



FAIR COMPENSATION

Colosseum recognizes the importance of fair wages in our supply chain, and is committed to implementing a compensation strategy based on the Fair Labor Association's Code of Conduct and compliance benchmarks.

Compensation Code standard:

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.

Our compensation strategy encompasses:

- Wage data collection and analysis in an increasing number of factories,
- Dialogue with top management and relevant staff to determine company priorities and goals, as well as gathering feedback from factories to set targets and discuss how purchasing practices impact their ability to pay fair wages,
- Communication and engagement with all stakeholders, including civil society and trade unions, when possible,
- Creation of an operational plan to implement the fair compensation strategy internally, and at the factory level,
- Measuring of progress, and
- Reporting, reviewing, and adjusting the strategy, as necessary

To meet the wage data collection and analysis goal, Colosseum is using the FLA Fair Compensation Dashboard and tools to compare factory wages against varying national and local benchmarks, with the goal of reaching the Global Living Wage Coalition estimate, where available. Progress is measured by factory, country, and year.

Since 2018, Colosseum has collected wage data from nine factories in two countries (4 in China and 5 in Vietnam). This represents approximately 33% of our supply chain, with the US as the only country not represented. Our target for 2022 is to collect from 50% of the factories in our supply chain, with a focus on high-volume, strategic suppliers.

More work and progress are needed, not only in implementing our strategy but also in reaching wage targets in our supply chain, and Colosseum will be regularly reporting on this work. We understand the importance of worker voice, and will look for opportunities to engage with civil society and trade unions

throughout the process. Finally, we are committed to continuing internal dialogue and accountability on the strategy and reviewing our own business practices to make responsible purchasing decisions that can impact wages in the supply chain.