



## **California Transparency in Supply Chains Act of 2010 (SB 657)**

California's Transparency in Supply Chains Act of 2010 requires certain retailers to provide increased visibility into their efforts to address the global issues of slavery and human trafficking to allow consumers to make more informed choices regarding their purchasing decisions. Fanatics, Inc., through one or more of its subsidiaries ("Fanatics"), including Fanatics Apparel, LLC and the Fanatics Licensed Sports Group, LLC (Fanatics Apparel, LLC and Fanatics Licensed Sports Group, LLC collectively, "Fanatics Brands"), is committed to improving fair labor practices throughout its direct supply chain.

Fanatics Brands uses the services of third parties to manufacture apparel, headwear and other products on behalf of Fanatics Brands (such third parties, "Private Label Suppliers"). Fanatics also purchases merchandise from third party suppliers for resale through Fanatics' owned and operated retail channels (such third parties, "Merchandise Suppliers"). Private Label Suppliers are obligated to comply with Fanatics' Workplace Code of Conduct, which is designed to align with the Fair Labor Association Workplace Code of Conduct, a set of global standards grounded in the standards promulgated by the International Labor Organization (ILO) for working conditions in factories. These standards are designed to protect workers' rights and prohibit, among other things, forced labor. Merchandise Suppliers are obligated to comply with the Fanatics' Vendor Compliance Guide ("Merchandise Supplier Compliance Guide"), which includes a commitment by Merchandise Supplier's to comply with all applicable laws including laws prohibiting child labor, forced labor and unsafe working conditions.

### **Verification**

Prior to being on-boarded by Fanatics Brands, new Private Label Suppliers are required to undergo an audit by Fanatics Brands, which, among other things, verifies whether the proposed Private Label Supplier is in compliance with Fanatics' requirements, including the Workplace Code of Conduct and looks for evidence of forced labor.

Prior to doing business with new Merchandise Suppliers, Fanatics' personnel perform an initial assessment of the Merchandise Supplier's business, and the Merchandise Suppliers are required to adhere to Merchandise Supplier Compliance Guide. Fanatics reserves the right to terminate relationships with Merchandise Suppliers, including where such Merchandise Suppliers are not in compliance with applicable laws.

### **Certification**

Private Label Suppliers are required to sign an Annual Compliance Commitment Certification, certifying compliance with the Workplace Code of Conduct, and to maintain records that are sufficiently detailed to substantiate its compliance with applicable anti-slavery and human trafficking laws and produce such records upon request. In addition, Fanatics Brands' standard manufacturing agreement requires its Private Label Suppliers to certify that they are in compliance with all applicable laws, rules and regulations.

As a general matter, Fanatics has the right to terminate relationships with Private Label Suppliers and Merchandise Suppliers if Fanatics believes that such third parties are in violation of the Workplace Code of Conduct (if applicable) or applicable law.

### **Audits**

Once engaged, Private Label Suppliers are/will be periodically assessed against the Workplace Code of Conduct through announced and/or unannounced audits by both an internal Fanatics Brands compliance team ("Compliance Team") as well as independent third-party monitors that are retained by the Compliance Team. As part of these audits, Private Label Suppliers are expected to provide relevant records demonstrating compliance and to allow the Compliance Team and/or independent monitors to interview the Private Label Suppliers' personnel. The Compliance Team will work with Private Label Suppliers to remediate issues identified as part of such audits; if such issues cannot be remediated in a satisfactory and/or timely manner or if the Private Label Supplier fails to submit to the audit, then Fanatics Brands' may take action, up to and including termination of the relationship with the Private Label Supplier. At this time, Fanatics does not audit Merchandise Suppliers; but reserves the right to terminate relationships with Merchandise Suppliers, including where such Merchandise Suppliers are not in compliance with applicable laws.



### **Internal Training**

The Compliance Team is trained on human trafficking and slavery laws and related matters. In addition, selected associates and management directly involved in the Fanatics Brands' supply chain and procurement functions receive training on the Workplace Code of Conduct, which includes a review of the forced labor code element and benchmarks, the characteristics of forced labor and human trafficking, and actions to take in response to a suspicion of the presence of forced labor at a Private Label Supplier facility. Fanatics Brands presently expects training to occur on an annual basis. Fanatics is working toward implementing additional compliance training to a broader segment of its workforce.

### **Accountability**

Associates in the Fanatics' organization are expected to conduct business in a legal and ethical manner. In addition, associates and management who support Fanatics Brands' supply chain and procurement functions are expected to follow procedures regarding notification of suspected slavery and human trafficking. Failure to comply with these requirements may result in disciplinary action.