

**KnowTheChain Apparel & Footwear Benchmark – Subset of Indicators  
Additional Disclosure 2020/2021**

**Company Name: DICK’S Sporting Goods**

**Date: 02/26/2021**

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

**Indicator 1: SUPPLIER CODE OF CONDUCT AND INTEGRATION INTO SUPPLIER CONTRACTS**

The company:

(1) has a supplier code of conduct that requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and

(2) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts.

Our supplier code of conduct incorporates both of these themes. DICK’S SPORTING GOODS respects human rights as defined by the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights. As such, two years ago we consolidated both into our Global Human Rights Policy, which can be found by clicking on the link below:

<https://investors.dicks.com/corporate-social-responsibility/governance-reporting/default.aspx>

**Indicator 2: MANAGEMENT AND ACCOUNTABILITY**

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and

(2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

Chris Berezney is our Vice President of Global Compliance and reports to John Hayes, our SVP of Legal and General Counsel, and is responsible with, among other things, monitoring and enforcing our global human rights policy. DICK’S increased our capacity by adding Jessica Kravets as a new manager of responsible sourcing in 2020. She focuses on factory audit remediation, and stakeholder engagement in the western hemisphere EMEA and Americas.

DICK'S has an Enterprise Risk & Compliance Committee that meets quarterly and reviews trending risk or compliance matters with the executive leadership team. Matters that require additional escalation are then presented to the Audit Committee of our Board of Directors.

### Indicator 3: STAKEHOLDER ENGAGEMENT

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to engaging suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

(1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate: and

(2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

DICK'S engages regularly with the Americas Group, a multi-stakeholder association made up of brands, NGO's and rights groups. The Americas Group is focused on women workers in garment factories in North, Central and South America. The group meets in conjunction and parallel to Fair Labor Association (FLA) board meetings which encourages cross-collaboration and engagement amongst the groups.

DICK'S also engages regularly with the Responsible Sourcing Group, a RILA (Retail Industry Leaders Association) sub-group and working committee that facilitates benchmarking and topical matter engagement for western retail companies.

DICK'S is also a buyer-partner of the Better Work organization. As a partnership between the UN's International Labour Organization and the International Finance Corporation, a member of the World Bank Group, Better Work brings diverse groups together – governments, global brands, factory owners, and unions and workers – to improve working conditions in the garment industry and make the sector more competitive. (<http://www.betterwork.org>) As noted in our 2019 Purpose Playbook, (<https://s23.q4cdn.com/425278312/files/csr/2019/files/2019PurposePlaybook.pdf>) DICK'S is also a signatory of the American Apparel & Footwear Association and the Fair Labor Association's Industry Commitment to Responsible Recruitment.

Finally, DICK'S works with their partner [Timeline](#), an employee relations consultancy, to host workshops on "Workplace Dialogue and Cooperation" that review why employee dialogue and participation is important, processes to share information between managers and employees, and how can managers have good communication conference with worker representatives.

### Indicator 4: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

The company discloses:

(1) the names and addresses of its first-tier suppliers; and

(2) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

Beginning in 2019, DICK'S Sporting Goods, Inc. began disclosure of all Tier 1 and known Tier 2 suppliers as part of the Human Rights Watch Transparency Challenge. This list includes the number of workers at the site and the breakdown of male and female employees. Our list of Manufacturer Sites can be found at the link below:

[https://s23.q4cdn.com/425278312/files/csr/2019/files/Compliance\\_-\\_Transparency\\_Pledge\\_09302020.pdf](https://s23.q4cdn.com/425278312/files/csr/2019/files/Compliance_-_Transparency_Pledge_09302020.pdf)

#### Indicator 5: RISK ASSESSMENT

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

(1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and

(2) details on forced labor risks identified in different tiers of its supply chains.

Beginning in 2021, DICK'S will begin the extension of our monitoring programs to the Tier 2 level of our supply chain. Primarily focused around mills, we will use this experience to learn and develop the systems, team/capacity and process to support efficacy at this level.

We typically use the Amfor/BSCI human rights risk index as a guide to determining which factories, in specific countries will be part of the scope of our auditing programs.

Additionally, in 2020, as part of our in-depth analysis around human trafficking and forced labor we conducted a migrant labor study on our supply chain in Taiwan, which previously was shown as low risk according to this Amfor/BSCI index. Based on findings in our assessment and further analysis, we have determined that we must add Taiwan to the audit scope going forward as the MOL and labor inspectorate do not appear to be managing working conditions in accordance with our own standards.

As part of our due diligence process, we are also commissioning ELEVATE to determine key suppliers near the Xinjiang region to confirm and document potential touchpoint risks to ensure that no cotton inputs produced by Uyghur forced labor are making its way into our supply chain. If we do find evidence that our suppliers are utilizing cotton or other materials from the region, we would flag this as a zero-tolerance issue and immediately disengage with the supplier.

Additionally we provide an update on forced labor risks we've identified and our process on assessing human rights assessments within our annual CSR report, posted here:

<https://investors.dicks.com/corporate-social-responsibility/governance-reporting/default.aspx>

#### Indicator 6: PURCHASING PRACTICES

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking. The company:

(1) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting; and

(2) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).

DICK'S is a member of the **Better Buying Initiative** (<https://betterbuying.org/>), a stakeholder initiative sponsored by the University of Delaware, and is currently in the second year of utilizing this group and its survey process with our vendors to help identify areas of risk in our purchasing practices. We have published "Responsible Purchasing Guidelines" within the text of our "Global Sourcing Compliance" guidelines and regularly communicate the importance of sustainable practices to both internal and external business partners to ensure fewer labor and human rights compliance risks in our downstream supply chain.

#### Indicator 7: RECRUITMENT FEES

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

(1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and

(2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

From our Global Human Rights Policy, which can be accessed from our CSR website:

#### **Responsible Recruitment**

DICK'S SPORTING GOODS expects all of our Private Brand Manufacturing Partners to practice responsible recruitment in accordance with local laws and international standards.

Specifically, for apparel and footwear, DICK'S SPORTING GOODS is committed to the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment, which includes:

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- No worker must pay for their job
- Workers must retain control of their travel documents and have full freedom of movement.
- All workers must be informed of the basic terms of their employment before leaving home.

To ensure due diligence, we will audit according to these criteria going forward as part of our engagement with the Responsible Recruiting initiative.

## Indicator 8: FREEDOM OF ASSOCIATION

The company:

(1) works with independent local or global trade unions to support freedom of association in its supply chains; and

(2) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

We work with independent local and global trade unions to support freedom of association in our supply chains. We have worked with different supply chains to improve protections for worker including the following two examples.

We have engaged with the Maquila Solidarity Network and SITRASACOSI, a Salvadoran labor union, in El Salvador on instances of factory cases over the years where workers were laid off and were alleged to be terminated based on subjective, rather than objective criteria. In each case, compulsory education and training of the factory leadership team and the workers was required to ensure all parties understood the freedom of association expectations of DICK'S Sporting Goods, and where factories, or worker groups within the factories, may have been acting in a way to hinder collective bargaining unit or union activities or rights. One engagement in particular was very public, and the investigation can be viewed on the Fair Labor Association website, here:

<https://www.fairlabor.org/report/texops-factory-el-salvador>

In 2013, FLA investigated allegations by the labor union federation "Federación Dominicana de Trabajadores de Zonas Francas, Industrias Diversas y de Servicios" (FEDOTRAZONAS) that workers' freedom of association had been violated at the factory JoeAnne Dominicana in the Dominican Republic. COVERCO found that at least six workers involved in union meetings had been dismissed, and FLA-affiliated companies sourcing from JoeAnne Dominicana – Franklin Sports and Fruit of the Loom – and DICK'S Sporting Goods (an adidas-group licensee) have developed an action plan with factory management, which includes the reinstatement of dismissed workers and compensation for lost wages.

[https://www.fairlabor.org/sites/default/files/documents/reports/joanne\\_dominicana\\_final\\_4.21.2014\\_eng.pdf](https://www.fairlabor.org/sites/default/files/documents/reports/joanne_dominicana_final_4.21.2014_eng.pdf)

## Indicator 9: GRIEVANCE MECHANISM

The company:

(1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives; and

(2) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism.

Management Systems and thus, Grievance Systems are a core part of our overall monitoring programs. It is not enough to simply have a suggestion box in the factory where worker grievances can be collected. Where possible, these boxes or intake methods provide workers with some anonymity. Further, we ask suppliers to have a process that facilitates worker complaints to be collected, aggregated on a regular basis and communicated back to workers regarding the steps the factory is willing to take in hopes of remediation or at least in a way that workers can identify that the factory is taking action against their claims.

Factories are also encouraged, whether a union is present or not, to have a joint management/worker committee who reviews these matters on a regular (suggested – monthly) basis to ensure all sides have representation during the debate and resolution process.

DICK'S Global Sourcing Compliance Guideline (ref P.39, GSCG 2021), mandates that factories establish the grievance mechanism as part of the requirement to join the Self-Governance program. The framework of our Self-Governance program for factory level (ref part III.) ensures that we validate our factory's grievance mechanism based on this checklist.

Finally, DICK'S partner Timeline conducted Enhancement training (Worker Engagement and workplace cooperation) in Jan 2019. The training content has included "How to establish an effective employee grievance mechanism in the factory," and it was delivered to our 6 strategic vendors.

#### Indicator 10: REMEDY PROGRAMS / RESPONSE TO ALLEGATIONS

A. The company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and
- (2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers; and
- (3) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

DICK'S Sporting Goods manages an Ethics Hotline system designed to provide a phone number or website where claims and allegations of many types, including forced labor, can be taken in.

Though it has the capability, **historically our Ethics Hotline has not been used**, nor do we have any record of, complaints regarding forced labor and human trafficking coming through this channel.

B.1. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and
- (2) outcomes of the remedy process in the case of the allegation(s), including evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the company's supply chains have been identified in the last three years, and the company denies the allegation, the company discloses:

(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and

(2) a description of what actions it would take to prevent and remediate the alleged impacts.

## ADDITIONAL INFORMATION

### Target Setting

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

*Yes/No. Please provide details.*

The company reports on progress towards achieving previous targets on an annual basis.

*Yes/No. Please provide details.*

No.

DICK'S Responsible Sourcing team mandates that all Tier 1 factories which are within scope, are audited on an annual basis, but does not set specific targets for mitigation of forced labor risks throughout our broader supply chain.

No.

### Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

*Yes/No. Please provide link to a publicly available statement.*

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

*Yes/No. Please provide link to a publicly available statement.*

**Yes. Please see our CA Transparency in Supply Chains Act Disclosure at the link below:**

<https://www.dickssportinggoods.com/s/california-disclosures>

### Due Diligence on Third-Party Products

Where a company—in addition to own branded products—sells third-party food and beverage products, the company discloses how it assesses and addresses forced labor risks related to third-party food and beverage products.

*Yes/No. Please provide details.*

Yes. Third party food and beverage vendors, provided they are products marketed under our private/vertical brands marks, would be audited and managed no differently than any other supplier, provided they meet the conditions of scope for our monitoring program. I am not currently aware of any of these categories of product in our private brand supply chain at the current moment, however.

## High Risk Sourcing<sup>1</sup>

Please provide a full list of raw materials present in your supply chains, or alternatively indicate for each of the commodities below whether it is present in your supply chains. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

### Raw Materials

- Bamboo
- Cashmere\*
- Cotton
- Rubber (natural)
- Silk
- Viscose\*
- Wool\*

### Sourcing Countries for Apparel & Footwear Supply Chains (garments, textiles, etc)

- Argentina- **We do not** source from Argentina
- Brazil – **We do not** source from Brazil for private/vertical brand products.
- China – We have a large footprint in China, and hundreds of factories fall within the scope of our monitoring programs.
- Ethiopia – **We do not** source from Ethiopia for private/vertical brand products.
- India - **We do not** source from India for private/vertical brand products.
- Malaysia – **We do not** source from Malaysia for private/vertical brand products.
- Nepal – **We do not** source from Nepal for private/vertical brand products.
- North Korea – **We do not** source from North Korea for private/vertical brand products.
- Thailand – **Thailand is included** in our global supply chain audit/monitoring program scope.
- Vietnam – **Vietnam is included** in our global supply chain audit/monitoring program scope. However, it is important to note that the majority of our factories in Vietnam are registered for the Better Work Vietnam program. One commitment we make as buyer-partners to Better Work is to disengage and let Better Work train these factories to self-sufficient from a human/labor rights/health and safety management perspective.

### Presence of Migrant Workers in Supply Chains

*Yes/No. Please provide details.*

Yes, we are aware of **Migrant Workers in our Jordanian and Taiwanese** factories. Both countries are within the scope of our monitoring programs and assuming the factories meet scope criteria/requirements, will be audited with the full force of our audit programs.

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<sup>1</sup> Data according to US Department of Labor's list of Goods Produced by Forced Labor website as of September 2020. Accessed October 2020.

\* = Risk factors identified based on publicly available sources and discussions with expert organizations.