

Sustainability and Impact Report 2023



A message from our President and CEO

Dear Valued Stakeholders,

We are pleased to share our 2023 Sustainability and Impact Report that reflects our focus on driving meaningful change by empowering our people, recognizing our environmental impact, and considering the whole life cycle of our products. Our One NB global culture is centered around our core values of integrity, teamwork, and total customer satisfaction.

We believe strongly in a workplace where what makes us different is also what brings us together. We focus on empowering associates, managers, and leaders at all levels to learn and collaborate together in an environment where every associate feels included.

We recognize that transparency is essential for a safe, fair, and equitable supply chain. We hold our suppliers to a high standard of ethical behavior regarding regulations, labor, wages, and humane treatment. For our Tier 1 factories, we have shifted from basic compliance to beyond compliance, focusing on programs around worker empowerment, factory/worker dialogue, and improving the workplace experience.

New Balance is deeply committed to serving our local communities and making a positive difference in the lives of people. The New Balance Foundations share this commitment. Demonstrated through the investments by both the New Balance Foundation (NBF) and New Balance Foundation International (NBFI), these

charitable foundations have donated more than \$140 million to date. Since 1981, the Foundations have focused grantmaking on innovative, educational, and sports-based programs aimed at changing the lives of young people. Last year, this resulted in \$10.4 million in funding to 79 nonprofit organizations and 100 programs across their global giving footprint and doubling international giving with expansion in Canada, United Kingdom, Germany, France, and the Netherlands.

As a global leader, it is our responsibility to take action on climate change. In 2023, our science-based targets to align carbon reductions to the 1.5°C pathway were approved by the Science Based Targets initiative (SBTi). We reduced our Scope 1 and 2 emissions and are well on our way to sourcing 100% renewable electricity by 2024. For Scope 3, we are working with suppliers to increase their use of renewable energy and with our product teams to use more environmentally preferred materials.

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 finding new ways to manufacture more responsibly without sacrificing quality, including choosing more sustainable materials and seeking opportunities to keep products in circulation longer.

We have expanded our global donation program with Soles4Souls, keeping unwanted shoes and clothing from going to waste and putting them to good use. In 2023, New Balance donated more than 90,000 products in the United States, Europe, and Canada through their programs.

In 2023, New Balance achieved \$6.5 billion in global annual sales, with record-setting 23% growth from the previous year. We made strategic investments across our business operations including our owned factories, an integral part of our company's heritage and future.

I'm proud of our passionate and dedicated associates who foster our unique culture and drive our achievements, while remaining focused on our road ahead.

Sincerely,

Joe Preston
President and CEO



Contents

Introduction

A MESSAGE FROM OUR
PRESIDENT AND CEO
2

ABOUT NEW BALANCE
4

OUR RESPONSIBLE
LEADERSHIP STRATEGY
9

OUR RESPONSIBLE LEADERSHIP
TARGETS AND PROGRESS
11

People

12

OUR PEOPLE
13

DIVERSITY, EQUITY, AND INCLUSION
17

ASSOCIATE HEALTH AND SAFETY
22

SUPPLY CHAIN RESPONSIBILITY
24

OUR COMMUNITIES
29

Environment

34

CLIMATE
35

WATER
40

WASTE
43

Product

47

DESIGN AND DEVELOPMENT
48

PACKAGING
54

PRODUCT CHEMISTRY
56

Governance and ethics

58

SASB index

61



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 drives 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 the ways we make our operations more sustainable and ethical; advance diversity, equity, and inclusion (DE&I); and influence positive social outcomes. We track progress toward our multiyear environmental and social goals and continually set new targets to push ourselves forward.

BB100 - Bringing back popular models more sustainably. See more in the [Design and development](#) section.



54

GLOBAL OFFICES
HEADQUARTERS IN
BOSTON, MA

\$6.5B

GLOBAL ANNUAL
SALES IN 2023

6

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



Madrid

10k+

ASSOCIATES
WORLDWIDE

2.6k

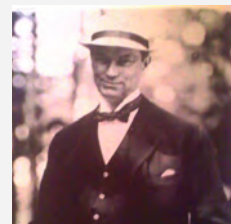
RETAIL STORES
GLOBALLY, INCLUDING
480+ NEW BALANCE-
OWNED STORES

115+

COUNTRIES WHERE
NEW BALANCE
PRODUCT IS SOLD

Our 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 consumers with better comfort, support, and balance in their footwear. By 1938, we crafted our first pair of running shoes for a local running club. Then, on the day of the 1972 Boston Marathon, current chairman Jim Davis acquired New Balance. Four years later, Runner's World rated the New Balance 320 as the #1 running shoe. In 1978, we launched our first running shoe designed exclusively for women. Over time, we have continued to diversify, crafting a complete range of performance and lifestyle footwear, apparel, and accessories for people of all ages and abilities around the world.



1906

WILLIAM J. RILEY
FOUNDS THE
NEW BALANCE
ARCH SUPPORT
COMPANY



1972

JIM DAVIS
ACQUIRES
NEW BALANCE



1981

**NEW BALANCE
FOUNDATION**
ESTABLISHED



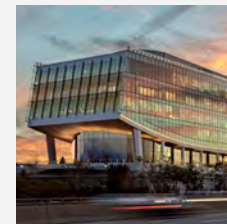
1982

990 LAUNCHES
FIRST RUNNING
SHOE TO RETAIL
FOR \$100



2000

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



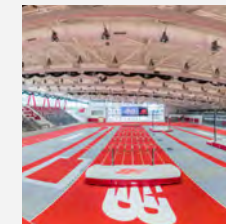
2015

**NEW BALANCE
GLOBAL HQ OPENS**
AT BOSTON
LANDING



2020

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



2022

**THE TRACK
@NEW BALANCE**
AND NEW BALANCE
METHUEN OPENS



2023

GROUNDBREAKINGS
FOR 6TH U.S.
MADE FACTORY IN
LONDONDERRY, NH, AND
FACTORY EXPANSION
IN SKOWHEGAN, ME

Our purpose and values

Our purpose — to empower people through sport and craftsmanship to create positive change in communities around the world — is our North Star. It defines our reason for being, captures what our brand stands for, and reflects our long-standing values. Our purpose is woven into every aspect of our company. Every person associated with New Balance — including associates, athletes, ambassadors, and partners — has a responsibility to embrace, endorse, and amplify our purpose.

People are at the center of everything we do and everything we make. Guided by a love of sport and the benefits it brings, we are committed to all people, from athletes looking to optimize their performance to those who want to benefit from and enjoy regular exercise. We design and manufacture all our products with the same consideration, quality, and craftsmanship, offering consumers comfort, style, and performance.

Our workplaces reflect our people-centric culture, as we dedicate resources and provide training to help our associates learn, grow, and succeed. In all our global facilities, we are committed to promoting open discussions, supporting courageous conversations, and driving positive change. We encourage our associates to actively contribute each day, by bringing their passion and skills, as we collaboratively work toward achieving our strategic initiatives.

We understand our responsibility and role in protecting and regenerating our ecosystems. We have built a strong foundation of human rights and sustainability practices through our Responsible Leadership Program, which has helped us develop a set of bold initiatives and alliances targeting social and environmental issues. From promoting women's empowerment with our key suppliers to pursuing renewable energy across our owned factories and facilities and in our supply chain, New Balance continuously seeks change that creates both short- and long-term benefits. As a privately held, family-owned company, we believe in the opportunity to take a long-term view and make strategic investments that reflect our core values and benefit our business and people.

Every person associated with New Balance — including associates, athletes, ambassadors, and partners — has a responsibility to embrace, endorse, and amplify our purpose.



MADE

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

Commitment to domestic manufacturing

New Balance MADE is an integral part of our company heritage and culture. Since our inception in 1906, we have been dedicated to growing manufacturing jobs and expanding our domestic manufacturing operations. Our MADE product line inspires creativity and product innovation, showcases the craftsmanship of our skilled associates, and helps meet significant U.S. and global consumer demand. We take pride in the ingenuity and craftsmanship of our associates who work in our MADE factories and in our commitment to the communities where we operate.

MADE in USA

New Balance is the only major athletic shoe manufacturer that has consistently maintained factories in the United States. In 2023, more than 1,300 associates worked in one of our five manufacturing facilities in New England — three in Maine (Norridgewock, Norway, and Skowhegan) and two in Massachusetts (Methuen and Lawrence). At those facilities, skilled associates prepare, cut, and mold materials and components of our athletic footwear as well as sew, press, and assemble those materials and components into the final products.

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

In 2023, we expanded our commitment to U.S. manufacturing by breaking ground on two significant investments to expand our domestic manufacturing capabilities in New England. These milestones reflect our pride in American craftsmanship, our focus on driving innovation and technology, and our priority of having a demand-driven and responsive supply network for our MADE in USA footwear.



In June 2023, New Balance broke ground on the expansion of our athletic footwear manufacturing factory in Skowhegan, Maine (above). The \$65 million investment will increase our production capabilities through a 120,000-square-foot, single-story addition, which will be completed by early 2025. In addition, we will renovate 20,000 square feet of the existing building. Manufacturing operations will continue during the construction as our associates focus on producing our popular MADE footwear models, including the 996, 997, and 998.



In November 2023, New Balance also began construction on a 102,000-square-foot manufacturing facility in Londonderry, New Hampshire (below) — our sixth U.S. athletic footwear factory in New England. The \$70 million investment will focus on new manufacturing innovations and add new U.S. jobs. Production is expected to begin in 2025.

These expansions come on the heels of the 2022 opening of our 80,000-square-foot factory in Methuen, Massachusetts.



EXPANDING OUR DOMESTIC SUPPLIER NETWORK

Where possible, New Balance sources shoe components and materials from U.S. suppliers for our MADE in USA athletic footwear. We have proudly developed and maintained long-standing relationships with suppliers that employ thousands of U.S. workers across the country.

New Balance is also proactively working to innovate and expand our domestic supplier network for our MADE in USA footwear through industry networking, government advocacy, and pilot research projects. Our active participation in industry groups such as the United States Footwear Manufacturers Association (USFMA) has served to highlight the importance of maintaining a U.S. textile and manufacturing base.

We are also driving new automation and robotics opportunities to enhance associate safety and ergonomics and to increase productivity.



MADE in UK

We began making our MADE in UK footwear in 1982, incorporating technological innovation and meticulous craftsmanship in every pair of MADE in UK footwear. Our factory in Flimby, England — a small village on the coast of the Irish Sea — employs approximately 300 associates.



Inspirational spaces

In 2023, we launched a fresh retail concept designed to put people, not products, at the center of the consumer experience. The stores' spaces provide an elevated approach to product merchandising with a focus on key franchise models and visual storytelling. Through these intentional efforts, we are able to highlight the makers and origins behind our products as we recognize the important intersection of sport and culture in our society today. The stores' selection of footwear and apparel is curated so elite athletes, fashion influencers, and active everyday consumers can envision their next great moment.

Our Responsible Leadership strategy

Our Responsible Leadership strategy outlines how we are shaping a better, more sustainable future by recognizing the impact of our daily actions on both people and the environment. By understanding these impacts and reshaping our actions, we improve the lives of people throughout our value chain and work towards lessening our impact on the environment.

“In the pursuit of progress, we embrace evolution and growth, recognizing that meaningful change knows no finish line.”

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, as reviewed by our Risk Committee and senior management, our Responsible Leadership strategy currently focuses on the following six objectives:

1 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 employer of choice for talent dedicated to a diverse, equitable, and inclusive workplace. We foster a diverse talent pipeline, promoting a continuous learning environment, building an inclusive culture, and supporting transparency by publishing our U.S. diversity data. We work on creating equitable opportunities for advancement within our company so we can forge a better tomorrow for everyone.

2 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. Our comprehensive supplier program enables progress on fair compensation, prevents forced labor, and promotes

fair recruitment practices. We also work with our strategic suppliers to establish Workplace Dialogue programs and provide educational opportunities to empower women working in their factories.

3 Advancing child health through sport

We dedicate ourselves to making a difference in the lives of young people and communities. The New Balance Foundations' (NBFs)¹ grants, totaling \$10.4 million in 2023, 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.

4 Addressing the climate crisis

We are transitioning New Balance 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 in 2023, the Science Based Targets initiative (SBTi) approved our science-based targets for our own operations and across our value chain.

5 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.

6 Building a circular economy

We are challenging ourselves to do things differently and break free from the traditional linear consumption cycle. 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.

¹ Includes New Balance Foundation and New Balance Foundation International.





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 RIGHTS¹

Metric	2023 Progress
<div>UPDATED</div> By 2027, 100% of workers in our Tier 1 supply chain will have access to a workplace engagement program	26%🎯
<div>UPDATED</div> By 2027, 100,000 women workers in our Tier 1 supply chain will participate in training and education programs for personal and career development	11,000🎯
<div>NEW</div> By 2025, trace 25% of total material volume and by 2026, trace 50%	New for 2024
<div>NEW</div> By 2026, collect wage data, measure living wage progress, and publish results for all strategic footwear suppliers and select strategic apparel suppliers	New for 2024

CLIMATE

Metric	2023 Progress
By 2030, reduce Scope 1 and 2 emissions by 60% ²	59% reduction from baseline🎯
By 2030, reduce Scope 3 emissions by 50% ²	3% reduction from baseline!
By 2025, source 100% renewable electricity for owned-operations	90%🎯

WATER

Metric	2023 Progress
By 2025, eliminate the discharge of hazardous chemicals in water	87%🎯

WASTE

Metric	2023 Progress
By 2025, divert 100% of waste from landfill in our Tier 1 and owned footwear factories	70% diverted!

DESIGN AND DEVELOPMENT³

Metric	2023 Progress
By 2025, source 100% preferred leather	94%🎯
By 2025, source 50% recycled polyester	56%✓
By 2025, source 100% preferred cotton	38%!
<div>NEW</div> By 2030, 100% of our leather will be chrome-free, regenerative, or be considered low emissions	New for 2024
<div>NEW</div> By 2030, source 100% preferred polyester, with 25% recycled fibers derived from textile waste	New for 2024
<div>NEW</div> By 2030, utilize 80% preferred midsole and 90% preferred outsole compounds	New for 2024

PRODUCT CHEMISTRY

Metric	2023 Progress
By 2025, eliminate the use of hazardous chemicals ⁴	84%🎯

NEW BALANCE FOUNDATION (NBF)⁵

Metric	2023 Progress
Donate \$10 million in 2023 from NBF to nonprofits	\$10.4 million✓
Serve 15 million individuals annually through nonprofits funded by NBF	14.4 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	45%✓
Empower 1.5 million young people annually through NBF-funded programs	1.6 million✓
Direct at least 85% of total NBF grant funding annually to programs that support “building a culture of health”	87%✓

1 See [Supply chain](#) section for details on updated goals.

2 Compared to 2019 baseline. Our Scope 3 target applies to Categories 1 and 4. In 2023, the Science Based Targets initiative (SBTi) approved our near-term science-based Scope 1, 2, and 3 emission reduction targets.

3 See [Design and development](#) section for definition of preferred materials and details on product exclusions.

4 See [Product chemistry](#) section for details on updated metric.

5 See [Our communities](#) section for details on how targets are defined and measured. Includes New Balance Foundation and New Balance Foundation International.

People

OUR PEOPLE
13

DIVERSITY, EQUITY, AND INCLUSION
17

ASSOCIATE HEALTH AND SAFETY
22

SUPPLY CHAIN RESPONSIBILITY
24

OUR COMMUNITIES
29



Our people

Our people are the heart of New Balance. Our talented associates are passionate about their craft and are committed to strengthening what makes New Balance special — our collaborative, supportive, and inclusive culture.

We owe our success to the thousands of dedicated associates who devote care and quality craftsmanship to each New Balance product at every step of the process — from design to factory to store. We focus on cultivating talent at all levels of the organization and commit ourselves to supporting and encouraging our associates' continued growth.

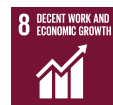
Recruiting top talent

We aspire to be a global destination for top talent who connect with **our purpose and values** and are energized by our future vision. Our talent acquisition process provides opportunities for candidates to meet with diverse interview panels, take facility tours, and participate in extended conversations that lay the groundwork for a working relationship rooted in our

unique culture. Through this process, candidates have an opportunity to gain a deeper understanding of our business, culture, and key initiatives, including diversity, equity, and inclusion (DE&I) and volunteerism.

Our **New Balance Careers website** is designed to attract both internal and external candidates. In 2023, we expanded the number of languages to four to reach a wider audience of job seekers worldwide. We use social media, such as LinkedIn, to build interest in New Balance and feature the many ways we are a leading employer.

To support our associates in advancing their careers at New Balance, we added a new feature in 2023, which allows associates to build career profiles to highlight their skills and aspirations, select areas of business interest, and receive notifications when we post new opportunities that match their selections. At the end of 2023, more than 1,000 associates had completed their profiles.



Cultivating an engaged workforce

We foster an engaged workforce by providing competitive pay, comprehensive benefits, ongoing training, opportunities for advancement and by offering multiple avenues for associates to make meaningful connections. By supporting our people, we unlock their greatest potential, which enhances the work we do, the products we craft, and the impact we have in the community.

Event-driven engagement

We held several events in 2023 to inspire and energize our associates and strengthen their connection to colleagues and New Balance. These events infuse a sense of comradery, pride, and belonging while giving everyone an opportunity to sharpen their business knowledge.

Our Global Town Halls celebrate our One NB culture and the strength of our brand, fueled by our people. In 2023, we were inspired by senior leaders and energized by the opportunity to connect with our teams both in-person and virtually. These events celebrate our global momentum, culture, products, athletes, and our future strategic direction through leadership presentations. They are further fueled by energy moments, including t-shirt tosses, confetti cannons, trivia games, and giveaways. At the June Town Hall, associates donated over two full bins of children's apparel and footwear to the nonprofit Cradles to Crayons.

Our North America Brand Summit brought 560 associates together for a week of team building, volunteerism, and a deep dive into business priorities. Additional highlights included celebrating colleagues for their years of service and building more than 100 bikes for children at the Greater Boston YMCA in Roxbury, Massachusetts.

Our Europe, Middle East, and Africa (EMEA) Brand Summit connected nearly 600 associates and provided an opportunity to celebrate our remarkable growth in the region. A special moment included a panel with New Balance athletes. Additional activities included exploring London as part of a group challenge and volunteering time with Beyond Sport — a foundation that uses athletic programs to build and foster inclusive, global communities.

Our Asia-Pacific (APAC) and Middle East and North Africa (MENA) Regional Go-To-Market Conference in Dubai connected associates for a week of collaboration, networking, and strategizing. Leaders and regional teams shared progress updates, attended product meetings, and made connections through store visits.



Run Your Way

Associates across Europe connected through our biggest ever Run Your Way EMEA Challenge, an event to encourage fitness and community building. Participants joined teams to run, walk, and hike together and tallied their miles for recognition. In 2023, 145 associates from across 12 markets — including teams from Iberia, Sweden, Amsterdam, Germany, Italy, and Denmark — completed a total of 23,000 km.



Europe, the Middle East, and Africa (EMEA) Brand Summit

TEN THOUSAND COFFEES

1,571
TOTAL
MEMBERS



Building connection with
Ten Thousand Coffees

“I joined the Ten Thousand Coffees program when it first launched. Fresh out of college and new to New Balance, I was eager to network and expand my knowledge within this industry — as well as get to know people in the Boston area. This program provided me with the tools necessary to connect and engage with unique roles outside of my scope and daily responsibilities and offered invaluable insights into the inner workings of the industry and how everyone’s roles fit together like puzzle pieces. Each conversation is an exchange of backgrounds, stories, and skill sets, and by the end of every interaction, we can both serve as reliable reference points for future support in our respective departments. Another advantage is recognizing familiar faces in the office from these introductions, which has made me feel more welcome in such a big company. Overall, I am grateful New Balance offers this program, and I would recommend it to all associates regardless of role or job level.”

CRISTINA GUILLEN DIAZ



Associate resource groups

Our eight North American Associate Resource Groups (ARGs) are associate-led, self-directed groups that form around common interests and backgrounds to build community, provide collective insight, drive development opportunities, and contribute to the overall success of the organization. ARG members also provide insights to New Balance leaders about our DE&I initiatives and volunteer their time and talent to support local community groups and activities. See more in the [DE&I section](#) of the report.

Networking platform

New Balance is committed to strengthening connections among associates, teams, and departments while promoting career growth and professional development. Our recently expanded, companywide networking platform, NB x Ten Thousand Coffees (NB x 10KC), provides opportunities for our associates to network, share expertise, and participate in exclusive virtual events like “Office Hours” with company leaders, creating valuable connections across the entire organization. From networking with associates across the globe, learning about our business, meeting our leaders, and advancing careers, every associate has the power to grow and develop from within New Balance.

Competitive Total Rewards

Our competitive and comprehensive compensation and benefits package reflects the diverse needs and lifestyles of our workforce. To recognize the value of our people and address their needs, we regularly review our compensation framework to maintain fairness, equity, and competitiveness with market and industry standards. Alongside traditional benefits, we extend a wide spectrum of support to our associates, including:

- Life Balance, a comprehensive wellness program that provides free health coaching, online learning, and nutrition resources.
- Forma, a one-stop customizable lifestyle reimbursement platform to customize and manage benefits associates choose, such as family support, pet care, and fitness programs.¹
- Gradifi®, a student loan paydown program for eligible associates to receive up to \$100 per month in matching loan payments.²
- Journey, a comprehensive associate assistance program focused on mental health, meditation, and work-life services to assist with personal challenges.¹
- Leave for marriage, childcare, and religious ceremonies at several of our Asian locations.
- A 4-day work week at our Flimby factory in the UK.

New Balance is committed to helping empower associates to feel safe and supported in managing their mental well-being, both at work and at home. Our leadership, resources, and wellness programming reinforce positive messages of encouragement and role modeling.

In 2023, we launched a new preventative health benefit called Journey for all North American associates and their dependents. Associates can use the Journey website or mobile app to access many resources, including a wide array of engaging tools and courses that help build resilience, reduce stress and burnout, and improve overall mental well-being. Some highlights include guided meditations, mindfulness practices, journal prompts, and video and podcast recommendations. Journey is available in over 10 languages, including Spanish, and will be rolled out to our EMEA associates in 2024.



School of Understanding

Expert-Led & Self-Guided Sustainability Training

Sustainability improvements begin
with a collective understanding

Since 2021, The Underswell School of Understanding has helped associates learn about and better understand the complexities of sustainability. This innovative, 12-week program offers a unique learning curriculum specifically designed to help business professionals understand the nuances of sustainability and the crucial intersection of business, planet, and people.

In 2023, we expanded the availability of the program to the APAC region. Thirty-five participants in Asia, Europe, and the United States completed the intensive curriculum. A total of 72 New Balance associates have now successfully graduated from this program.

The program also supports our newly introduced Sustainability Competency, which elevates our commitment to sustainability. This competency focuses on enhancing our associates’ sustainability expertise while broadening the recognition that our actions and business decisions have far-reaching implications. It also deepens our understanding of New Balance’s impacts and fosters collaborative efforts to address them across the business.

1 U.S. and Canada locations only.
2 U.S. locations only.

Learning and career development

We prioritize professional development, giving our associates the required tools, support, and opportunities to nurture their ongoing growth and success. Our 11 Core Competencies are a key foundational element of our professional development philosophy, which identifies the skills that support our business strategy, guides associate development and overall performance, and describes the proficiencies related to relevant levels of responsibilities and abilities, such as collaboration, communication, and decision-making.

We employ a learning philosophy centered around the 70/20/10 method — 70% from on-the-job experiences, 20% through social learning, and 10% via formal education. We offer online education through The Track, a portal where associates can access more than 180,000 learning and development resources, on-demand sessions, and digital and in-person courses on a wide range of professional development skills. The Track, with over 6,000 visits in 2023, provides an easily accessible platform to further associates’ process of learning new skills and strengthening their professional abilities.

We align performance goals, competencies, compensation, and development to enable associates to grow and achieve. Our People Performance Pay (PPP) initiative encourages at least three formal discussions annually between associates and their supervisors to assess associates’ performance and help them reach their potential. Automated processes assist in recording associate performance and make information easily available to tailor training and support throughout the year.

Our managers receive training to bring out the best in our people. More than 200 managers participated in regional workshops with a focus on building trust, giving feedback, and other management skills. A key part of these workshops involves engaging associates to share best practices and ideas with one another.



Leadership development

Our people-centric approach informs how we build leadership capacity. Our strength as a brand and company can be traced back to the leaders who supported our success in sport and craftsmanship for more than a century. Leadership development is key to fostering our future growth, success, and resilient culture. We provide our leaders with a comprehensive suite of programs to promote and develop exceptional leadership skills and talents.

Leadership Summit

To enrich and support our leaders in 2023, we offered a weeklong, immersive Leadership Summit, a unique personal and professional development program. Made available globally to associates in senior-level positions,

the in-person program gave more than 110 associates the opportunity to explore their personal potential, develop leadership skills, and enhance their professional growth. The summit included sessions on developing a personal purpose and increasing overall well-being and immersive experiences, such as delving into the work of the New Balance Sports Research Lab, seeing demonstrations by MADE makers, and touring the Lawrence Product Design Center. The summit concluded with a focus on developing work-oriented goals and strategies. Half of the participant group came from our global locations outside of North America.

Signature Leadership

Signature Leadership, our global leadership development program, helps associates build a pathway to leadership. The program enables participants to develop agility,

creativity, and broader perspectives to advance New Balance’s business objectives and culture while also bolstering their leadership acumen. In 2023, nine leaders from three countries participated in the program.

Team building

With teamwork as a core value, we invested in workshops to help facilitate the integration of new members, build team cohesion, and align on ways of working in support of common goals. Over 200 associates participated, gaining insights into their individual work styles through assessments and fostering a better understanding of team dynamics. Through experiential exercises, teams explored strategies to improve communication across diverse work styles and leverage each other’s strengths.

Diversity, equity, and inclusion

We believe in encouraging, listening to, and amplifying diverse voices — opening doors for new voices that will shape the future of sports and culture and create a better future in which all people are welcome and heard.



New Balance is committed to conducting business with integrity, which is reflected in the way we foster our unique culture, pursue our brand's purpose, and advance diversity, equity, and inclusion (DE&I), as well as in our approach to Responsible Leadership.

Strategy and approach

Through our everyday actions, we create an environment in which associates are seen, heard, respected, and encouraged to bring their true selves and talents to work. We support opportunities to learn and grow so we can forge a better future for our associates, consumers, and communities.

In 2023, we began the rollout of our global DE&I framework. This framework focuses on four key pillars: education and awareness; talent acquisition and associate growth; associate engagement and experience; and data and metrics (see graphic [page 18](#)). It ensures we work toward the same ambition globally while also enabling the specific actions to be locally relevant and impactful. This approach strengthens our culture companywide and drives meaningful change at all levels of New Balance.

To coordinate reporting and communications on DE&I efforts globally, we are working to develop regional DE&I plans aligned with our global framework. In 2023, we shared best practices across the organization.

Our internal newsletter, *The Path Forward*, supports DE&I progress by raising awareness and celebrating DE&I activities across New Balance. In 2023, we extended the scope and audience to reach associates across all our regions with globally relevant storytelling.

STRATEGIC FRAMEWORK: FOUR KEY PILLARS



Education and awareness

Empowering associates, managers, and leaders at all levels to build their cultural competency



Talent acquisition and associate growth

Attracting and nurturing a diverse workforce representative of the communities in which we live and work



Associate engagement and experience

Cultivating an environment where every associate feels included and empowered to uphold our culture



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 view education as an opportunity to strengthen our inclusive culture, empowering our associates with resources to build awareness, understanding, and skills. We offer DE&I learning opportunities through speakers, our companywide professional development platform, The Track, and regional workshops. See more about The Track in [Our people](#).

In 2023, we offered a microaggressions workshop to senior U.S. leaders. More than 70% of associates in director-and-above positions participated in the two-hour interactive workshop on recognizing and responding to micro-aggressions. Leaders also discussed how to foster more inclusiveness in their teams with other leaders in their functional areas. Seventy-one percent of attendees indicated they were more comfortable discussing and responding to microaggressions after the course. Ninety percent rated the workshop overall as good or great.

Diverse talent acquisition and growth

Through our strategic recruitment programs and channels, we take steps to attract candidates with diverse backgrounds and life experiences. As part of those efforts, we review the hiring process to minimize bias and attract a diverse talent pool by advertising jobs across a variety of platforms.

Members of our North American Associate Resource Groups (ARGs) provided input for our external careers site and helped increase awareness of opportunities at New Balance through participation in various external forums.

Internally, we help associates develop and find viable career pathways within New Balance. Associates can review roles on our internal careers site to find new opportunities that align with their professional goals and interests.

EXPANDING OUR OUTREACH

Our long-term relationship with [Pensole Lewis College of Business & Design](#), a historically Black college in Detroit, creates opportunities to increase the number of talented graduates in our industry. In addition, we reach out to candidates at the [University of Massachusetts Boston \(UMass Boston\)](#) and [Northeastern University](#), as well as through our Master in Business Administration (MBA) internship program.

INTERNSHIPS

Internships at New Balance expose students to real work to hone their skills and broaden their experiences. In 2023, 51 interns worked with us in the United States. We evaluate interns as potential future associates, identifying those who possess the skills to excel in a career at New Balance. Since 2010, Pensole Lewis has helped place graduates in positions at New Balance and other prominent athletic apparel brands.

We post internship opportunities on college websites throughout the year and work with Pensole Lewis to offer cooperative programs for several majors related to our industry. We also recruit MBA candidates from universities in the United States and the UK to intern with various corporate teams.

DESIGNING WITH SOLE

We collaborate with Pensole Lewis each year on “Designing with Sole,” a hands-on intensive design program to broaden career pathways for underrepresented groups in our industry. Since the initial cohort, more than 225 participants have taken part in this five-week program in which they undertake a product creation process. The program focuses on footwear and apparel design, color and materials, and brand marketing. Participants learn from New Balance associates who interact and share their knowledge, guiding and challenging participants to achieve their highest creative potential.

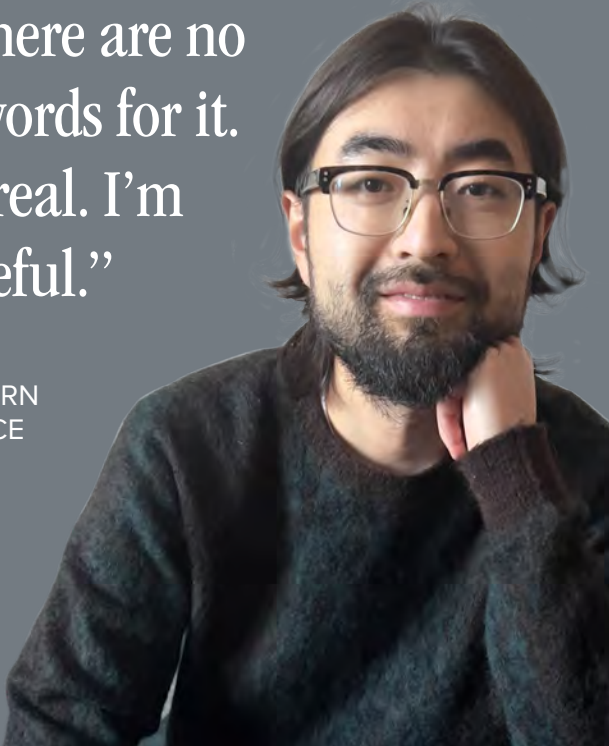
Sketching his way to success

Yue Wu knew for more than a decade that shoe design was his calling. After many sleepless nights spent sketching and learning all he could about footwear design, he landed his first definitive shot at creating footwear. With a tech-centric engineering background, Yue was pursuing a master’s in industrial design when he was selected from almost 1,000 applicants for a spot in the Pensole Design Academy’s program. Although Yue knew nothing about footwear design going into the program, his determination and focus paid off. His team went on to win first place in the capstone competition.

After completing his master’s, another Pensole Lewis College of Business and Design opportunity arose through their internship program. Yue secured an internship with New Balance, which then progressed into a full-time design position.

“It’s a dream come true. There are no other words for it. It’s surreal. I’m so grateful.”

YUE WU
DESIGN INTERN
& APPRENTICE
MANAGER



Culture and engagement

We believe an engaged workforce is a powerful driver of change and innovation. We support and empower our associates to build community and connection and amplify their voices by providing a safe, accessible, and welcoming work environment to foster teamwork and collaboration. This approach 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

Since launching in 2021, our North America ARGs have grown to include more than 650 associates across eight groups. ARGs are associate-led, self-directed groups that form around common interests and backgrounds to build community, provide collective insight, drive development opportunities, and contribute to the overall success of the organization.

Some of the ways ARGs contribute to New Balance and local communities include:

- Creating cohesion and programming around shared interests and backgrounds
- Championing and strengthening our inclusive culture
- Advancing DE&I initiatives and our business priorities
- Participating and advising on key initiatives

Each ARG is sponsored by a dedicated senior leader who provides strategic guidance and support to the group. Representatives from each group serve on the ARG Leadership Council to share ideas, support collaborations, and develop best practices.

NORTH AMERICA ARGs

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



“I joined HOLA to meet people from my community and to feel part of a family. Being away from my family and from home at the beginning was tough. Moving to Boston during the winter and during the pandemic was even more challenging, but being able to join HOLA and finding a family inside New Balance has been amazing.”

CLAUDIA GONZÁLEZ BONET
ASSOCIATE DESIGNER



“To have an ARG focused specifically on providing support and resources for our neurodiverse associates and families is extremely important. We have a place where people come together as a community, share experiences and vulnerabilities in a safe space, and bring awareness and support to those who suffer alone.”

KYLON CUNNINGHAM
RETAIL STORE MANAGER

In 2023, ARGs organized events for their members to build community, drive awareness, promote development, and support local communities through activities, including:

- A hybrid workshop for the Lunar New Year on building mindfulness through journaling, positive thinking, and art, led by Asiatic Voices.
- Hosting campers from two of the largest Black neighborhoods in Boston to bridge the gap in summer learning loss, led by Black Soles.

- Providing clothing, school supplies, and other basic essentials for children’s healthy development through a nonprofit, spearheaded by HOLA.
- Biweekly meetings with associates to help find resources, share experiences, and have meaningful conversations, hosted by Neuro Balance.
- Supporting the use of rainbow desk flags to create a visual reinforcing a safe space at work for LGBTQIA+ associates, a project by the Prism Alliance.
- Guided reading plans, small group conversations, and faith dialogue, led by Products of Grace.

- A leadership panel featuring women at New Balance in leadership roles, coordinated by She Got Now.
- A panel discussion about time management for families, led by The Village.

650+ ARG MEMBERS
IN NORTH AMERICA



Joe Freshgoods and
Raheem Sterling

Conversations Amongst Us

New Balance has the unique ability and responsibility to leverage internal knowledge, experienced associates, and passion to be a leader in encouraging, listening to, and amplifying diverse voices in our industry to open the door for new voices and shape the future of sports culture. *Conversations Amongst Us: An Open and Honest Community Gathering* with designer and creative director Joe Freshgoods connects New Balance athletes, supporters, and members of our Black Soles ARG to people living at the intersection of sport and culture to promote inspiration and opportunity in the industry. The conversations held over the course of the year invite guest speakers to engage New Balance associates in meaningful dialogue.

CULTURAL CONVERSATIONS

We continued an ongoing series of cultural storytelling, programs, and in-person and virtual events to encourage meaningful conversations across New Balance about our culture, communities, and DE&I commitments. Our 2023 initiatives included offering educational resources and programs, celebrating significant cultural days and months, and amplifying associate and brand stories. These initiatives helped foster a deeper understanding of the New Balance culture and demonstrated our commitment to creating a welcoming and caring environment where diversity is valued at all levels.

Data and metrics

Our DE&I dashboard equips our managers and leaders with data to understand and support our DE&I strategy. The DE&I dashboard gives managers visibility into various data points that can be used to measure and track progress and inform decision-making. We plan to conduct our third DE&I diagnostic survey in 2024 to deepen our understanding of associates’ experiences. The results of past surveys informed and shaped our regional DE&I plans and objectives, allowing us to identify key focus areas, fostering ongoing DE&I discussions and prompting new initiatives, learning, and growth.

Data and metrics enable us to understand where we are, the impact of our actions, and how to make further progress. In conjunction with the global DE&I framework, we are further developing our data strategy to equip leaders with key metrics to effectively execute our global DE&I strategy — defining regional plan metrics, reporting frequency, and data process renewal. As we build our regional plans, our data serves as a baseline and provides transparency to grow loyalty, trust, and engagement among associates.

U.S. ASSOCIATE REPRESENTATION – RACIAL AND ETHNIC DIVERSITY ¹		
	2022	2023
American Indian or Alaska Native (Not Hispanic or Latino)	0.4%	0.6%
Asian (Not Hispanic or Latino)	3.9%	4.0%
Black or African American (Not Hispanic or Latino)	9.1%	10.4%
Hispanic or Latino	26.0%	26.6%
Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino)	0.3%	0.3%
White (Not Hispanic or Latino)	56.7%	53.9%
Two or more races (Not Hispanic or Latino)	1.9%	2.3%
I do not wish to answer	1.4%	1.5%
(Blank)	0.3%	0.3%

U.S. ASSOCIATE REPRESENTATION – GENDER		
	2022	2023
Women	50.7%	49.7%
Men	49.2%	50.2%
Not declared	0.1%	0.1%

U.S. DIRECTOR AND ABOVE REPRESENTATION – RACIAL AND ETHIC DIVERSITY ¹		
	2022	2023
Asian (Not Hispanic or Latino)	3.1%	3.7%
Black or African American (Not Hispanic or Latino)	1.9%	1.6%
Hispanic or Latino	2.5%	2.1%
White (Not Hispanic or Latino)	91.9%	91.6%
(Blank)	0.6%	1.1%

U.S. DIRECTOR AND ABOVE REPRESENTATION – GENDER		
	2022	2023
Women	35.0%	37.9%
Men	65.0%	62.1%

¹ Totals may not add to 100 due to rounding.

Creating access and opportunity in sport

New Balance champions equal access and opportunity in sport because it is a powerful driver of change. It promotes societal inclusion regardless of gender, race, sexual orientation and identity, gender expression, religion, ethnicity, socioeconomic background, or physical and mental abilities. We support initiatives that drive diversity and promote equity, creating a better future in which all voices are welcome and heard.

Nurturing future industry leaders

UNIVERSITY OF MASSACHUSETTS BOSTON

Our support of a thriving UMass Boston program continues to open new and diverse career pathways for students pursuing sports management and leadership careers. In 2023, we announced a second gift of \$10 million to UMass Boston to establish the New Balance Institute for Innovative Leadership in Sport. The Institute will provide new faculty and academic support and bolster scholarship funding to increase student enrollment in the academic program to 200-300 students annually. In addition, the Institute will focus on conducting and publishing research on the sport industry and cultivating external partnerships,



Changing the Game with GLSEN

Together, New Balance and GLSEN’s Changing the Game continue to promote supportive and inclusive school environments for LGBTQIA+ student athletes. More than 50,000 students have been positively impacted by the program and its inclusive curriculum materials. More than 100 educators, school administrators, families, and students across the country have leveraged GLSEN’s resources. Further, GLSEN played a leading role in driving public comment on the U.S. Department of Education’s proposed athletics rule in 2023, gathering support of more than 250 organizations to push for transgender and nonbinary inclusion in school sports. More than 150,000 comments were submitted as part of this effort. Thanks to GLSEN’s and other state and local stakeholders’ advocacy, more than 40 anti-trans sports bills presented in state legislatures did not move beyond introduction in 2023. With the help of our 2022 commitment of \$600,000 over three years, GLSEN aims to reach more than 1 million students by 2025.

expanding funding sources, and gaining support within and across the sport industry. The Institute supports the expansion of the New Balance Sport Leadership and Administration (SLA) Bachelor of Arts program, established by a \$5 million gift from New Balance in 2018. In 2023, 127 students were enrolled in the SLA program, and 34 have graduated.

EQUITY IN SPORTS LEADERSHIP CONFERENCE

In alignment with our commitment to diversity, we hosted a second Equity in Sports Leadership Conference in 2023 at UMass Boston. 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.

A place for the para athlete

New Balance Japan recently welcomed marketing associate and para-athlete Yurika Yasukawa. Reflecting Japanese society’s emphasis on cultural responsibilities for social inclusion, New Balance initiated this para-athlete program to align with both our company’s and Japan’s cultural values by supporting people with disabilities.

Yurika, a wheelchair marathoner, has received numerous awards, including a bronze medal in the women’s wheelchair competition at the 2020 Tokyo Marathon. As a proud New Balance Japan para-athlete, Yurika has been featured in New Balance’s “Run Your Way” campaign and is currently training and competing with the goal of qualifying for the Paralympics.

New Balance Japan’s pilot hiring program extends its support to athletes and New Balance team members like Yurika by providing equitable opportunities, fostering diverse perspectives, and backing self-development initiatives. It stands as a testament to New Balance’s commitment to inclusivity and creating a supportive environment for individuals with disabilities.

“I love being a part of New Balance and wearing our gear.”

YURIKA YASUKAWA
MARKETING ASSOCIATE



Associate health and safety

By consistently meeting standards, assessing risks, and improving workplace conditions, we protect our greatest asset — the associates crafting our products.

Health and safety management

New Balance invests in state-of-the-art safety equipment, risk assessments, and programs at our owned facilities in the United States and the UK to empower our associates to keep themselves and others safe. All facilities adhere to local laws and international industry standards, including the standards set by the U.S. Occupational Safety & Health Administration (OSHA) and the UK Health and Safety at Work (HSW) Act 1974. In addition, our Environmental Health and Safety (EH&S) management system aligns with ISO 45001 and 14001 standards.

To prevent and remediate risks in our manufacturing facilities, EH&S risk assessments occur continuously throughout the year. Annually, we conduct comprehensive assessments to analyze the root causes of injuries, accidents, and near misses that have occurred.

In 2023, New Balance introduced steering committees as one of the core elements of our Health and Safety Management System (HSMS). The committees are based on OSHA's Voluntary Protection Program (VPP) and support key HSMS programs including Management and Leadership Participation; Worksite Analysis; Hazard Prevention and Controls; and Education and Training. Steering committees increase associates' awareness of our safety program, develop and encourage safe workplace habits, identify target groups, and establish effective communication strategies to maintain New Balance's uncompromising commitment to health and safety.

Additional EH&S requirements are included in our Code of Business Ethics and Conduct and Supplier Code of Conduct.



U.S. facility highlights

2023 focus: Prevent repetitive-motion injuries and musculoskeletal disorders

Action:

Maintain ergonomically sound workstations and practices

Continue Industrial Athlete Program (IAP): Physical and occupational therapists conduct one-on-one or small group sessions

- Guide associates through exercises for strength and mobility
- Lead virtual coaching sessions for both office-based and remote associates

Conduct six-week targeted training for new hires, veteran associates, and those in high-risk jobs



UK facility highlights

2023 focus: Identify the underlying cause of accidents to help reduce future incidents.

Action:

Completed Root Cause Analysis (RCA) training

In 2023, we incorporated New Balance's Core Competencies (see graphic in [Our people](#)) into our EH&S training program. This integrated approach improved reporting of working conditions.

Safety training

The safety of all associates is of paramount importance. We provide comprehensive safety training to our makers through New Hire Safety orientations and share monthly safety topics via our EH&S Compliance training calendar. Our manufacturing teams receive role-specific training on machinery operation, accident prevention, safe handling of chemicals, and other safety protocols as part of our regulatory compliance.

In 2023, we continued to hold Safety Toolbox Talks weekly at our U.S. facilities and as needed at our UK location to reinforce best practices. Team managers use these to lead discussions on specific workplace safety topics and encourage associates to share their ideas and observations. In our U.S. facilities, we enhanced our annual safety training by implementing and evaluating ergonomics education across all our manufacturing facilities. This initiative is specifically aimed at addressing injuries related to Musculoskeletal Disorders. These trainings will continue in 2024.

Workplace safety is a shared responsibility and is best maintained when associates internalize the importance of their role in keeping themselves and their colleagues safe. At our UK location, we created safety behavioral videos with the messages “Safety First” and “Go Home Safe.” These videos emphasized the importance of wearing personal protective equipment (PPE), including hearing protection. They also showcased nearly 40 New Balance associates describing their personal motivations for getting home safely, sharing stories about kids, family members, friends, and pets. The stories were presented during a company Town Hall to develop a sense of community and motivate associates to reduce the number of accidents.

Safety audits

To evaluate compliance with industry standards, our policies, and safety regulations, we conduct monthly factory safety audits and inspections at our U.S. and UK facilities. Audit results are an invaluable tool for identifying and correcting potential hazards before they cause harm. By proactively addressing these issues, we promote a safer work environment.

In 2023, we added monthly live audits called Gemba Walks. Key members of leadership, site safety coordinators, and EH&S team members walk the floors of our manufacturing locations together to engage with our associates and identify any potential safety concerns to ensure safety compliance at our U.S. facilities. In the UK, we initiated biweekly, 15-minute hazard-spotting audits conducted by safety representatives. These audits help highlight potential issues for the EH&S department, leading to a reduction in accidents.

Also in 2023, EH&S partnered with the Product Chemistry team to do a comprehensive audit of the chemicals used at our owned factories in the United States. These audits ensure that chemicals used in manufacturing have met New Balance’s rigorous requirements. (See [Product chemistry](#) for more information.)

Safety performance

At our U.S.-owned factories, our lost time incident rate (LTIR) increased to 3.20 and our total recordable incident rate (TRIR) increased to 4.0 in 2023. Musculoskeletal disorders continue to be our most reported incident category. These increases are largely attributed to adding over 600 new makers/leaders on second shifts at two factories within a 90-day window to support significant product demand. This accelerated onboarding did not allow for optimum skill, ergonomics, and process training. We also added a full workforce to operate our new distribution center in Tennessee.

U.S. ASSOCIATE HEALTH AND SAFETY			
	2021	2022	2023
Work-related injuries	30	65	98
Lost Time Incident Rate (LTIR) ¹	0.46	2.09	3.20
Total Recordable Incident Rate (TRIR) ²	1.7	3.2	4.0

UK ASSOCIATE HEALTH AND SAFETY			
	2021	2022	2023
Work-related injuries	34	97	55
Total Case Incident Rate (LCIR) ³	54.16	113.96	60.36

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.
3 The number of accidents in the period divided by the hours worked and multiplied by 1M.

We are committed to improving this increase in recordable incidents in U.S. facilities. Continuing into 2024, we are implementing several mitigation strategies, including additional targeted trainings for new associates, additional safety communication channels through our health and safety modules, Safety Toolbox Talks, and increased hazard identification efforts through our Gemba Walks.

At our UK-owned factory, we had a positive safety performance in 2023 and achieved a 43.3% reduction in accidents. We had zero Reporting of Incidents, Diseases and Dangerous Occurrences Regulations (RIDDOR) reports. We believe this improvement was achieved due to a variety of factors including enhanced training on topics — including accident and investigation, ergonomics, and environmental spills — our Safety Behavioral video, and the introduction of safe/unsafe observations reporting. Lacerations/cuts are our most reported incident category. We regularly monitor our safety and training protocols to continue to work toward ongoing improvements across our facility.

Breaking language barriers

Early reporting of musculoskeletal disorders symptoms is critical. Based on results from an anonymous associate poll, we discovered that associates did not always feel comfortable speaking up about early symptoms due to language barriers. In 2023, we hired a bilingual therapist in Massachusetts to bolster our early intervention program. The therapist incorporates biofeedback, taping, massage, stretching, and icing to help address early symptoms and prevent them from becoming chronic conditions.

Supply chain responsibility

Suppliers and licensees around the world manufacture our products. We work every day to establish relationships built on trust and shared values — safeguarding people, the environment, and our brand.



Advancing supply chain transparency

Supply chain transparency is critical to maintaining accountability for safe, fair, and equitable working conditions. To provide visibility into our sourcing and manufacturing, we publish a list of our Tier 1 suppliers through [Open Supply Hub](#), a free and open repository of retail sector supply chain data. We also disclose our Tier 1 suppliers, strategic Tier 2 suppliers, audited footwear subcontractors, and licensee suppliers on [our website](#). In 2023, we worked with 162 Tier 1 suppliers in 28 countries, 106 Tier 2 material suppliers, and 107 Tier 2 subcontractors.

As an early member of the Sustainable Apparel Coalition (SAC), we remain committed to transparency and common assessment tools. The SAC's Higg Index suite of tools standardizes social and environmental data collection to help brands understand and collectively improve fashion supply chains. Each year, we collect supplier environmental data through the Higg Facility Environmental Module (FEM). In 2023, 52% of our Tier 1¹ and 75% of strategic Tier 2 material suppliers reported their environmental data on the Higg platform. See the [Environment](#) section of this report to learn more about how we use supplier data to reduce environmental impacts. We are increasing our use of the [Social & Labor Convergence Program](#) (SLCP) assessment for social and labor data. In 2023, 37% of Tier 1 suppliers completed SLCP assessments and shared their data.

Targets

UPDATED: 100% OF WORKERS IN OUR TIER 1 SUPPLY CHAIN WILL HAVE ACCESS TO A WORKPLACE ENGAGEMENT PROGRAM²



UPDATED: 100,000 WOMEN WORKERS IN OUR TIER 1 SUPPLY CHAIN WILL PARTICIPATE IN TRAINING AND EDUCATION PROGRAMS FOR PERSONAL AND CAREER DEVELOPMENT³



NEW

BY 2025, TRACE 25% OF TOTAL MATERIAL VOLUME AND BY 2026, TRACE 50%

NEW

BY 2026, COLLECT WAGE DATA, MEASURE LIVING WAGE PROGRESS, AND PUBLISH RESULTS FOR ALL STRATEGIC FOOTWEAR SUPPLIERS AND SELECT STRATEGIC APPAREL SUPPLIERS

- 1 Tier 1 excludes licensee and subcontracted suppliers.
- 2 We updated this goal in 2023 to expand our definition of workplace engagement, providing the opportunity for suppliers to participate in additional programs while still meeting our standards.
- 3 We updated this goal in 2023 with a more concrete metric for measuring progress. Our previous aim for 100% of women workers to participate in training and education programs was unrealistic as our supply chain worker population shifts each year. We also broadened the scope of recognized educational opportunities.



Holding our suppliers to a high standard

Our **Supplier Code of Conduct** details our expectations for ethical behavior, regulatory compliance, labor practices, fair wages, humane treatment, and other topics. We require all suppliers to adhere to the standards in our Code, which are based on international, national, and local laws as well as the United Nations’ **Universal Declaration of Human Rights** and the **International Labour Organization’s** (ILO) Core Conventions. The Code is available in over 40 languages, and suppliers must display it prominently in local languages. Our **Supplier Standards Manual** helps suppliers implement the Code. In 2023, we updated the Manual to expand guidance on preventing discrimination, gender-based violence and harassment, and forced labor to ensure alignment with international standards and best practices.

New Balance is a Fair Labor Accredited company. Accreditation by the Fair Labor Association (FLA) verifies that we have systems in place to protect the workers who manufacture our products, based on FLA’s internationally recognized labor standards. Earning accreditation is a rigorous, multiyear 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 annually assesses a sample of members’ suppliers to ensure members are implementing the FLA Workplace Code of Conduct. See our latest reaccreditation report on the [FLA website](#).

Managing supplier performance

New Balance and approved third parties audit supplier compliance with our standards annually. In addition to assessing existing suppliers, we evaluate prospective suppliers against social and environmental criteria.

Passing suppliers are scored on a scale of two to five stars, with a score of five denoting the strongest performance. In 2023, we audited 128 of 154 Tier 1¹ direct suppliers, or

83%, and 77 of 107 Tier 2 subcontractor suppliers, or 72%. Of those, 55% were conducted by a third party and 45% were conducted by New Balance. Our Tier 1 suppliers passed at a rate of 95% and Tier 2 at a rate of 89%. The most common violations related to working hours, machinery and electrical, fire safety, and wages and benefits.

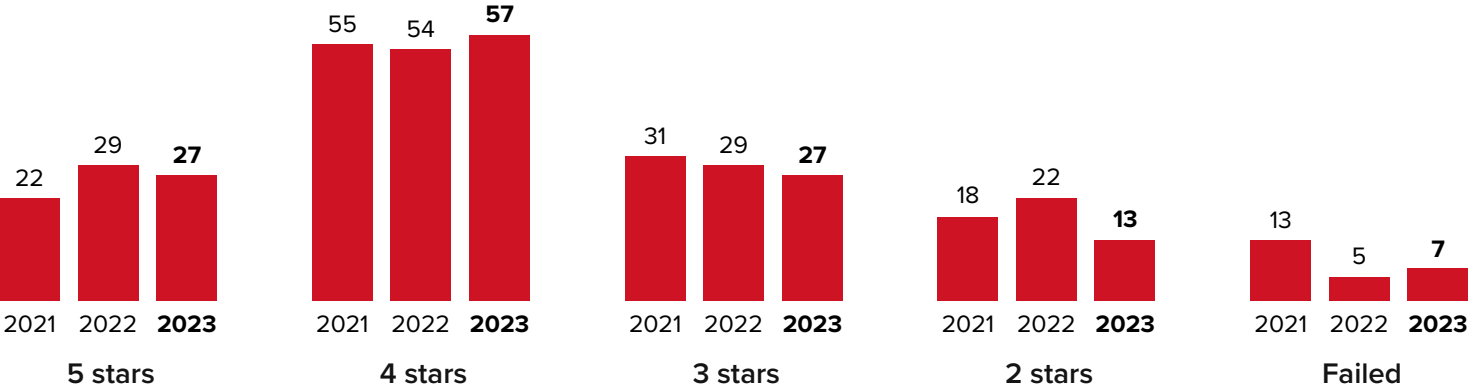
We help suppliers with violations with root cause analyses and Corrective Action Plans (CAP) that remedy the violation and prevent recurrence. Suppliers with minor violations may implement their CAP independently. However, we designate 24 specific “zero-tolerance” violations, including child labor, locked or blocked doors, and absent or malfunctioning fire alarms. We take a more hands-on approach to remediation for suppliers that fail an audit for a zero-tolerance issue and suspend production with them until it is resolved. In 2023, six of the 983 total findings were zero-tolerance violations, a 0.6% priority nonconformance rate. Three have been remediated, a 50% priority nonconformance corrective action rate. Though we collaborate with our suppliers to solve the systemic issues that cause zero-tolerance violations, we may decide to end our working relationship with suppliers that are unresponsive to change. We did not need to end any supplier relationships in 2023 due to persistent compliance violations.

We are in the process of transitioning all direct suppliers to a supplier-owned audit approach. By allowing suppliers to self-assess against a new scorecard, we can shift our focus to impact management and create targeted interventions to address the specific requirements at each facility. To facilitate these extensive annual self-audits, we use the Converged Assessment Framework (CAF) from SLCP. By completing SLCP assessments, facilities can share detailed and credible data with a wide range of stakeholders, reducing the need for duplicative audits and supporting the industry to use a consistent data set. SLCP assessments start with a facility self-assessment that is then validated by an independent third-party SLCP Verifier.

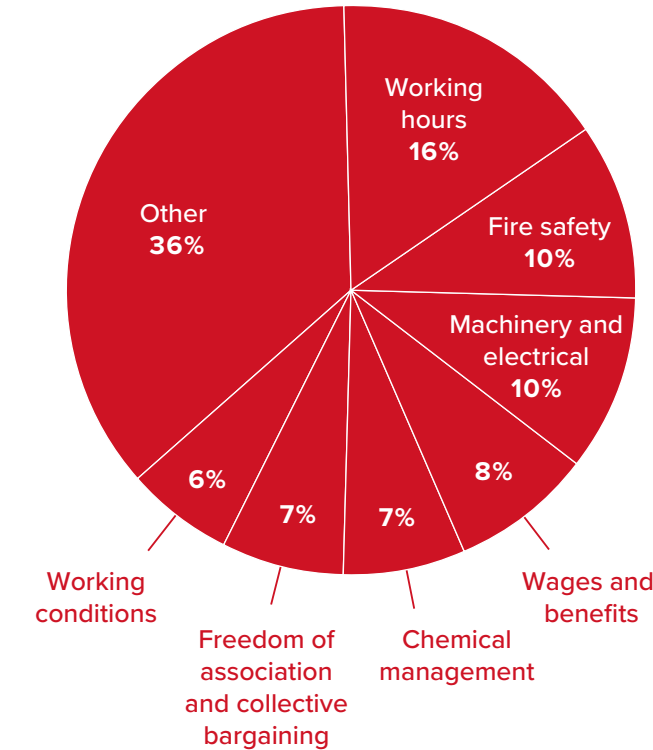
1 MADE/owned factories not included in this total.

AUDIT RATING DISTRIBUTION

Number of suppliers



AUDIT FINDINGS BY ISSUE



Supplier scorecard

In 2023, we launched an updated version of our Responsible Leadership scorecard to Tier 1 suppliers, incentivizing them to invest in three main drivers of impact: Management Systems, Respecting Human Rights, and Protecting the Environment. Our teams will measure scorecard criteria adoption to assess year-over-year impact.

BETTER BUYING™ PURCHASING PRACTICES INDEX™ SCORECARD 2023 (n=17)			
Metric	Stars received	Points	Comparative analysis
Overall	★★★	72	<div><div></div><div></div><div></div></div>
Planning and forecasting	★★	65	<div><div></div><div></div><div></div></div>
Design and development	★★★★	82	<div><div></div><div></div><div></div></div>
Cost and cost negotiation	★★★	74	<div><div></div><div></div><div></div></div>
Sourcing and order placement	★	38	<div><div></div><div></div><div></div></div>
Payment and terms	★★★	73	<div><div></div><div></div><div></div></div>
Management of the purchasing process	★★★★★	94	<div><div></div><div></div><div></div></div>
Win-win sustainable partnership	★★★★	83	<div><div></div><div></div><div></div></div>
◆ New Balance last cycle score ◇ Sporting goods + Apparel, accessories, luxury goods benchmark			

Improving our purchasing practices

Recognizing that purchasing decisions can affect wages throughout the supply chain, for the third consecutive year, we collaborated with [Better Buying](#) to survey strategic suppliers about our practices in areas such as planning and forecasting, sourcing, and payment terms. In 2023, 18 suppliers representing approximately 70% of our Tier 1 order volume rated our overall performance above the footwear and apparel industry averages and in line with our own performance last year. Though we lost ground in some categories compared to 2022, we outperformed sporting and apparel industry averages for most categories. Since the last survey, we provided training to our associates on responsible purchasing practices, initiated projects on material efficiency, and adjusted our supplier scorecard to incentivize better management systems and workplace dialogue.

To facilitate greater supplier self-assessment accuracy and equip suppliers with the proper knowledge to successfully complete the process, we offer Supplier Capacity Building (SCB) meetings, training sessions, and webinars from SLCP. The Stakeholder Quality Program from SLCP provides the opportunity to continuously give feedback and collectively improve the quality of SLCP assessments, and we support SLCP’s mission by contributing to assessment quality checks.

Promoting fair compensation

Creating positive change in communities around the world is an integral part of our purpose. Providing fair compensation to the workers in our global supply chain helps improve their quality of life and supports local economies. Our Supplier Code of Conduct requires suppliers to pay at least the local minimum wage, or the applicable industry wage if higher, as well as all legally mandated benefits. We monitor suppliers’ compliance and provide additional support to high-risk and high-volume suppliers.

Organizations such as the [Global Living Wage Coalition](#) (GLWC) calculate living wage estimates by region to facilitate higher standards of living for global supply chain workers. Living wages — a level of compensation that allows workers to cover their basic needs with a buffer for unexpected events — are not always aligned with legal minimum wages.¹ Understanding what workers currently earn at our supplier facilities is the first step toward enabling living wages in our supply chain. Living wage estimates are moving targets that are affected by economic and social factors. We are an [Anker Research Institute](#) corporate sponsor, contributing funds to the organization’s work to establish living wage estimates for emerging regions and keep existing estimates up to date.

In early 2023, we achieved our goal of **publishing** select supply chain wage data by detailing the wage data at eight strategic footwear suppliers in Vietnam. We also collected wage data for 24 factories across Cambodia, Indonesia, Mexico, and Vietnam, up from 15 factories in

2022. This data represents all strategic footwear suppliers in Vietnam and Indonesia, covering more than 80% of New Balance footwear by product volume. We also collected wage data from select strategic apparel factories in Vietnam and Indonesia.

Our new target is to collect wage data, measure living wage progress, and publish results for all strategic footwear suppliers and select strategic apparel suppliers by 2026. This target aligns our transparency efforts with the FLA and other industry groups while emphasizing the importance of living wages to our internal teams and suppliers. We will track progress against our target using the FLA’s Fair Compensation Dashboard, which allows us to analyze self-reported supplier wage data to understand regional trends and plan for improvement. We plan to collaborate with suppliers to understand their wage systems, assess what actions are needed to provide a living wage, and address any gaps compared to GLWC estimates. In addition, we incentivize all suppliers to conduct their own living wage data analysis through our supplier scorecard.

Encouraging workplace dialogue

Fostering a safe and secure workplace allows workers the opportunity to provide feedback directly to their employer without fear of retaliation. We have established multiple channels for workers to safely share feedback and raise concerns, enabling us to better understand and enhance their working conditions.

All factories must establish proper grievance mechanisms to comply with our Supplier Code of Conduct, and suppliers are prohibited from retaliating against any worker who files a grievance. Workers can either report and manage grievances through their internal grievance systems and mobile apps or reach out to New Balance directly at CSR@newbalance.com or by calling our hotline. Following a successful pilot in 2022, we facilitated the rollout of a mobile app to 14 additional factories in 2023, for a total of 18 by the end of 2023. We plan to continue expanding its

¹ According to the [Global Living Wage Coalition](#).

use across our supply chain. In 2023, we received three grievances via email, all of which were remediated.

We provide training and educational resources that help workers understand their rights through Workplace Dialogue (WD), a program we co-developed with Timeline Consultancy and based on an approach and training provided by the ILO and the International Finance Corporation's Better Work Academy. WD teaches suppliers how to create functional workers' committees and establish effective workplace dialogues. Some of our factories also participate in Better Work, which includes receiving training on how to facilitate grievance resolution between workers and management.

These programs aim to improve satisfaction and productivity while reducing worker turnover. We updated our workplace dialogue target in 2023, now aiming for 100% of workers in our Tier 1 supply chain to have access to a workplace engagement program by 2027.¹ This target widens our definition of workplace engagement, providing the opportunity for suppliers to meet our standards through participation in additional programs. We are also shifting our supplier assessments to align with SLCP CAF, standardizing how we evaluate worker well-being and engagement. We are at the forefront of this effort, collaborating with peers and Better Work to develop an open source curriculum for workplace dialogue.

Our Supplier Code of Conduct also protects workers' rights to collective bargaining and freedom of association. We continue to participate in the America's Group, a multi-stakeholder forum of brands and labor rights organizations promoting socially responsible apparel and footwear industries in the Americas. In 2023, the America's Group developed an employer guide to ensure respect for freedom of association in El Salvador, and we introduced it to our main supplier in the country. In Indonesia, we provide training through Better Work and support the advancement of local laws through the Freedom of Association Protocol. In 2023, 55% of our Tier 1 suppliers employed workers covered by collective bargaining agreements.

¹ Previously, our target was for 100% of strategic suppliers to lead worker well-being or engagement programs by 2025.



Preventing forced labor

Our Supplier Code of Conduct prohibits forced labor of any kind. In our Supplier Standards Manual, we offer guidance on minimizing high-risk behaviors, such as charging recruitment fees and restricting free movement within and out of facilities.

Because migrant workers are at particular risk of forced labor, we take additional steps to ensure this vulnerable group does not fall victim to coercive hiring and employment practices. We train suppliers on forced labor risks and indicators and provide template employment contracts to raise awareness of common issues and prevent their occurrence. In 2023, we extended access to the Quizrr® Ethical Employment training program to more than 900 workers in our supply chain, helping

raise awareness of ethical recruitment and employment practices among migrant workers. We are now using the platform to train workers in additional areas, such as workplace equality and safety.

In 2023, we recommitted to the AAFA/FLA Apparel and Footwear Industry Commitment to Responsible Recruitment, aligning with its updated terms that require the timely repayment of fees and costs that factory workers paid to obtain or maintain their jobs. We also captured this requirement more expressly in our Supplier Standards Manual.

In 2022, we achieved our ongoing target for 100% of Tier 1 and strategic Tier 2 suppliers to adhere to our commitment to responsible recruitment, ensuring that their workers do not pay recruitment fees. We recognize

Supporting migrant worker mental well-being

In our engagement with key stakeholders in Jordan, we recognized the critical importance of prioritizing the mental well-being of migrant workers. Through collaborative efforts with experts and various stakeholders, we initiated discussions that encouraged exploring interventions to support suppliers in addressing this vital issue. Consequently, in 2023, one of our key suppliers made significant investments by upgrading dormitories beyond industry standards in anticipation of worker relocation in 2024. Additionally, they employed a psychologist, appointed five welfare officers from various nationalities, and conducted training for two mental health focal points.

the risks of forced labor are potentially higher in the indirect tiers of our supply chain and are in the process of setting a new target in this area. To inform and prioritize our next steps, we are working to improve traceability deeper in our supply chain. A new software tool will help us identify suppliers beyond Tier 1 in our supply chain, allowing for risk assessment of priority issues, including forced labor. Additionally, we are participating in a collaborative effort with the Responsible Sourcing Network and other brands to implement YESS (Yarn Ethically & Sustainably Sourced). YESS trains and assesses fabric and spinning mills in implementing due diligence to address forced labor in cotton sourcing.

For more information, please see our Human Trafficking and Modern Slavery Statement and our other policies.



“Beyond compliance” initiatives

As part of our efforts to support suppliers toward continuous improvement and expand our “beyond compliance” initiatives, we launched an online learning management system. This system will allow us to share learning content, training materials, and new policies with our suppliers and create a library of on-demand materials.

Empowering women workers

Although women comprise roughly three-quarters of the global garment industry workforce,¹ they are often underrepresented in leadership roles at work and in their communities. We are committed to empowering women and promoting gender equality in our supply chain and in the regions where we operate.

In 2019, we implemented Gap Inc.’s **Personal Advancement & Career Enhancement** (P.A.C.E.) program at supplier facilities — the first footwear company to do so. The program advances gender equality in global fashion supply chains through locally led training programs that cover topics such as financial health and leadership. Trainings foster inclusive workplace culture and empower women to thrive in their careers. As of the end of 2023, nearly 11,000 workers in our supply chain will have completed the P.A.C.E program. Starting in early 2024, we will transition to Reimagining Industry to Support Equality (RISE) programs to support supply chain workers. RISE combines the proven approaches of the four largest women’s empowerment initiatives in the apparel industry, including P.A.C.E., to scale impact.

We updated our women’s empowerment target, now aiming for 100,000 women workers in our Tier 1 supply chain to participate in training and education programs for personal and career development by 2027.² The new language is broader, as RISE implements multiple programs that provide foundational life skills, going beyond P.A.C.E. This revised target also gives us a more concrete method for measuring our progress, allowing us to track the number of workers impacted even as they shift in and out of our supply chain.

Facilitating continuous improvement

With our evaluation approach shifting to prioritize impact and ownership over basic compliance, it is important that we craft interventions that support our suppliers through the transition. Through our Supplier Capacity Building (SCB) program, we help suppliers enhance their internal systems by organizing sessions with experts in Human Resources Management. Additionally, we are piloting a program focused on change management with supplier leadership. This strategic realignment enables us to allocate resources where they are needed most to support sustainable improvements.

Beyond Tier 1

A significant portion of our supply chain impacts stem from the activities of our suppliers’ suppliers. Though we do not work with them directly, they provide materials and services that go into New Balance products. We recognize our intersection with risks upstream of our immediate supply chain and are working to improve traceability. Our risk-based approach to managing environmental and social concerns in our extended supply chain is informed by our traceability efforts.

In 2023, we launched a traceability program that will eventually allow us to map our entire supply chain. We are piloting the program by tracing the recycled polyester and split suede used in our top 10 footwear styles and will use those learnings to inform a widescale rollout. In 2023, we announced a new target to trace 25% of total material volume by the end of 2025 and 50% by the end of 2026.

We collaborated with our Tier 1 suppliers to audit 76% of Tier 2 footwear subcontractors against our zero-tolerance criteria in 2023. Audits revealed 10% had zero-tolerance violations present, with the most common issues relating to wages and benefits and working conditions.

¹ According to [CARE.org](https://www.care.org/).

² Our previous goal was to engage 100% of women workers in our supply chain in personal and professional development programs by 2025.

Our communities

We are committed to creating positive change in our communities by removing barriers to health, championing the success of young people, and advancing equity and access.



New Balance Foundation

Through innovative community-led investments, the New Balance Foundation (NBF), comprised of New Balance Foundation and New Balance Foundation International, supports pathways for young people to lead healthy and active lives in the communities where our associates live and work across the globe. In collaboration with our nonprofit portfolio grantees, we harness the transformative power of sport to address the complexities facing our youth today.

Our work grew out of concerns around the childhood obesity epidemic and has since expanded to funding solutions focused on removing barriers to health, championing the success of young people, and advancing equity and access. We support organizations that provide engaging opportunities for youth development and address community needs around nutrition, food security, and safe places for recreation. We know these factors significantly contribute to young people’s health, well-being, and their version of success.

Established in 1981, NBF has donated over \$140M, and in 2023, our portfolio expanded to nearly 80 nonprofit organizations. Our typical investments average 14 years and help organizations sustainably scale up. For the first several decades, the Foundation’s grantmaking focused primarily on

Targets

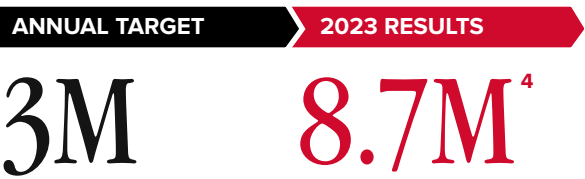
NBF DONATIONS TO NONPROFITS



INDIVIDUALS SERVED BY NONPROFITS FUNDED BY NBF



INDIVIDUALS SERVED DIRECTLY THROUGH PROGRAMS FUNDED BY NBF



1 Includes New Balance Foundation and New Balance Foundation International.
2 U.S. (national average: 10.5%).
3 Data captured every three years.
4 Includes global disaster relief.

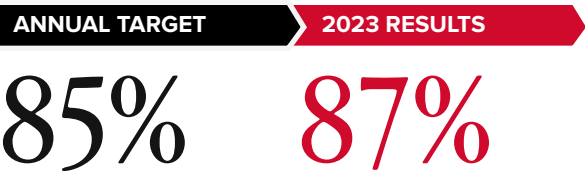
INDIVIDUALS SERVED WHO FALL BELOW THE POVERTY LINE



NUMBER OF YOUNG PEOPLE EMPOWERED THROUGH NBF-FUNDED PROGRAMS⁵



PERCENT OF GRANT DOLLARS THAT SUPPORT “BUILDING A CULTURE OF HEALTH”⁶



5 Includes all NBF-funded programs that engage youth in fitness, nutrition, academics, enrichment, leadership, college, and career readiness.
6 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.

NBF: GEOGRAPHIC REACH INFORMATION

● Key markets 2023 ● Potential future markets 2024-25

Norridgewock, Skowhegan & Norway, ME
Metro-Boston, Methuen & Lawrence, MA

Greater-Toronto Area, Ontario, Canada

St. Louis, MO

Nashville, TN

Londonderry, NH

Flimby, Warrington, Liverpool & Manchester, United Kingdom

The Netherlands

Germany

France

Italy

Spain

Multi-City/Country Support

- 100 Mile Club (U.S.)
- Good Sports (U.S.)
- Harlem Lacrosse (U.S.)
- New York Road Runners (U.S.)
- Playworks (U.S.)
- Summer Search (U.S.)
- Two Ten Footwear Foundation (U.S.)
- Beyond Sport (UK, EMEA)
- American Red Cross (U.S.)
- World Central Kitchen (Global)

the Metro Boston area and the three Maine communities in which New Balance operates. As our corporate footprint and presence grew overseas, so did NBF’s commitment to increasing its impact globally. Last year, NBF expanded its giving into Europe, with additional philanthropic activity planned for 2024 (see graphic).

Addressing the complexities of obesity

For nearly 25 years, NBF has been a philanthropic leader in the fight against childhood obesity. We remain committed to helping young people lead healthier and more active lives through our community collaborations. We use a comprehensive approach in addressing the childhood obesity epidemic by funding research and clinical and community programming, with a focus on data and outcomes.

NEW BALANCE FOUNDATION OBESITY PREVENTION CENTER AT BOSTON CHILDREN’S HOSPITAL

In 2010, we established the New Balance Foundation Obesity Prevention Center at Boston Children’s Hospital (BCH) with the goal of transforming the lives of children struggling with obesity — many from low-income urban communities. The Center helps young people develop healthier lifelong habits by supporting physicians and researchers working to address the complex challenges in addressing obesity. As of 2023, our total commitment toward helping the program advance evidence-based research in childhood obesity prevention has exceeded \$20M. A portion of these funds goes to the implementation of educational materials, such as the “Fit Kit,” which focuses on five key factors that directly impact children’s health: nutrition, fitness, sedentary time, sleep, and stress.

Creating pathways for positive youth development

NEW ENGLAND

In 2023, we donated \$800,000 to support the construction of a new school for **Esperanza Academy** in Lawrence, Massachusetts. Esperanza Academy is an all-girls, tuition-free middle school that empowers youth to follow their dreams. The new building will allow Esperanza Academy to expand classrooms to include K-8 and provide students the space they need to learn, play, and create. The new facility will house a community kitchen that will provide nutrition education, cooking skills, and cultural connectedness. Adjacent to the kitchen, an in-school bodega (store) offers essential items to students, alumni, and families at no cost, including healthy snacks, meal staples, toiletries, household goods, and school supplies. Students will be able to enjoy physical activity in a dedicated gymnasium, as well as have the school’s first sports teams. The new school will also offer an expanded Graduate Support Center that supports alumni through high school, college, and early entry into the workforce.

As part of our continued investment in communities near our facilities in Massachusetts and Maine, NBF funded a total of \$5.89M in the region, with \$1.1M of those funds new to the portfolio. This funding included support for **Boston Scores**, an organization that supports the health and well-being of 1,500 K-12 youth through a free team-based soccer, poetry, and service-learning program. Research shows that by sixth grade, students from marginalized communities have fewer opportunities than their more affluent peers. This gap can amount to as much as 6,000 fewer hours of access to programs and extracurricular activities outside of school hours. Boston Scores has a three-step approach focused on active minds and bodies, as well as service learning in the community. This successful approach has been replicated in dozens of public school districts nationwide. To support the vision of building a world-class recreation and education campus



Esperanza Academy

Beyond Soccer



Responding in Times of Crisis

The NBF provides timely aid and support in response to disasters and crises in the United States as well as internationally. To facilitate our response, NBF works directly with World Central Kitchen and the American Red Cross.



based on this model, NBF contributed \$1 million to further develop the organization’s East Boston headquarters which will serve student-athletes, families, and coaches across the city.

NBF invested \$120,000 to support NorthStar 4-H Youth Mentoring’s (NorthStar) program expansion into Oxford County in Maine. NorthStar is a mentoring program that fosters leadership and community-building skills and connects young people with caring adults to help them set career or college goals. NorthStar aims to expand students’ horizons, raise aspirations, build confidence and leadership skills, and foster resilience. With a focus on providing single and multiday experiences centered around community engagement and service, outdoor adventure and leadership, and cross-cultural opportunities, students find their voice and make connections with caring adult mentors.

TORONTO, ONTARIO, CANADA

As part of our expansion into Canada, NBF added Urban Squash Toronto (UST) as a new grantee in the portfolio by supporting their Removing Barriers to Sport initiative. UST is tackling the lack of affordable athletic training in the underserved youth community of Jane and Finch, located in the northwest end of Toronto, Ontario. The organization provides high-quality squash training, equipment, and apparel at no cost for students in grades 6-12. UST helps students reach their full personal, athletic, and professional potential. NBF’s contributions will help provide access to sport with a focus on inclusivity, so all students from the community are welcome, at no cost, and with zero restrictions.

UNITED KINGDOM

As part of NBF’s grant-making in the UK, we established a new collaboration with Street League. Street League’s mission is to use sport and education to help young people ages 16-24 secure employment and build a brighter future. Opportunities exist across Scotland and England and combine sport, fitness, job search support, and 1:1 mentoring. NBF’s grant supports programming for 140 un-/under-employed young people across Manchester and Liverpool. Over the next year, the program will help participants increase their confidence, gain essential work skills, and improve their overall physical and mental health through daily sport activities.

NBF looks forward to further expansion into Europe and beyond in the next several years and to increasing our impact by harnessing the power of sport to improve the health and well-being of youth across the globe.

To learn more about the work NBF is doing across the globe, please visit our website.

Beyond Sport

People impacted by humanitarian and environmental crises are often displaced from their communities and later face difficulties assimilating in a new country. Beyond Sport provides grants and capacity-building investments to those organizations working directly within those communities to create a sense of belonging and purpose. For individuals, the benefits often include improved mental health and confidence at a time when they need it most. Beyond Sport has a proven track record in elevating innovative solutions through sport to address key societal issues and foster a more inclusive, peaceful, and prosperous society.

As part of NBF’s expansion into Europe, we contributed to Beyond Sport’s Sport Together Fund. With specific grants targeting France, Germany, and the Netherlands, our funds are going directly to support positive youth development, promoting health and wellness, and helping children and young people with refugee experiences rebuild their lives.

The NBF contributions to the Sport Together Fund will provide support to:

- Fútbol Más France: supports local refugee and migrant communities through sport-based initiatives that address trauma, self-confidence, and social-emotional skills.
- SPORTS for MORE eV in Germany: combines youth boxing with social work to drive integration, health, and educational equality for refugees and migrant communities.
- Sportief Besteed Group (SBG) in the Netherlands: works to reduce health inequalities for refugee communities living in the country and provides ongoing activities to promote social integration and a healthy, active lifestyle.

Corporate charitable contributions

In addition to NBF’s philanthropic efforts, New Balance Athletics is also dedicated to making a unique positive impact in the communities in which we operate. The company generously supports numerous charitable organizations and efforts through both cash contributions and in-kind donations. Additionally, we actively encourage our associates to dedicate time toward causes they care about.

Through our corporate charitable work, New Balance provides sponsorships and product donations to support charitable and community-based organizations, 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 J. Honan 5K Road Race in Allston-Brighton, Massachusetts, which supports education, recreation, housing, and healthcare programs.
- Mid-Maine Technical High School Robotics team.

Allston-Brighton Youth Hockey

New Balance is proud to sponsor Allston-Brighton Youth Hockey (ABYH) through ice time at the Warrior Ice Arena at Boston Landing. More than 150 young hockey players participate annually in the program. ABYH’s mission is to provide a strong youth hockey organization to the Allston-Brighton region of Boston, providing an inclusive and affordable opportunity to children and families in the community. All youth are welcome to join, regardless of their experience, and the program teaches local children to skate and play hockey through a team of enthusiastic and committed volunteer coaches.

Skowhegan KVCAP childcare program

New Balance announced a **\$250,000 gift to the Kennebec Valley Community Action Program (KVCAP)** as part of our groundbreaking ceremony for our Skowhegan, Maine, factory. This gift helps fund the Skowhegan Area Early Childhood Education Center that will be built as part of the new MSAD 54 Margaret Chase Smith Community School.



“New Balance has always been strongly committed to the communities where our associates live and work. We’re thrilled to be able to support this important opportunity to add quality, affordable education and childcare resources for local families.”

RAYE WENTWORTH
DIRECTOR OF DOMESTIC MANUFACTURING
AT NEW BALANCE

Gifting shoes with Jack Harlow

In November 2023, rapper and New Balance ambassador Jack Harlow surprised families in his hometown of Louisville, Kentucky, by distributing 1,000 pairs of New Balance shoes. The event, in collaboration with his own charitable foundation, benefitted community and nonprofit partners of the Metro United Way. As part of his ongoing commitment to community, Jack also collected donations of personal hygiene items throughout his U.S. tour to provide to local nonprofits.



2023 GIVING AT A GLANCE

\$6.7M
CORPORATE CASH
DONATIONS

\$4.9M
WHOLESALE VALUE OF
CORPORATE IN-KIND
DONATIONS

\$177,386
CORPORATE MATCH
DONATIONS

Associate volunteerism

New Balance puts people first — dedicating time and talent to serve local communities. We offer associates the chance to participate in company-sponsored volunteer activities worldwide during business hours. In U.S. offices and select international locations, we offer paid time off for our full-time associates to spend eight hours annually on volunteer activities of their choice. Part-time associates can also receive four to six hours of paid leave to volunteer. Members of our Associate Resource Groups (ARGs) volunteer throughout the year.

Our dedicated “volunteer champions” across our facilities help lead and organize opportunities for fellow associates. To assist with these efforts, New Balance provides a Volunteer Toolkit with detailed information for planning volunteer events, checklists for event day, and answers to frequently asked questions. In 2023, 1,000 New Balance associates recorded 3,000 hours of company-supported volunteer service.

Our associates can also provide support to organizations of their choice through our Dollars for Doers grant program. Organizations receive funding based on the number of volunteer hours per year provided by an associate.

PHILANTHROPIC AND CHARITABLE CONTRIBUTIONS			
	2021	2022	2023
NBF (U.S. and International)	\$8,076,171	\$8,535,127	\$10,397,491
Corporate contributions	\$2,121,474	\$2,745,983	\$6,667,669
Corporate donations in-kind (wholesale value)	\$4,607,160	\$6,112,808	\$4,990,503
Corporate match	\$31,470	\$62,227	\$177,386
Total	\$14,836,275	\$17,456,145	\$22,233,049

Building relationships to empower youth

Stand & Deliver is an academic mentoring program managed by Family Services of Merrimack Valley that pairs New Balance associates with 8th grade students from the Bruce School in Lawrence, Massachusetts. New Balance associates assist students with homework through one-on-one tutoring, offer high school application assistance, provide college advice, and participate in a myriad of fun group activities. The students and mentors meet weekly at our Lawrence New Balance location, and last year the “small but mighty” team of associates provided over 250 hours of service. This program provides opportunities to build strong relationships and often make long-term connections, such as celebrating students’ achievements by attending graduations and other milestone events.



Building bikes with Jaden Smith and Harry Hudson

New Balance ambassadors Jaden Smith and Harry Hudson joined more than 550 associates at The Track for an afternoon of bike building to benefit Boston area kids at the Greater Boston YMCA in Roxbury, Massachusetts. With the help of Team Bonding, a corporate event planning company headquartered in Boston, 110 bikes were built and delivered the same day to the kids in Roxbury.



Environment

CLIMATE
35

WATER
40

WASTE
43



Climate

The climate crisis is already impacting lives around the globe. Meaningful, collaborative action is needed. We have set aggressive goals and are pursuing several priority pathways toward a low-carbon future.



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 [Choosing preferred 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 resale, and repurposing products at their end-of-life. (See [Designing out waste and Waste](#))



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 [Choosing preferred materials](#))



6: Low-carbon transportation

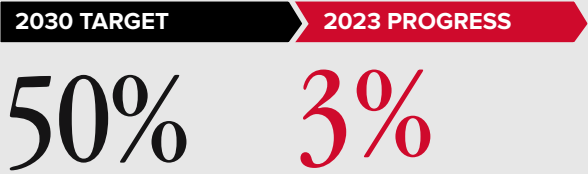
Moving goods to global markets has a significant carbon footprint. We are improving our data systems to better understand sources of emissions and reduce them. Our strategy includes consideration of slow shipping, air freight limits, and working with vendors to transition to low carbon fuels and improve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



REDUCE SCOPE 1 AND 2 EMISSIONS¹



REDUCE SCOPE 3 EMISSIONS^{1,2}



SOURCE 100% RENEWABLE ELECTRICITY FOR OWNED-OPERATIONS



1 Compared to a 2019 baseline. For more detail on the baseline see [page 36](#).
2 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.

Tracking our emissions

The **Science Based Targets initiative** (SBTi) approved our near-term greenhouse gas (GHG) emission reduction targets in 2023, verifying that our goals align with limiting global temperature rise to 1.5°C across all scopes.

Our progress so far is mixed. We have made good progress toward Scopes 1 and 2, but we have not yet been able to meaningfully reduce Scope 3 emissions. Within Scope 3, there are some bright spots.

In 2023, our Scope 1 and 2 emissions totaled 6,324 metric tons of carbon dioxide equivalent (MTCO₂e), up 33% since 2022. In spite of this year-over-year increase, we have still achieved a 59% reduction compared to our baseline year. Scope 1 and 2 emissions increased in 2023 primarily as a result of growth in the business. We saw our total retail floorspace increase by 36% from 2022, which resulted in an increase in global electricity consumption. Scope 2 emissions jumped significantly, in part due to a lack of renewable electricity options and prohibitively high costs in regions where we opened new retail locations.

Scope 1 and 2 reductions are on target, and we remain committed to maintaining our performance as our company grows. To this end, we are procuring additional renewable energy, improving our mix of renewable electricity, and addressing Scope 1 emissions through activities such as electrification.

Scope 3 reductions are a far bigger challenge. These emissions come from activities up- and downstream of our direct operations — such as supplier energy use, materials, and transportation — making them more difficult to measure and manage. There are 15 categories of Scope 3 emissions (see graphic). Our Scope 3 reduction goal applies to Categories 1 (Purchased Goods and Services) and 4 (Upstream Transportation and Distribution), which represent a combined 84% of our Scope 3 footprint. In 2023, our total Scope 3 emissions were 1,184,319 MTCO₂e. Our Scope 3 emissions for Categories 1 and 4 amounted to 998,998 MTCO₂e, a 3% decrease from our baseline year and a 22% decrease from 2022. This decrease is primarily due to improved data quality and accounting methodologies. See our GHG accounting methodology explanation (right). We are updating prior year inventories to better compare year-over-year progress against our target.

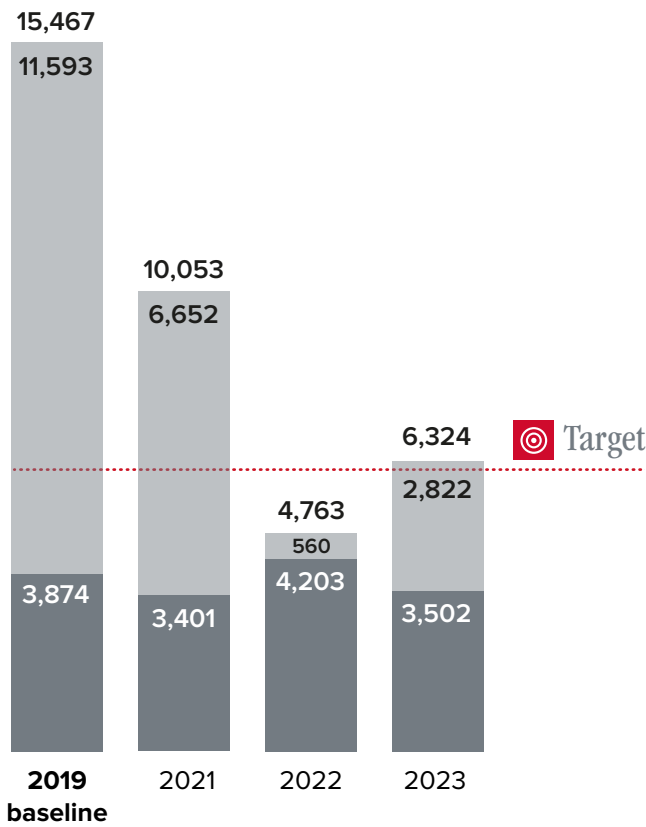
To better understand our Category 4 emissions, we started working with Vaayu, a climate tech and impact reduction provider that helped refine our calculation methodology. This new platform allowed us to change our calculations from using spend-based to fuel-based data for all regions of operation and all modes of transport. With greater visibility of the emissions that occur from transport and distribution, we can track progress more accurately and design more effective emission reduction strategies.



We disclose our full emissions inventory and an overview of key climate risks and opportunities in our **CDP Report**, for which we received a B in 2023. New Balance was also recognized by CDP as a **2023 Supplier Engagement Leader** for our work engaging with our suppliers to tackle climate change.

SCOPE 1 AND 2 EMISSIONS (MTCO₂e)

■ Scope 1 ■ Scope 2



GHG ACCOUNTING METHODOLOGY

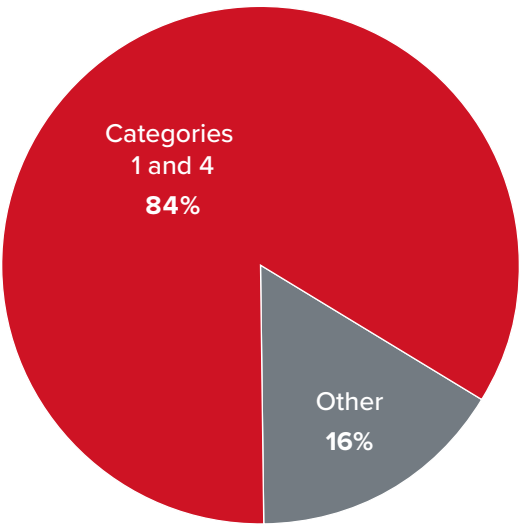
We calculate our greenhouse gas emissions in alignment with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions are calculated by applying standard emissions factors to the quantity of fuels purchased. We track Scope 2 emissions and report progress against our goal using the 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 Category 1 is based on cradle-to-gate emission factors. We include primary energy data from our Tier 1 footwear suppliers. Improving the accuracy of our carbon footprint is an ongoing process. In 2023, we made changes in our calculation methodology to improve our Scope 3 accuracy. For inbound transportation, we eliminated our use of spend-based calculations, which can be volatile and inaccurate, in favor of fuel-based calculations using underlying logistics activity data like weight, transport mode, and distance traveled.

SCOPE 3 EMISSIONS (MTCO₂e)¹

Metric	2019 baseline	2021	2022	2023
Category 1	887,014	888,818	1,046,231	976,483
Category 4	145,948	218,314	233,409	22,515
Total Scope 3	1,161,388	1,213,128	1,425,155	1,184,319

SOURCES OF SCOPE 3 EMISSIONS

■ Categories 1 and 4 are included in our Scope 3 goal



Category	%
1: Purchased goods & services	82%
2: Capital goods	3%
3: Fuel- & energy-related activities	0%
4: Upstream transportation & distribution	2%
5: Waste generated in operations	0%
6: Business travel	0%
7: Associate commuting	1%
8: Upstream leased assets	N/A
9: Downstream transportation & distribution	3%
10: Processing of sold products	N/A
11: Use of sold products	N/A
12: End-of-life treatment of sold products	6%
13: Downstream leased assets	N/A
14: Franchises	0%
15: Investments	1%

¹ 2019, 2021, and 2022 data have been restated from the 2022 report due to improvements in methodology and data quality.

Carbon footprinting

In 2023, we conducted a pilot with Carbonfact to calculate carbon footprints for over 1,000 footwear and apparel styles. This type of footprinting requires large amounts of data about each product and its components, like how and where it is made, how much material was used and wasted, and more.

The main objective of the pilot was to understand our data needs and prioritize high-impact data gaps so we can work toward improvement. For example, product and component weights are fundamental for footprinting but not always available. We were able to determine where directly measuring component weights would meaningfully increase data accuracy and where we could continue to rely on heuristics and calculated weights. Material origin can also influence the footprint of key materials, and the pilot helped identify materials that are most sensitive to origin data. We are using this knowledge to inform our traceability strategy and explore key material supply chains beyond Tier 2.

We plan to assess additional styles with Carbonfact and continue to improve data quality in 2024.

Addressing our emissions

Prioritizing renewable energy

We are transitioning to renewable electricity to reduce emissions and drive global demand for clean energy. We source renewable electricity using several strategies, including purchasing energy attribute certificates, such as Renewable Energy Certificates (RECs) and Guarantees of Origin (GOs), for our global offices, distribution centers, owned retail stores, and owned footwear factories. Additionally, we seek opportunities to install more on-site generation at owned and supplier facilities.

IN NEW BALANCE FACILITIES

We are a member of **RE100**, joining hundreds of companies on a mission to accelerate change by sourcing 100% renewable electricity.

Our target is to source 100% renewable electricity for owned operations by 2025. In 2023, our global electricity consumption across our owned or operated facilities was 54,629 MWh, with 90% sourced from renewables. The only locations without coverage in 2023 were Japan, Qatar, Singapore, Taiwan, and Vietnam where energy attribute certificates were either unavailable or cost prohibitive.

On-site renewable generation remains a focus at our Flimby footwear factory in Cumbria, England. Following internal approval for the construction of an on-site wind turbine in 2022, we submitted the project to local authorities in 2023. We are currently awaiting final review and appeal. Flimby’s existing rooftop solar system generated 196 MWh of electricity in 2023. We used 152 MWh, covering 17% of our site’s electricirty needs, and the remainder was sent to the local grid. This was slightly lower than the previous year because the solar panels were removed for six weeks to allow a roof replacement project.

We continue to support local renewable generation and reduce our Scope 2 emissions by participating in Maine’s Net Energy Billing Credit program. We are part of a consortium of

public and private buyers supporting the construction of four solar projects. Our share will be equivalent to approximately 70% of the electricity demand for our Maine-based facilities. As of 2023, two of four planned solar projects came online and began delivering solar energy to the grid.

IN OUR SUPPLY CHAIN

Tier 1 footwear manufacturing energy usage accounts for 15% of our total Scope 3 emissions and 19% of Scope 3 Category 1. We work with our suppliers to improve energy efficiency and source renewable electricity.

We collect monthly energy consumption data from suppliers and help them develop Energy Efficiency Plans that drive efficiency improvements based on the specific characteristics and needs of each facility. We also collaborate with organizations such as the **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH** and the **International Finance Corporation (IFC)** to train suppliers and share resources on energy efficiency topics. In 2023, we worked with five Tier 2 sole suppliers to execute energy efficiency projects under IFC’s Vietnam Improvement Program. With external help, suppliers identified energy saving opportunities, developed intervention plans, and began to implement projects to reduce energy usage and factory operating costs. The analysis focused on understanding the energy profile of different sole manufacturing processes, like compression molding and injection molding. Waste creation from molding and cutting was also considered, and findings were used to inform our **closed loop** rubber and midsole foam efforts. We expect these programs to have a major impact on our Scope 3 footprint.

Although efficiency is an important lever for reducing energy demand, it will not continue to drive down overall emissions as our production grows. To achieve our science-based reduction targets, we need renewable energy in our supply chain. In 2023, we helped facilitate this energy transition by guiding our suppliers to add 16.9 MW of operating rooftop solar generation capacity across eight Tier 1 and Tier 2 supplier facilities with an additional 7.2 MWp under construction.



Londonderry, New Hampshire

Sustainable design at our MADE factories

SKOWHEGAN, MAINE

On-site renewable energy generation was a priority while planning the expansion of our Skowhegan factory in Maine. In 2023, we received approval to install a 1 MW rooftop solar system to be constructed in the first half of 2025. The expansion plan also includes other elements that support energy efficiency and overall building health, such as a condensing boiler, low or zero volatile organic compound finishes, light-diffusing window treatments, low-flow toilets, LED lighting, and electric vehicle charging stations.

LONDONDERRY, NEW HAMPSHIRE

Our longstanding commitment to domestic manufacturing continued in 2023 with the addition of a new shoe manufacturing facility in Londonderry, New Hampshire, designed to optimize energy efficiency and performance. The facility, expected to be completed in 2024, will be fully electrified, a first for New Balance. Additional sustainable features include rooftop solar panels, energy recovery systems, lighting control systems, electric vehicle charging stations, and a connection to the local bike path.

Twenty-two percent of our Tier 1 footwear suppliers now have some level of rooftop solar generation. Among Tier 1 footwear factories, on-site rooftop generation contributed roughly 5,500 MWh of electricity in 2023 — almost 2% of total demand. Suppliers collectively purchased an additional 53,800 RECs to reduce our Tier 1 footwear footprint by 38,900 MTCO₂e, or 17%.

We encourage our Vietnam-based Tier 1 and 2 suppliers to learn more about decarbonization through the Climate Action Training (CAT) program. CAT, launched as a collaboration between GIZ and several fashion brands, helps suppliers establish emissions reduction goals and drive progress toward net zero by 2050. In 2023, we continued to support our suppliers in setting 1.5°C-aligned emissions reduction targets and developing Energy Transition Plans.

ELECTRIFICATION

Manufacturing textiles and other materials requires heat, and many fashion suppliers generate this heat by burning fossil fuels. As we push for a transition to renewables,

electrifying textile production processes is an important step to decarbonize our supply chain.

We continue to collaborate with **GEI** to deepen our understanding of the potential to electrify key parts of the textile supply chain. In 2023, we began two separate projects with GEI:

- Following our country-level analysis in 2022, we are assessing the feasibility of electrifying two textile mills by replacing fossil fuel-fired boilers with electric boilers or heat pumps. Transitioning to these alternative technologies is expected to reduce greenhouse gas emissions when paired with renewable electricity generation. The study is scheduled to conclude in 2024.
- Within the Outdoor Industry Association (OIA) Climate Action Corps, we are co-funding GEI to develop an industry tool to help textile mills quickly evaluate the potential of switching to electric boilers and heat pumps for their operations. This tool will hopefully accelerate electrification within the supply chain where it is shown to be most feasible.



Transitioning to renewable energy at a strategic Tier 1 supplier

Chung-Jye Group (CJ Group) set out to strengthen their energy transition roadmap and become a leading user of clean energy through rooftop solar across their factories in Vietnam and China. Their plan calls for a phased development that will reach a total capacity of 20 MWp, accounting for approximately 90% of their electricity needs and potentially reducing emissions by over 24,000 MTCO₂e annually. By the end of 2023, CJ Group completed two rooftop systems — one in Vietnam and one in China — with a combined capacity of 6 MWp. In addition, CJ Group purchased 8,400 international RECs to reduce carbon emissions in the short-term and align with New Balance’s science-based targets.

Renewable energy sources in Vietnam

We engaged a Vietnam-based Tier 2 supplier through CAT to support their transition to renewable energy. In 2023, they installed rooftop solar that covers 16% of electricity demand and switched 100% of coal-burning systems to biomass.



SUPPLIER ROOFTOP SOLAR				
Metric	2021	2022	2023	
Rooftop systems installed (#)	9	8	8	
Tier 1 systems installed	2	5	6	
Tier 2 systems installed	7	3	2	
Added capacity (MWp)	23.4	18.4	16.9	
Tier 1 capacity	2.3	14.5	14.8	
Tier 2 capacity	21.1	3.9	2.1	

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 the Higg FEM.

LOW-CARBON TRANSPORTATION

We explore low- and no-carbon transportation options to reduce the emissions from distributing our products and, thereby, our Scope 3 Category 4 footprint.

In 2023, we joined the Zero Emissions Maritime Buyers Alliance (ZEMBA). Alongside more than 20 other brands, we are signaling a demand for low-carbon container shipping services. ZEMBA released a Request for Proposals in 2023, soliciting bids for ocean shipping services powered by zero-emission fuels that offer at least 90% reduction in emissions compared to conventional fuels. Decarbonizing the ocean shipping sector will require collaboration, and ZEMBA uses collective action to make a transition to a zero-carbon economy more viable.

Advocating for climate policy

We collaborate with industry groups and peers to enable more effective climate action across business sectors and governments. Our policy advocacy primarily focuses on increasing renewable energy generation capacity and protecting public lands. In 2023, we supported global climate action through our involvement with groups, including:

- **Clean Energy Buyers Association:** We, along with over 250 other organizations, signed an [open letter](#) to world leaders at COP28 urging them to adopt a target to triple renewable energy capacity by 2030. Over 100 governments committed to the [Global Renewables and Energy Efficiency Pledge](#).
- **The Outdoor Industry Association (OIA):** Since 2022, we have had a representative on OIA's Climate Action Corps Sustainability Advisory Council. In 2023, we added a company representative to sit on the Recreation Council, which advocates for increasing access to and protection of recreational spaces.

- **United States Agency for International Development (USAID) Corporate Clean Energy Alliance (CCEA):** As a CCEA member, we collaborate with other businesses to advocate for clean energy adoption in Southeast Asia, where most of our material and finished product production takes place.
- **1% for the Planet:** Through June 2023, New Balance donated 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. In 2023, these donations supported Protect Our Winters (POW) and Trust for Public Lands (TPL).
- **United Nations Fashion Industry Charter for Climate Action (FICCA):** We organize collective action with industry peers as a member of the FICCA Policy Working Group to scale renewable energy in fashion supply chains.

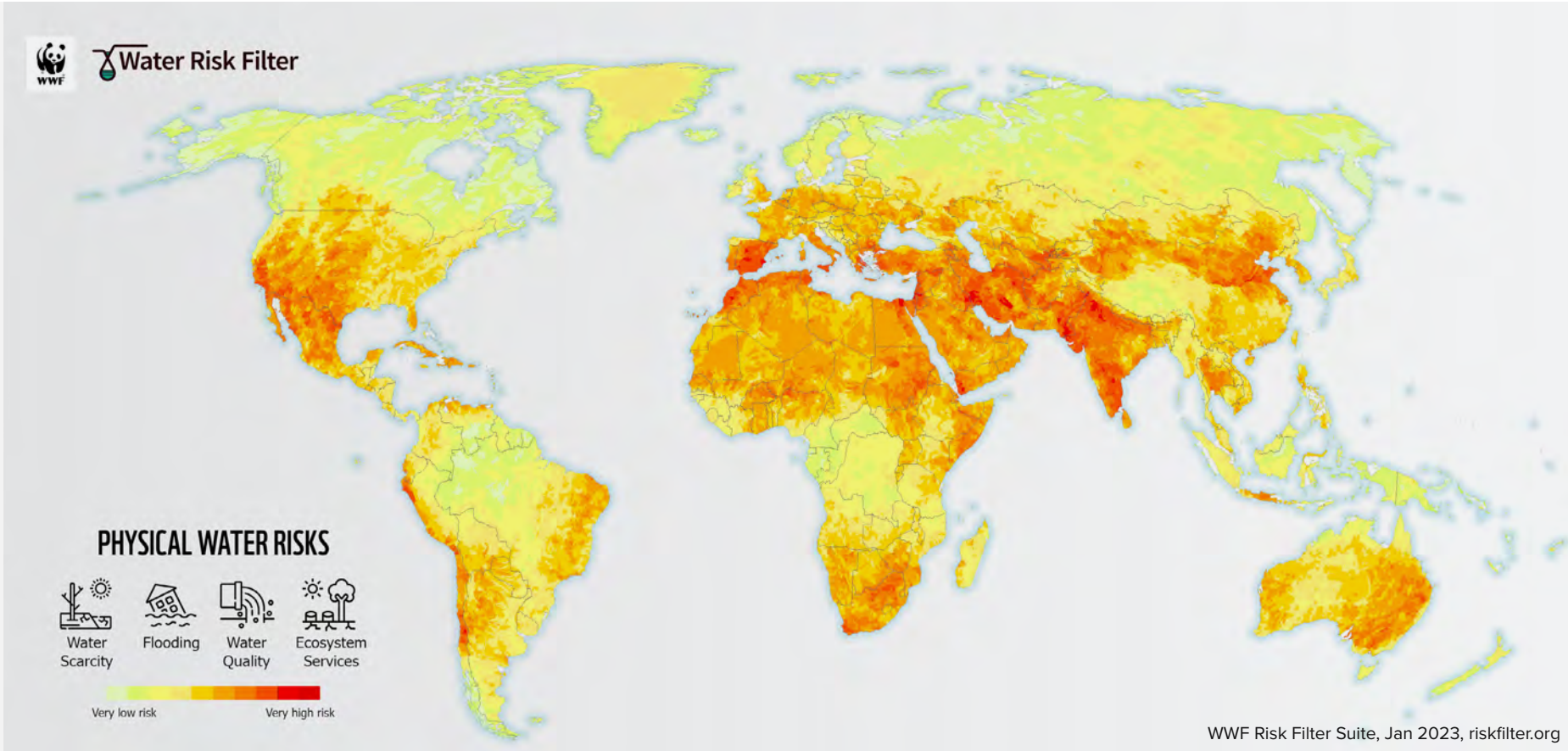
In 2023, we also signed letters of support for the Regional Greenhouse Gas Initiative (RGGI) and America's Outdoor Recreation Act of 2023 (AORA). RGGI aims to commit northeastern U.S. states to an emissions trading program. With our headquarters in Boston, Massachusetts, and owned factories in three RGGI states, we are excited to put our influence behind a program that supports climate action in our backyard. By supporting AORA, we emphasize the importance of protecting and enhancing the recreational value of public lands for current and future generations.

Fresh Foam X Hierro GTX



Water

Responsible water stewardship makes our business more resilient, maintains suppliers' local license to operate, and, most importantly, safeguards a vital resource for current and future generations.



ELIMINATE THE DISCHARGE OF HAZARDOUS CHEMICALS IN WATER¹

2025 TARGET **2023 PROGRESS**

100% **87%**

Manufacturing materials like leather and textiles can be very water intensive. We work closely with our network of suppliers to evaluate water risks, assess opportunities to reduce freshwater consumption, and ensure wastewater is safely returned to the environment from mills and tanneries. We target our actions where they will have the biggest impact.

Discharging water responsibly

The textile industry is considered one of the largest polluters of water globally. All wastewater from supplier manufacturing processes must be treated before being returned to the environment.

Some of our suppliers treat wastewater on-site before directly discharging into the environment, while others send their wastewater out for treatment at a central effluent treatment plant (CETP). We can more easily monitor the performance of direct dischargers but are working to improve visibility into water quality from facilities that discharge indirectly via a CETP.

¹ This goal applies to New Balance's Tier 2 strategic material suppliers with wet processes. The metric is the percent of those wet process suppliers that conform to Foundational level according to ZDHC Wastewater Guidelines, with the goal being 100%.



Collaborating with The Microfibre Consortium to advance industry knowledge

Textile manufacturing and product use and laundering generate tiny textile fragments called microfibers that can be released into the environment, polluting our land, air, and water. In 2023, we joined The Microfibre Consortium (TMC) to collaborate with fashion industry peers on a mission to reduce impacts from fiber fragmentation. Each year, we will test some of our materials and contribute our findings to TMC's database on material shedding — helping us and our industry better understand this issue and work toward eliminating microfiber release.

Suppliers select and work with approved third-party laboratories to test their wastewater twice a year. The water is tested for specific parameters and the presence of restricted substances according to the Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater Guidelines. In 2023, 93% of our suppliers that discharge directly into the environment and 82% of suppliers that discharge indirectly conformed with ZDHC Foundational Limits.

In 2023, all suppliers that discharged their wastewater directly into the environment achieved conformance with Foundational levels for conventional parameters, including water quality indicators, like biological oxygen demand and total suspended solids, and heavy metals, like arsenic and lead. This marks the first time our suppliers have achieved full conformance for these categories. However, testing did identify Manufacturing Restricted Substances List (MRSL) violations.

When a supplier is out of conformance, we perform a root cause analysis and develop a corrective action plan (CAP) to identify the source of the problem and prevent recurrence. CAPs are targeted to address supplier-specific issues and may require a supplier to transition to an environmentally preferred process or substance or undergo additional training. The most common violations occurred due to the presence of volatile organic compounds, organotin compounds, and other chemicals. In 2023, all suppliers with a violation performed a root cause analysis and implemented a corrective action plan.

See the [Product chemistry](#) section of this report for more information about our chemical input criteria.

Wastewater plant operators

It is important that treatment plant operators are properly trained and have sufficient competency. In 2023, we surveyed suppliers to assess, among other topics, the proficiency of wastewater treatment plant operators according to the ZDHC Wastewater Treatment System Operator Minimum Qualifications Guidelines. We collected

Strategic Material Supplier Wastewater Performance			
Metric	2021	2022	2023
Suppliers participating in ZDHC wastewater testing	60	64	67
Suppliers conforming to ZDHC wastewater guidelines	42 / 70%	58 / 91%	58 / 87%

Direct discharge			
Suppliers discharging into the environment	30	27	28
Suppliers in conformance	18 / 60%	23 / 85%	26 / 93%

Indirect discharge and zero liquid discharge			
Suppliers discharging into CETP etc.	30	37	39
Suppliers in conformance	24 / 80%	35 / 95%	32 / 82%

IPE Blue Map Screenings			
Metric	2021	2022	2023
Violations identified in Blue Map	16	11	16
Violations remediated ¹	14	15	16

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

data on operators’ development hours and certificates and found that 23% of responding supplier facilities had qualified operators, while 77% fell short. Training and further supplier engagement will continue in 2024 to address this gap.

Institute of Public & Environmental Affairs

In addition to ZDHC testing, we screen China-based suppliers for environmental violations — including wastewater violations — using the [Institute of Public & Environmental Affairs](#) (IPE) Blue Map Database. The database contains publicly available data from monitoring organizations and governments and gives us more insight into supplier activities. With Blue Map, we identified 16 violations in 2023 and collaborated with suppliers to determine the root cause, remediate, and achieve compliance.

In 2023, our commitment to responsible supply chain management and transparency earned us the 10th spot on IPE’s Green Supply Chain CITI Index out of 742 companies.

Supply chain collaborations to manage impacts

In 2017, we introduced one of our Tier 1 suppliers – Shanggao Chungjye Shoes Co., Ltd. – to IPE’s Bluemap database. Over five years, this supplier tracked the environmental performance of 142 of their suppliers through the database. Together, we helped these sub-tier suppliers perform audits, rectify violations, and disclose carbon data through China’s Pollutant Release and Transfer Registry (PRTR). Annual performance is improving, from 21 open violations in 2017 to only 1 open violation in 2023. Ten instances of non-compliance were remediated and delisted from IPE’s database in 2023.

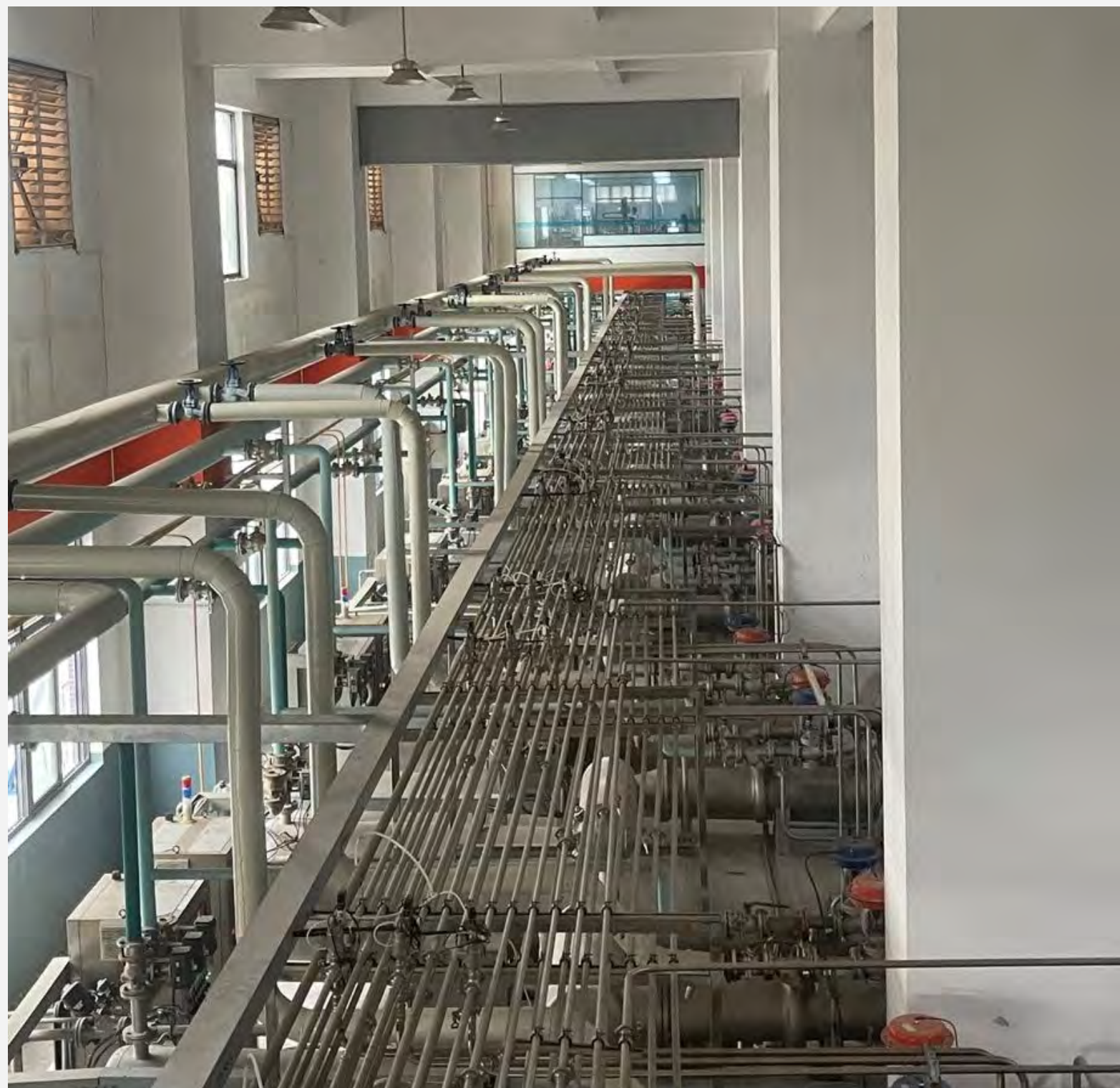
Managing freshwater consumption

We stress the importance of water stewardship with our suppliers and encourage them to improve water efficiency at their facilities — particularly those located in water-stressed regions.

Through the Sustainable Apparel Coalition’s Higg Facility Environmental Module (FEM), we collect data to deepen our understanding of freshwater use in our extended supply chain. In 2022,¹ 26 strategic material suppliers, representing 85% of our annual material spend, reported a combined 13.98 million m³ freshwater consumption across all their material manufacturing for New Balance and other brands. Our strategic textile mills used 11.14 million m³ of freshwater, tanneries used 2.74 million m³, and synthetic leather suppliers used 0.1 million m³.

This data helps us determine which suppliers should be enrolled in programs like Apparel Impact Institute’s (Aii) Clean by Design (CbD) program. One of our strategic suppliers consulted with CbD during the construction of a new mill to identify opportunities to improve the environmental performance of the facility (see image). Upon initial assessment in 2022, the facility produced roughly 24% fewer emissions and withdrew 11% less freshwater than the original design would have. In 2023, the mill achieved an average freshwater withdrawal intensity of 60.8 liters per kilogram of product for dyeing and finishing processes, lower than the 70 liters per kilogram threshold for cleaner production criteria.

Our ability to influence water use strongly depends on the materials we choose and how they are dyed. As a brand, we can make the biggest impact by working with suppliers that can apply low-water dyeing techniques to our highest-volume materials. See the [Design and development](#) section of this report to learn more about how we are pursuing low-water and no-water dyeing techniques.



¹ Due to collection and verification timelines, we report water consumption data from the prior year.

Mitigating flood risks

Many regions of the world face increasing water-related risks, like scarcity and flooding. Climate change increases the frequency and severity of water events, compounding this problem. We proactively assess our suppliers for water risk and develop response plans.

In 2023, we used the World Wildlife Fund’s (WWF) Water Risk Filter Maps to determine that our suppliers may be at higher risk for future flooding than scarcity, with 85% of strategic Tier 1 suppliers evaluated at high risk for flooding according to their location (basin risk). Consequently, we emphasize flood readiness.

WWF risk assessments reflect a regional scale assessment, providing a broad view without site-level precision. To narrow this gap, we initiated site-specific assessments that included more specific operational considerations (operational risk).

As of December 2023, we have evaluated all strategic Tier 1 supplier facilities, enabling a more detailed understanding of flood risks. Thirty-one percent of our strategic Tier 1 suppliers face basin and operational flood risk. These suppliers will receive targeted training in 2024, and we aim to extend this assessment to strategic Tier 2 suppliers.

Dyeing workshop for Sincetech

Waste

We continually explore innovative solutions and improved processes to reduce pre- and post-consumer waste.



Pre-consumer waste

By 2025, our goal is to achieve zero waste to landfill¹ at Tier 1 and owned footwear factories.² We systematically review our manufacturing processes, closely monitoring and measuring sources and volumes of waste. We prioritize waste reduction where possible and pursue more circular solutions for the waste we cannot avoid. Instead of sending waste to landfill, we aim to recoup value through reuse, recycling, or incineration with energy recovery.²

Between our owned manufacturing and Tier 1 footwear facilities, we generated approximately 18,000 metric tons of waste in 2023 and diverted 70% from landfill. This is the first year we can directly compare waste generation across regions thanks to our global effort to align our waste data collection methodology.

Waste in New Balance facilities

We oversee manufacturing and waste disposal at our owned Made in USA and MADE in UK factories.

In 2023, our U.S. factories achieved 76% diversion from landfill. Most of the remaining 24% going to landfill is leather cut scraps. Read [more](#) about how we are working to eliminate this waste stream.

In 2023, our UK facility contracted with a new waste vendor because of data quality issues in 2022. We now receive monthly reports on the types of waste we generate. We are using this newly available information to engage associates on waste handling best practices, such as avoiding cross-contamination of waste categories. This new vendor has helped us divert 100% of UK production waste from landfill.

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 (WTE). This short-term limit on WTE will likely be difficult to achieve but is our aspirational goal.

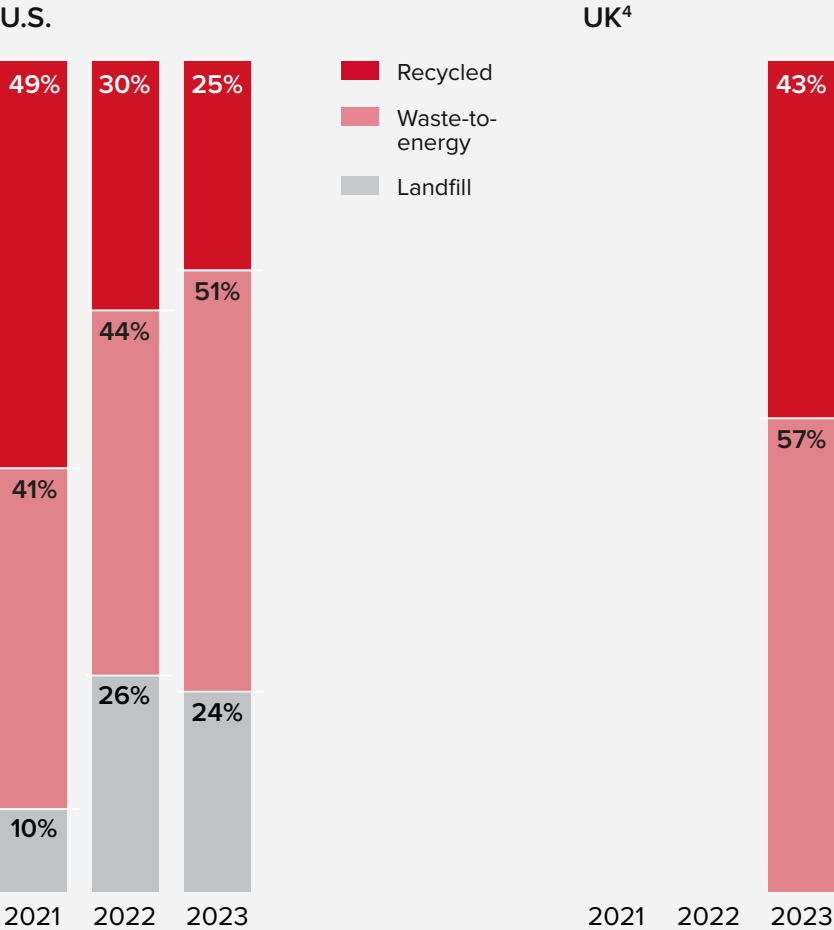
3

Recycled, waste-to-energy, and landfill data have been updated from our 2022 report.

4

UK-owned factory data from 2021 and 2022 are not reportable due to unreliable data from our vendor, which has since been replaced.

WASTE DISPOSAL METHOD³



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 the U.S. locations if included. Excludes office, warehouse, and distribution center.

UK notes: Flimby waste data measured by waste vendor and reported to New Balance monthly. Since changing our waste contractor in late 2022, we are now able to report our waste data more accurately. Although our monthly waste reports show the weight and split of waste collected from a site, they do not break down waste disposal method percentages. We have an objective for 2024 to explain waste disposal, and we are working with the contractor to complete this. Diversion routes reported in this table are based on internal calculations using vendor data.

Includes: Solid waste from manufacturing processes, including general waste, soft plastics, paper, cardboard, and co-mingled. Hazardous waste when required.

Excludes: Metal waste and waste electrical and electronic equipment.

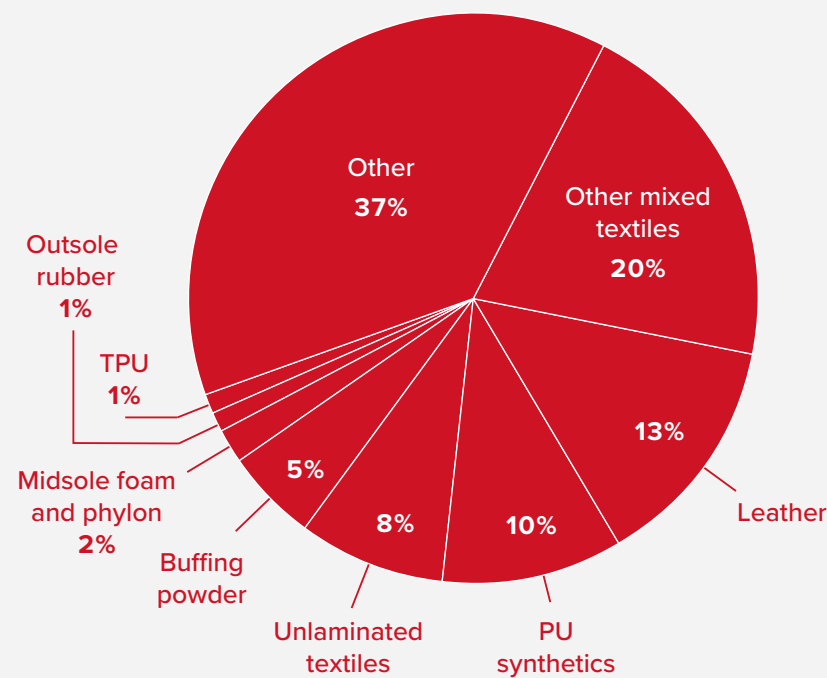


Waste in our supply chain

Each month, our Tier 1 footwear suppliers in Asia report their waste data. This helps us track progress against landfill diversion goals and identify materials that are difficult to dispose of responsibly. When a material is consistently landfilled, we investigate reuse or recycling options and seek out more circular alternatives. The most difficult materials to divert are polyurethane (PU) synthetics, laminated textiles, laminated foams, and leather. In 2023, Tier 1 manufacturing sites generated 16,775 metric tons of waste, 69% of which was diverted from landfill.

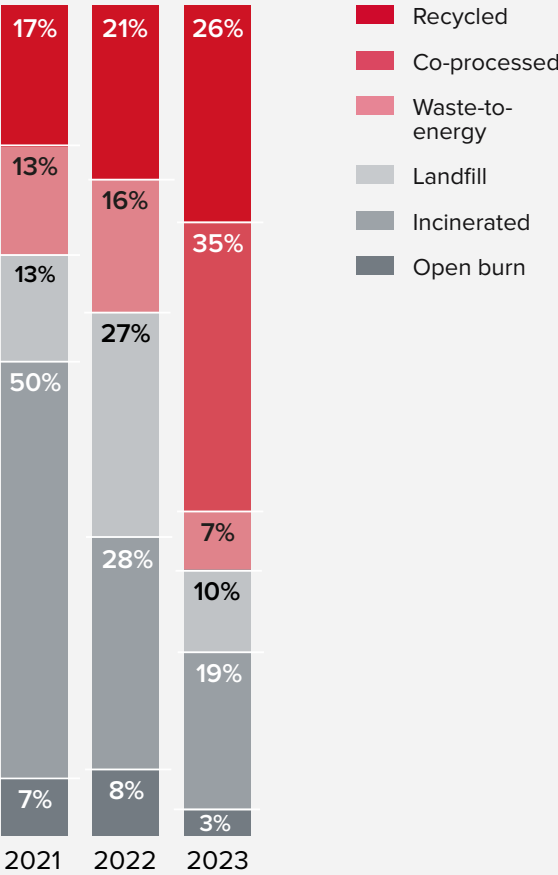
In 2023, we made progress in two main areas. We worked closely with suppliers to select waste vendors with waste-to-energy capability. Additionally, we collaborated with our suppliers to improve their ability to recycle ethylene-vinyl acetate (EVA) and rubber waste back into production processes.

NON-DIVERTED MATERIAL 2023 - ASIA¹



WASTE DISPOSAL METHOD

Asia¹



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. We worked with suppliers to eliminate open burn practices by the end of September 2023. The most readily available alternative is for suppliers to use a new waste vendor that co-processes the waste as fuel in cement kilns, capturing the energy and mineral content from the waste in a controlled manner.

Includes: Solid waste generated from manufacturing (material 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).

¹ Totals may not add to 100% due to rounding.



Closed-loop solutions

Footwear manufacturing processes generate scrap and excess materials. Through closed-loop solutions, we repurpose would-be waste back into useful feedstocks and displace virgin materials.

Outsole rubber

Rubber is among our top waste streams and is relatively easy to recycle compared to other material types. We divert rubber waste from landfill by recycling it back into our rubber components at scale:

- **Regrind 1.0:** Adds reground, multicolored rubber waste back into outsole compounds, giving them a speckled appearance. In 2023, 12% of outsole components we produced featured this technology, including styles of the 574, MR530, 2002R, 1906, 1080v13, and more.
- **Regrind 2.0:** Uses the same process as Regrind 1.0 but puts exclusively black reground rubber waste back into black outsole compounds, making it nearly invisible. Starting during 2023 production, this compound became standard in black outsoles and is used in 20% of outsole components produced.
- **Regrind print:** Incorporates reground rubber into screen-printing ink on footwear uppers for added visual interest. Almost eight tons of rubber waste will be closed-loop recycled through the Hierro v8 program. See the [Hierro v8 case study](#) in the Design and Development section of this report.

Midsole foam

Midsole foams are another significant waste stream. In 2023, we commercialized a new midsole compound that utilizes 5% regrind midsole waste while still meeting our performance specifications. This material can be seen on multiple styles of the EVOZv3. Additional midsole compounds and models are planned for 2024.

Leather

Leather is one of our top materials by volume, and its production generates significant waste. We have learned that Tier 1 tanned leather waste has very limited diversion options and have decided to focus first on leather waste further up our supply chain — from Tier 2 and beyond. We trialed recycled leather from five suppliers in 2023 and are looking to commercialize in 2025. Our efforts in Asia will focus on early-stage leather waste in the short term while we continue to explore options for tanned cut scrap.

Within the U.S., in 2023, we initiated a development agreement with a leather supplier to convert leather waste from our owned factories back into a usable material. In Phase 1, the supplier fiberized our leather waste and converted it into a recycled rolled good. Phase 2 will identify applications for the rolled good. See the [Design and development](#) section of this report for more information about our environmental standards for leather.

Textiles

Laminated and unlaminated textile waste continues to be a significant portion of our waste streams. We are pursuing textile-to-textile recycling opportunities for unlaminated polyester textile waste. We first commercialized a mechanically recycled polyester yarn made from dyed textile waste in webbing, insert top covers, and laces. We then worked with our supplier to develop a thermo-mechanically recycled yarn from undyed textile waste that can be used more broadly on vamp textiles, including for the [Hierro v8](#). In 2023, approximately four million pairs featured textile-to-textile recycled yarns.

Post-consumer waste

Extending product life

We want to get the most out of the resources that go into making our products and save those that would be needed to make something new.

We are implementing programs to extend product life as we begin to take steps toward a more circular economy:

- **Repair:** New Balance Japan repaired 4,201 pairs of shoes in 2023, revitalizing them for continued use.
- **Donation:** In 2023, we donated over 80,000 unused products to [Soles4Souls](#). The surplus footwear, apparel, and accessories, which we could not sell because they are from past seasons, were donated to people in need in Moldova, Ukraine, Turkey, and Syria. Our global relationship with Soles4Souls enables New Balance teams from across the world to easily donate new and used products — reducing waste and supporting communities.
- **Recommerce:** In 2024, New Balance will launch a U.S. resale program called Reconsidered. We are constantly exploring ways to keep products and materials in circulation as long as possible. New Balance Reconsidered is one small step to try to keep some product in circulation longer. Through the Reconsidered program, New Balance products that have either been worn or are unsellable as brand new for cosmetic reasons are given another chance. All products are inspected by our vendor Tersus Solutions and are cleaned if needed. Shoes that do not meet our trade-in criteria will be donated to Soles4Souls, a non-profit organization that turns shoes and clothing into opportunities for education and employment.

Circular recycling solutions

When a shoe reaches the end of its life, it usually ends up in the trash. We are working to change this and exploring circular recycling solutions with brands dedicated to scoping, developing, and scaling circular solutions through [The Footwear Collective \(TFC\)](#). By the end of 2023, we worked with industry peers to identify and scope projects that target three key pillars of circularity: circular materials, infrastructure, and consumer behavior. These projects will act as proof-of-concept(s) for the use of collective action in precompetitive cases to reduce impact at scale.



Soles4Souls

Product

DESIGN AND DEVELOPMENT
48

PACKAGING
54

PRODUCT CHEMISTRY
56



Design and development

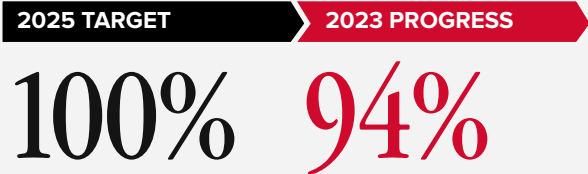
Since 1906, quality and craftsmanship have been hallmarks of our material selection and product design and development. Building our products more responsibly is a continuous journey.

New Balance product teams are trained to consider sustainability from many angles. We craft durable, high-quality products with a focus on lowering material impacts, conserving resources, reducing waste, and promoting longevity on the road to circularity. We explore design solutions that reduce impact and scale the techniques that meaningfully improve environmental performance.



Targets¹

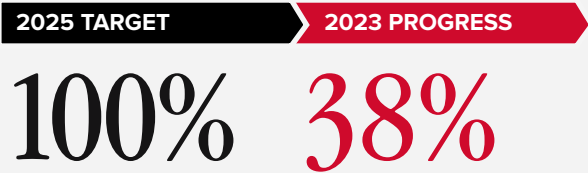
SOURCE 100% PREFERRED LEATHER²



SOURCE 50% RECYCLED POLYESTER



SOURCE 100% PREFERRED COTTON



NEW

BY 2030, 100% OF OUR LEATHER WILL BE CHROME-FREE, REGENERATIVE, OR BE CONSIDERED LOW EMISSIONS³

NEW

BY 2030, SOURCE 100% PREFERRED POLYESTER, WITH 25% RECYCLED FIBERS DERIVED FROM TEXTILE WASTE⁴

NEW

BY 2030, UTILIZE 80% PREFERRED MIDSOLE AND 90% PREFERRED OUTSOLE COMPOUNDS

- 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 Our preferred leather is sourced from Leather Working Group (LWG) Gold-rated tanneries, is chrome-free, or is sourced from ranches practicing regenerative agriculture.
- 3 Regenerative refers to leather sourced from ranches practicing regenerative agriculture. We consider leather to be low emissions if it has an LCA showing an emissions factor less than 18 kgCO₂e/kg material. In addition to these criteria, tanneries with an annual capacity over 1 million square feet must be LWG Gold-rated, and smaller tanneries with a capacity under 1 million square feet must be LWG audited.
- 4 Our new polyester goal has expanded the definition of preferred polyester to include not only recycled feedstock but also polyester derived from biological sources.





Choosing preferred materials

Materials serve as the foundation for everything we create. Opting for the right material determines much of the performance, style, and cost of a product, as well as a major portion of its environmental impact.


Every material possesses distinct performance characteristics and a unique environmental footprint. Our internal Environmentally Preferred Material (EPM) guide equips materials teams with preferred material criteria, aligning our approach to material creation across teams and driving progress toward our preferred material and science-based emission reduction targets.

Polyester

Polyester is our most used material. It is durable, lightweight, and well-suited for many footwear and apparel products, but it is conventionally derived from fossil fuels.

In 2023, our goal was to source 50% recycled polyester by 2025, and we sourced 56%. This achievement demonstrates that meaningful, fast-paced change is possible. To align with our science-based targets and because we are tracking ahead of our 2025 goal, we now

aim to source 100% preferred polyester by 2030, with an updated preferred polyester definition. For recycled feedstocks, we have added a specific target to source 25% of our recycled polyester from textile waste.

 **Our preferred polyester will come from recycled, biologically derived, and emissions-based feedstocks.**


We expanded our preferred polyester goal to include this specific textile-to-textile recycled polyethylene terephthalate (rPET) target in order to accelerate our progress towards both our waste and carbon reduction goals. While recycled polyester from PET bottles is lower impact than virgin polyester, recycled polyester from textile waste offers even lower impact and supports our supply chain waste reduction goals. We commercialized recycled polyester from textile waste in 2023 and will continue to scale into the future. In 2023, we also added bio-derived polyester¹ to our preferred materials list as we work toward achieving a low-carbon materials portfolio.

¹ Our focus is transitioning away from first-generation industrial crops and towards non-crop feedstocks such as agricultural waste, bacteria, or recaptured emissions. All feedstock we source for bio-based materials must not come from human food sources.

² We define low-emission leather as coming from a supplier who can provide an LCA showing an emission factor below 18 kgCO₂e per kg of leather.

Leather

Leather is durable and comfortable, but its production can be land, resource, and chemical intensive.

 **Our preferred leather is sourced from Leather Working Group (LWG) Gold-rated tanneries, is chrome-free, or is sourced from ranches practicing regenerative agriculture.**

Our goal is to source 100% preferred leather by 2025. In 2023, we sourced 94% preferred leather. In addition, all the leather we use meets our foundational Animal Materials Policy, found in our [Restricted Substances Manual](#).

Starting in 2024, we are expanding our definition of preferred leather to prioritize lower emission sources and align with our science-based targets. We will target 100% preferred leather by 2030, where all preferred leather must be chrome-free, regenerative, or low emission.²

LEATHER WORKING GROUP (LWG)

The LWG audit protocol evaluates tanneries around the globe for environmental performance. By sourcing leather from LWG Gold-rated tanneries, we reduce the upstream impacts of our products.

CHROME-FREE LEATHER

Tanning leather conventionally requires the use of chromium III. When disposed of improperly, chromium III may transform into chromium IV and pose a risk to human and ecosystem health. Chrome-free leather is produced without chromium III, eliminating this risk.

REGENERATIVE AGRICULTURE

LWG certification and chrome-free tanning address leather processing impacts but do not account for impacts at the farm level, like land use change and agricultural pollution from animal cultivation. Currently, “regenerative leather”

is a scarce resource. We are testing the scale and reliability of regenerative leather supplies. Through our engagement with [Land To Market](#), we started sourcing full-grain leather from verified regenerative land, which is being used in a small line of Made in USA 998s coming to market in 2024. Suede, however, is one of our highest-volume material categories. With Land to Market, we have set up a new supply chain for suede sourced from regeneratively managed land, a trial that could have far-reaching effects across our brand if it can be successfully scaled.

RECYCLED LEATHER

Leather cuttings, shavings, and trimmings are significant waste categories in our supply chain that have historically been difficult to divert from landfill. We are exploring ways to repurpose post-industrial leather waste into products to close the loop on this material. Learn more about our efforts to recycle leather in the [Waste](#) section of this report.

New Balance seeks to minimize usage of kangaroo leather and restricts the sourcing of kangaroo leather to that which is harvested lawfully under Australian national and state law, the U.S. Federal Endangered Species Act, and applicable international conventions. New Balance will stop producing any footwear containing kangaroo leather by the end of 2024. New Balance is committed to being transparent about the materials we use to responsibly create innovative, high-quality products for New Balance consumers around the world.

Cotton

Cotton is a versatile and comfortable natural fiber. Nevertheless, its cultivation demands high volumes of water and agricultural chemicals and is linked to labor rights concerns.

 **Our preferred cotton is either organic or sourced through Better Cotton.**

Our goal is to source 100% preferred cotton by 2025. In 2023, we sourced 38% preferred cotton. This was a significant decline from 2022. Data anomalies introduced inaccuracies that cause us to question both 2022 and 2023 numbers. For example, variance in units of measure and reporting periods between suppliers complicate our calculations. For consistency, we maintained the same methodology across 2022 and 2023, but we are revising our cotton calculation and related processes.

Looking forward, we plan to facilitate circularity in our value chain by moving away from cotton blends that are difficult to recycle, such as polycotton. In 2023, we identified some of our highest volume blended materials as targets for efforts to drastically reduce polyester in the blend or convert to 100% cotton. See the **Waste** section of this report to learn more about how we divert materials from landfill.

ORGANIC COTTON

Certified organic cotton must adhere to specific cultivation and processing standards, which restrict the use of certain chemicals and aim to safeguard local soil health and biodiversity.


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](#).

Soles

Shoe soles contribute a significant portion of our materials demand. In 2023, we defined our preferred sole material sources and set a new target to minimize our impact.

 **Our preferred midsole material is bio-based EVA from sugarcane and recycled midsole foam, and our preferred midsole processes are injection molded and direct molded.**

 **Our preferred outsole materials are recycled rubber and bio-based compounds.**

Our goal is to source 80% preferred midsole and 90% preferred outsole compounds by 2030.

Conventional materials for outsoles and midsoles are 100% synthetic and carry a higher carbon footprint than our preferred ingredients. Although our existing practice only replaces a minimum of 3% of the polymer content with bio-based EVA from sugarcane and/or 5% of recycled content, the impact at scale is large across the business. By using a bio-based or recycled material, we are reducing the carbon footprint of the compound and reducing the amount of nonrenewable materials.

Other materials

Our portfolio of environmentally preferred materials is always evolving and growing. We aim to shift toward lower-carbon, bio-based, or natural materials and lessen our use of synthetics. We explore materials like hemp, cork, and bio-based leather alternatives that are not yet proven or scalable but are exciting as potential substitutes to lower our greenhouse gas and waste footprints.

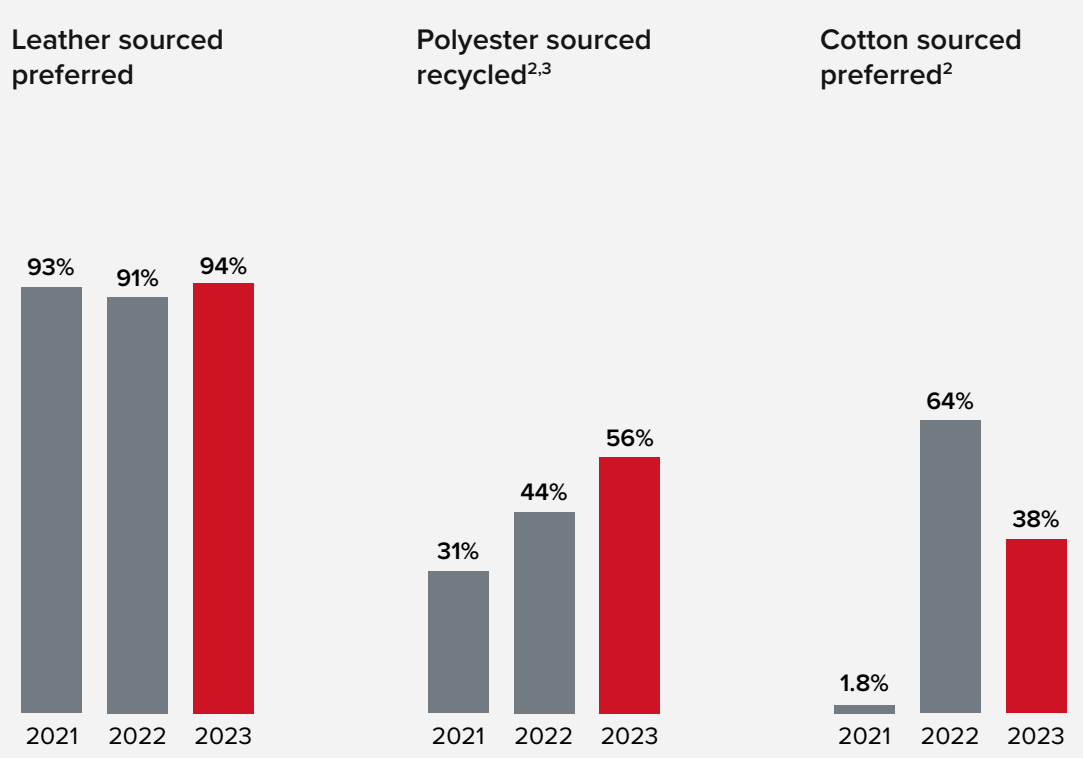
In addition to defining preferred options for our most used materials, we are also expanding our use of materials that:

- **Use renewable resources as a feedstock**, like bio-based foams and TENCEL™ Lyocell by Lenzing.
- **Use waste as a resource**, like recycled spandex and polyester fibers derived from pre- and post-industrial fiber and textile waste. See the **Waste** section of this report to learn more about closed-loop solutions.

Leveraging data to drive EPM adoption

Our data-driven approach to product development helps us identify and scale design choices that have a meaningful impact, and our Product Sustainability team guides product teams to adopt best practices.

EPM CONSUMPTION DATA¹



¹ Excluded from our environmentally preferred material targets (and progress against those targets) 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 textile, laces/webbing, labels, boxtoes/counters; excludes synthetic leather backers.

Preferred dyeing techniques

The fashion industry is one of the most water-intensive industries, primarily due to conventional dyeing and textile finishing processes. Water is scarce in many regions where the problem is made worse by climate change. In addition, pumping, heating, and cleaning water requires energy, producing significant greenhouse gas emissions. By adopting low- and no-water dyeing techniques, we reduce water, energy, and chemical consumption. Techniques include:

- **Dope dye:** Fibers are dyed before they are knitted or woven into textiles, reducing waste and saving energy. We are strategically integrating this method into materials where it will have the biggest impact, starting with our most used internal materials in footwear. In 2024, we are planning to use dope dye methods for at least one internal component in over 60% of our projected 2024 footwear production volume.
- **Print dye:** A waterless dyeing technique that prints colors and patterns directly onto undyed textiles. Print dye is less energy intensive than conventional dyeing, resulting in a reduced carbon footprint. Additionally, by dyeing only what is needed, we can reduce deadstock materials. Cut waste created with print dye is undyed, making it a valuable opportunity for closed-loop recycling in the future. We are planning to roll out print dye on six different models that will launch in 2024 and 2025.
- **No dye:** Using materials in their natural shade eliminates the dyeing and washing steps of textile treatment and cuts the emissions footprint of this processing stage in half. We generally use undyed materials in small volumes for internal parts, but select shoes feature no dye textiles prominently. We plan to expand use of this technique in 2024.

These advanced methods sometimes require different capabilities and infrastructure than conventional methods. As we work to scale that capacity in our supply chain, we also pursue shorter-term water savings that can be implemented on existing conventional equipment. For example, low material-to-liquor ratio dyeing increases water efficiency, requiring 30-40% less process water than conventional methods.¹

See the [Water](#) section of this report for more information about how we approach water stewardship, including programs like Clean by Design from the [Apparel Impact Institute](#) (Aii).

Promoting sustainability throughout our supply chain

In 2023, we brought together over 250 footwear suppliers at a Materials Summit in Indonesia. We highlighted our environmental commitments and how they relate to every facet of our value chain — setting the stage for our expectations and collaboration with our suppliers. Seminars at the event centered on key aspects of supplier relationships — sourcing, lead time, cost, and more — brought together by the theme of sustainability.

Print dye: A waterless dyeing technique that prints colors and patterns directly onto undyed textiles.



¹ Savings based on in-house calculations from supplier data.

Designing out waste

Our Product Sustainability team publishes how-to guides that help our product teams consider sustainability early in the development cycle, pushing them to continually improve and make more sustainable choices. Some methods that help designers reduce waste are:

- **Pattern efficiency:** Optimizing pattern design and layout to reduce cut waste between pieces.
- **Color and material consolidation:** Using the same materials and colors across product lines to reduce the number of different textiles we order, thereby reducing resource extraction and waste.
- **Part reduction:** Identifying opportunities to eliminate a component when it is not necessary or can be replicated with a printed feature or alternative technique.
- **Production methods:** Prioritizing processes with a lower waste footprint.

Simplify, simplify, simplify!

PURPOSE: Inevitably, waste is created in the garment making process. While we can take steps to reduce cutting waste and liability, keep these themes in mind to help assist in end of life for scrap and garments.



1.

Simplify materials

Reduce the total number of unique MPNs and stay on palette. Where possible, select materials within the same fiber/material families.



2.

Simplify design.

Limit the number of unique materials, trims, and colors. This helps with both recycling feasibility and reduced order complexity. The fewer steps in the garment-making will inevitably reduce the energy, water, and CO2 related to manufacturing.



Low-waste design in action

PART REDUCTION: Replacing cut components with screen printing reduces the amount of cut waste during upper manufacturing. Additionally, waste can be incorporated into the print to offer visual appeal and achieve closed-loop recycling. This technique is featured on our Summit Unknown v4 and Hierro v8.

PRODUCTION METHODS: We have shifted midsole manufacturing for over five million pairs of New Balance shoes to the direct-molded (DM) process, which reduces waste significantly compared to the conventional die-cutting method. Die cutting produces a lot of cut waste, while the DM process molds right-size components with significantly less off-cut. We will continue to adopt the DM process for high-volume die-cut models where possible in 2024.

Summit Unknown v4



Carrying our heritage into the modern age

In celebration of our longstanding commitment to craftsmanship and timeless style, we periodically reproduce heritage New Balance footwear styles. Previously, we required these reproductions to adhere stitch for stitch to their original design, but we have shifted this philosophy within our brand to allow these “bringback” lines — for example, the BB100 — to be optimized according to more current waste minimization techniques while still honoring the traditional style.

Using LCA to inform design



Life cycle assessment

The Fresh Foam X Hierro v8 is the pinnacle of our sustainable design mindset, showcasing the many strides we are taking to reduce impact. This shoe incorporates bio-based materials, low-waste design elements, recycled content, and more.

To develop the Fresh Foam X Hierro v8, we started by conducting an ISO 14040- and 10444-compliant life cycle assessment (LCA) on the Fresh Foam X Hierro v7. LCA quantifies environmental impacts at every stage of product life, from raw material extraction to disposal. We used learnings from the LCA to meaningfully reduce carbon impact without sacrificing performance for the Fresh Foam X Hierro v8. Beyond the Hierro, the LCA data paves the way toward carbon reduction at scale across our entire product portfolio.

The study

- Functional unit: one pair of Fresh Foam X Hierro v7, size men's US 9.5, for a total duration of 100 uses.
- Scope included: raw materials, raw material production (Tier 2), assembly (Tier 1), distribution (to market region), use, and end of life.
- Impact method and categories: EF3.0, all 16 categories assessed.

Key finding and takeaways

- Fresh Foam X Hierro v7 carbon impact: 7.93 kgCO₂e per one pair of shoes for 100 uses.
- Raw materials were the biggest contributors across all 16 impact indicators for the v7.
- Manufacturing energy and resources for making the finished product were also important factors across the 16 impact indicators.
- The midsole, outsole, and upper mesh were the components contributing the highest carbon impact for the v7. The impact from the midsole and outsole is attributed primarily to the compounds and processing energy, and the impact from the upper mesh is mainly attributed to the raw material and dyeing process.
- Distribution and use phases played very minor roles.
- We implemented design changes for the Hierro v8 based on our learnings from the Hierro v7. We evaluated the v8 carbon impact through a future scenario analysis, which yielded 6.49 kgCO₂e, an 18% reduction compared to the v7.¹

¹ Based on pre-production data.

Packaging

Our commitment to responsible design extends beyond our products.

Packaging protects the integrity of our products, preventing damage during transportation. When considering the life cycle of a product — manufacturing, transport, and end-of-life — a damaged product anywhere along the way results in a substantial and avoidable waste of resources. When designing our packaging, we work to reduce the environmental impact while not losing sight of its most important function — protecting the product.

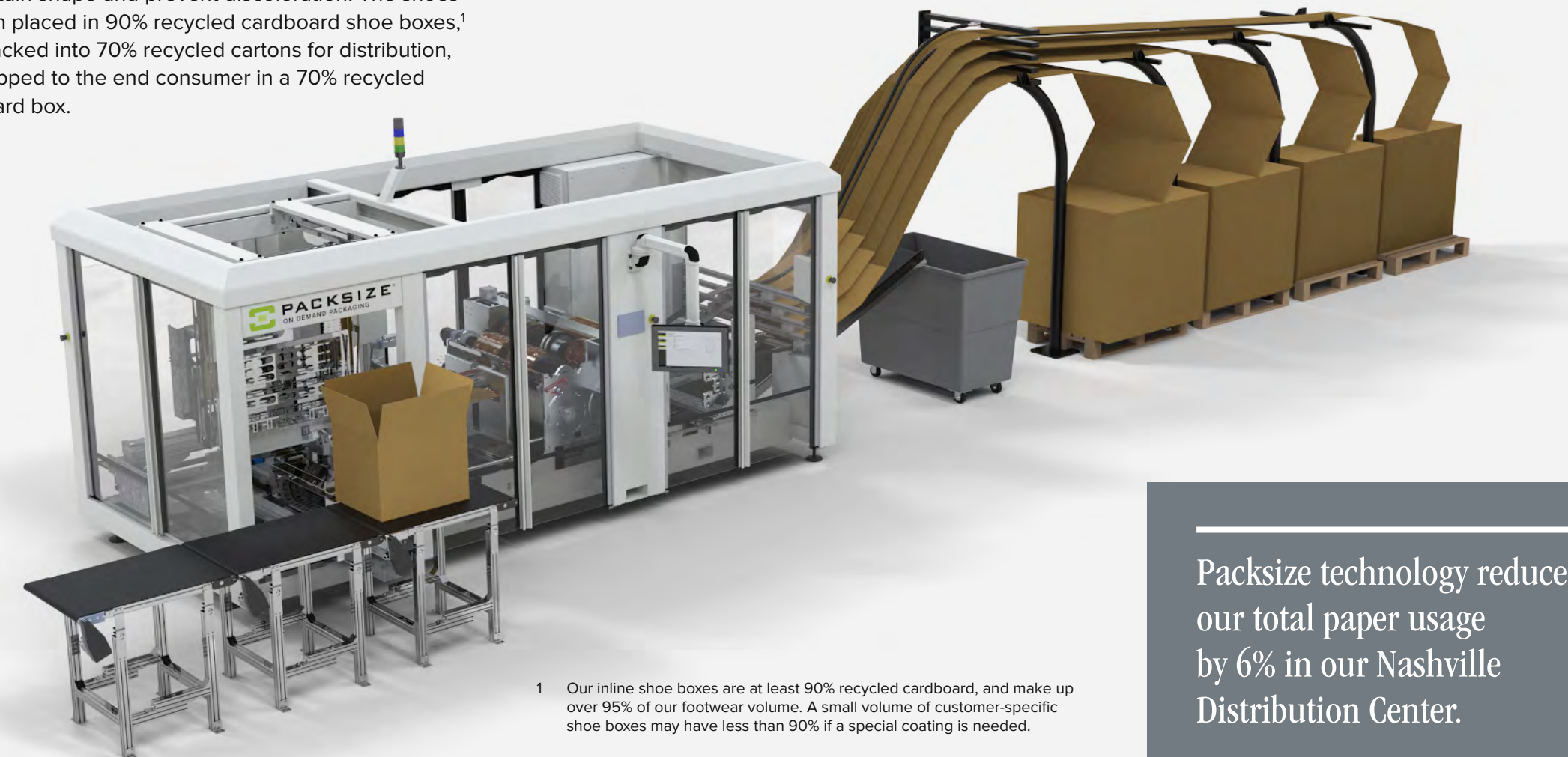
Footwear packaging

Our footwear packaging is primarily paper based. Shoes are stuffed and wrapped with 100% recycled paper tissue to maintain shape and prevent discoloration. The shoes are then placed in 90% recycled cardboard shoe boxes,¹ case-packed into 70% recycled cartons for distribution, and shipped to the end consumer in a 70% recycled cardboard box.

We use recycled content in all components of our packaging to conserve resources and reduce virgin paper content. When recycled materials are not an option, we source virgin content from certified forest programs, such as the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC), and Sustainable Forestry Initiative (SFI).

Most of our shopping bags in the United States and Europe are FSC- and PEFC-certified, and shipping cartons used in our U.S. distribution centers are SFI-certified. In 2023, we started using FSC-certified paper in our specialty collaborations with our brand ambassadors and athletes.

In our efforts to reduce paper usage and waste in packaging components, we implemented Packsize technology at our Nashville Distribution Center in September 2023. Packsize cuts corrugated cardboard into custom sizes to reduce the overall size of packaging. This process reduced our total paper usage at the distribution center by 6%. By decreasing our overall packaging volume, we are able to fit more product into our transportation vehicles, which contributes to reducing our total emissions per pair of shoes shipped.



¹ Our inline shoe boxes are at least 90% recycled cardboard, and make up over 95% of our footwear volume. A small volume of customer-specific shoe boxes may have less than 90% if a special coating is needed.

Packsize technology reduced our total paper usage by 6% in our Nashville Distribution Center.

Apparel and accessory packaging

We have two main types of apparel and accessory packaging: primary product packaging and outer mail shippers used to ship product to end consumers.

Primary product packaging consists of plastic poly bags, which keep apparel and accessories clean and undamaged during transit from the factory to the customer. We recognize the environmental impact of individually wrapping items in plastic and are currently testing a paper-based alternative. In the meantime, we are conducting testing to transition to 100% recycled content plastic bags, which we plan to roll out in 2025.

For our outer mail shippers, we continued testing the use of paper-based mailer bags made from FSC-certified

virgin paper fibers for our apparel products. Additional projects included testing mailers made from recycled ocean-bound plastic.

We continue to use FSC 100% recycled paper for all apparel hang tags. We are exploring printing and varnishing alternatives to further reduce the impact of our hang tags by using pigments made from algae developed by Living Ink, a Colorado-based chemical company.



Living Ink

We started working with Living Ink to trial algae-based pigments and finishes in both our footwear and apparel packaging to minimize the impact of inks.

Carbon black, the pigment that makes ink black, is derived from heavy petroleum, causing a significant carbon footprint. Living Ink has developed a bio-based, renewable, and safe alternative pigment made from algae, called Algae Black™.

We are also exploring an eco-varnish from Living Ink that can improve recyclability of hang tags by eliminating the need for lamination. Our initial trial includes all apparel hangtags produced with grey ink beginning with Spring 2024 production. We have not removed the laminated coating yet; the goal is to transition away from the coating in future phases.

Apparel packaging from Ocean Bound Plastic

In 2023, we started working with Better Packaging Co., renowned for its focus on sustainable packaging solutions, to find alternatives that resonate with our sustainability and environmental goals.

Recognizing that traditional packaging often includes a significant amount of single-use plastics and nonrecyclable materials, we launched a pilot program focused on testing mailers for our apparel orders.

These mailers are made from Ocean Bound Plastic, a certified material made from recycled ocean-bound plastic pollution recovered from coastal communities throughout Southeast Asia.

We will analyze key metrics, such as customer feedback, packaging costs, and the overall environmental impact, to guide our future decisions and contribute to our ongoing efforts of improving the sustainability of our packaging.



Product chemistry

We are continuously working toward eliminating hazardous substances to conserve healthy ecosystems and promote the health and safety of consumers and workers across our supply chain.



ELIMINATE THE USE OF HAZARDOUS CHEMICALS BY 2025¹



100% 84%

¹ The metric used to report against this target was updated in 2023 to be measured by the percent of input chemicals that are compliant with ZDHC MRSL Level 1. Our target is 100% compliance at strategic Tier 2 material suppliers. In 2023, phase 1 included 25% of strategic Tier 2 material suppliers; compliance among those was 84%. The remaining 75% of strategic Tier 2 material suppliers will be onboarded into the program in 2024.

The materials and chemistries we choose for our products impact environmental and human health. We are deeply invested in ensuring the safety of every substance in our products and consider their impacts on the health of consumers, factory workers, and the environment at every step of the product’s life cycle, including manufacturing, use, and end-of-life.

As our understanding of harmful substances and chemical groups evolves, our Product Chemistry team revises and optimizes our comprehensive Product Chemistry Program to regulate the use of harmful substances and chemical groups. Our experts work closely with our owned factories and suppliers to identify, assess, and increase the traceability and transparency of the chemicals used throughout our supply chain. When safer alternative choices are identified, we ensure they meet our standards of quality and performance expected of our products.

Promoting responsible production

New Balance has a comprehensive chemical management program to ensure our supply chain meets global chemical regulations and to eliminate harmful chemicals from our industry. New Balance’s Product Chemistry Program promotes compliance with our **Restricted Substances Manual (RSM)**, helping suppliers make more sustainable chemical choices and adhere to best practices in chemical management. The RSM contains two lists of restricted substances:

- The Restricted Substances List (RSL) prohibits substance usage in materials, finished goods, packaging, and chemical commodities.
- The Manufacturing Restricted Substances List (MRSL) prohibits a broad range of chemicals used within the manufacturing process.

These two lists contain over 380 substances and chemical groups identified by international regulations and recognized standards as chemicals of high concern, such as carcinogens and endocrine disruptors. We update the lists every year to ensure alignment with our own standards, industry associations, and regulatory mandates. We are currently amending our RSM to more closely align with the **Zero Discharge of Hazardous Chemicals (ZDHC)** guidelines and improve transparency in our supply chain. These updates will inform our decision-making as we work to phase out harmful chemicals.

Our Chemical Informational List (CIL) provides Tier 1 suppliers with a specific list of chemicals we approve for use in their processes. The CIL is updated quarterly, reflecting New Balance’s commitment to the use of lower-impact and safer chemistries. We are expanding our CIL format to include an inventory of chemicals used by Tier 1 and Tier 2 suppliers to have better insight into the chemistries used in our supplier network.

Suppliers, factories, and licensees are required to fulfill all the requirements outlined in the current RSM and must sign a legally binding Certificate of Acknowledgement each year to confirm their commitment. To monitor compliance, we conduct CIL and RSL/MRSL audits and track results using a digital platform. If a violation occurs, New Balance works directly with the supplier to identify the underlying cause and develop a remediation and continuous improvement action plan. The RSM also provides solutions to noncompliance issues and helps guide suppliers back to compliance. The supplier has a specified amount of time to make the improvement and limit the chemicals in question. During this time, the Product Chemistry team works with other New Balance departments, such as Material Sourcing, Development, and Product teams, to communicate the supplier action plan and ensure noncompliant materials and chemicals are not used in New Balance products.

Eliminating PFAS

At New Balance, we have made it our priority to address the use of especially harmful substances and chemical groups in our products, beginning with per- and polyfluoroalkyl substances (PFAS). Even at low levels, PFAS can cause adverse health effects and environmental damage, including certain types of cancer. To mitigate these risks and comply with emerging global regulations, New Balance is taking proactive steps to eliminate the intentional use of PFAS chemistries in our products. Our Product Chemistry team is continually working with chemical manufacturers and suppliers to identify PFAS alternatives. As of 2023 year end, all New Balance footwear and apparel produced is PFAS free and in compliance with global regulations.



Our Product Chemistry and Development teams collaborate to identify chemistries that achieve our high standards for product performance while employing more sustainable substances. The teams also support responsible procurement of the alternative materials selected. We seek input from external parties like the [American Apparel & Footwear Association \(AAFA\)](#), [AFIRM](#), and [ZDHC](#) to inform our decisions on chemical restrictions and management best practices.

We are taking steps to ensure the safety and well-being of our factory workers. As part of this effort, we are transitioning our strategic Tier 1 suppliers to water-based chemistries instead of solvent-based ones, which are known to have negative health impacts. We work closely with chemical manufacturers and Tier 1 suppliers to identify water-based chemistries that do not compromise quality or performance.

Read about our responsible water discharge practices in the [Water](#) section of this report.

Supplier training and certification

Our Product Chemistry and Responsible Leadership teams work closely with our suppliers to ensure compliance with New Balance standards and relevant industry regulations. The 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. All suppliers must complete training during onboarding and maintain certification annually thereafter. Annual training ensures suppliers stay up to date with the practices New Balance has in place and prevents noncompliance issues. This year, we trained 29 new material suppliers. As of 2023, we successfully met our goal of training 100% of new and existing material suppliers through our online program.

Our Chemical Management Certification Program verifies that a supplier has a robust internal program for managing chemicals and avoiding the use of restricted substances. Suppliers that are certified and have proven

their internal control systems and advanced transparency in manufacturing processes are permitted to test fewer materials per season. Supplier certification benefits New Balance and suppliers by building a stronger relationship and improving communication and transparency in manufacturing processes. There are three certification levels: gold, silver, and bronze. As of 2023, we have certified 97 Tier 2 suppliers, with 15 achieving gold, 30 silver, and 52 bronze. Currently, 20% of our suppliers are certified to one of these levels.

Taking responsibility for product safety

We use internal and external mechanisms, such as our RSM, audits, regular training, and third-party testing to verify product safety and compliance with global regulations. Third-party testing certifies that our products follow all applicable safety rules, bans, and standards in compliance with global regulations, including the U.S. Consumer Product Safety Improvement Act (CPSIA),

Chinese national standards (GB), and Korean Certification (KC) Mark.

New Balance maintains the highest standards of global chemical safety compliance by:

- Using tracking databases to stay up to date with the dynamic regulatory landscape.
- Holding memberships in industry groups, such as AAFA, AFIRM, and FESI.
- Maintaining a chemical regulatory matrix that informs changes to our RSL and RSM.

Our Product Chemistry & Compliance team stays current on new and changing regulatory requirements and evaluates our Product Safety Program annually. Certificates of compliance can be found on our [Product Compliance and Integrity website](#).



Governance and ethics



Governance and ethics

Strong governance principles and high ethical standards help us build lasting success. As a private, family-owned business, our core values guide us, with honesty and humility at the center of all that we do.

Corporate governance

Our governance practices reinforce our commitment to Responsible Leadership and to 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), Chief Human Resources Officer (CHRO), and the Senior Director of Global Risk Management (SDGRM). This Committee oversees our environmental, social, and governance (ESG) strategy, policies, practices, and programs, and oversees risk management on ESG topics. Our Vice President of Responsible Leadership reports to the General Counsel and formally meets with the Risk Committee twice annually.

The Risk Assessment reviewed and approved by the Committee identifies and analyzes current and potential impacts that could affect New Balance’s business. We prioritize risks, which can cover an array of economic, social, and geopolitical concerns, including climate change, water usage, human rights, information security, and evolving regulatory requirements. The Committee

reviews and updates the Risk Assessment as needed to reflect changing conditions in our industry and in the regions where we do business.

VALUE CHAIN LEADERSHIP TEAM

Led by our COO, the Value Chain Leadership Team (VCLT) is a cross-functional group of more than a dozen leaders 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 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, 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

To instill integrity and honesty at New Balance, we make ethical practices part of the ongoing conversation. Our rules and policies give clear guidance and define our standards. Our owners and Leadership team set the example, emphasizing how ethics play a crucial role in maintaining trust with our key stakeholders.

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 routinely to ensure compliance with all applicable laws and with 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. See the [Supply Chain section](#) of this report for additional details.

Training

Required annual training for New Balance associates covers several key areas to reinforce an ethical culture across our teams. We aim to achieve 100% participation of targeted groups for all trainings. Our growing library of in-person and virtual courses is designed to help our associates navigate ethical issues in their day-to-day work. Courses focus on a range of ethical issues, such as how to uphold fairness and honesty in competition and avoid conflicts of interest. In 2023, we rolled out anti-harassment training to all U.S. and Canadian associates across all divisions. Our anti-corruption training achieved 99.7% participation in 2023 for required groups.

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 business partner, 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 the public. Provided in more than 60 languages, SpeakUpNB allows reporters to share their concerns, anonymously if they choose. We follow up on each report and take appropriate action to resolve any issues.

Data privacy and cybersecurity

New Balance trains associates on the critical importance of protecting the privacy and security of consumer and associate data. In 2023, we offered information security training and data privacy training to all associates. We use a variety of security measures to protect against the loss, misuse, or alteration of our customers' personal information. See our [Privacy Policy](#).





SASB index

SASB code	Requested content	Response for 2023
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 Restricted Substances (RS) 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 RS Program applies 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 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.• 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 approach to decreasing the environmental impacts of all products supplied to New Balance and to strive to make materials from renewable, organic, or recyclable resources whenever possible. <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 guides the use of regulated substances, sets limits for other harmful substances, and further outlines 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 process. 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 materials, components, or finished products to further understand their production processes, chemistries, and product content.</p> <p>The chart found on page 8 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 an approved RSL testing third-party laboratory. 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 8-17 of our RSM. Testing matrix by material type can be found on pages 51-55 of our RSM.</p>

SASB code	Requested content	Response for 2023
CG-AA-250a.1 (continued)		<p>4. The New Balance 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 380 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 RS 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 RS 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.</p> <p>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 cycle, 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 2023
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 factors including green chemistry principles and environmental stewardship. New Balance historically has reduced and eliminated chemicals, classes of chemicals, and entire materials – including, PFAS, PVC, and natural latex – from its supply chain and products based on the reasons mentioned above. 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 (pages 45 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, MRSL, 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>All New Balance suppliers that were audited in 2023 were compliant with wastewater discharge permits. Of our total supplier population, we audited:</p> <ul style="list-style-type: none"> • 84% of Tier 1 direct suppliers. • 74% of strategic Tier 2 material suppliers. • 72% of Tier 2 audited subcontractors. <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"> • 55% of Tier 1 direct suppliers. 84 FEM assessments among 154 Tier 1 Direct supplier facilities. • 74% of Tier 2 strategic material suppliers. 78 FEM assessments among 106 strategic Tier 2 material suppliers.



SASB code	Requested content	Response for 2023			
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">• 128 of the 154 Tier 1 Direct supplier facilities received an audit for an 83% audit rate.• 77 of the 107 Tier 2 Subcontractor suppliers received an audit for a 72% audit rate. <p>The total number of audits conducted for Tier 1 Direct and Subcontractor facilities was 198. Of those, 55% were conducted by a third-party and 45% 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 983 nonconformance findings. Of the 983 total findings, there were six Zero Tolerance findings, for a 0.6% priority nonconformance rate.</p> <p>Of the six Zero Tolerance findings, three have been remediated, for a priority nonconformance corrective action rate of 50%.</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 25 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	Supply Chain Traceability Yearly T2 material supplier assessments Comprehensive supplier onboarding approval process
		Leather	Deforestation, animal welfare, labor conditions in deeper tiers, climate impacts	Regulatory compliance issues Dual sourcing in different regions	Ongoing training of environmental and social compliance and regulations
		Cotton	Water and pesticides during growth, forced labor/working hours	Brand perception	Collaboration with industry leaders to develop best practices
		EVA	Manufacturing energy, reliance on fossil fuels, chemical management	Regenerative agriculture (leather, cotton, rubber)	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		

