



April 13, 2020

RE: Impacts to garment workers affected by the COVID-19 closure of the Mactan Economic Zone in the Philippines

Dear Business & Human Rights Resource Centre:

New Balance is deeply concerned about the wellbeing of workers throughout our supply chain who are impacted by the unprecedented challenges brought about by the COVID-19 pandemic. We are working to maintain close communication with our suppliers to understand how they are protecting the health and safety of workers, as well as managing circumstances that may impact worker livelihoods during any times of temporary closure. New Balance has requested that suppliers ensure that worker pay and benefits are being upheld in accordance with established policies, collective bargaining agreements and national labor law.

Sintex International (Sports City International) in the Philippines became a New Balance supplier in 2013 to produce teamwear apparel for New Balance's football business. Due to the end of one of New Balance's largest football club sponsorships at the end of 2019, New Balance had been in the process of winding down our business relationship and reducing orders over the period of several months, well before the COVID-19 pandemic began. Only a small number of units now remain to be produced before the business relationship ends, which New Balance will continue to receive and pay for in full.

Due to an executive order issued by the local government, Sintex International facilities in the Mactan Economic Zone are required to close from March 29 to April 28. Only a small number of workers have been allowed to continue working to produce face masks to support the local government and hospitals in managing the pandemic. Sintex International has taken steps to support worker income during this period by providing salary advancement (releasing April's payroll early and providing the 13th month pay) and holiday pay, waiving social security deductions, providing food assistance and offering an employee assistance loan for those in need. New Balance also understands that Sintex International has applied for government social support (CAMP) for workers, which at this time has not yet been approved as workers may not meet the prioritized criteria. Throughout this time, Sintex International has also informed New Balance that they are maintaining a hotline with workers to receive any questions and concerns.

New Balance will continue to closely monitor the unprecedented impact of the COVID-19 pandemic on our global supply chain and remain in close communication with our suppliers in the Philippines and globally. New Balance is an accredited member of the Fair Labor Association and will continue to work together with industry stakeholders and take steps in our business practices to minimize impacts to workers as we navigate this global health and economic crisis.

Sincerely,

A handwritten signature in black ink that reads 'Monica J. Gorman'. The signature is fluid and cursive, with the first name 'Monica' being the most prominent.

Dr. Monica J. Gorman
Vice President, Responsible Leadership and Global Compliance