions on specific workplace safety topics and invite associates to share their ideas.

Safety performance

In 2022, our lost time incident rate (LTIR) increased to 2.09 and our total recordable incident rate (TRIR) increased to 3.2 at our U.S.-owned factories. Musculoskeletal injuries from repetitive motion were the most commonly reported incident category. These year-over-year increases largely stemmed from our hiring of new associates for our owned-factory in Methuen, MA. We are working to reduce our injury rates and near misses in 2023, through enhanced safety training and by implementing new safety metrics.



Avoiding injuries through preventative care

Through our Industrial Athlete Program, physical and occupational therapists visit New Balance U.S.-owned factories and conduct one-on-one or small-group sessions with associates to help them prevent repetitive-motion injuries and other types of MSDs. Along with conducting ergonomic assessments, the specialists guide associates through simple exercises to build strength and mobility. The program also provides virtual coaching sessions for our office-based and at-home associates.

1 The number of lost time injuries in the period compared to total number of hours worked during the period.
 2 The number of recordable incidents per 100 full-time workers during a one-year period.

ASSOCIATE HEALTH AND SAFETY			
	2020	2021	2022
Work-related injuries	50	30	65
LTIR ¹	1.11	0.46	2.09
TRIR ²	3.1	1.7	3.2

Supply chain responsibility



A trusted global network of suppliers and licensees manufactures our products. We take great care to establish relationships with those who share our values of respecting the people who make our products and protecting our world.



Our efforts to promote social responsibility in our supply chain focus on transparency and labor rights. The **Environment** section of this report outlines environmental management in our supply chain.

Advancing supply chain transparency

Transparency is essential for building a safe, fair, and equitable supply chain. We disclose our Tier 1 suppliers through the **Open Supply Hub**, a free and open repository of supply chain data across retail sectors. We also publish a list of our Tier 1 suppliers, strategic Tier 2 material suppliers, audited footwear subcontractors, and licensees' suppliers on **our website** to provide visibility into our production and materials sourcing. In 2022, we worked with 141 Tier 1 suppliers in 26 countries, 260 Tier 2 material suppliers, and 109 Tier 2 subcontractors.

As a founding member of the Sustainable Apparel Coalition (SAC), we have long supported supply chain transparency and shared tools for the industry. It is difficult to collect standardized data across global supply chains, so true social and environmental impacts are often unknown. To address this challenge, the SAC



Targets

PUBLISH TARGETED SUPPLY CHAIN WAGE DATA AS PART OF OUR COMMITMENT TO FAIR COMPENSATION

2023 TARGET

On target

We published our **Vietnam Fair Compensation Case Study** on our website in 2023.

ALL TIER 1 AND STRATEGIC TIER 2 SUPPLIERS WILL ADHERE TO OUR COMMITMENT TO RESPONSIBLE RECRUITMENT TO ELIMINATE THE RISK OF FORCED LABOR

2023 TARGET

Achieved

100% OF STRATEGIC SUPPLIERS WILL LEAD WORKER WELL-BEING OR ENGAGEMENT PROGRAMS

2025 TARGET 2022 PROGRESS

100% 88%

100% OF WOMEN WORKERS IN OUR STRATEGIC FOOTWEAR FACTORIES WILL PARTICIPATE IN TRAINING AND EDUCATION PROGRAMS FOR PERSONAL AND CAREER DEVELOPMENT

2025 TARGET 2022 PROGRESS

100% 11%

11% of women in our strategic footwear factories have participated in training and education programs through P.A.C.E.

created the Higg Index. The Index comprises a suite of tools intended to standardize the measurement of value chain sustainability, helping to determine social and environmental impacts. As of 2022, 45% of our direct Tier 1 suppliers¹ and 66% of our strategic Tier 2 material suppliers completed the Higg Facility Environmental Module (FEM).

Holding our suppliers to a high standard

We require all suppliers to adhere to our **Supplier Code of Conduct**, which establishes expectations for ethical behavior related to compliance with regulations, labor practices, wages, humane treatment, and other topics. The Code is based on international, national, and local laws, as well as on the Universal Declaration of Human Rights and the International Labor Organization’s (ILO) Core Conventions. We publish the Code in over 40 languages; suppliers are required to prominently display copies of the Code in local languages to promote workers’ understanding of its principles and their rights. Our **Supplier Standards Manual** helps suppliers implement the Code, and we update it regularly to align with changing regulations.

We are also a Fair Labor Association (FLA) Accredited company. Accreditation verifies that we have systems in place to protect the workers who manufacture our products, based on the FLA’s internationally recognized labor standards. Earning accreditation is a rigorous, multi-year process. It includes evaluation in areas ranging from the commitment of our company’s leadership to fair labor standards to our implementation of systems designed to ensure that our factories provide decent and humane working conditions. FLA also annually assesses a sample of members’ suppliers to ensure members are implementing the FLA Workplace Code of Conduct. Read our latest reaccreditation report on the [FLA website](#).

Promoting fair compensation

Part of our mission is to create positive change in communities around the world, which includes paying fair compensation to workers in our global supply chain. Our Supplier Code of Conduct requires suppliers to pay workers at least the minimum wage, or the applicable industry wage if it is higher, plus all legally mandated benefits. We ensure that all suppliers meet basic levels of compliance and provide additional resources and support to high-risk and high-volume suppliers.

We use the FLA’s Fair Compensation Dashboard to analyze self-reported wage data from our suppliers. Since 2018, we have collected wage data from 34 suppliers in 11 countries. We focus mostly on footwear manufacturing, which makes up more than 80% of our overall product volume. We also use the Dashboard to evaluate wages at an owned-equipment manufacturing facility in Mexico. This data helps us benchmark current wages, compare wages across factories and regions, and develop a blueprint for achieving fair compensation across our supply chain.

As a corporate sponsor of the **Anker Research Institute (ARI)**, we support efforts to expand and update living wage estimates globally. We found that wages from 2021 exceeded the **Global Living Wage Coalition’s** region-specific living wage estimates for six of our eight strategic suppliers in Vietnam and for our supplier factories in Cambodia.²

To promote more transparency and accountability, we will publish the results of our **supply chain wage study** in 2023.

¹ Excludes licensee, owned, and inactive suppliers.

² At the time of this report, the GLWC has only developed living wage benchmarks for 2020. Therefore, our team has developed estimates for 2021 using government inflation rates. However, they are estimates and may be different from the official GLWC benchmarks, once published.



Ensuring the living wage in Vietnam factories

We collected and verified data at eight strategic footwear factories in Vietnam that represent 45% of our total footwear production by product volume, and then examined the reasons for pay disparities between factories and against living wage benchmarks. Wages at six of the eight suppliers exceeded the GLWC’s estimate for a living wage. We also found that at factories with lower turnover, workers can gain skills and move into higher-paying roles over a long-term career. This information helps us build factory capacity and improve employee retention. Read more about this project on our [website](#).

BETTER BUYING™ PURCHASING PRACTICES INDEX™ SCORECARD 2022 (n=19)			
Metric	Stars received	Points	Comparative analysis
Overall	★★★	72	
Planning and forecasting	★★★	67	
Design and development	★★★★	86	
Cost and cost negotiation	★★★	77	
Sourcing and order placement	★	30	
Payment and terms	★★★	70	
Management of the purchasing process	★★★★★	92	
Win-win sustainable partnership	★★★★	88	

◆ New Balance last cycle score ⬠ Sporting goods + Apparel, accessories, luxury goods benchmark

Acknowledging our role in supplier fair compensation

We recognize that our purchasing decisions can affect wages throughout the supply chain. In 2021, we collaborated with Better Buying™ to survey our strategic suppliers, soliciting feedback across categories including planning and forecasting, costing, sourcing practices, and payment terms to learn how to improve our practices. In 2022, we surveyed the same 20 suppliers, representing approximately 85% of our Tier 1 order volume. Our scores improved in every category except one, which remained unchanged. We scored above or equal to our peers in the apparel and sporting goods industry in nearly all categories.

“[New Balance is] very responsible and reasonable and [is] always doing continuous improvement to their purchasing practices.”

NEW BALANCE SUPPLIER

Encouraging workplace dialogue

We want to hear from our workforce and have set up ways for workers to safely provide feedback and raise concerns so that we can understand and improve their working conditions.

Our Supplier Code of Conduct requires all factories to have proper grievance mechanisms in place. Workers can report and remediate grievances internally or send them directly to New Balance by contacting CSR@newbalance.com, calling our hotline, or submitting them through a new mobile app. We prohibit retaliation against workers who report a grievance. In 2022, we received eight external grievances from workers at supplier factories and remediated all.

Our Workplace Dialogue (WD) program trains suppliers to go beyond compliance and support workers’ voices. We co-developed the WD program with Timeline Consultancy and then consulted with the ILO and the International Finance Corporation’s Better Work Academy to further our initiatives. In factories participating in Better Work, suppliers receive training on how to facilitate open discussion of grievances between workers and management. Our WD program also teaches suppliers how to develop and implement a robust workplace dialogue and create functional workers’ committees. These mechanisms open communication to improve worker satisfaction and productivity while reducing turnover rates. Our goal is that 100% of strategic suppliers will lead worker well-being or engagement programs by 2025. To support this goal, as of 2022, all strategic footwear suppliers are now implementing the WD program. We are also collaborating with other stakeholders to develop a version of the WD program that can be applied more broadly throughout our supply chain.

To maintain compliance with Our Supplier Code of Conduct, suppliers must respect workers’ rights to freedom of association and collective bargaining. Through Better Work, we train workers on their right to freedom of association. We also support local regulations and

regional efforts that protect the right to freedom of association, such as through our involvement in the Freedom of Association Protocol in Indonesia, a national-level, multi-stakeholder initiative comprising brands; suppliers; non-governmental organizations (NGOs); trade unions; and union federations. In 2022, about 50% of our Tier 1 suppliers had workers covered by collective bargaining agreements.

Preventing forced labor

Our Supplier Code of Conduct prohibits suppliers from engaging in any form of forced labor, and our Supplier Standards Manual provides guidance for eliminating risky behaviors, such as charging recruitment fees. The manual also details workers’ rights to take breaks and leave supplier facilities at will, among others.

Migrant workers are at a higher risk of forced labor, so we train our suppliers to increase awareness of the risks and indicators of forced labor. We also provide guidance on migrant worker employment contracts and documentation to prevent coercive hiring and employment practices.

We are signatories to the AAFA / FLA Apparel and Footwear Industry Commitment to Responsible Recruitment, joining industry peers in collaboration with suppliers that employ migrant workers to ensure 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
- All workers are informed, in a language they understand, of the basic terms of their employment before leaving their country of origin

To eliminate the risks of forced labor, our goal is that by 2023, 100% of Tier 1 and strategic Tier 2 suppliers will adhere to our commitment to responsible recruitment.



We achieved our goal in 2022, and continue to monitor suppliers for potential forced labor risks. In 2023, we are re-evaluating this risk to expand remediation of potential forced labor throughout our supply chain. In addition to working with suppliers to reduce risk, we also train migrant workers about their rights and forced labor risks using an interactive digital platform from [Quizrr](#).

For more information, please see our [Human Trafficking and Modern Slavery Statement](#) and our [other policies](#).

Empowering women workers

Women make up approximately 75% of the global garment workforce but are often underrepresented in leadership positions in their workplaces and communities.¹ In 2019, New Balance was the first footwear company to adopt Gap Inc.'s Personal Advancement & Career Enhancement (P.A.C.E.) program. Our involvement drives progress toward our goal for 100% of female workers in our supply chain to participate in personal and career development programs by 2025. As of 2022, nearly 5,500 women workers in our strategic footwear supply chain have participated in P.A.C.E., roughly 11% of the way toward achieving our goal.

P.A.C.E. features an innovative, curriculum-based learning program geared toward improving the lives of women in the global supply chain. Participants learn effective communication skills that support better decision-making, problem-solving, and time and stress management. P.A.C.E. also teaches practical skills, including financial literacy and water sanitation. We have implemented the program in footwear factories in Vietnam, China, and Indonesia that collectively employ more than 50,000 women workers.

¹ According to CARE.org.

Kickoff of P.A.C.E. in our factories was delayed due to COVID-19, social distancing, and non-employees not being allowed access to the workplaces, as well as the factory shutdowns in Vietnam in the fall of 2021. Despite these significant impacts, we believe our ongoing efforts to emphasize women's empowerment programs as a fundamental expectation of our factories will allow us to see significant progress toward our goal between now and 2025.

Beyond our supply chain, we also support gender equality in local communities through our work with P.A.C.E. In 2022, we sponsored learning opportunities for teens in West Java, Indonesia. The program reached over 2,000 students aged 12-15, improving girls' agency, life skills, and leadership abilities, and helping young boys support girls in their school and community.

Managing supplier performance

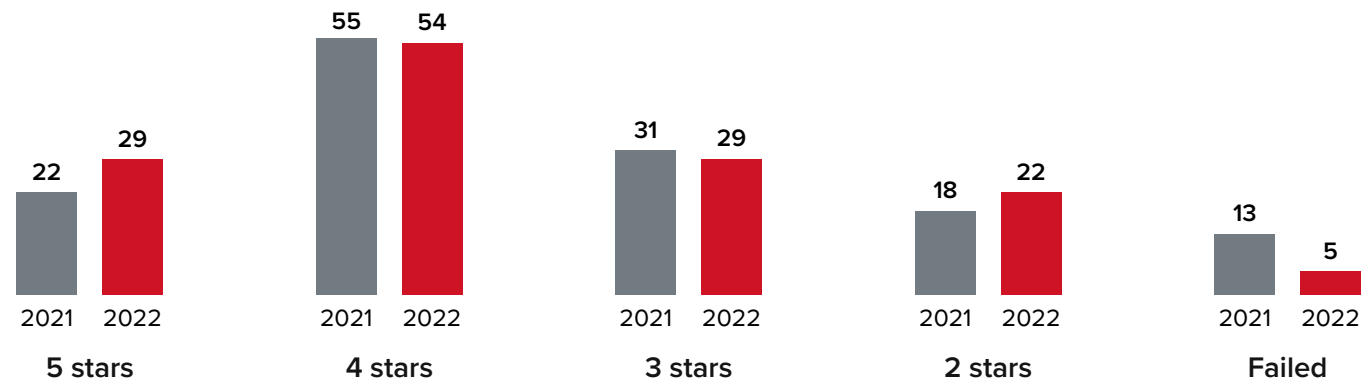
We assess supplier compliance with our standards through annual audits conducted by New Balance or by a third party. Additionally, we audit all prospective new suppliers against social and environmental indicators before working with them.

Approved suppliers are scored on a scale of two to five stars, with a score of five showing strongest performance. In 2022, 85% of our Tier 1 suppliers and 76% of Tier 2 footwear subcontractors were audited, totaling 203 audits, with both groups passing at a rate of 96%. The most prevalent violations identified in 2022 were related to working hours, fire safety, and mechanical and electrical issues.

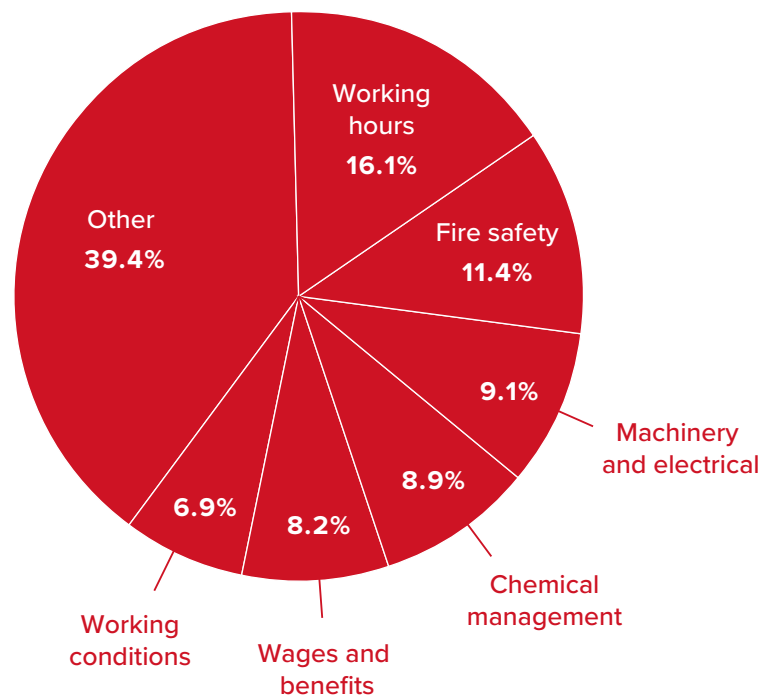
Our response to a failed audit depends on the nature of the violation. For all violations, we help suppliers perform a root-cause analysis and develop a Corrective Action Plan (CAP) to address the issue and prevent future recurrences. CAPs may establish new policies or procedures or call for added trainings. We give suppliers with minor violations autonomy to implement their CAPs and remediate

AUDIT RATING DISTRIBUTION

Number of Tier 1 suppliers



AUDIT FINDINGS BY ISSUE



independently. However, we consider 24 specific noncompliance issues as “zero-tolerance” violations. These include child labor, locked or blocked exits, and absent or malfunctioning fire alarms. When a supplier fails an audit due to a zero-tolerance violation, we work closely with them to remediate the issue and suspend production until it is resolved. Of the 1,062 total findings in 2022, 10 were for zero tolerance issues. Nine of these have since been remediated. We help our suppliers build systems that prevent zero-tolerance violations from recurring, but if a supplier demonstrates systemic issues unresponsive to corrective action, we end our relationship.

We were an early signatory to the [Social & Labor Convergence Program](#) (SLCP). The program uses a Converged Assessment Framework to prevent supplier audit fatigue and provides us with a comparable data set that, in addition to promoting supply chain transparency, helps the industry better understand working conditions. As of 2022, about 50% of our suppliers under our monitoring program were assessed using SLCP-verified assessments.

Facilitating continuous improvement

To support continued growth and adherence to our policies, all strategic and high-risk suppliers undergo regular training by our team or from external experts. We also facilitate supplier-to-supplier trainings on topics such as Our Supplier Code of Conduct standards, health and safety, employment practices, responsible recruitment, and self-inspection, and we encourage best practice sharing between suppliers. We tailor trainings to the challenges that exist at each individual factory. In 2022, 61% of Tier 1 suppliers received trainings on issues relevant to our industry, such as responsible recruitment and fire and workplace safety.

Building capacity for self-inspection is a priority as we work to evolve our auditing program to go beyond basic compliance and empower suppliers to assess themselves. In 2023, we will transition to a supplier-

owned audit approach that shifts the focus of assessment from compliance to impact management. We will use this expanded scope to identify opportunities for improvement at the individual supplier level, provide support where it can have the greatest impact, and encourage ownership over responsible management and remediation.

Beyond Tier 1

Some impacts in our supply chain extend beyond the suppliers with whom we directly contract. For example, our suppliers purchase raw materials such as cotton, and components such as zippers from their own suppliers. Nonetheless, we work diligently to understand and take responsibility for the risks beyond our immediate supply chain.

We continue to monitor the social and environmental impacts associated with footwear subcontractors who perform specialized functions our Tier 1 factories cannot perform on-site, such as laminating and heat embossing. In conjunction with our Tier 1 suppliers, we audited 76% of Tier 2 footwear subcontractors and found 4% to have zero tolerance issues in 2022. The most common issues of noncompliance were related to labor rights and health and safety.

Using a risk assessment framework from the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, we map our Tier 1 and 2 supply chains against social and environmental indicators. Through this process, we identify raw material supply chains that pose significant risks and require further mapping. In 2023, we will launch a traceability platform that allows for more holistic mapping as well.

Our communities



Supporting our communities is at the core of who we are. We are passionate and deeply committed to serving our local communities through multiple avenues that allow us to have a direct impact and make a meaningful difference in the lives of people.

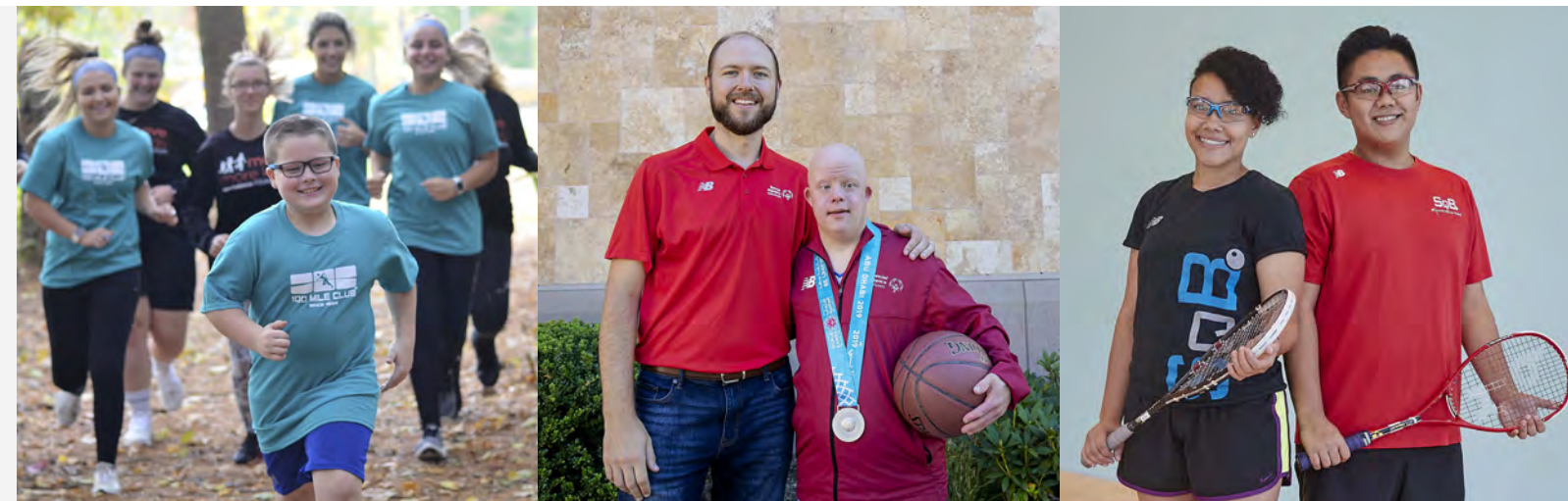
New Balance Foundation

The New Balance Foundation (NBF), together with the charitable organizations we support, drives positive change by working to prevent childhood obesity, removing barriers to health, championing the success of young people, and advancing equity and access. Through the efforts outlined in the Purpose Pyramid (see next page), we advance wellness and address the social determinants of health. The foundation of these efforts, social equity, is fundamental because providing access and opportunity to the most vulnerable children and families is critical to building healthy communities globally.

Since 1981, our values of integrity and teamwork have guided NBF's mission to serve the most vulnerable populations, and we remain dedicated to this mission today.

NBF's strategy is intentional, collaborative, and focused on championing the future success of today's youth. We fund science-based obesity research, treatment, and prevention. This research informs and shapes the array of youth development initiatives we implement with community organizations to promote physical activity, healthy nutrition, and academic success.

NBF is dedicated to addressing the underlying social determinants of health, such as under-resourced schools, food security, access to quality healthcare, and safe places for recreation — the fundamentals for achieving lifelong health and success.



Targets

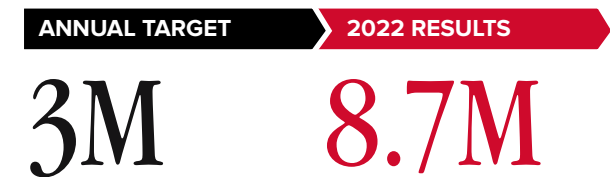
NEW BALANCE FOUNDATION DONATIONS TO NONPROFITS



INDIVIDUALS SERVED BY NONPROFITS FUNDED BY NEW BALANCE FOUNDATION



INDIVIDUALS SERVED DIRECTLY THROUGH PROGRAMS FUNDED BY NEW BALANCE FOUNDATION



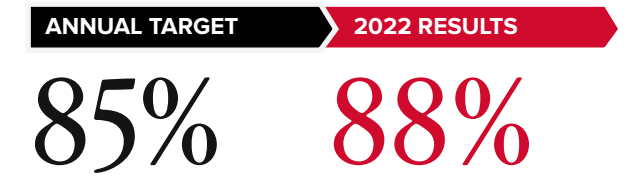
INDIVIDUALS SERVED WHO FALL BELOW THE POVERTY LINE



NUMBER OF YOUNG PEOPLE EMPOWERED THROUGH NEW BALANCE FOUNDATION-FUNDED PROGRAMS³



PERCENT OF GRANT DOLLARS THAT SUPPORT "BUILDING A CULTURE OF HEALTH"⁴



1 U.S. (national average: 10.5%).
 2 Data captured every three years.
 3 Includes all NBF-funded programs that engage youth in fitness, nutrition, academics, enrichment, leadership, college, and career readiness.

4 Measured by grants that remove barriers to health, support medical / health science research and care, and evidence-based programs focused on nutrition, fitness, academics, enrichments, and career readiness.

Purpose Pyramid



The logos shown represent a partial grantee list.

BREAKING THE CYCLE OF OBESITY

NBF has been at the forefront of the fight against childhood obesity for nearly 25 years. Our efforts include supporting physicians and researchers working to address the root causes of the problem. In 2008, we teamed up with Boston Children’s Hospital to establish the New Balance Foundation Obesity Prevention Center, which has been instrumental in helping young people develop healthier lifelong habits.

One of the center’s key contributions is a “fit kit,” developed for pediatricians, community health centers, and others to distribute within their communities. These kits contain evidence-based tools that guide children toward making positive behavioral changes, such as increasing physical activity, eating nutritious meals, improving sleep, and managing stress.

Fit kits have improved health outcomes for youth. For example, a Boston Children’s Hospital study found that 7 in 10 children using the kit achieved healthy fitness levels, outpacing the U.S. average of 4 in 10 children. A study conducted with Move More Kids in Somerset County, Maine, found that children participating in fit kit-driven after school activities attended school approximately twice as regularly as their peers and had 45% fewer disciplinary issues on average. Furthermore, at the Boys & Girls Club in Lawrence, Massachusetts, 85% of young people who participated in an NBF-supported 12-week nutrition program during the 2021–2022 school year achieved a favorable body mass index. Participants who were overweight or obese at the start of the program lost an average of nearly three pounds.

NBF’s holistic approach to addressing childhood obesity has produced real, measurable results and improved the

lives of countless young people. We will continue to tackle this critical public health issue and help empower young people to lead healthier, more successful lives.

EMPOWERING YOUTH THROUGH SPORTS

In addition to teaching youth how to fuel their bodies with healthy food, we encourage them to move their bodies every day through sports and fitness.

In 2022, NBF made a significant impact in the lives of youth in the New England region and beyond by funding nearly 25 sports programs that collectively served 1.6 million young people. Further, our long-standing financial support of organizations such as Community Rowing, Move More Kids, YMCA of Greater Boston, SquashBusters, Beyond Soccer, and several Boys & Girls Club chapters has been instrumental in encouraging physical activity.

In 2022, NBF invested in Sportsmen’s Tennis & Enrichment Center. This grant money will help young people from low-income neighborhoods in the greater Boston area receive tennis instruction and court time, as well as access to academic programs in math, science, and English. The Center also offers more than 100 free fitness classes and hosts 10 community health forums each year. This holistic approach promotes physical health, academic performance, and personal growth, making a lasting impact on the lives of these young people and their communities.

We have also expanded our support of youth-focused athletic programs internationally. For example, NBF became a founding patron of **Warrington Youth Zone**, which opened in the UK in 2022 to serve every young person aged 7–19 and young adults up to age 25 who have special needs. We will contribute funds to support sports, music, art, and social activities at the center. We added dedicated staff in our Warrington, UK, office to build a global giving strategy to manage existing relationships, identify new giving opportunities, and engage associates in community volunteer efforts.



Our support of Harlem Lacrosse

Working together with Harlem Lacrosse, NBF aims to transform the lives of more than 1,500 youth in low-income, urban communities. Founded in 2011, the nonprofit uses lacrosse as a motivator for students to graduate high school and pursue higher education. As the lead donor to Harlem Lacrosse, NBF has contributed more than \$2 million since 2018 to help students translate the skills, teamwork, fitness, and perseverance they gain on the lacrosse field to academic success.

This program is a comprehensive approach to youth development that combines school-based academic tutoring with athletic coaching, giving young people the tools necessary to excel. NBF’s support has enabled Harlem Lacrosse to provide life-changing opportunities to thousands of young people, helping them break the cycle of poverty and achieve their full potential.

Corporate charitable contributions

Beyond NBF's programs, New Balance is deeply committed to making a positive impact in the communities where we operate. New Balance provides significant monetary and in-kind donations to a wide range of organizations, and we actively encourage our associates to get involved in causes they are passionate about.

Our 2022 charitable contributions included humanitarian relief for those affected by the war in Ukraine. We donated a total of \$1 million to support the work of nonprofit organizations CARE, Razom ("Together" in Ukrainian), World Central Kitchen, and the International Committee of the Red Cross.

In addition, New Balance supports charitable and community-based organizations through corporate support, including sponsorships and product donations, such as:

- The MR8K Race benefiting the Martin Richard Foundation, which works to advance inclusion, kindness, justice, and peace in communities
- Marathon teams supporting Boston-area community and charitable organizations including the Boston Police Runners Club and Colin's Joy Project
- The annual Brian Honan 5K Run / Walk, in Allston-Brighton, Massachusetts, which supports education, recreation, housing, and healthcare programs

BRIGHTON MAIN STREETS

To help restore economic vitality and promote quality of life, we have been a Premier Sponsor of Brighton Main Streets (BMS) for more than a decade. BMS was modeled after the successful launch of Main Streets America's UrbanMain Program in Boston. Our funding helps BMS provide important community programs that support local small businesses in older urban and historic neighborhood commercial districts.

2022 GIVING AT A GLANCE

\$2.7M

CORPORATE CASH DONATIONS

\$6.1M

WHOLESALE VALUE OF CORPORATE IN-KIND DONATIONS

\$62,000

CORPORATE MATCH DONATIONS

We donated a total of \$1 million to support the work of nonprofit organizations CARE, Razom ("Together" in Ukrainian), World Central Kitchen, and the International Committee of the Red Cross.



Boston vs. Bullies

Together with The Sports Museum of New England, New Balance has been a lead supporter of the Museum's award-winning Boston vs. Bullies program. This initiative — which marked its 10-year anniversary in 2022 — supplies award-winning educational videos and activities free of charge to teachers, youth leaders, and parents. These resources teach children how to cope with bullying and treat others with respect. Many of the program's videos and other materials feature encouraging messages from Boston's professional athletes. Our support helped Boston vs. Bullies reach more than 35,000 kids in 2022.



New Balance teams brighten local playground

In September 2022, more than 20 associates from our Corporate Strategy and Consumer Insights teams worked together to make a playground in Salem, Massachusetts, more colorful and inviting.

The volunteers worked with Playworks, a nonprofit dedicated to creating safe and inclusive play spaces in low-income neighborhoods. During the daylong project at Bates Elementary School, associates painted dynamic areas for playing hopscotch, four square, and a Candyland-style game on the formerly bare pavement. They also helped improve the school's basketball courts, football / soccer field, and running track.

New Balance Foundation has also supported Playworks since 2011 with more than \$6 million, giving children opportunities to be physically active while building valuable social and emotional skills through play.

ASSOCIATE VOLUNTEERISM

Dedicating our time and talent to serve local communities is an important part of who we are and is central to our people-first culture. We offer company-sponsored projects to associates during business hours to volunteer in communities worldwide, and our **Associate Resource Groups** (ARGs) regularly engage in volunteer activities and projects throughout the year. We also encourage associates to lead their own volunteer activities with local organizations. We offer paid time off for our full-time associates in U.S. offices and select international locations, allowing them to spend eight hours annually on volunteer activities of their choice. Part-time associates can receive four or six hours of paid leave when volunteering their time and talent.

To help associates find volunteer projects, we added resources to our New Ways of Working intranet site in 2022. These help associates and teams organize meaningful volunteering efforts. Launched initially for associates at our U.S. corporate and retail locations, the volunteerism hub provides one-stop access to:

- Volunteer program guidelines
- Resources and steps for planning an event

- A menu of opportunities for associates to volunteer with NBF-preferred organizations
- Rules for determining whether an organization or activity qualifies for company-supported volunteer help
- A post-project recap form for organizers to complete

We plan to expand these online resources to associates at our U.S. and internal manufacturing sites and distribution centers starting in 2023.

1,400

HOURS OF COMPANY-SUPPORTED VOLUNTEER SERVICE RECORDED BY 350 NEW BALANCE ASSOCIATES IN 2022.

PHILANTHROPIC AND CHARITABLE CONTRIBUTIONS

	2020	2021	2022
New Balance Foundations (U.S. and International)	\$8,963,736	\$8,076,171	\$8,535,127
Corporate contributions	\$1,334,608	\$2,121,474	\$2,745,983
Corporate donations in-kind (wholesale value)	\$4,747,535	\$4,607,160	\$6,112,808
Corporate match	\$26,441	\$31,470	\$62,227
Total	\$15,072,320	\$14,836,275	\$17,456,145

Environment

CLIMATE
30

WATER
35

WASTE
37




Climate



The world is already seeing the impacts of climate change, and as a global leader, we have a responsibility to act. Our efforts to reduce our climate footprint focus on six areas where we can bring meaningful change.


REDUCING OUR CLIMATE FOOTPRINT: SIX AREAS OF MEANINGFUL CHANGE

1  **Energy efficiency and renewable energy**


The pathway to net zero starts with energy. We are working within our own operations and across our supply chain to use less energy, electrify processes, and shift toward renewables. (See [Prioritizing renewable energy](#))

2  **Materials**

Everything we make has an impact. Our products — and the materials that go into them — are processed with energy, water, and chemicals in factories around the world. Raw materials like polyester and leather represent a significant portion of our climate footprint, so we are prioritizing materials with lower impacts and finding ways to use less. (See [Materials](#))

3  **Longevity and circularity**

We are challenging ourselves to break cycles of consumption that end at the landfill by making products that last longer, extending product use through repair, and repurposing products at their end-of-life. (See [Product](#))

4  **Advocacy**

We are using our position as a global brand to promote broader climate action beyond our walls by engaging governments to enact better climate policy, supporting advocacy groups, and building climate awareness and action among our consumers. (See [Advocating for climate policy](#))

5  **Land use**

Land use plays a central role in addressing climate change, so we're working to eliminate deforestation throughout our supply chain and explore the role of regenerative agriculture in our materials. (See [Materials](#))

6  **Low carbon transportation**

Moving goods to global markets has a significant carbon footprint. We are improving our data systems to better understand sources of emissions and reduce them. Our strategy includes consideration of slow shipping, air freight limits, and working with vendors to transition to low carbon fuels and improve fuel efficiency.

Targets

SET NEW SCIENCE-BASED TARGETS TO ALIGN CARBON REDUCTIONS WITH 1.5°C PATHWAY

2022 TARGET

Achieved

Submitted science-based targets to the Science Based Targets initiative for review in 2022. See 2030 goals below.

REDUCE SCOPE 1 AND 2 EMISSIONS BY 60%^{1,2}

2030 TARGET 2022 PROGRESS

Achieved

Reduced Scope 1 and 2 emissions by 69% compared to 2019 baseline.

REDUCE SCOPE 3 EMISSIONS^{1,2,3}

2030 TARGET 2022 PROGRESS

50% +21%  Scope 3 emissions increased in 2022.

SOURCE 100% RENEWABLE ELECTRICITY FOR OWNED-OPERATIONS²

2025 TARGET 2022 PROGRESS

100% 98%

1 Compared to a 2019 baseline.
 2 Does not include Warrior.
 3 Our Scope 3 reduction goal applies to Category 1: Purchased Goods & Services and Category 4: Upstream Transportation & Distribution emissions, which typically account for 80%-90% of our total Scope 3 footprint.

Our approach to reductions

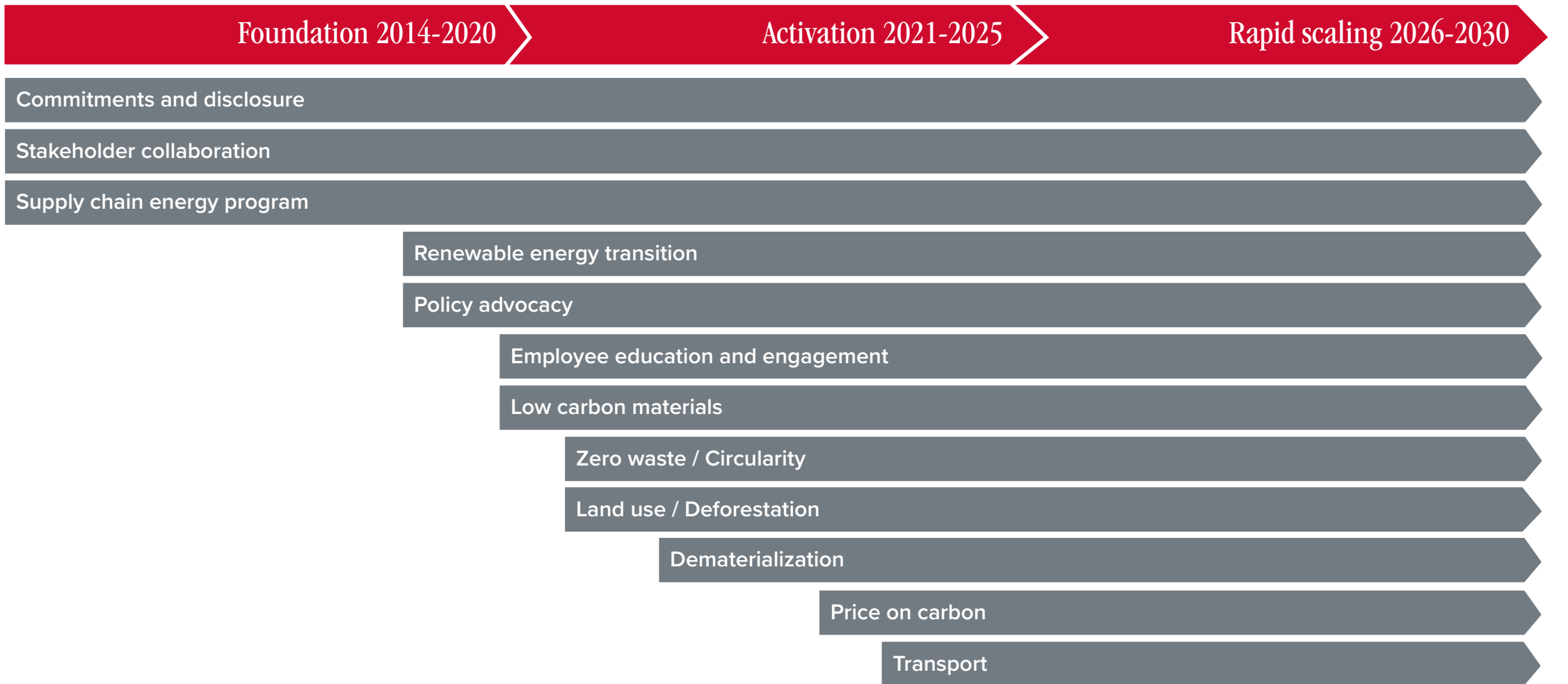
We have committed to set a science-based emissions reduction target across the entire value chain through the Science Based Targets initiative (SBTi). The Science Based Targets initiative is a collaboration between **CDP**, the **United Nations Global Compact**, **World Resources Institute (WRI)**, and the **World Wide Fund for Nature (WWF)**. We created and submitted our 1.5°C-aligned targets to SBTi in 2022 and expect our review to begin in 2023. As submitted, our 2030 goals are to reduce Scope 1 and Scope 2 emissions by 60% and Scope 3 emissions¹ by 50% compared to our 2019 baseline. As of 2022, we have achieved 69% reduction in Scopes 1 and 2, and our Scope 3 has increased by 21%.

These ambitious Scope 3 targets will be very difficult to reach without dramatic change across supply chains and sectors. To drive industry-wide change, we are working with organizations including the Outdoor Industry Association's Climate Action Corps, the Sustainable Apparel Coalition (SAC), and the United Nations Fashion Industry Charter for Climate Action. We also collaborate with our peers, promote the adoption of best practices, and shape the industry's collective approach to addressing climate change. Read about our advocacy efforts on [page 34](#) of this report.

Our roadmap for achieving our near-term goals is illustrated in the accompanying graphic.

¹ Our Scope 3 reduction goal applies to Category 1: Purchased Goods & Services and Category 4: Upstream Transportation & Distribution emissions, which typically account for 80%-90% of our total Scope 3 footprint.

Our 1.5°C roadmap



Tracking and addressing our impacts

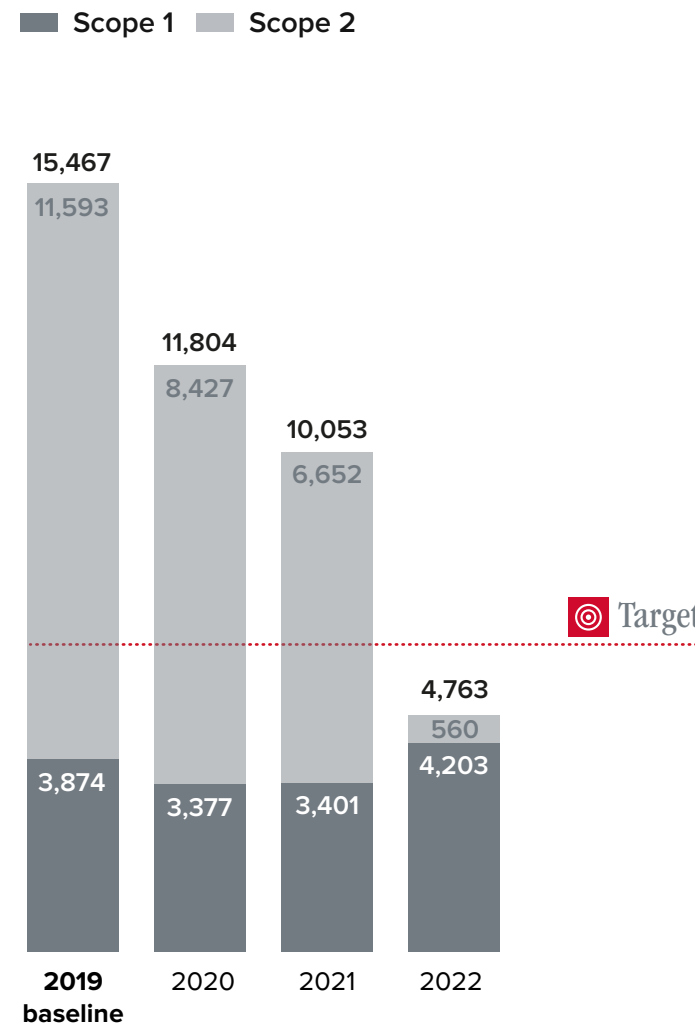
We gather and assess companywide emissions data annually to identify areas for improvement and drive progress.

In 2022, our total emissions from Scope 1 and 2 activities, which include those from our offices, distribution centers, retail stores, and owned-manufacturing sites, were 4,763 metric tons of carbon dioxide equivalent (MTCO_{2e}). This is a 53% reduction from 2021 and a 69% reduction from our 2019 baseline year, exceeding our 2030 60% reduction goal. Looking closer, Scope 1 emissions increased by 24%, while our Scope 2 emissions decreased by 92% because of increased renewable electricity purchasing. We procure renewable electricity in several ways, including on-site generation and energy attribute certificates. While we have exceeded our overall goal, we will continue to address Scope 1 emissions and adjust our renewable electricity strategy to improve the quality of our renewable energy mix over time.

Scope 3 emissions, which include those from our suppliers and transportation, account for approximately 99% of our carbon footprint. In 2022, our total Scope 3 emissions were 1.4 million MTCO_{2e}. Our Scope 3 reduction goal (50% by 2030) applies only to Categories 1 and 4, which represented 84% of our total Scope 3 in 2022. Overall, Scope 3 performance is not on track. Categories 1 and 4 increased 13% from 2021, and 21% since 2019. Category 1 increased 15% from 2021, and 16% from our 2019 baseline, driven by volume growth and associated increases in material use and manufacturing energy. Category 4 only increased 3% from 2021 but has increased 53% from our 2019 baseline. This can be attributed to business growth and increased shipping, but some Category 4 emissions are also calculated using a spend-based methodology, making the value sensitive to shipping rates that were significantly elevated in 2021 and 2022. We are improving our data systems, hoping to eliminate spend-based calculations for transportation in the future. Despite the increase in Scope 3, we remain cautiously optimistic. Data quality is improving, suppliers are beginning their transition to renewable energy, and new decisions are being scaled throughout product creation and materials development. Because of the long product creation cycle, 2022 Category 1 emissions reflect some material decisions made in 2021 or even earlier. Overall, the rate of emissions growth lags behind the rate of New Balance's revenue growth, suggesting business growth is separating from emissions growth.

Our most recent [CDP Report](#) has a full explanation of our carbon emissions and sources. In 2020 and 2021, we received a B from CDP for carbon emissions, risks, and opportunities disclosures. We continue to work toward achieving an A. To learn more about our efforts to reduce impact through product design, see the [Product](#) section of this report.

SCOPE 1 AND 2 EMISSIONS (MTCO_{2e})



GHG ACCOUNTING METHODOLOGY

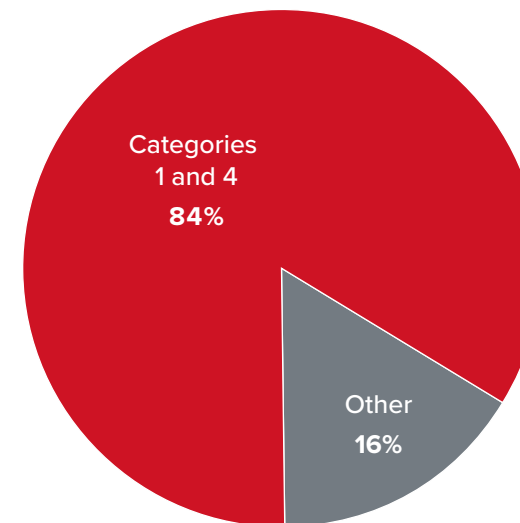
We calculate our greenhouse gas (GHG) emissions in alignment with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions are calculated by applying standard emissions factors to the quantity of fuels purchased. Scope 2 emissions are calculated using the market-based methodology. When consumption data is not available, we rely on reasonable assumptions and methodologies to estimate emissions, which we revisit and improve on regularly. Scope 3 emissions are calculated using a combination of supplier-reported data, spend data, and industry assumptions. Our materials footprint within Scope 3 is based on a life cycle-based approach. We include primary energy data from our Tier 1 footwear suppliers. Improving the accuracy of our carbon footprint is an ongoing process.

SCOPE 3 EMISSIONS¹ (MTCO_{2e})

Metric	2019 baseline	2020 ²	2021	2022
Category 1	846,295	594,239	852,091	983,084
Category 4	125,486	Not calculated	185,301	191,723
Total Scope 3	1,117,854	Not calculated	1,157,315	1,394,558

SOURCES OF SCOPE 3 EMISSIONS

Categories 1 and 4 are included in our Scope 3 goal



Category	%
1: Purchased goods & services	70%
2: Capital goods	8%
3: Fuel- & energy-related activities ³	<1%
4: Upstream transportation & distribution	14%
5: Waste generated in operations	<1%
6: Business travel	1%
7: Associate commuting	1%
8: Upstream leased assets	N/A
9: Downstream transportation & distribution	1%
10: Processing of sold products	N/A
11: Use of sold products	N/A
12: End-of-life treatment of sold products	4%
13: Downstream leased assets	N/A
14: Franchises	<1%
15: Investments	N/A

1 Our Scope 3 reduction goal applies to Category 1: Purchased Goods & Services and Category 4: Upstream Transportation & Distribution emissions, which typically account for 80%-90% of our total Scope 3 footprint.
 2 Only Category 1 was calculated in 2020 due to the effects of COVID-19.
 3 Not in Scope 1 or 2.

Prioritizing renewable energy

Transitioning to renewable energy is one of the most effective ways to reduce the climate footprint of our facilities and suppliers.

In New Balance facilities

As an RE100 member, we spur renewable energy growth by driving market demand for clean energy. We have set a goal to source 100% renewable electricity for our owned-operations by 2025.

In 2022, our global electricity consumption totaled approximately 43,000 MWh, with 98% sourced from renewable sources. The only countries without coverage in 2022 were Australia, Malaysia, and the United Arab Emirates. We source renewable electricity using several strategies, including generating on-site renewable electricity and purchasing Renewable Energy Certificates (RECs) and Guarantees of Origin (GOs) for our global offices, distribution centers, owned-retail stores, and owned-footwear factories.

As part of Maine’s Net Energy Billing program, we joined a consortium of public and private buyers supporting the construction of four solar projects in Maine. If all four projects are successful, we expect to meet roughly 70% of the current electricity demand of our Maine facilities from these contracts. The first and largest of the four projects achieved commercial operation in June 2022, with the remaining three projects at various stages of development, currently targeting online dates in late 2023 into 2024.

In our supply chain

The energy used across our Tier 1 footwear and apparel manufacturing represents 16% of total Scope 3 emissions and 23% of Scope 3 Category 1. We are addressing this through energy efficiency and transitioning to renewable energy.

Improving energy efficiency is a crucial step in reducing energy demand and overall carbon intensity of production.

We help our suppliers develop Energy Efficiency Plans and closely track monthly Tier 1 footwear supplier energy consumption. We use that information to understand trends and shape supplier action plans. Through our work with organizations such as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the International Finance Corporation (IFC), our suppliers receive training and resources to continuously improve their energy efficiency.

As our production grows, however, we cannot rely on efficiency improvements to decrease overall emissions. Reaching our climate goals and addressing Scope 3 emissions requires a transition to renewable energy across our supply chain. We are actively working with suppliers to implement on-site renewable energy generation and other renewable energy procurement strategies.

On-site solar generation is a highly effective way to significantly reduce emissions at supplier factories. With the GIZ Energy Support Programme, we supported the development of eight additional rooftop solar systems in 2022 at Tier 1 and Tier 2 facilities.

With GIZ, New Balance joined other brands to launch a Climate Action Training (CAT) program to motivate climate action in our supply chain across Tier 1 and Tier 2 factories in Vietnam. The program sets factories on a path toward achieving a GHG emissions reduction target by 2030 and net zero by 2050. As of 2022, 54 fashion industry suppliers have joined CAT, 27 of which play a role in manufacturing New Balance products.

ELECTRIFICATION

Processing materials requires heat, and our supply chain often relies on fossil fuels for generating that heat. Creating steam by burning fossil fuels, however, is inefficient and carbon intensive. In 2022, we worked with several other brands and the Outdoor Industry Association (OIA) to fund



Fossil-free Future at Flimby

Our Flimby footwear factory is in a beautiful coastal village in Cumbria, England, an area particularly well-suited to take advantage of wind power. We began investigating the viability of constructing an on-site wind turbine in 2021 and received internal approval for the project in 2022. The project is undergoing local review and application, with construction expected to be completed in 2023. The 1 MW turbine will generate approximately 1,987 MWh of clean, renewable electricity each year. In conjunction with the rooftop solar already in place, this will not only meet, but exceed the energy needs of the facility. This excess electricity will allow us to fully electrify the factory in the future, completely eliminating the need to burn fossil fuels on-site.

a **research study** by **Global Efficiency Intelligence** that investigated the feasibility of replacing conventional combustion boilers with electric-powered alternatives at different phases throughout the textile manufacturing process. The study concluded that electrifying textile production has the potential to lower carbon emissions, energy demand, and costs, if renewable generation capacity can be scaled at the necessary rate.

Advocating for climate policy

Addressing climate change requires collective effort, and we use our influence to drive change beyond our own operations and supply chain. We actively engage in and advance climate policy and initiatives around the world through our participation in industry organizations.

In 2021, we accepted a role on the Outdoor Industry Association’s (OIA) Climate Action Corps Sustainability Advisory Council, allowing us to help advise their program and join in important policy advocacy efforts by the entire industry. In 2022, we successfully advocated for legislation adopted as part of the Inflation Reduction Act of 2022. Locally, we also advocated for the creation of a state Office of Outdoor Recreation in Massachusetts, which will work on natural resources conservation and promote public understanding of climate-related issues.

Policy advocacy is especially important in our key supply chain markets. Access to renewables for our suppliers is essential to meeting climate goals and often depends on new policy. We are a member of the United States Agency for International Development (USAID) Corporate Clean Energy Alliance, which creates a platform for businesses to advocate for the adoption of clean energy in Southeast Asia.

We are a proud member of **1% For the Planet**, donating 1% of sales from select product lines¹ to support nonprofit organizations working on climate policy advocacy and protecting public land.

¹ Through June 2023, New Balance will donate 1% of MSRP from all Fresh Foam X Hierro v7, Fresh Foam X Hierro Mid, and Fresh Foam X Hierro GTX sold in the U.S. to 1% for the Planet to benefit organizations working on climate change and public lands. More info: onepercentfortheplanet.org.



Installing rooftop solar in Vietnam

In 2022, a new rooftop solar project came online at Samho An Giang, one of our Tier 1 footwear suppliers in Vietnam. With a generation capacity of 2.8 MW, the project can supply roughly 20% of the facility’s total electricity demand. We anticipate that the second phase of this project will increase generation capacity at this facility by an additional 6.45 MW, bringing total renewable electricity use up to 50% of total demand at Samho An Giang.

This is a significant step towards our goal of reducing emissions and promoting sustainable practices throughout our supply chain. We will continue to work with suppliers and industry organizations to drive further improvements and make a meaningful impact on climate change.

SUPPLIER ROOFTOP SOLAR			
Metric	2020	2021	2022
Supply chain # systems installed	4	9	8
Tier 1 # systems installed	2	2	5
Tier 2 # systems installed	2	7	3
Added capacity (MWp)	4.6	23.4	18.4
Tier 1 capacity (MWp)	2.3	2.3	14.5
Tier 2 capacity (MWp)	2.3	21.1	3.9

Note: Annual data, not cumulative.
Includes: Projects tracked, completed, and operating; supported and / or verified by New Balance.
Excludes: Projects under construction and unverified information reported by suppliers in Higg FEM.

Water



Good water stewardship contributes to the resilience of our business, upholds our local license to operate, and, most importantly, preserves a precious public resource for future generations.

Target

ELIMINATE THE DISCHARGE OF HAZARDOUS CHEMICALS IN WATER¹

2025 TARGET 2022 PROGRESS

100% 91%

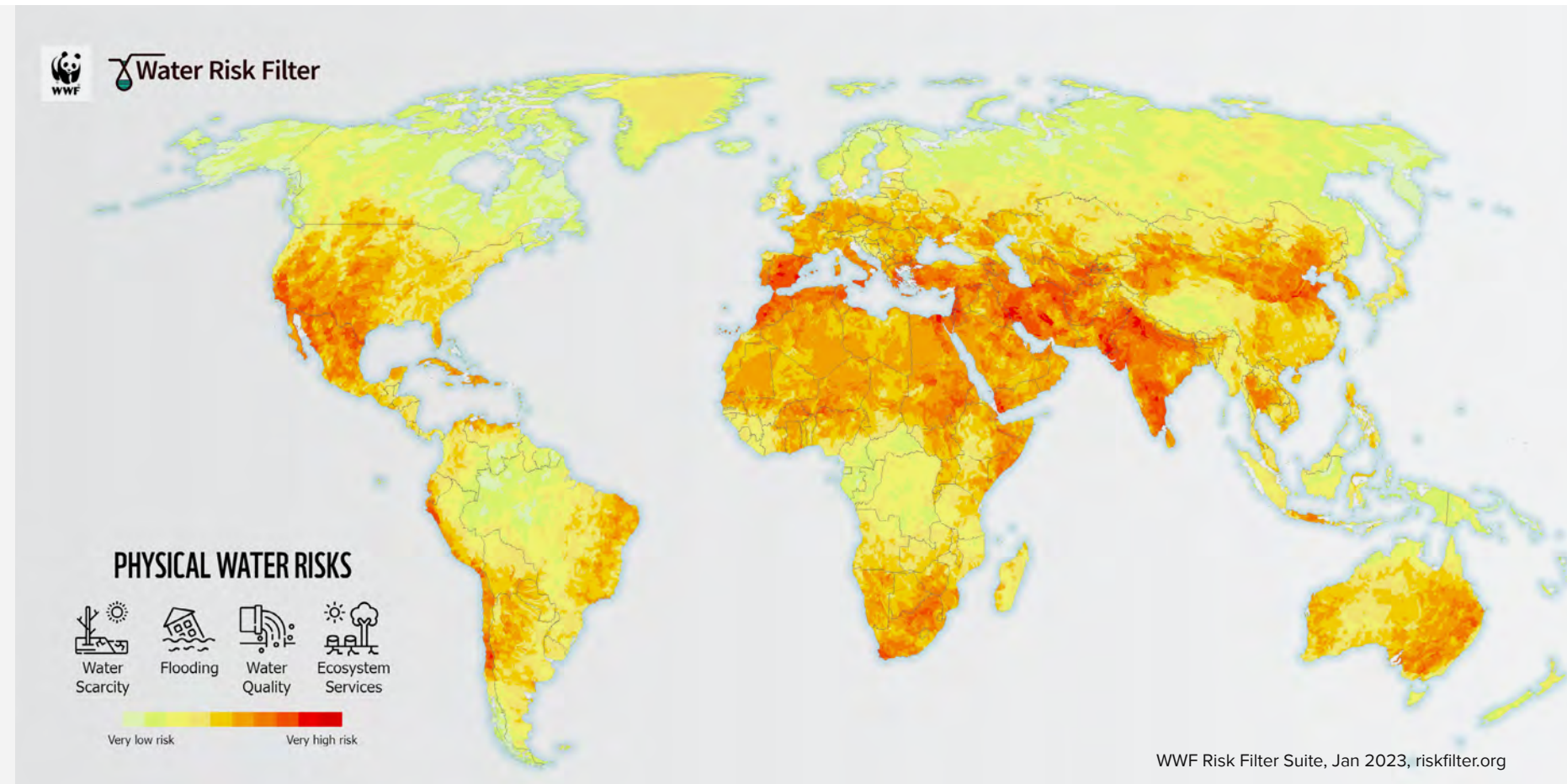
85% of New Balance suppliers that directly discharge into the environment conform to Zero Discharge of Hazardous Chemicals (ZDHC) Foundational Limits.

95% of New Balance suppliers that discharge indirectly into the environment conform to ZDHC foundational limits.

Leather tanning and textile processing can be water intensive. We work closely with our material suppliers to understand and manage water impacts throughout our supply chain. We use a risk-based approach and focus our efforts primarily on decreasing freshwater consumption and making sure wastewater effluent is not harmful.

Mitigating water risks

Our suppliers face a myriad of water-related risks, made worse by climate change that is increasing the frequency of extreme weather events and droughts. We assessed water risks in our supply chain through the World Wildlife Fund's (WWF) Water Risk Filter Maps and found that, in general, our Tier 1 and Tier 2 suppliers are at mid-level risk for water stress and at high risk for flooding events.



WWF Risk Filter Suite, Jan 2023, riskfilter.org

Managing consumption

Although water scarcity is deemed a mid-level risk for our suppliers, we believe that managing and minimizing freshwater consumption is good practice and essential for overall ecosystem health.

Through the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM), we collect water consumption data annually from suppliers representing 90% of our spend, including from all strategic mills and tanneries. In 2021, we cataloged the freshwater use from 30 of our strategic Tier 2 material suppliers.² Overall, these strategic suppliers used 15.5 million m³ of freshwater across all of their material manufacturing, including manufacturing for brands other than New Balance. Strategic textile mills used 12.8 million m³ of freshwater, tanneries used 2.2 million m³, and synthetic leather suppliers used 0.5 million m³.

Since 2015, we have worked with the Apparel Impact Institute (Aii) to enroll high consumption suppliers in the Clean by Design (CbD) program. Over the course of the program, five strategic suppliers have implemented measures such as recycling steam condensate and improving wastewater recycling rates to save a combined 1.3 million m³ of water.³

The dyeing process presents significant opportunities for reducing water use – and the energy associated with heating, pumping, and cleaning that water. We are exploring low-water dyeing techniques, like dope dye instead of traditional dyeing, but these techniques have only been implemented on a small subset of materials so far.

Read more about how we design products to minimize impact in the **Product** section of this report.

¹ Does not include Warrior.
² Due to collection and verification timelines, we report water consumption data from the prior year.
³ IPE Brand Cases, "New Balance Reduces Environmental Impacts across the Value Chain."

Responding to flood risk

Our water risk assessment showed that approximately 95% of our strategic Tier 1 and Tier 2 suppliers are at very high risk for flooding, with risk scores of 4 or above out of a possible 5. In 2022, we developed plans to help suppliers mitigate flood risk, including:

- Establishing emergency preparedness and response measures such as trainings and drills
- Organizing contingencies for emergencies that cause stoppages in our supply chain

We will begin implementing these measures in 2023.

Discharging water responsibly

Many manufacturing processes, such as dyeing and tanning, produce wastewater that must be treated before it can be safely returned to the environment. Our suppliers must treat wastewater to maintain compliance with our standards and local regulations.

Our mills and tanneries undergo wastewater testing twice a year to monitor their conformance with **Zero Discharge of Hazardous Chemicals (ZDHC)** Wastewater Guidelines. Approved third-party laboratories test wastewater samples for a wide range of quality indicators, such as chemical and biological oxygen demand, ammonia, nitrogen, and heavy metals, as well as for the presence of specific restricted substances. Facilities must meet all ZDHC Foundational Limits to achieve conformance. Eighty-five percent of our suppliers that directly discharge into the environment conform to ZDHC Foundational Limits. Read more about our chemical input criteria in the **Product chemistry** section of this report.

If a supplier is found to be out of conformance, we perform a root cause analysis and help the supplier implement a corrective action plan (CAP). Where appropriate, the CAP can include improvements to their wastewater treatment operations, better

STRATEGIC MATERIAL SUPPLIER WASTEWATER PERFORMANCE			
Metric	2020	2021	2022
# suppliers participating in ZDHC wastewater testing	55	60	64
# and % suppliers conforming to ZDHC wastewater guidelines	44 / 80%	42 / 70%	58 / 91%
Direct Discharge			
# suppliers discharging into the environment	22	30	27
# and % suppliers in conformance	15 / 68%	18 / 60%	23 / 85%
Indirect Discharge			
# suppliers discharging into CETP etc.	33	30	37
# and % suppliers in conformance	29 / 88%	24 / 80%	35 / 95%

IPE BLUE MAP SCREENINGS			
Metric	2020	2021	2022
# violations identified in Blue Map	19	16	11
# violations remediated ¹	21	14	15

¹ Number of remediations may exceed number of violations when a previous year's violation(s) are remediated the following year.

chemical management, or a transition away from one substance toward a nonhazardous alternative. In 2022, our most common nonconformance findings resulted from the use of perfluorochemicals (PFCs). Though PFCs are a chemical class banned in manufacturing by our RSL, they are still sometimes found in wastewater testing. This may occur because the PFCs were present in incoming water or if the supplier is shared with other brands or industries that do not prohibit their use. All six violations identified in 2022 were remediated.

Suppliers that are not permitted to treat and discharge their wastewater send it to a central effluent treatment plant (CETP) for treatment and discharge. Individual sites are given discharge limits by the CETP that receives and treats their effluent. This helps ensure the effluent load that arrives at the CETP is within the limits the plant can safely process. However, in some regions, final effluent discharge quality from the CETP to the environment is not reliably tracked, and where data exists, it indicates frequent incidents of noncompliance with the CETP's own discharge consent.

Ranked #4

OUT OF 650 COMPANIES IN IPE'S GREEN SUPPLY CHAIN CORPORATE INFORMATION TRANSPARENCY INDEX

In 2022, to learn about our ability to influence CETP operational practices, we engaged with selected CETPs to track their treatment of wastewater and promote best practices downstream of our direct supply chain. New Balance worked closely with one of our strategic leather suppliers in Fujian, China, to address conditions at the CETP. This plant serves the leather industrial zone with a treatment capacity of 12,500 m³ / day. The plant had numerous violations, including issues with suspended solids, excessive sludge sedimentation inside the treatment tanks, malfunctioning aerators, and inadequate chemical treatment. Issues were addressed and delisted from the violation database, bringing the plant into healthy operation.

In addition to employing ZDHC wastewater testing, we screen China-based suppliers for environmental violations — including wastewater violations — using the Institute of Public & Environmental Affairs (IPE) Blue Map Database. IPE collects publicly accessible data issued by governments and other testing agencies into its Blue Map database, increasing environmental information transparency and furthering our visibility into conditions at our factories in China. Through Blue Map, we identified 11 violations and then helped the suppliers identify the cause, remediate, and achieve compliance.

In 2022, this diligence helped us earn 4th place on IPE's Green Supply Chain **Corporate Information Transparency Index** out of 650 companies spanning many industries.

Waste

We are challenging ourselves to break free from consumption cycles that end in waste.

Understanding drivers of waste

Material waste squanders resources, adds to landfills, and generates emissions as it decomposes. To reduce waste, we regularly assess our processes — monitoring and measuring the sources and amounts of waste we create. We then target high-impact areas, identifying diversion routes and seeking opportunities to improve circularity and efficiency in our designs and systems.

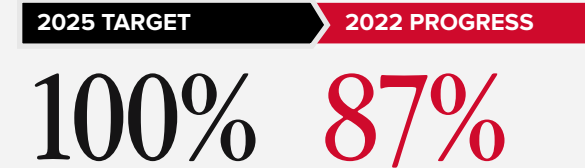
We aspire to create value from waste wherever possible and consider landfill as a last resort — preferentially reusing, recycling (on-site or off-site), or incinerating with energy recovery. Our goal is to eliminate waste to landfill¹ from Tier 1 and owned footwear factories entirely by 2025 by minimizing waste production, increasing recycling and waste-to-energy recovery, and finding new closed-loop solutions that can divert waste back into use.²

Targets^{3,4}

WASTE DIVERSION FROM LANDFILL IN OUR ASIA TIER 1 FOOTWEAR FACTORIES



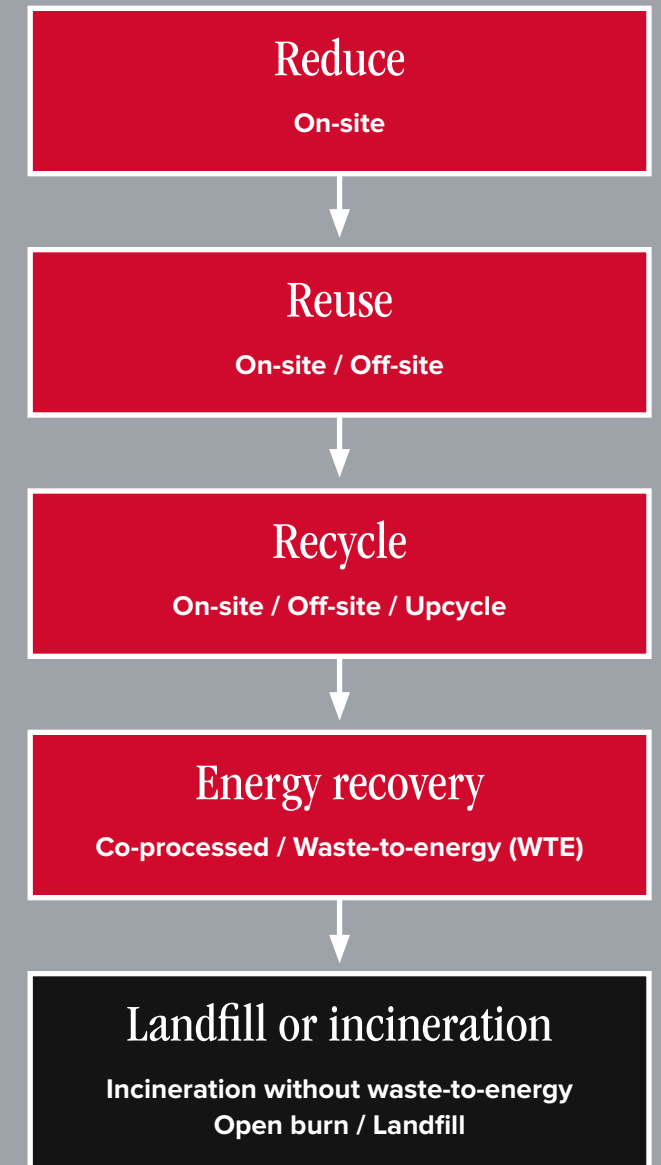
WASTE DIVERSION FROM LANDFILL IN OUR U.S.-OWNED FACTORIES



Using waste as a resource

Using our Re grind 1.0 technology, we take cured rubber waste from Tier 1 and Tier 2 factories, grind it down, and use it as a material in rubber compounding for new shoes. You can see the reground rubber in the outsoles of some New Balance shoes currently on the market, including the 574 seen here. We plan to expand the use of this process. Read more about how we are using waste as a resource in the [Product](#) section of this report.

OUR WASTE PRIORITIES FROM MOST TO LEAST DESIRABLE



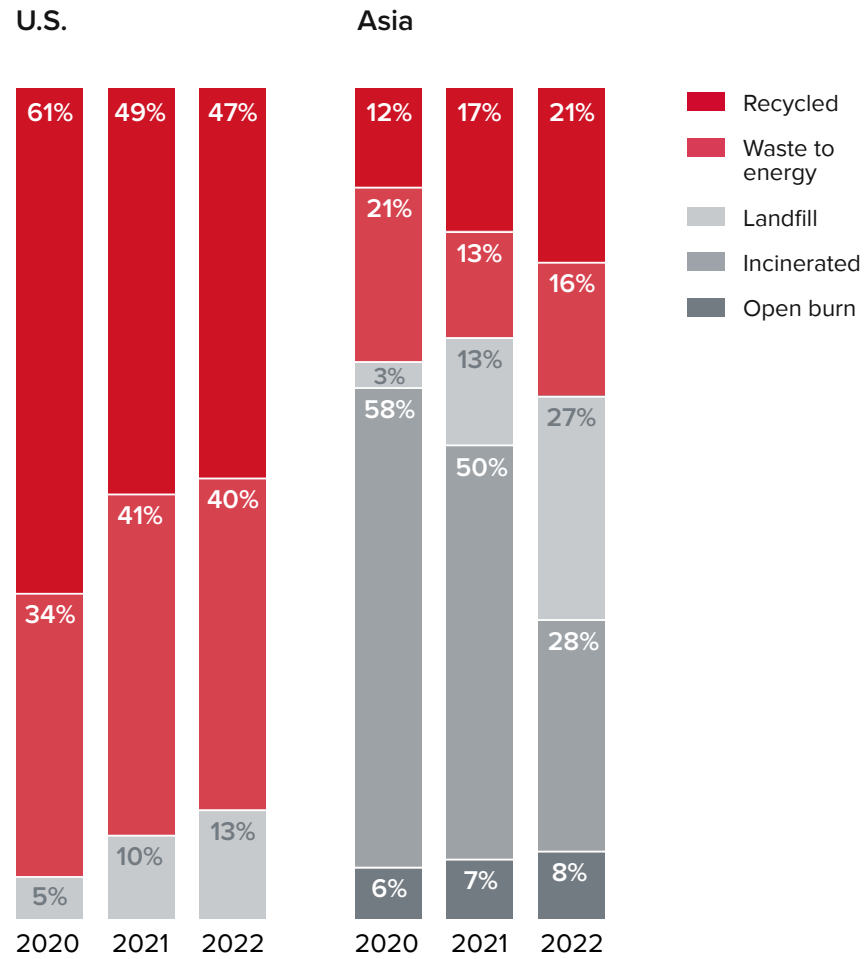
¹ Diversion from landfill also includes diversion from open burning and incineration without energy recovery.

² Our short-term goal is to allow up to 30% waste to energy.

³ UK-owned factories are not reportable due to unreliable data from our vendor, which has since been replaced.

⁴ Does not include Warrior.

WASTE DISPOSAL METHOD

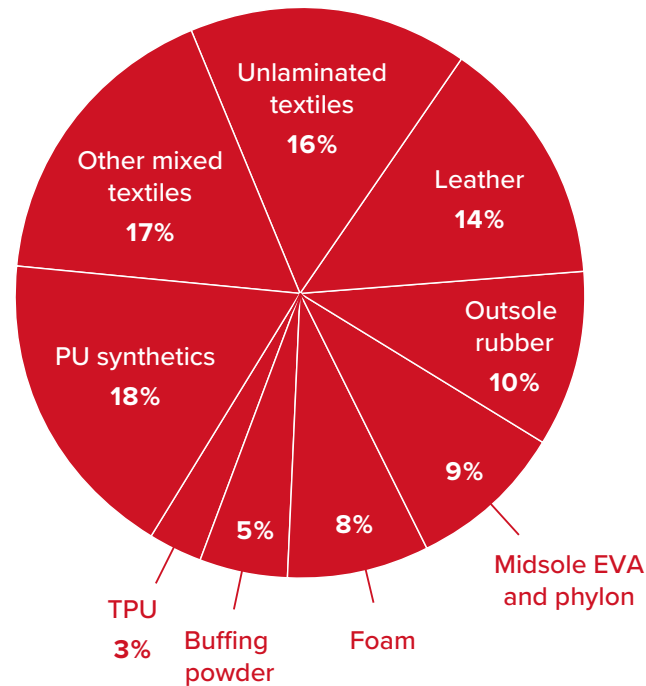


U.S. notes: U.S.-owned factory waste data measured and reported to New Balance by waste vendors.
Includes: Solid waste generated from manufacturing (material cutting waste, domestic waste, and packaging).
Excludes: Hazardous waste within special disposal methodology, tool / machine waste (e.g. molds, lasts, cutting die, cutting plates), and C-grade products / components. C-grades are largely non-diverted, meaning the overall diversion rate would be slightly lower for U.S., if included.

Asia notes: Tier 1 footwear waste data self-reported by factories using New Balance’s environmental impact data tool and periodically confirmed by our team during site visits. Open burn is a violation within New Balance’s audit program and had been eliminated prior to 2020; some suppliers in certain regions reverted to old practices during COVID-19, and we are renegotiating local vendor contracts to eliminate these instances once again.

Includes: Solid waste generated from manufacturing (materials cutting waste, domestic waste, packaging, and C-grade products / components).
Excludes: Hazardous waste within special disposal methodology, and tool / machine waste (e.g. molds, lasts, cutting die, cutting plates).

NON-DIVERTED MATERIAL 2022 - ASIA



Waste in New Balance facilities

At our Made in USA and Made in UK factories, we directly oversee manufacturing and engage with our contracted waste vendors. In 2022, our U.S. factories diverted 87% of waste from landfill by recycling and waste-to-energy. Our UK factory data is not reportable due to unreliable data from the vendor, which has since been replaced.

Waste in our supply chain

We collect waste data from our Tier 1 footwear suppliers in Asia on a monthly basis. We use this data to track progress toward goals and to better understand how materials are being disposed and what materials need improvement. In 2022, 37.5% of Tier 1 footwear supplier waste was diverted from landfill,¹ off pace for reaching our target. The main materials that we are not yet able to divert are PU synthetics, mixed textiles, unlaminated textiles, and leather. Some rubber waste was diverted from landfill as part of our Re grind program, now being incorporated into new outsoles.

We initially set our zero waste to landfill goal in late 2019, and progress toward our goal was hampered by COVID-19 until recently. We reestablished our focus on this area in 2022 and are investigating ways to regain lost ground. In Asia, we are shifting some waste streams to co-processing and increasing recycling rates where viable. In the U.S., where leather is the only material being sent to landfill, we are experimenting with leather recycling.

¹ Diversion from landfill also includes diversion from open burning and incineration without energy recovery.

Targeting waste reduction efforts for a big impact

Waste data from suppliers helps us understand where waste is created and identify which materials our suppliers are unable to recycle or divert from landfill. This knowledge informs new design choices and lower-waste manufacturing processes. For example, some midsole components are made from ethyl vinyl acetate (EVA) foam by die-cutting the components from a larger block of foam. This approach generates significant waste — up to 65% of the material — due to pattern inefficiency and material imperfections. By switching to a direct molded (DM) process, we can make the same component with far less waste.

We conducted an in-house life cycle assessment (LCA) and determined that the DM process reduced the material weight required to manufacture a midsole by 44% as compared to making the same midsole with the die-cut method. As of 2022, we transitioned two major suppliers to the DM process and integrated those midsoles into over one million pairs of shoes. Moving forward, we plan to convert all die-cut components to DM, starting with designs shared across multiple models to maximize impact.

Read more about how we lower product impacts in the **Product** section of this report.

Product

MATERIALS
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PACKAGING
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PRODUCT CHEMISTRY
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Materials



Since 1906, quality has been our trademark. But we realize that every product we make has an impact, much of which is determined early in the design process when we decide on materials, form, and construction. We are constantly finding new ways to manufacture more responsibly without sacrificing quality, including choosing more sustainable materials and seeking opportunities to keep products in circulation longer.

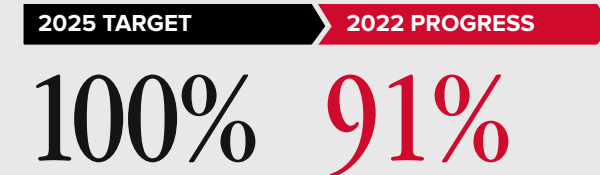
1 For footwear, the calculation is based on the weight of materials purchased from Tier 2 vendors in 2022. For apparel, it is based on fabric yields for purchase orders placed in 2022.
 2 Excluded from our environmentally preferred material goals (and progress against those goals) are licensed footwear and apparel, apparel designed and marketed by New Balance's regional design centers (Tokyo Design Center and Manchester Design Studio), New Balance direct to team, promotional products ordered through third-party vendors, and global football apparel prior to 2022. Beginning in 2022, global football apparel was included, except New Balance Japan.
 3 Does not include Warrior.

Our Product Creation teams tackle sustainability from many angles. When a new approach drives significant improvements, we scale it throughout the brand. Instead of creating niche “sustainable” collections, we focus on solutions that have a big multiplier effect across many product lines.

We have begun to integrate circular economy principles into our product design approach, exploring ways to allow products and materials to stay in circulation as much as possible. Our ultimate goal is for product creation to consider the whole life of our products, from raw materials to disposal. It remains a work in progress.

Targets^{1,2,3}

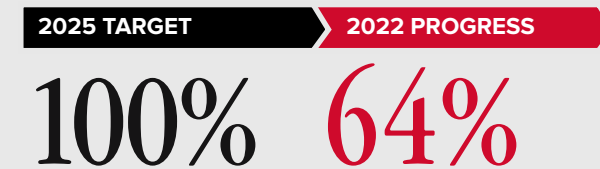
SOURCE PREFERRED LEATHER



SOURCE RECYCLED POLYESTER



SOURCE PREFERRED COTTON



We designed our Fresh Foam X Hierro v7 to include leftover upper scraps from the mesh upper material — decreasing waste creation and using pre-consumer waste as a resource.






Choosing preferred materials

One of the most significant and immediate ways we can reduce our environmental impact is by replacing our most commonly used materials with environmentally preferred alternatives that still meet our high quality and performance standards.

Each material we use has a unique environmental impact profile, so the options available to reduce impacts are specific to the material. Environmentally preferred materials (EPM) are designated based on their composition and / or sourcing practices.

Leather

Leather is a natural material that offers superior comfort, durability, fit, and quality. However, leather production can be associated with deforestation, various agricultural emissions, and the use of chemicals in tanning. Our goal is to source 100% preferred leather by 2025. In 2022, we sourced 91% preferred leather. All the leather we use also meets our foundational Animal Materials Policy, found in our [Restricted Substances Manual](#).

 **Our preferred leather is** either sourced from [Leather Working Group \(LWG\)](#) gold-rated tanneries or is chrome-free.

LEATHER WORKING GROUP

The LWG audit protocol is used to assess environmental performance of tanneries around the globe. Tanning is chemically intensive and can use large amounts of water and energy; mitigating impacts at this stage of leather processing is critical.

CHROME-FREE LEATHER

Conventional leather tanning uses chromium III. If not disposed of properly, chromium III transforms to chromium VI in the environment and can harm human and ecosystem

health. Chrome-free leather eliminates the use of chromium, resulting in safer chemistry used during tanning.

REGENERATIVE AGRICULTURE

Chrome-free tanning and LWG certification largely address the impacts of processing leather, but there are other impacts deeper in the supply chain that carry significant impacts at the raw material level. To address these impacts, we plan to expand our definition of preferred leather to include leather sourced from regenerative agriculture — a conservation and rehabilitative approach to food and farming systems that focuses on strengthening soil health and increasing biodiversity. In 2021, we joined [Land to Market](#), an organization working to restore soil health and help brands source raw materials coming from verified regenerative land. Trials are underway to test our first batch of leather sourced from regenerative land, and we hope to launch a product in late 2023 or 2024.

Polyester

Polyester is our most commonly used textile material. It is durable, lightweight, and useful across many applications in apparel and footwear, but it is derived primarily from fossil fuels and requires significant processing to achieve its desirable characteristics. Our goal is to source 50% recycled polyester by 2025. In 2022, we sourced 44% recycled polyester. We set this goal before establishing our science-based targets, so we plan to update it in 2023 to align with our new priorities.

 **Our preferred polyester is recycled.**

Making polyester from existing materials is less energy- and water-intensive than creating virgin polyester. Polyethylene terephthalate (PET), used widely in drink bottles and other packaging, can be recycled into pellets, which can then be processed into polyester fibers. In addition to diverting plastic waste from landfills, this process reduces demand for new fossil fuels and

promotes circularity by bringing discarded materials back into use. Looking forward, we recognize that textile-to-textile solutions are necessary to reduce our reliance on bottles and other packaging as a resource.

Cotton

We love cotton because it is a versatile natural fiber, but cultivating cotton can be water- and chemical-intensive. Further, there are social concerns about unethical employment in cotton supply chains. Our goal is to source 100% preferred cotton by 2025. In 2022, we sourced 64% preferred cotton.

Our preferred cotton is organic or sourced as **Better Cotton**.

ORGANIC COTTON

Organic cotton is grown and processed according to standards that avoids the use of toxic chemicals and maintains local soil health and biodiversity. All organic cotton we use is certified according the [Global Organic Textile Standards](#).

BETTER COTTON

New Balance is a proud member of Better Cotton. Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals, and respect workers' rights and well-being. Better Cotton is sourced via a system of mass balance and therefore may not be physically traceable to end products. Buying products sourced as Better Cotton creates demand and directly invests in improving conditions at the farm level. Learn more on their [website](#).

Other common materials

We add to our portfolio of environmentally preferred materials on an ongoing basis. Other preferred materials include:

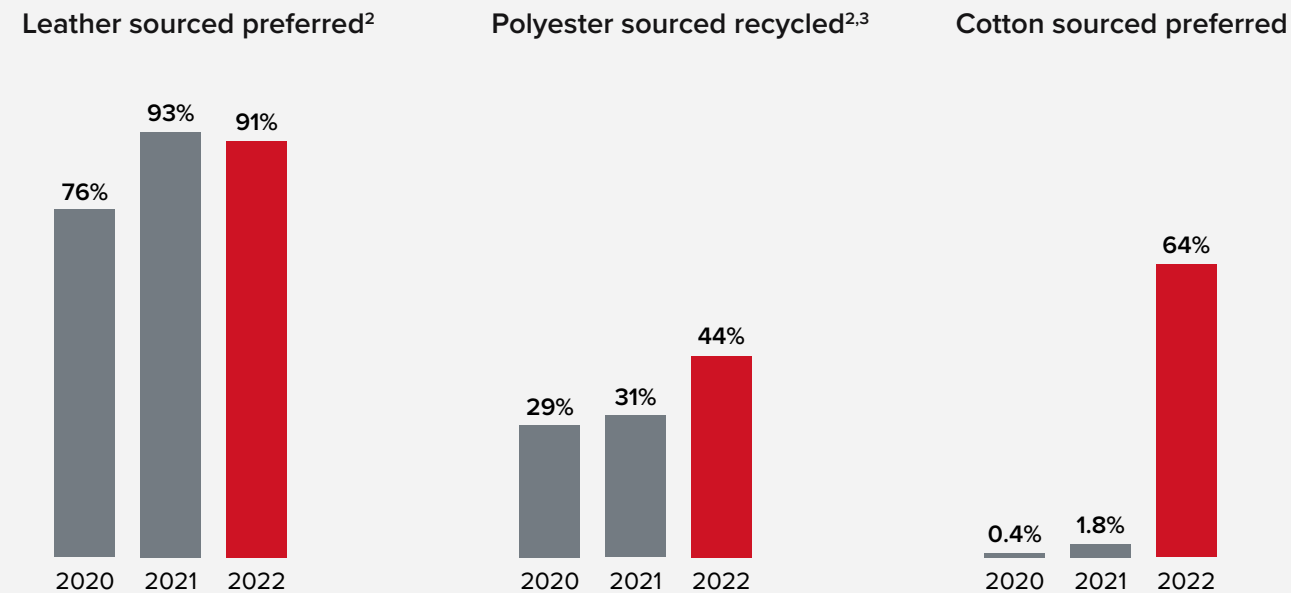
- **Bio-based foams:** fully or partially derived from biological resources; for example, sugar cane-based ethyl vinyl acetate (EVA)
- **Recycled rubber:** post-industrial rubber incorporated into outsole components at scale
- **Spinnex:** contains at least 30% textile waste
- **TENCEL™ Lyocell by Lenzing:** fibers derived from renewable wood sources produced in a closed loop that recycles water and non-toxic solvents

WHAT IS NEXT IN PREFERRED MATERIALS?

New Balance is always exploring innovative and more sustainable materials and processes. As our goals evolve, we see a need for low carbon, less impactful material options across all textiles, leather, synthetic leather, and foam compounds. Recycled content will continue to be the baseline for environmentally preferred materials, with increased adoption of biobased ingredients and totally new material feedstocks in the future.



EPM CONSUMPTION DATA¹



¹ Excluded from our environmentally preferred material goals (and progress against those goals) are licensed footwear and apparel, apparel designed and marketed by New Balance's regional design centers (Tokyo Design Center and Manchester Design Studio), New Balance direct to team, promotional products ordered through third-party vendors, and global football apparel prior to 2022. Beginning in 2022, global football apparel was included, except New Balance Japan.
² 2022 was the first year UK data was included.
³ Includes textiles, laces / webbing, labels, boxtoes / counters; excludes synthetic leather backers.

Tools to drive EPM adoption

Our green leaf standard was used to denote products that used a minimum percent of environmentally preferred materials. It served as a great starting point for incentivizing product teams to drive progress against our EPM goals and sustainability strategy. We learned where change was needed and developed methods for achieving meaningful impact through material selection, material consolidation, and product development. As our understanding of, and commitment to, sustainability grows, our communication approach must evolve as well. We believe that sustainability should be viewed as more than a minimum threshold isolated to specific products. We're using learnings from the green leaf standard to evolve our product sustainability strategy and weave EPM adoption into every facet of our product creation approach. By using a material dashboard tool throughout our development process, we are able to discover which material choices will have meaningful effects, align decisions across multiple product categories, and integrate those learnings across our brand at scale.

1. Efficient Pattern Design.
Cut Upper Pattern in Most efficient pattern as possible. Efficient patterns use nestable and simple shapes.

2. Use Narrow Width Goods.

Use rolled goods such as webbings, cords and laces. Reduce custom shaped diecut parts.

DECORATIVE EMBROIDERY - CREATE TECHNICAL AND PRECISE DETAILS WITH A VARIETY OF COMPUTER STITCHING.

3. No Piece Left Behind.
Use any scrap cut as another part of the shoe.

Use any scrap cut as another part of the shoe.

MTHIERRO v6 collar textile scrap used as foxing overlay.

MTHIERRO v7 collar textile scrap used as foxing overlay.

What can you do with the leftovers from a vamp textile?

4. Design with Imperfect Parts.
Embrace Uniqueness!

Utilize imperfect parts of the hide.

Sample page from our Less Waste Design Guide illustrating multiple techniques for creating less waste. The Fresh Foam X Hierro v7 was designed using narrow width goods.



Reducing waste

Designing out waste

Our factories build what we design. Some impacts at the factory, like waste creation, can be tied back to early decisions in the design process. To help reduce material waste at the factory, our internal design teams are rethinking how we design products to drive better material efficiency and eliminate unnecessary waste.

In 2022, we created a Less Waste Design Guide to educate and empower footwear designers to make design decisions that prioritize waste reduction and consider material efficiency alongside performance, cost, color, and style.

The Guide suggests ways to reduce waste, challenging designers to:

- Identify parts that can be removed, combined, or otherwise optimized to use fewer components
- Consolidate material types and colors so less is created and subsequently discarded
- Optimize pattern layouts to maximize material usage and minimize wasted fabric between cut pieces
- Transition from textiles that generate scrap to narrow rolled goods, like cording, where the entire width of material is used (see graphic on the left)

Read more about how we address waste generation in manufacturing in the [Waste](#) section of this report.

Giving waste a second life

When waste is created, we investigate closed-loop solutions that can allow it to be repurposed and turned into a new material or feedstock.

We introduced a regrind process with our suppliers where post-industrial rubber waste and EVA waste are incorporated into some new outsoles and midsoles, respectively. This reduces waste disposal and our demand for new raw materials.

Additionally, we developed new foams for some shoe inserts (or sockliners) that use up to 40% recycled EVA waste. Over 90% of die-cut inserts now demonstrate this technique across all sourcing locations, enabled by a massive consolidation of color options that allows us to incorporate multiple colors of regrind into the mix. We also have begun integrating textile waste into the construction of some internal shoe parts.

In 2022, our Sustainable Innovation team designed a prototype shoe that used more waste products in its manufacturing than it created. To achieve this, we explored several approaches that reduce waste creation and use waste as a resource. For example, we replaced overlays on the upper with lower-waste processes like embroidery and printing, changed our fabrication method for midsoles from compression to injection, and integrated post-industrial waste from Tier 1 and Tier 2 suppliers. We are using these learnings to inform better design choices across the brand.



In-store shoe cleaning in London

A lot goes into making a pair of New Balance shoes, so we want everyone to take the best care possible and keep those shoes in use. To promote better shoe care, we connected with SneakersER and began offering in-store cleaning to customers at our Oxford Street store in London. People can drop their shoes for a Quick Clean on the go or leave them with us for a Deep Clean. We plan to expand in-store cleaning to other sites in Europe, likely adding this offering at our Amsterdam store in 2023.

New Balance MADE U.S. footwear contains a domestic value of 70% or more. MADE makes up a limited portion of New Balance's U.S. sales.

Extending product life

Our industry has a waste problem. For too long, we have consumed resources to produce short-lived goods without enough consideration of longevity and disposal. New Balance is working to change this because we know the most sustainable shoe is one that already exists.

Long lifespan starts with quality. We test our materials and products extensively for indicators of durability — such as abrasion resistance, tear strength, and adhesion, among others — and seek longer-lasting, better-performing alternatives.

Consumers have few options for responsible disposal when a product reaches the end of its life or they are simply done using it. While some individual materials can be recycled, the infrastructure and technology for recycling whole products — especially shoes — is still largely in its infancy. We are pursuing several initiatives to extend shoe lifetimes, including:

- Continuing our shoe repair program in Japan and conducting repair trials in our U.S. and UK MADE factories to demonstrate the feasibility of product repair
- Offering in-store shoe cleaning, like the [SneakersER](#) program at our Oxford Street, London, store
- Investigating ways to make products easier to disassemble for part replacement
- Exploring opportunities for product take-back and resale, building from our previous apparel trial with The Renewal Workshop
- Offering consumers better information about product care and cleaning so that they can get the most out of their footwear and apparel
- Expanding our global donation program with trusted organizations like Soles4Souls



BEFORE



AFTER

3,590

PAIRS OF SHOES WERE GIVEN A NEW LEASE ON LIFE IN 2022 THROUGH OUR SHOE REPAIR PROGRAM AT NEW BALANCE JAPAN

Packaging

Our commitment to well-crafted, responsibly-made products does not end at the factory door.

Damaged goods are an unnecessary waste of production and transportation resources. We strive to minimize the environmental impact of packaging while recognizing the primary objective must be protecting the product.

Footwear packaging

Most of our footwear packaging is paper based. Shoes are packaged in shoeboxes made of cardboard, wrapped in paper tissue to prevent discoloration, stuffed with paper tissue to maintain shape, and distributed in cardboard shipping boxes.

One of our biggest concerns with paper packaging is its potential link to deforestation and land conversion, which are key drivers of climate change and overall environmental degradation. To reduce this risk, we prioritize use of recycled content and make sure any virgin content is from certified programs intended to manage forests more sustainably. Our tissue and wrapping papers are 100% recycled and our our in-line shoeboxes¹ are made from more than 90% recycled

material. Most of our shopping bags in the U.S. and Europe are Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified, and shipping cartons used in our own U.S. distribution centers are Sustainable Forest Initiative (SFI) certified.

We also work continuously to reduce overall paper usage and waste in packaging components. Starting in 2023, we will employ Packsize technology at our Nashville distribution facility to optimize the size of our shipping boxes. This technology eliminates standard-sized shipping boxes by cutting corrugated cardboard to custom sizes that fit tightly around the product. Packsize reduces paper waste and allows us to pack distribution vehicles more efficiently, lowering our transportation emissions per pair shipped.

¹ 99% of our boxes contain more than 90% recycled content. In-line refers specifically to New Balance's Red and Grey in-line boxes and MADE boxes, representing over 95% of all our boxes. Special boxes used in collaborations may have lower percentages, particularly for rare occasions when those boxes feature a special foil or coating.

Apparel and accessory packaging

All our apparel and most New Balance-branded accessories are individually packaged in plastic polybags to ensure the products remain clean and undamaged. We also ship small apparel orders to consumers in plastic shipping envelopes. Our search for more sustainable packaging options is ongoing. In 2024, we plan to transition to 100% recycled content plastic bags.

In 2022, we continued our investigation into using paper-based bags and shipping mailers made from FSC-certified virgin paper fibers for our apparel products. We tested alternatives in a factory, distribution center, and retail environment and then launched a small-scale consumer trial in the U.S. to gather feedback on performance and overall customer experience. Testing is slated to continue in 2023.

Since 2020, we have used FSC-certified paper for all apparel hang tags, and we are transitioning all finishes to water-based solutions to allow better recyclability.



Current state – box within a box (packaged at distribution center).

Eliminating boxes within boxes

Placing a shoebox inside a shipping box seems wasteful, but it can be difficult to avoid because products leaving a Tier 1 factory do not all reach the end consumer in the same way. In 2022, we developed a shippable shoebox as part of our collaboration with Blue Bottle Coffee. This innovative design combines the functionality of both a traditional shoebox and a cardboard shipping box, eliminating the need for a box within a box. Although the amount of paper used in each shippable shoebox is greater than that of a traditional shoebox, it is less than that of a shoebox paired with a shipping box.

The solution was effective in this specific application for a small, e-commerce-based product line. However, it does not offer environmental benefits for most other scenarios, such as when an additional shipping box is not needed at all or when the shippable shoebox would be distributed within another container as part of a larger order. We will continue to investigate where and how we can scale this solution across our broader product line and remain optimistic about the potential for future packaging consolidation.



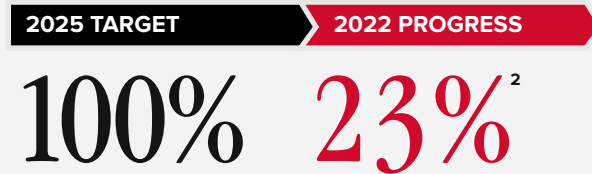
Design exploration – shippable box (packaged at factory).

Product chemistry

Eliminating harmful chemicals is an essential part of building a more sustainable future and ensuring the safety of workers, consumers, and ecosystems.



ELIMINATE THE USE OF HAZARDOUS CHEMICALS¹



¹ New Balance RSL testing compliance was 99% in 2022.
² Measured according to New Balance material suppliers who are certified under the New Balance Chemical Management Certification Program. Certified suppliers have a comprehensive internal restricted substances (RS) control system, <1% failed RS material tests in the past two years, and high commitment from management to eliminate the use of hazardous chemicals.

Our products are made from synthetic and natural materials that have the potential to impact environmental and human health. We are deeply invested in ensuring the safety of every substance in our products — from manufacturing to use to disposal — to protect the health of consumers, factory workers, and the environment.

Over the past decade, our Product Chemistry & Compliance team has developed and continues to optimize a comprehensive program that aims to prohibit the use of chemicals that harm environmental and human health, while maintaining or improving upon the performance that our customers expect from our products.

Promoting responsible production

The New Balance Product Chemistry Program promotes compliance with our **Restricted Substances Manual (RSM)**, which helps our suppliers identify more sustainable chemistry choices and implement best practices for chemical management. The RSM contains two lists of restricted substances:

- The Restricted Substances List (RSL) prohibits substances related to materials, finished goods, packaging, and chemical commodities.
- The Manufacturing Restricted Substances List (MRSL) prohibits a broad range of chemicals used in manufacturing.

Together, these lists contain over 400 chemicals and chemical classes identified by international regulations and recognized standards as chemicals of high concern, such as carcinogens and endocrine disruptors. We revise these lists annually to align with our standards, industry associations, and regulatory requirements.

We also provide a Chemical Information List (CIL) to Tier 1 suppliers specifying the only chemicals we approve for their processes.

Annually, all suppliers, factories, and licensees must sign a Certificate of Acknowledgement, a legally binding document that commits them to meeting all the requirements of the current RSM. We also perform CIL and RSL audits and track findings through a digitized platform. The RSM provides solutions to noncompliance issues and helps guide suppliers back to compliance. In the case of a violation, New Balance works directly with the supplier to determine the root cause and create an action plan for remediation and continuous improvement.

Our Product Chemistry & Compliance team works closely with our Product Development team to identify performance attributes that can be replicated with a more sustainable alternative and then guide responsible sourcing of the alternatives. We seek input from external parties like **AFIRM** and **ZDHC** to help us decide on chemical restrictions and management best practices.

Through our Product Chemistry Program, we successfully eliminated regulated PFCs from our supply chain. Additionally, we are transitioning Tier 1 suppliers to water-based adhesives in place of solvent-based ones, to mitigate the health impacts solvents can have on factory workers. We are also evaluating preferred chemical solutions for our rubber compounding processes to eliminate any materials of potential concern.

Read about our responsible water discharge practices in the **Water** section of this report.

Supporting supplier compliance

To ensure compliance with our standards and relevant regulations, our Product Chemistry & Compliance and Responsible Leadership teams offer both online and in-person courses to train suppliers and provide additional resources on topics such as restricted substances, testing procedures, and chemical management best practices. In 2022, we trained 20 new material suppliers, and in 2023, we aim to have 100% of new and existing material suppliers trained through our online program.

Suppliers may also participate in our Chemical Management Certification Program. Certification signifies that the supplier has a strong internal program for managing chemicals and avoiding the use of restricted substances, allowing them to test fewer materials per season. Certification is earned at the gold-, silver-, or bronze-level. As of 2022, we have certified 97 suppliers, with 15 achieving gold, 30 silver, and 52 bronze.

Taking responsibility for product safety

We use internal and external mechanisms to verify product safety and compliance with global regulations, including our RSM, audits, regular training, and third-party testing. Our Product Safety Program ensures compliance with global regulations, including the U.S. Consumer Product Safety Improvement Act (CPSIA), Chinese national standards (GB), and Korean Certification (KC) Mark, which require us to undergo third-party testing to certify that our products follow all applicable safety rules, bans, and standards. Our Product Chemistry & Compliance team stays up to date on new and changing regulatory requirements and evaluates our Product Safety Program annually. Certificates of compliance can be found on our **website**.

Governance and ethics



Governance and ethics

Guided by our core values as an independent, family-owned company, New Balance is dedicated to operating with integrity in all aspects of our business. We recognize that principled governance and uncompromising ethical standards are essential to our long-term success.

Corporate governance

Our governance practices reinforce our commitment to Responsible Leadership, which includes operating with the highest standards of ethics, transparency, and accountability. We expect all company leaders, associates, and suppliers to conduct business responsibly — guided by our governing [policies and disclosures](#).

Learn more about our approach and targets in the [Responsible Leadership](#) section of this report.

Governance structure

Our President and CEO oversees our Senior Leadership team, which is responsible for our internal operations as well as our interactions with suppliers, governmental and regulatory agencies, customers, and other stakeholders.

RISK COMMITTEE AND ESG OVERSIGHT

Senior leaders from across the company form our Risk Committee, including the President and CEO, Chief Financial Officer (CFO), General Counsel, Chief Operating Officer (COO), and Chief Human Resources Officer (CHRO). This Committee oversees our environmental, social, and governance (ESG) strategy, policies, practices, and programs. Its members are also responsible for guiding the company's risk management on ESG topics. Our Vice President of Responsible Leadership and Global Compliance reports to the General Counsel and meets with the Risk Committee at least twice each year.

The Committee develops our Risk Assessment, encompassing current and potential impacts in areas such as geopolitical conditions, economic market conditions, climate change, water usage, human rights, socioeconomic impacts of COVID-19, and evolving regulatory requirements. We review and update the

Risk Assessment regularly to reflect changing conditions in our industry and in the regions where we operate.

VALUE CHAIN LEADERSHIP TEAM

Led by our COO, the Value Chain Leadership Team (VCLT) is a cross-functional group of executives who help ensure that our objectives and activities continue to advance our overall strategic plan. VCLT members oversee a broad spectrum of issues pertaining to our facilities, supplier relationships, operational practices, and other areas of the business.

The VCLT also helps reinforce our responsible purchasing practices by assessing environmental and social matters in the supply chain. This includes reviewing supplier performance and facilitating joint problem-solving between the Sourcing and Responsible Leadership functions.

Our Vice President of Responsible Leadership and Global Compliance also serves on the VCLT.



Stakeholder engagement

We continually seek opportunities to collaborate and learn from external stakeholders. These interactions broaden our perspective, help us identify risks sooner, strengthen our accountability, and enable us to stay ahead of emerging issues.

Our key external stakeholders include:

- Nongovernmental organizations (NGOs) and civil society organizations (CSOs)
- Trade unions and factory worker representatives
- Consumers, wholesale customers, and retailers
- National and local governments
- Intergovernmental organizations and aid agencies
- Industry associations and industry peers

We engage with our stakeholders in many ways, including through high-level meetings, training sessions, workshops, and on-the-ground investigations.

Ethics at New Balance

We expect our associates to work with integrity and convey that expectation by ingraining ethical practices in our culture and providing clear guidance through our governing standards and policies. Our owners and Leadership team lead by doing and communicate regularly about the vital role of ethics in enhancing customers' trust and satisfaction.

Ethics policies

Our **Code of Business Ethics and Conduct**, available in 10 languages, spells out how to avoid conflicts of interest, guard against bribery and corruption, protect free and fair competition, protect confidential information, and maintain integrity. We review the Code and other related documentation at least once annually to ensure compliance with all applicable laws and our own high standards.

We hold our suppliers to similarly high standards, as outlined in our **Supplier Code of Conduct**, which is available in more than 40 languages. The **Supply Chain section** of this report contains additional details.

Ethics training

Our professional development resources include a growing library of in-person and virtual courses designed to help our associates navigate ethical issues in their day-to-day work. Courses focus on a range of ethics issues, teaching associates how to uphold our principles of fair and honest competition, avoid conflicts of interest, protect confidential information and individual privacy, and comply with all applicable laws. We also require relevant associates to complete global anti-corruption and anti-harassment training annually.



Reporting ethics concerns

We offer several channels for people inside and outside New Balance to raise ethics concerns or report incidents. Associates are encouraged to communicate directly with their manager or a human resources representative, with assurance that the matter will be treated confidentially.

We also maintain SpeakUpNB, an ethics and compliance portal and telephone hotline, both of which are available 24 / 7 to our associates as well as to individuals outside of New Balance. Provided in more than 60 languages, SpeakUpNB allows anyone to share their concerns, anonymously if they choose. We follow up on each report and resolve any issues.

SASB index

SASB code	Requested content	Response for 2022
MANAGEMENT OF CHEMICALS IN PRODUCT		
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	<p>1. The New Balance Product Chemistry Program protects the health of consumers and workers in the factories that make our products. The program is based on and promotes compliance with our Restricted Substances Manual (RSM), which enables our suppliers to make safer, more sustainable chemistry choices and implement continuous improvement programs around chemical management. Our product chemistry standards apply to all footwear, apparel, accessories, and equipment that New Balance makes directly, at contracted factories, and through our licensees.</p> <p>The RSM must be shared with all suppliers, including Tier 1 factories producing finished products and Tier 2 suppliers of raw materials and components used to produce New Balance products. Each supplier is required to understand, agree to, comply with, and declare that the raw materials, component parts, chemicals, finished products, and sundries used and supplied or otherwise delivered to New Balance, comply with the prohibitions, limitations, and other provisions described or referred to in the RSM.</p> <p>The goals of the New Balance Restricted Substances Manual are:</p> <ul style="list-style-type: none"> • To ensure that provided materials and methods used in manufacturing New Balance products comply with the strictest global legislations with regards to the environment, health, and product safety. • To prohibit or limit the use of all targeted substances in the RSM in all New Balance products. • To encourage suppliers to take a proactive stance in decreasing the environmental impacts of all products supplied to New Balance by (i) ensuring materials and components are non-toxic in use and disposal, (ii) using materials in manufacturing products which do not involve toxic releases or damage to the environment, (iii) striving to make materials from renewable and organic resources that are recyclable or biodegradable, and (iv) manufacturing products, including components and materials, under the best environmental conditions. <p>2. The RSM contains our Restricted Substances List (RSL) for materials, finished products, packaging, and chemical commodities. We require RSL compliance for all material suppliers and manufacturing facilities, both contract and owned. The RSM prohibits some chemicals, sets limits for others, and specifies testing requirements and methods for substances on the RSL. The RSM also contains the New Balance Manufacturing Restricted Substances List (MRSL). Compared to our RSL, the MRSL addresses a broader set of chemicals relevant to the manufacturing environment. New Balance suppliers are required to eliminate any use of MRSL-listed substances during manufacturing. All New Balance suppliers are required to complete, sign, and submit the Certificate of Acknowledgement (COA). The COA must be completed by a senior executive or manager.</p> <p>3. Suppliers must ensure all materials, components, and packaging materials used for New Balance products meet the RSL requirements. The materials must be tested according to the RSM to ensure compliance. Suppliers' manufacturing processes must comply with the requirements related to substances banned or limited by New Balance in production as defined in the MRSL.</p> <p>New Balance may request testing be conducted at any manufacturing stage including development, production, and / or finished products. The testing may be part of a routine testing schedule or random selection of samples. To produce compliant products, suppliers test the identified items and test items for further understanding of their production processes, chemistries, and product content.</p> <p>The chart found on page 6 of our RSM outlines New Balance classes of suppliers and the general frequency of testing samples. New Balance requires testing of 30% of all material orders each season for all suppliers with previously failed test records, regardless of the supplier's status. Routine RSL testing includes seasonal testing for footwear materials and seasonal / yearly testing for materials and components used in apparel, accessories, and equipment. Each season, we will identify a list of all production quality materials by color and / or finished products that must be tested at its approved RSL testing third-party laboratories. Suppliers shall promptly provide samples of pre-produced, unfinished, or finished materials / products requested for testing to the laboratories. New Balance only accepts test reports conducted to its RSL standards / methods at a laboratory that has been audited and approved by New Balance.</p> <p>The supplier shall also allow or obtain permission for an authorized representative of New Balance to inspect, at any time during normal business hours, any premises of the factory, supplier, and / or any subcontractor where any New Balance product, material or components thereof are developed, manufactured, or stored. The authorized representative may request samples of products or materials during such inspection.</p> <p>Standard operating procedures for testing requirements, third-party approved laboratories, material approvals, and corrective actions are all defined in pages 6-15 of our RSM. Testing matrix by material type can be found on pages 48-51 of our RSM.</p>

SASB code	Requested content	Response for 2022
CG-AA-250a.1 (continued)		<p>4. Our RSL requirements reflect global regulations and requirements. Because of New Balance’s worldwide footprint, all products must comply with the applicable RSL requirements. The RSL applies to all products, components, materials, and manufacturing processes. Products include footwear, apparel, equipment, and accessories. New Balance may allow products to be sold in countries where these most restrictive standards are not met but are within the legal limits of that country. To date, the RSM restricts or prohibits more than 400 chemicals and chemical classes following the strictest regulation globally and in alignment with industry accepted RSLs (AFIRM).</p> <p>5. The RSM is publicly available on our website on our policies page. The available document is updated annually and includes the full list of chemicals on the RSL, their restriction limits, and the regulations to which the chemicals are subject.</p> <p>6. All materials used in New Balance products must be RSL approved. Tier 1 suppliers and Tier 2 material suppliers must comply with the RSM, sign a COA annually, and are subject to the RSM testing requirements. In the event of an RSL failure, a Corrective Action Request (CAR) must be completed by the supplier. New Balance expects an investigation into the source of the failure. The details of the investigation should be reported in the CAR and sent to the assigned New Balance Product Chemistry Team representative for approval. At a minimum, it must contain information on the source of the failure; actions taken to quarantine current inventory and shipped products (if any); action taken to prevent the failure in the future; project manager information; and acknowledgement that these changes will be implemented for all future orders.</p>
CG-AA-250a.2	Discussion of processes to assess and manage risks and / or hazards associated with chemicals in products	<p>1. The New Balance Product Chemistry Program protects the health of consumers, workers in the factories that make our products, and the environment. Our product chemistry standards apply to all footwear, apparel, accessories, and equipment that New Balance makes directly, at contracted factories, and through our licensees. The Program and a dedicated Chemistry, Restricted Substances, Safety, and Compliance staff work to promote compliance with our Restricted Substances Manual (RSM) throughout the supply chain. NB provides the RSM, training, screening tools, and best practices to enable its suppliers to make safer, more sustainable chemistry choices and implement continuous improvement programs around chemical management. Additionally, NB requires that all suppliers understand, agree to, comply with, and declare that the raw materials, component parts, chemicals, finished products, and sundries used and supplied or otherwise delivered to New Balance, comply with the prohibitions, limitations, and other provisions described or referred to in the RSM. This is accessed and managed through third-party laboratory testing against our RSL.</p> <p>2. New Balance’s chemical management policies and practices apply equally to all business units and product categories. Our product chemistry standards apply to all footwear, apparel, accessories, and equipment that New Balance makes directly, at contracted factories, and through our licensees. Geographies are discussed above. The program applies globally and restricts or prohibits more than 400 chemicals and chemical classes following the strictest regulation. New Balance may allow products to be sold in countries where these most restrictive standards are not met but are within the legal limits of that country.</p> <p>3. New Balance uses a hazard-based approach to chemicals management as part of its Product Chemistry Program. As part of the Program (and outlined in the RSM), New Balance restricts or bans chemicals, chemical classes, and materials with inherent human health and environmental toxicological impacts in all product and material categories, indiscriminate of product use or market.</p> <p>4. New Balance uses hazard-based approaches to chemical management as part of its Product Chemistry Program, including with the development, implementation, and monitoring of its RSL and MRSL testing programs. These lists are updated annually and aligned with global bans and hazard-based industry restricted lists, and are applied to all New Balance materials, products, and components.</p> <p>5. New Balance’s RSM is used as a guideline throughout the whole product life cycles, including raw materials selection, chemicals purchasing and usage, manufacturing process control, and materials and finished products testing.</p> <p>6. Chemical hazard and risk level are used to identify the potential risks, and alternative chemicals are requested for substitution if needed. RSM Best Practices and online training are used to improve supplier chemicals management. Green chemistry resources are provided within the RSM.</p> <p>7. New Balance encourages all suppliers to adopt principles of green chemistry, including use of inherently safer chemicals, pollution prevention, use of renewable feedstocks, etc. Green chemistry resources are provided within the RSM.</p>

SASB code	Requested content	Response for 2022
CG-AA-250a.2 (continued)		<p>8. New Balance’s program does not currently rely on nor require third-party certifications, but they can be used as a reference to demonstrate that the supplier has set up appropriate internal management systems. New Balance audits and certifies the suppliers internally.</p> <p>9. Supplier chemical management audits and certification are based on a set of criteria, including upper management commitment; raw materials and chemical risk management; manufacturing process control; multiple supply chain control; and corrective action and performance improvement plans. “RSL-certified suppliers” are those with good internal chemical management systems aimed at preventing RSL-related issues. Performance is reflected in supplier scorecards, and benefits include continued business relationship with New Balance and less frequent RSL testing for low-risk suppliers who demonstrate good chemical management capabilities.</p> <p>10. New Balance identifies chemicals and materials for reduction, elimination, and / or additional assessment due to insufficient toxicity data, evolving regulations, and additional factories including green chemistry principles and environmental stewardship. New Balance historically has reduced and eliminated chemicals, classes of chemicals, and entire materials from its supply chain and products based on the reasons mentioned above including, PFAS, PVC, and natural latex. New Balance is an active member in sustainable chemistry associations and groups, including GC3, ZDHC, and AFIRM, that work to identify chemicals that meet one of these criteria mentioned above. New Balance encourages all its suppliers to adopt principles of green chemistry, including use of inherently safer chemicals, and provides them with RSL training and screening tools (page 41 and 46 of the RSM) for better identification, reduction, and elimination of chemicals that may have data gaps, may be regulated in the future, or pose a threat to the environment or our consumers.</p> <p>11. New Balance continues its commitment to ensure that finished products, materials provided, and methods used in manufacturing New Balance products comply with the strictest global legislations with regards to the environment, health, and product safety. As these global requirements evolve, New Balance works with its suppliers to identify where the substance may be present, third-party testing will be conducted, alternatives and substitutions will be screened for hazard toxicological profile and performance, and an elimination strategy will be implemented. The chemical, chemical class, or material will also be incorporated into our RSL, MRSLS, or banned materials / substances guidelines.</p>

ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and / or contractual agreement	<p>The percentage of New Balance suppliers in compliance with wastewater discharge permits are:</p> <ul style="list-style-type: none"> • Tier 1 Direct suppliers – 100%. Out of 120 audited, 120 complied. • Strategic and core Tier 2 material suppliers – 100%. Out of 55 assessed, 55 complied. • Tier 2 audited subcontractors – 99%. Out of 83 audited, 82 complied. <p>See the Water section in this report for a description of the wastewater testing program based on ZDHC Wastewater Guidelines and IPE Blue Map screenings.</p>
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	<p>The percentage of New Balance suppliers that have completed the Higg FEM assessment are:</p> <ul style="list-style-type: none"> • Tier 1 Direct suppliers – 45%. 63 FEM assessments among 141 Tier 1 Direct supplier facilities. • Tier 2 material suppliers – 48%. 124 FEM assessments among 260 Tier 2 material suppliers. • Tier 2 strategic and core materials suppliers – 66%. 55 FEM assessments among 83 strategic and core Tier 2 material suppliers.

SASB code	Requested content	Response for 2022
LABOR CONDITIONS IN THE SUPPLY CHAIN		
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	<p>The percentage of New Balance suppliers that have been audited are:</p> <ul style="list-style-type: none"> • 120 of the 141 Tier 1 Direct supplier facilities received an audit for an 85% audit rate. • 83 of the 109 Tier 2 Subcontractor suppliers received an audit for a 76% audit rate. <p>The total number of audits conducted for Tier 1 Direct and Subcontractor facilities was 203. Of those, 51% were conducted by a third-party and 49% were conducted by New Balance.</p>
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	<p>Tier 1 Direct and Tier 2 Subcontractor facilities had a total of 1,062 nonconformance findings. Of the 1,062 total findings, there were 10 Zero Tolerance findings = 0.9% priority nonconformance rate.</p> <p>Of the 10 Zero Tolerance findings, only 1 remains open, creating a priority nonconformance corrective action rate of 90%.</p>
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Please see page 23-24 in the report for our most prevalent violations among Tier 1 Direct and Tier 2 Subcontractors combined.

RAW MATERIALS SOURCING

CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental and / or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and / or opportunities associated with environmental and / or social factors, and (4) management strategy for addressing business risks and opportunities	Priority Material	Environmental and / or social factors most likely to threaten sourcing	Business risks and / or opportunities associated with environmental / social factors	Management strategy for addressing business risks and opportunities
		Polyester	Manufacturing energy, microfibers, chemicals and water for dyeing, reliance on fossil fuels as raw material, and restricted substance concerns with recycled content	Traceability of preferred content Price fluctuation Supply disruption Regulatory compliance issues	Supply Chain Traceability Yearly T2 material supplier assessments Comprehensive supplier onboarding approval process
		Leather	Deforestation, animal welfare, labor conditions in deeper tiers, climate impacts	Dual sourcing in different regions Brand perception	Ongoing training of environmental and social compliance and regulations
		Cotton	Water and pesticides during growth, forced labor / working hours	Regenerative agriculture (leather, cotton, rubber)	Collaborate with industry leaders to develop best practices
		EVA	Manufacturing energy, reliance on fossil fuels, chemical management		Public goals set for polyester, leather, and cotton. EVA and rubber goals in development.
		Rubber	Deforestation for natural rubber, manufacturing energy, reliance on fossil fuels		

SASB code	Requested content	Response for 2022				
CG-AA-440a.4	1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and / or social standard, by standard	Priority material	Amount purchased (Metric Tons, MT)	Unit of measure	Certification / standard & associated discussion	Amount certified
		Polyester	16,462	MT finished fabric	GRS / RCS	None is fully certified. Our Tier 2 suppliers provide GRS / RCS Scope Certificates and a separate attestation related to the specific material produced.
		Leather	6,896	MT	LWG Gold Chrome-free	LWG Gold: 6,271 MT
		Cotton	2,462	MT finished fabric	BCI Organic	BCI: 1,546 MT Organic: 30.2 MT
		Sole Foam (EVA and PU)	18,147	MT	Biobased Recycled	None. We use a small % of biobased and recycled sole foam, but it is not certified.
Sole Rubber	21,040	MT	Recycled	None. We use a small % of recycled rubber, but it is not certified.		

Note: Excluded from our environmentally preferred material goals (and progress against those goals) are licensed footwear and apparel, apparel designed and marketed by New Balance's regional design centers (Tokyo Design Center and Manchester Design Studio), New Balance direct to team, promotional products ordered through third-party vendors, and global football apparel prior to 2022. Beginning in 2022, global football apparel was included, except New Balance Japan.

ACTIVITY METRIC

CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	<ul style="list-style-type: none"> • Tier 1 suppliers - 141. • Suppliers beyond Tier 1 - 369. This includes Tier 2 material suppliers for footwear and apparel, including textile mills and leather suppliers. It also includes footwear processing subcontractors and major footwear component suppliers.
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