

ACADEMY SPORTS + OUTDOORS

Factory Compliance Manual

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Table of contents

1. Definitions4

2. Introduction5

3. Factory Compliance Mission Statement.....5

4. Code of Conduct.....5

 4.1 Social Standards5

 4.2 Security Standards7

 4.3 Ethical Practice9

5. Factory Onboarding.....10

 5.1 Pre-Screening11

 5.2 Infios (Cleartrack)12

6. Factory Audit Process12

 6.1 Social Compliance Audit Elements.....12

 6.2 Security Compliance Audit Elements12

 6.3 Critical Non-Compliant Activities13

 6.4 Approved Audit Firms13

 6.5 Approved Audit Reports.....13

 6.6 Third Party Audits14

 6.7 Audit Scheduling.....14

 6.8 Audit Execution14

 6.9 Audit Scope15

 6.10 Audit Type15

 6.11 Corrective Action Plan (CAP).....15

 6.12 Audit Rating & Cadence16

 6.13 Audit Postponements or Cancellations17

 6.14 Specialized Audits18

7. Factory Management18



- 7.1 Name Change, Relocations, & Address Updates18
- 7.2 Chargebacks18
- 7.3 Escalation19
- 7.4 Traceability.....19
- 7.5 Training & Workshops21
- 8. Contacts.....22
 - 8.1 Factory Compliance Team22
 - 8.2 Other Contacts22

1. Definitions

Academy Sports + Outdoors: ASO or Academy

Audit: A formal evaluation conducted by an assessor to determine whether a factory’s working conditions comply with applicable codes of conduct and local/international labor standards.

Audit Firm: A third-party company authorized to conduct social and/or security audits of a facility based on recognized compliance standards.

Best Practice: A method or approach that has been widely recognized as the most effective for improving workplace conditions through collaboration, accountability, and transparency.

Corrective Action Plan (CAP): A documented plan that outlines specific actions to address and resolve findings identified during a social or security compliance audit.

Customs Trade Partnership Against Terrorism (CTPAT): A voluntary supply chain security initiative led by U.S. Customs and Border Protection (CBP), aimed at strengthening international trade and border security. It provides guiding principles for security compliance.

Desktop Review: A remote evaluation of submitted evidence (ex: photos, documents) used to verify the closure of non-compliances without an on-site visit.

Infios: Formerly called “Cleartrack,” the platform used for suppliers to upload audit reports and where audits are reviewed and rated.

International Labor Organization (ILO): A specialized agency of the United Nations that sets international labor standards and promotes rights at work, encourages decent employment opportunities, enhances social protection, and strengthens dialogue on work-related issues.

Factory: Tier 2 in the supply chain. The main manufacturing site.

Forced Labor: Any work or service performed involuntarily by any person(s) under the direct or indirect threat of a penalty.

Foreign Migrant Worker: An employee whose nationality and permanent residence differ from the country where the facility they work in is located.

Non-Compliance: Any deviation from Academy’s Code of Conduct, applicable laws, or audit standards identified during an audit or review process.

Recruitment Fees: Can be one-time or recurring and cover recruiting, referral and placement services that could include advertising, disseminating information, arranging interviews, submitting documents for government clearances, confirming credentials, organizing travel and transportation, and placement into employment.

Subcontractor: Any business, other than the direct supplier, who performs production-related processes for Academy products. Examples include cutting, sewing, or other manufacturing operations.

Supplier: Tier 1 entities in the supply chain that receive purchase orders directly from Academy.

Self-Assessment Audit: A factory's internal evaluation of its own performance, often using a standard checklist provided by audit firm.

Traceability: The ability to track the origin and journey of materials and products throughout the supply chain to ensure transparency and compliance.

2. Introduction

Academy Sports + Outdoors (ASO) is committed to ethical sourcing, legal compliance, and the protection of human rights across its global supply chain. We partner with suppliers and factories that demonstrate strong adherence to local and international laws, labor and human rights standards, and robust supply chain security practices.

To support these commitments, Academy conducts Social and Security audits through its Factory Audit Management Program. These audits help identify risks, guide remediation, and promote continuous improvement.

This Factory Compliance Manual serves as a reference guide for suppliers and factories, outlining Academy's expectations in areas such as social responsibility, facility and product security, and legal compliance. It includes detailed procedures for factory onboarding, audit protocols, corrective actions, and ongoing compliance management.

3. Factory Compliance Mission Statement

To evaluate and manage global trade risk by promoting transparency, enforcing compliance, and driving continuous improvement while educating and monitoring internal and external partners for security and social compliance within Academy's global supply chain.

4. Code of Conduct

This section outlines Academy's social, security, and ethical standards that align with ASO's Purchase Order's Terms and Conditions (PO T&Cs). Additionally, Academy's PO T&Cs are available at <https://vendor.academy.com>.

4.1 Social Standards

Social standards are essential to ensuring ethical and responsible factory operations, particularly regarding labor and human rights of the workers. Upholding these standards supports both legal compliance and the protection of Academy's brand integrity and reputation.

- **Compliance with Local Laws**

Factories must operate in full compliance with all applicable local, national, and international laws and regulations, including those related to labor, health and safety, environmental protection, and business operations.

In cases where local law conflicts with Academy's policies or expectations, factories are required to

follow the approach that offers the highest level of protection for the worker. Academy prioritizes worker well-being and expects its partners to adopt practices that uphold the standard of human rights, even where legal standards may differ.

- **Forced Labor & Human Trafficking**

Factories must not engage in, tolerate, or support human trafficking, forced labor, or slavery, and must comply with all related U.S. and local laws.

This can include but is not limited to imprisonment, violence or threats, coercion, restricted movement, or withholding documents or wages to compel continued labor.

- **Foreign Migrant Workers**

Foreign migrant workers must retain possession of their own personal and legal documents (examples: passports, visas, work permits). Employers and agents are prohibited from withholding, destroying, or denying access to these documents. Workers must be fully informed of employment conditions in their own language before departure from their home country, and no changes may be made to employment terms upon arrival.

The worker must not pay recruitment fees and related fees. If workers are found to have paid any fees associated with their recruitment or maintaining their job, they must receive a timely refund.

- **Child Labor and Requirements for Juvenile Workers**

Academy prohibits the employment of children under the age of 15 under any circumstances, even if permitted by local law. Juveniles under the age of 15 must not be present in working areas except in an approved childcare facility.

Juvenile workers (under age 18) may only work in accordance with local laws and ILO guidelines.

They must not perform hazardous tasks or be exposed to dangerous conditions and must be allowed to complete compulsory education. Juvenile workers' hours must not exceed the legal limit.

Factories must maintain documentation verifying the age of every worker. If

Government documentation is unavailable, reliable alternative age-verification methods (School Records or Education Certificates, Health or Medical records, Worker and Family declarations of facts) must be used.

- **Health & Safety**

Factories must provide a safe and healthy working and residential environment, if applicable. This includes adequate fire safety measures, sufficient first aid access, proper ventilation and lighting, clean restrooms, safe machinery, and sanitary food areas.

The factory's safety warning signs, material safety data sheets, and other health and safety postings must be in the workers' language(s).

- **Wages & Hours**

Employees must be fairly compensated in accordance with local legal requirements and industry standards. This includes minimum wages, overtime, and incentive pay. Factories must provide paid holidays and leave per local law. While overtime may be necessary, it must be voluntary, and factories should limit levels to humane and productive working conditions.

- **Discrimination or Harassment**

Factories must maintain a workplace free from discrimination and harassment. Employment decisions must be based on the ability to perform the job, not personal characteristics such as race, religion, gender, age, national origin, or any other status protected by law.

- **Disciplinary Practices**

The use of corporal punishment, physical or mental abuse, or sexual harassment is prohibited. Monetary fines are not permitted, even as a form of disciplinary action.

- **Freedom of Association & Grievance Channels**

Factories must respect workers' rights to freely associate, organize, and bargain collectively, where permitted by law. Intimidation or harassment of workers who exercise these rights is prohibited. Factories are required to establish effective grievance mechanisms to receive, investigate, and resolve concerns in a manner that protects worker anonymity and confidentiality. According to the United Nations Guiding Principles on Business and Human Rights, such mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and foster dialogue and continuous improvement.

Grievance channels must be designed and located to allow workers to raise concerns without fear of surveillance, identification, or retaliation, including ensuring that physical mechanisms (e.g., suggestion or grievance boxes) are placed away from CCTV cameras or other monitoring devices.

- **Home Workers**

Homebased work is prohibited unless Academy has granted prior written approval before manufacturing or production begins. Homebased work conducted without advanced approval will be considered noncompliant. When approved, all home workers must comply with Academy's Code of Conduct, and suppliers/factories retain full responsibility for oversight, monitoring, and compliance.

Suppliers and factories may not subcontract, outsource, or relocate work to homebased settings without advance written authorization from Academy.

4.2 Security Standards

Academy Sports + Outdoors is committed to securing its global supply chain against threats such as terrorism, theft, and smuggling. As members of the Customs Trade Partnership Against Terrorism (CTPAT) program, we expect all factories, suppliers, and business partners to implement robust security measures that align with the CTPAT Minimum Security Criteria (MSC) or equivalent best practices.

- **Security Vision & Responsibility**

Academy requires factories to establish a written policy that outlines their commitment to supply chain security. The policy must be supported by a comprehensive risk assessment that identifies vulnerabilities both within the facility and throughout the broader supply chain, including raw material suppliers, service providers, and transportation routes. Factories are responsible for screening and validating their business partners. The factory must maintain documentation demonstrating that their partners comply with Academy's security standards.

- **Cybersecurity**

Factories must implement strong cybersecurity measures to safeguard trade-related data and prevent unauthorized access, cyberattacks, and data breaches. This includes regularly updating systems, data backup, encrypting data, and storing information securely, including in off-site locations.

- **Conveyance and Instruments of International Traffic (IIT)**

All conveyances used for shipping, including trucks and containers, must be secure and thoroughly inspected before loading and after unloading. Factories must use ISO17712:2013-compliant seals and maintain procedures for their application, control, and removal. Seals must be kept in a safe and secure location with a designated person responsible for maintaining and distributing the seals.

Shipments must be monitored from the point of departure at the factory through arrival at the port or the freight forwarders container freight station. Conveyances must remain secure at all times, with any anomalies, delays, seal discrepancies, or route deviations promptly investigated and documented. Secure parking locations must be used when conveyances are unattended, and tracking technologies (such as GPS or carrier tracking systems) must be utilized whenever available to maintain chain-of-custody visibility and reduce the risk of tampering during transit.

- **Agricultural Security**

Factories are responsible for maintaining agricultural security by implementing effective pest prevention and control measures at the point of origin to prevent contamination of shipments. Reasonable controls must be in place to protect loading areas, containers, and cargo from pests and agricultural contaminants. Containers must be inspected and, where necessary, cleaned prior to loading, with inspection and cleaning activities documented and retained. All wooden pallets and wood packaging materials must be treated or fumigated in accordance with applicable international standards.

- **Physical Security**

Factories must maintain strong physical security across all facilities. This includes the presence of fencing, locking systems, intrusion alarms, and surveillance systems. Sensitive areas must be monitored using closed-circuit television (CCTV), and footage retained for 45-75 days.

Access to production, shipping, and storage areas must be controlled using proper identification checks, visitor logs, access card systems, and trained security personnel. Visitors must always be escorted while on the premises.

- **Personnel Security**

Factories must take steps to ensure the security and integrity of their workforce. Pre-employment screening, including background checks and identity verification, must be conducted for all employees, especially those in sensitive roles. Identification badges must be issued and always worn, and internal access must be limited to authorized personnel based on job function.

- Security Threat Awareness Education & Training

Factories must provide regular education and training to all employees on supply chain security practices. Training should address the importance of maintaining a secure work environment, recognizing, and reporting suspicious activity and potential threats, and understanding individual roles in upholding supply chain integrity.

4.3 Ethical Practice

Academy Sports + Outdoors is committed to conducting business with integrity, transparency, and accountability across its global supply chain. Ethical practices are the foundation of trust between Academy and its partners, ensuring that all transactions and operations adhere to the highest standards of honesty and fairness. This section outlines key principles that prohibit unethical behaviors, while emphasizing compliance with trade regulations.

- Bribery

Academy will not make or condone illegal payments or other facilitating payments, nor will it involve itself in activities or practices of questionable ethical standards. Factories must not tolerate, permit, or engage in bribery, corruption, or unethical practices whether in dealings with public officials or individuals in the private sectors.

- Confidentiality & Intellectual Property

All suppliers and factories must maintain confidentiality of information entrusted to them by Academy. Factories must respect and protect Academy's intellectual property rights and maintain the confidentiality of Academy's trade secrets and other proprietary information, which includes information that is nonpublic or not easily obtained.

- Environmental Protection

Factories must comply with all national and local environmental laws applicable to air emissions, waste handling and disposal, water use, wastewater discharges, and hazardous and toxic substances.

- Insider Trading

Insider trading is prohibited. Under federal securities laws, Factories and their agents cannot buy or sell Academy or another company's securities when in possession of information about Academy or another company that is (1) not available to the investing public, and (2) could influence an investor's decision to buy or sell the security.

- Monitoring

Academy will undertake affirmative measures to monitor compliance with the requirements of this Code, such as scheduled, unannounced, or semi unannounced on-site inspection of factories or sub-contractors' production facilities. Factories must allow Academy's representatives full access to production facilities' books and records and respond promptly to reasonable inquiries by Academy's representatives concerning the operations of the facilities. This includes but is not limited to factory audits as outlined in Section 4.

- Sanctioned Countries

Factories must not utilize factories located in countries that are sanctioned by the Office of Foreign Assets Control (OFAC). Please utilize the US Department of Treasury website below to reference the list of sanctioned countries:

[Sanctions Programs and Country Information | Office of Foreign Assets Control](#)

- Subcontracting

Factories must not engage subcontractors without obtaining prior written approval from Academy. Any subcontractor authorized by Academy is required to fully comply with the Factory Compliance Code of Conduct. Factories are accountable for ensuring that all subcontractors meet these compliance standards.

- This includes subcontractors who operate within the factory premises such as cleaning personnel, security staff, and canteen workers. These individuals are subject to the same standards as permanent factory employees, and their documentation will be included in the audit scope.

- Trade Compliance

Factories must comply with all Import and Export Regulations of U.S. Customs and Border Protection, the U.S. Department of Commerce, and all other U.S. government agencies, all U.S. state laws, and the suppliers' country's import and export regulations.

5. Factory Onboarding

All factories intending to manufacture products for Academy Sports + Outdoors, including private labels, proprietary brands, and national brand goods where ASO is the Importer of Record, must complete a formal onboarding process. This ensures alignment with Academy's compliance expectations and systems before production begins.

FACTORY STATUS

Active Purchase orders may be written for an active factory. To maintain a factory's active status, a factory must maintain approved audits by Academy.

Inactive Purchase orders cannot be written against an inactive factory.

Pending Purchase orders cannot be written. Status remains pending until the factory is either approved (becomes active) or not approved (becomes inactive).

5.1 Pre-Screening

The Factory Compliance portion of the onboarding process begins when a member of Academy's Sourcing Team sends an introduction letter to the supplier. This letter outlines the onboarding timeline, required documentation, and key contact information for the Academy teams supporting the setup process.

- Required Documents

Social Audit Report - a social compliance report conducted at the factory within the previous twelve months by an accredited third-party audit company, including photos.

Security Audit Report - a security/CTPAT compliance report conducted at the factory within the previous twelve months by an accredited third-party audit company, including photos.

Corrective Action Plan (CAP) – if issued for social and/or security audit report (See 6.11 for additional information).

Supplier Factory Profile and Questionnaire – a form provided by Academy's Sourcing team consisting of a factory fact sheet (FFS) and self-evaluation tabs to collect factory profile data. It must be fully completed including but not limited to legal names of factory and supplier contacts, emails, raw materials section, and full legal factory address.

Factory Business License (BL) - a copy of a valid and official business license containing factory name and address.

- Document Review

Academy's Factory Compliance team will evaluate all submitted materials for approval. This includes assessing internal and external risk factors and screening of the factory, as well as known subcontractors and raw material suppliers, against U.S. government and international watch lists. Factory Compliance will also review and assess the audits provided. If valid audits are unavailable, the factory must immediately schedule them at its own expense. Missing or incomplete documentation will delay the onboarding and review process.

Upon approval, the factory will be assigned a factory number and activated in Academy's systems. Factory Compliance will notify the supplier and direct them to upload the approved audits and any required CAPs onto the Infios (Cleartrack) Factory Management Module. If a factory is not approved, it will be classified internally as inactive.

To assist in the factory onboarding process, suppliers or factories may request Academy's Social and Security Criteria Checklists, which outline the standards and expectations auditors will assess. These documents are available by upon request to factorycompliance@academy.com.

5.2 Infios (Cleartrack)

Academy uses the Infios (formerly called Cleartrack) platform to manage and review factory audit reports. Upon factory activation, factories must upload all applicable audit documentation to Infios. Academy's Sourcing Team issues supplier login credentials once the supplier's prerequisite training is completed.

Audit reports uploaded to Infios will be assigned ratings and expiration dates (see section 6.12). Factories should monitor these ratings and expiration timelines to ensure timely re-audits and continued compliance. If CAPs are issued, they will be managed within the Infios system (see section 6.11).

6. Factory Audit Process

Factory audits are required for both onboarding and maintaining an active factory within ASO's supply chain. Regular social and security audits validate that the factory complies with ASO's standards, policies, and applicable legal requirements. The frequency and type of audits required will be determined by the Factory Compliance team using a risk-based approach. Audit findings guide decisions on factory approval status, and long-term sourcing strategies.

Factories are responsible for scheduling audits and remitting payment directly to the audit firm as part of the process.

6.1 Social Compliance Audit Elements

The social compliance audit evaluates factory performance against all applicable local and international laws and industrial standards below. More details about the social areas covered can be found in Section 4.1.

- Documentation of records including permits, licenses, employment records, etc.
- Child labor prevention
- Forced labor prevention.
- Harassment and abuse policies
- Non-discrimination practices
- Freedom of association
- Wages, benefits, and working hours.
- Health and safety conditions
- Internal monitoring and compliance systems

6.2 Security Compliance Audit Elements

Security audits evaluate compliance with CTPAT standards, as shown below. These audits align with the security protocols outlined in Section 4.2.

- Physical Security
- Personnel Security
- Security Vision and Responsibility
- Procedural Security
- Agricultural Security
- Unauthorized Individuals
- Conveyance and Container Security

- Cybersecurity
- Security Training and Threat Awareness
- Vetting of Business Partners
- Monitoring and Compliance

6.3 Critical Non-Compliant Activities

Certain non-compliances identified at the factory are deemed critical and high-risk and are grounds for immediate escalation and/or deactivation. These may include but are not limited to:

- Use of child labor
- Forced labor or human trafficking
- Recruitment fees
- Trade-based money laundering
- Physical or sexual abuse, coercion, or harassment
- Bribery or corruption
- Illegal operations, including failure to comply with labor and environmental laws.
- Dangerous working conditions (Fire hazards, structural issues, etc.)
- Denial of auditor access (full or partial)
- Use of home workers or child visitors

Academy may become aware of such issues through audits, onboarding, monitoring, third - party alerts, other sourcing partners, or whistleblower reports. For additional details on the escalation process (see 7.3).

6.4 Approved Audit Firms

Audit firm companies or audit reports not listed below will require written pre-approval from Academy before scheduling:

- Underwriters Laboratories (UL)
- Bureau Veritas (BV)
- Intertek (ITS)
- Extensive Standard Technical Services Co Ltd (ESTS)
- QIMA
- SGS
- TUV
- OMEGA

6.5 Approved Audit Reports

- Worldwide Responsible Accredited Production (WRAP)
- SEDEX Members Ethical Trade Audit -SMETA
- Workplace Conditions Assessment (WCA)
- Better Work
- International Council of Toy Industries (ICTI)

- Supplier Compliance Audit Network (SCAN)
- Global Security Verification (GSV)
- SA 8000 Standard

6.6 Third Party Audits

To reduce audit fatigue, Academy may accept recent third-party audit reports in lieu of initiating a new audit. Acceptance of third-party audits is subject to Academy's review and discretion and must meet the following criteria:

- Conducted within the last 12 months, or within an internally defined validity period as determined by Academy, regardless of the certification body's stated validity timeframe.
- Performed by an Academy-approved audit firm (see Section 6.4).
- Includes sufficient objective evidence (e.g., photographs) and meets Academy's audit scope and reporting requirements.

Acceptance of a third-party audit report does not imply ongoing or future acceptance of the same audit type, certification, methodology, or audit firm. Academy assigns its own internal audit validity, cadence, and acceptance criteria independent of external certification rules.

As part of its audit program design, Academy may periodically require audits to be conducted using a specific audit firm and/or audit template of its choosing, including after a defined number of audit cycles or when warranted by risk severity, compliance history, or program needs. This approach supports audit objectivity, diversity of perspective, and validation of consistent control implementation.

Academy reserves the right to reject any third-party audit report at its discretion. Prior acceptance of a report does not guarantee future approval. If a submitted third-party audit is not accepted, the factory must schedule an audit with an Academy-approved firm using an accepted audit type. All associated costs are the responsibility of the supplier.

6.7 Audit Scheduling

Infios (formerly Cleartrack) will send automated email reminders to approved suppliers ninety days prior to the current audit expiration date. If Academy requires the use of a specific audit firm, the audit firm will contact the supplier directly to coordinate scheduling.

Factories are expected to schedule audits promptly to ensure that the audit on file does not expire before the new audit report is completed. Timely scheduling helps maintain compliance and prevents disruption to production or sourcing activities.

6.8 Audit Execution

Social audits are completed within one to three days, and security audits are completed within one day. The factory can expect the audit to include an opening meeting, a site tour, document review, and private employee interviews. A closing meeting follows to discuss preliminary findings. Factories must prepare all documentation as specified by the audit firm in advance.

6.9 Audit Scope

All production facilities, warehouses, and any factory-provided dormitories must be disclosed prior to the audit day and be included in the audit scope. If a production or storage location cannot be covered within the audit firm’s standard travel range, a separate audit must be scheduled for that site.

Auditors must be granted full and unrestricted access to all relevant factory documents, CCTV footage, areas within the facility, and personnel. Factories are responsible for ensuring that authorized personnel are present on the audit day to provide all necessary access. Failure to provide full access will be treated as a partial denial and may trigger escalation measures as outlined in Section 7.3.

6.10 Audit Type

Type of Audit	Definition
Initial	Refers to the first formal audit conducted at a factory to evaluate compliance with social responsibility and/or security requirements. It establishes a baseline understanding of the factory’s conditions, systems, and practices before any prior audit history exists and is used to identify gaps, risks, and required corrective actions.
Desktop Review	A remote review of submitted evidence (e.g., photos/documents) used to verify closure of CAP items/non-compliances without an on-site visit.
Follow Up	an audit conducted within one year of an initial or annual audit to verify that previously identified nonconformities have been corrected. It must be performed by the same audit firm to ensure consistency in assessment and validation of corrective actions.
Annual	A full reassessment of social and/or security compliance and, based on Academy’s internal rating, the audit validity may extend up to two years. (see section 6.12).

6.11 Corrective Action Plan (CAP)

Factories must use audit results to drive improvements as CAP responses are part of the factory’s overall compliance score. After reviewing an audit, the Factory Compliance team may issue a CAP request through Infios. Factories may utilize and upload the CAP template provided by the audit firm. The factory must respond within seven business days with the following:

Term	Definition
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Root Cause Analysis	Identifies the underlying reason(s) for non-compliance finding(s). It goes beyond the immediate symptoms to determine the core, fundamental issue that caused the non-compliance.
Corrective Action	A specific step or set of steps taken to eliminate the identified non-compliance after it has been identified. The goal is to correct the issue and restore compliance with requirements.
Preventative Action	Measures taken to prevent the issue from reoccurring.
Supporting Documentation and/or Photo Evidence	Proof showing the corrective and preventive actions were completed and effective. All documentation must be translated into English.

6.12 Audit Rating & Cadence

Audit reports are uploaded to Infios either by the audit firm (for Academy-initiated audits) or the supplier (for other third-party audits). The Factory Compliance team will review all reports and issue a compliance rating (A, B, C, or D), which is visible to factories in the Infios system.

Audits reports may or may not contain a rating and expiration date; however, Academy’s Factory Compliance team will review and issue an independent rating and expiration date. The variables considered in issuing this include but are not limited to number and severity of non-compliances found, past performance, CAP, product risk, and country risk. See the table below.

Desktop review audits with closed non-compliances completed by the audit firm will also be considered in the overall review and assigned rating.

Social and Security Ratings

Letter Ratings	Level of Risk	Non-Compliances Found	Audit Frequency	Production Impact
A	Low	Minimal or no Issues that would impact the overall compliance status.	24 months	No impact
B	Low/Medium	Issues or conditions that do not indicate a failing system, but gaps in the compliance system.	18 months	No impact
C	Medium/High	Multiple issues or conditions that would indicate a systemic compliance failure.	12 months	Current and future orders may be at risk.
D	High	Major, significant issues, or conditions that would indicate severe levels of a compliance system failure.	6 Months	Current and future orders may be at risk.

6.13 Audit Postponements or Cancellations

Suppliers or factories must notify Academy immediately if an audit needs to be postponed or canceled. Notifications must be sent by email and include:

- A clear explanation for the change
- Any supporting documentation
- Alternative dates for rescheduling

For Academy-requested audits, postponements or cancellations may also be communicated by the audit firm; however, it remains the supplier or factory’s responsibility to ensure the audit is completed by the required expiration date or within the agreed time. Timely communication with Academy’s Factory Compliance team is essential.

Repeated postponements or last-minute cancellations may result in audit fees, chargebacks, and could negatively impact the factory’s compliance status or scorecard. Suppliers and factories must also adhere to agreements with their selected third-party audit providers to avoid unnecessary delays.

6.14 Specialized Audits

As a part of Academy's due diligence practices, specialized audits may be requested. These audits give a more in-depth look at specific compliance areas. Specialized audits do not replace social and security audits but enhance visibility into the factory.

7. Factory Management

7.1 Name Change, Relocations, & Address Updates

Factories must notify Academy in advance of any changes to their name or physical address. For a name change, an updated business license reflecting the new factory name is required.

If an address changes due to government restructuring, factories must provide both an updated business license and an official document explaining the change.

Relocations are treated as new factory setups. The ASO Sourcing Team must be informed so the onboarding process can begin. The new location must complete social and security audits, submit an updated business license, and provide a factory fact sheet and supplier profile questionnaire. Once approved, Academy will assign a new factory ID.

For temporary relocations (e.g., natural disasters or facility incidents, such as typhoons or factory fires), factories must notify Academy immediately and obtain approval before moving production.

Failure to report timely changes or moving production to an unapproved facility may result in chargebacks and/or shipment interruptions.

7.2 Chargebacks

Suppliers may be issued chargebacks for the reasons listed below and as outlined in the Chargeback Schedule located at:

vendor.academy.com/vendor-resources/import-vendors.html.

- No response to Audit Firm for audit(s) request appointments.
- Audit delays or refusal to schedule audit(s) with Audit Firm.
- Audit Firm is denied full or partial factory access at the facility to conduct audit(s) after an appointment has been scheduled, or audits did not cancel at least 48 hours prior to scheduled appointment.
- Audit Firm discovers factory name and/or address differ from information provided at time of factory onboard process.
- Factory improvements not made as guaranteed in the Corrective Action Plan (CAP).
- Completed Corrective Action Plan (CAP) not returned by deadline or insufficiently completed.
- Audit reimbursement.
- Moving production to another factory without Academy's prior approval.
- Moving finished goods to another facility (for storage) without Academy's prior approval.

7.3 Escalation

Factories that fail to resolve or repeatedly present high-risk compliance issues will be subject to increased oversight. Academy expects timely remediation and full transparency throughout the process. Unresponsiveness will result in escalation.

Escalation actions may include:

- Increased audit frequency
- Scheduled calls with Academy’s compliance team
- Onsite visits
- Issuance of chargebacks
- Cancellation of purchase orders
- Factory deactivation or termination

7.4 Traceability

To prevent and mitigate the risk of forced labor, suppliers must maintain full visibility across their entire supply chain, including the origin of raw materials. This requires implementing robust systems and procedures that enable traceability. Suppliers are responsible for keeping verifiable documentation that clearly identifies the source of all materials used in production and confirms that no forced labor was involved at any stage of the manufacturing process.

Additionally, suppliers must be prepared to provide this documentation to Academy promptly upon request. As U.S. regulations and industry standards on traceability continue to evolve, Academy expects suppliers to remain compliant and responsive to any additional communication or requirements.

Suppliers identified as High Risk—due to geography, material category, or transparency Indicators may be subject to enhanced traceability requirements in addition to the baseline traceability obligations above. The scope and depth of documentation requested may vary based on the nature of the materials, shipment risk profile, and applicable regulatory or enforcement considerations.

Traceability Information & Documentation (Upon Request)

- **Supply Chain Mapping**
 - Provide supply chain mapping information for Tier 1 and upstream entities (Tier 2–Tier 4 where available), identifying production locations, processing stages, and material flow for high-risk materials.
- **Material Origin & Production Transparency**
 - Identify the origin of raw materials and key inputs used in production, including processing locations and intermediaries, sufficient to demonstrate traceability back to source, were reasonably practicable.

- **Supporting Commercial & Trade Documentation**
 - Provide supporting documentation as requested, which may include:
 - Certificates of Origin
 - Bills of Materials (BOM)
 - Bills of Lading (BOL)
 - Commercial Invoices
 - Other trade or shipping records relevant to the shipment under review
- **Shipment-Specific Evidence (Risk-Based)**
 - For detained or high-risk shipments, suppliers may be required to submit additional shipment-specific documentation to substantiate material origin and supply chain integrity.
- **Ongoing Monitoring & Transparency Expectations**
 - **Continuous Monitoring**
 - Maintain processes to monitor sourcing changes, material substitutions, subcontracting, and upstream supplier changes that may impact traceability or forced labor risk.
 - **Change Notification**
 - Promptly notify Academy of any material changes to sourcing, subcontracting, or raw material origins related to high-risk inputs.
 - **Subcontracting Controls**
 - Disclose all subcontractors and upstream production units involved in manufacturing or processing. Undisclosed subcontracting is prohibited.
- **Verification & Oversight**
 - **Verification & Assessments**
 - Participate in verification activities as requested, which may include document reviews, third-party audits, or other validation mechanisms aligned with Academy’s risk assessment framework.
 - **Audit Access**
 - Permit announced or unannounced audits and provide access to relevant facilities, documentation, and personnel, consistent with Section 6.9 (Audit Scope).

- **Non-Compliance & Escalation**

- **If documentation is incomplete or risk indicators persist:**
 - Supplier may be placed on Procurement Hold until issues are resolved.
 - Additional verification or third-party assessments may be required.
 - Failure to remediate may result in order cancellation, chargebacks, or factory deactivation in accordance with Section 7.3 (Escalation).

7.5 Training & Workshops

Suppliers are responsible for reinforcing Academy's compliance expectations with their factory partners and other tiered partners and subcontractors as detailed in Academy's Purchase Order Terms and Conditions. Academy may provide training sessions through their Hong Kong Team. Webinars and other virtual workshops are also available to support factories. For security compliance, factories and suppliers are encouraged to take SCAN training which will be sent by SCAN before the audit.

Academy encourages suppliers and factories to take advantage of these training opportunities to enhance their compliance standards knowledge and audit performance. To support continuous improvement, Academy is committed to helping its partners succeed. If there is a specific topic where additional guidance or training is needed, Academy will facilitate tailored support upon request.

8. Contacts

8.1 Factory Compliance Team

FactoryCompliance@academy.com

When to Contact:

- Questions regarding Social and/or Security Audit Reports
- Submission or follow-up to CAPs
- New factory setup support
- Issues related to Infios uploads
- Factory relocation or name changes
- Audit scheduling requests on behalf of ASO.

Subject Line Format:

Supplier Name - Factory Number – Name

8.2 Other Contacts

Hong Kong Factory Set-Up Team

HKFactorySetUp@academy.com

When to Contact:

- Support during initial factory onboarding, including submission of Social and Security Audits and the factory's Business License.

Factory Quality Assessment Team

FactoryQualityAssesment@academy.com

When to Contact:

- Submitting the factory's Quality Management System Audit Report (SQP)
- CAPA for SQP

Questions regarding the SQP audit or p