



The Burton Corporation's Social Responsibility Policy 2.0

The Burton Corporation's Social Responsibility Policy aims to improve both our social and environmental impact in the communities that we do business with throughout the world. Our Policy applies to all facilities that produce goods for The Burton Corporation ("Burton"), or any of its subsidiaries, divisions, or affiliates, including Burton, Anon, Analog, and Channel Islands.

While Burton recognizes that there are different legal and cultural environments in which factories operate throughout the world, the Burton Social Responsibility Policy sets forth the basic requirements that all factories must meet in order to do business with Burton. Accordingly, it is the responsibility of all Burton business partners, suppliers, agents, and designated 3rd parties to act in accordance with the Burton Code of Conduct.

Burton strongly encourages all business partners, suppliers, agents, and designated 3rd parties to exceed the Code of Conduct requirements and to promote best practices and continuous improvement throughout all of their factories. Our goal is to use the Code of Conduct and audit results as an integral part of our supply chain strategy, influencing how we rate, select and build vendor partnerships now and in the future.

The Burton Code of Conduct must be posted in all major workplaces, translated into the language(s) of the employees.

Social Responsibility Audit Policy

It is Burton policy to monitor every facility that is involved in the manufacture of a Burton branded product, and brands for which Burton is licensed to produce. This includes all finished goods factories. Monitoring includes, but is not limited to, factory audits by third parties and audits conducted by employees of the Burton Sustainability Team (internal audits). Following an initial audit, Burton may audit a factory at any time, either announced or unannounced. In addition to finished goods factories, monitoring may also encompass cutting facilities, sewing plants, screen printers, embroiderers, laundries, packaging locations, and raw material suppliers.

Absolutely no production can be undertaken in a new finished good facility until a satisfactory factory audit has taken place. Production includes samples that are regularly produced at the same location as well as bulk orders. Violation of this policy may result in the termination of any existing contracts or licensing agreements.

Please note that new suppliers, or a change in suppliers, including subcontractors, must be identified in writing to the Burton Vendor Management Team at least 6 weeks prior to the anticipated start of production. On average, it will take 6 weeks to schedule and execute an initial factory audit. Inquiries and requests can be made by e-mailing sustainability@burton.com. In addition to other remedies set forth in this Policy, a violation of the above notice requirement and/or failure to receive Burton's prior approval of any subcontractors shall result in the penalties set forth in **Exhibit A**, attached hereto and incorporated by reference.

Audits will be conducted regularly on every factory. The first audit will be paid for and scheduled by Burton, and all subsequent audits will be the responsibility of the factory, including an annual audit prior to sample or bulk production. If the facility is a sub-contractor, then the audits will be paid for by the corresponding supplier. If a factory scores **Gold** or **Silver** on their first audit, Burton will pay for the follow-up monitoring. Factory inspections will be conducted by a Burton social responsibility auditor or by an accredited third party audit company approved by Burton. The facility manager and any associated agent may or may not be notified prior to the inspection.

Violations of this Policy will be remedied to Burton’s satisfaction at the cost of the manufacturer. Burton reserves the right to take necessary measures to ensure future compliance with this Policy. Failure to comply with this Policy may ultimately result in termination of the relationship between Burton and the manufacturer, including termination of any manufacturing and license agreements, or outstanding purchase orders.

Bribery, including but not limited to the promising, offering, giving or accepting of any improper monetary incentive or any act of corruption, extortion, or embezzlement during the general course of business is absolutely unacceptable and not tolerated. No member of Burton or any third party groups representing Burton will accept bribes, kickbacks, gifts, or any kind of improper payment. Bribery should be considered a zero tolerance issue. If bribery of any form takes place during the course of an audit, the audit should be considered an automatic failure.

If there is a lack of cooperation or a vendor does not exhibit continuous improvement efforts, BURTON AND/OR ITS DESIGNATED AGENT RESERVES THE RIGHT TO CANCEL ALL CURRENT PURCHASE ORDERS WITH ANY SUCH CONTRACTOR, SUPPLIER OR AGENT.

Audit and Follow-Up Process:

- A typical inspection will last between 6-8 hours, including employee interviews. At the end of the inspection, the factory manager will be verbally advised of the status that his/her facility has attained. He/she will also be presented with a written list of action items for any irregularities that have been found during the inspection.
- At the end of the inspection, each facility will receive one of the below ratings. All factories must meet a minimum passing score of 80 or “Silver – Accepted/To Be Improved” on either a third party or internal audit. All factories receiving a score of 79 or below will be responsible for continuous improvement and corrective action will be implemented until the passing score is met or the relationship is otherwise terminated.
- Burton will develop the Corrective Action Plan (“CAP”) and reply back to the factory within 7 business days of the initial audit with the CAP and audit report.
- The vendor is required by Burton to fill out and return the CAP to Burton within 10 business days of receipt.
- The Burton CAP requires the factory to build a root cause analysis of each of the issues found during the audit. The vendor is also required to provide to Burton photos or scans of documents that serve as evidence/proof of issue correction.
- Burton will review the factory’s response to the CAP within 2 days of receiving it and will provide any comments back to the factory.
- All ‘Zero Tolerance’ issues must be resolved within 24 hours of the original audit day.
- *Corrective Action is an ongoing process until all issues are resolved* or the relationship is otherwise terminated.

Burton Social Responsibility Audit Ratings:

Rating	Status	Score	Follow-Up Audit
Gold	Accepted	90-100	24 months
Silver	Accepted / To Be Improved	80-89	18 months
Bronze	Needs Improvement	71-79	12 months
Red	Critical	51-70	Within 6 months
Zero Tolerance	Unacceptable for Production	0-50	Within 3 months

Rating Detail

Gold - Accepted

- Demonstrates best practices.
- No more than five minor issues outstanding on the CAP and only isolated violations that do not rise to the “Major” or “No Tolerance” level.
- The factory has no serious safety, health, or labor issues.
- The factory will be re-audited in 24 months of the original audit.
- Due to exceptional performance, the next follow-up audit cost is paid by Burton.

Silver – Accepted/ To Be Improved

- Minor system failures, making progress.
- The factory has some minor safety, health, or labor issues.
- While the factory is authorized to produce Burton or related licensed products, Burton requires that the problems will be corrected in a timely manner and a follow-up inspection with an approved third party or Burton auditor must be scheduled within 12 - 36 weeks depending upon the severity of the issues, as determined by Burton.
- If the problems are corrected to Burton's satisfaction, then the status of the factory will be elevated to "Accepted".
- The factory will be re-audited in 18 months of the previous audit.
- Due to satisfactory performance, the follow-up audit cost is paid by Burton.

Bronze – Needs Improvement

- The factory has some major safety, health, or labor issues and/or the factory is making no progress.
- These issues may include excessive working hours, incorrect overtime compensation, or locked emergency exits.
- If a factory fails to follow through on agreed facility upgrades and/or related remedial actions, Burton reserves the right to cancel any outstanding purchase order(s), manufacturing agreements or license agreements.
- The factory will be re-audited within 12 months of the previous audit.
- The factory is responsible to pay the audit cost regardless of audit type. If a third party conducts the original failing audit the factory is responsible to pay for another third party audit. If result of an internal audit was a failing score then the factory is responsible to pay for a third-party re-audit.

Red - Critical

- The factory may be uncooperative, demonstrates general disregard for Burton codes and standards, unwilling or unable to drive important change, deliberately misleads auditors, and/or audit shows critical systemic repeated problems. Examples include but are not limited to:
 - Management specifically refuses or continues to demonstrate that it is not willing to comply with Burton standards or fails to follow through on agreed facility upgrades.
 - Denial of access to authorized compliance inspectors.
 - Management provides false information (statements, documents or demonstrates coaching).
 - Factory outsources to an unapproved or unauthorized facility.
 - Use of force to compel illegal work hours.
 - Factory denies workers freedom of association.
 - Systemically not paying the legally mandated minimum wage or benefits.
 - Factory conducts pregnancy testing as a condition of employment.
 - Factory does not provide legally required maternity leave.
 - Critical violation of hours of work standard.
- If a factory fails to correct deficiencies, Burton reserves the right to cancel any outstanding purchase order(s), manufacturing agreements or license agreements.
- Burton requires that the problems will be corrected in a timely manner and a follow-up inspection will occur every 6 months until meeting the **Bronze** level or the relationship is otherwise terminated.
- The factory is responsible to pay the audit cost regardless of audit type. If a third party conducts the original failing audit the factory is responsible to pay for another third party audit. If result of an internal audit was a failing score then the factory is responsible to pay for a third-party re-audit.

Zero Tolerance – Unacceptable for Production

- Zero Tolerance issues are absolutely unacceptable. Zero Tolerance issues include:
 - Child Labor
 - Forced/Prison Labor

- Life Threatening Conditions
- Abuse & Harassment
- Bribery
- Burton requires that the facility must correct a Zero Tolerance issue within 24 hours of the original audit.
- The Burton Social Responsibility Team will work with the category and factory to follow up on remediation for the Zero Tolerance issue, and the factory must schedule a follow-up audit within established timelines.
- Burton retains the right to cancel any outstanding contracts, purchase orders, manufacturing agreements or licensing agreements. If purchase orders are cancelled, the factory may be placed on probation for one year, the ramifications of which shall be solely determined by Burton. The factory will be re-audited within 3 months if the relationship has not otherwise been terminated. Following probation, the factory must successfully pass an audit (80 and above) prior to renewing production. The factory is responsible to pay the audit cost regardless of audit type. If a third party conducts the original failing audit the factory is responsible to pay for another third party audit. If result of an internal audit was a failing score then the factory is responsible to pay for a third-party re-audit.

Corrective Action Deadlines:

Passing Score: 80 or Higher	Failing Score: 79 and below
Zero Tolerance - Immediate Action Required Major - 30 Days Moderate - 3 Months Minor - 6 Months	Zero Tolerance - Immediate Action Required Major - 30 Days Moderate - 2 Months Minor - 3 Months

Production in Bangladesh:

In recent years there have been a number of tragedies including building collapses and fires that resulted in loss of life at facilities in Bangladesh that did not implement rigorous safety standards. In response to these tragedies, Burton is maintaining a higher compliance standard for any production facility located in Bangladesh.

Below are the additional requirements for production occurring in Bangladesh:

- All factories must partake in an annual social responsibility audit conducted by a 3rd party firm and obtain a passing score of 80 or above.
- All factories must pay for and provide Burton with Structural, Electrical, and Fire Safety Assessments annually.
- All factories must display valid occupancy permits and recent valid inspection certificates for fire and building safety.
- No factory building:
 - i. May be located in buildings or areas zoned for residential or non-industrial commercial use only;
 - ii. May be located in a multi-tenant building; or
 - iii. May be owned by absentee landlords.

Countries Permitted for Production Without an Audit Needed:

The following countries are permitted for **finished good** production without an audit prior to production. This information is always subject to change, therefore please consult the Burton Sustainability Team for any questions regarding production in these countries.

AMERICAN SAMOA	FINLAND	NETHERLANDS ANTILLES
ANDORRA	FRANCE	NEW ZEALAND
ANGUILLA	FRENCH GUIANA	NORWAY
ANTIGUA AND BARBUDA	GERMANY	POLAND
ARUBA	GREENLAND	PORTUGAL
AUSTRALIA	GUAM	PUERTO RICO
AUSTRIA	HONG KONG	QATAR
BAHAMAS	HUNGARY	RÉUNION
BARBADOS	ICELAND	SAN MARINO
BELGIUM	IRELAND	SINGAPORE
BERMUDA	ISRAEL	SLOVAK REPUBLIC
BOTSWANA	ITALY	SLOVENIA
BRUNEI	JAPAN	SOUTH KOREA
CANADA	JERSEY, CHANNEL ISLANDS	SPAIN
CAPE VERDE	LATVIA	ST. KITTS AND NEVIS
CAYMAN ISLANDS	LIECHTENSTEIN	ST. LUCIA
CHILE	LITHUANIA	ST. VINCENT AND THE GRENADINES
COSTA RICA	LUXEMBOURG	SWEDEN
CROATIA	MACAO	SWITZERLAND
CYPRUS	MALTA	UNITED ARAB EMIRATES
CZECH REPUBLIC	MARTINIQUE	UNITED KINGDOM
DENMARK	MAURITIUS	UNITED STATES
DOMINICA	MONACO	URUGUAY
ESTONIA	NETHERLANDS	VIRGIN ISLANDS (U.S.)

If you have any questions, please contact the Burton Social Responsibility Team at: sustainability@burton.com

EXHIBIT A

附件 A

SUBCONTRACTOR PENALTIES

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First Offense: Written warning and production immediately ceased and relocated to a Burton-approved location. If vendor fails to cease production within ten (10) days of receipt of Burton's written warning, then it shall be subject to the Second Offense penalties set forth below.

Second Offense: Written warning and monetary fine in the amount of Ten Thousand and 00/100 Dollars (USD \$10,000.00), to be paid by vendor to Burton in immediately available funds in accordance with payment terms supplied by an authorized Burton representative, and production immediately ceased and relocated to a Burton-approved location. If vendor fails to pay the aforementioned fine AND cease production within ten (10) days of receipt of Burton's second written warning, then it shall be subject to the Third Offense penalties set forth below.

Third Offense: Written warning and monetary fine in the amount of Ten Thousand and 00/100 Dollars (USD \$10,000.00) or Ten Percent (10%) of the F.O.B. price of the goods manufactured at such unauthorized location, whichever is greater, to be paid by vendor to Burton in immediately available funds in accordance with payment terms supplied by an authorized Burton representative, and production immediately ceased and relocated to a Burton-approved location. If vendor fails to pay the aforementioned fine AND cease production within ten (10) days of receipt of Burton's third written warning, then Burton may immediately terminate all pending production orders with Supplier, regardless of production location.

For purposes of these penalties, a vendor shall be deemed to have received written notice three (3) days after such notice is sent by Burton via an internationally recognized courier.

In addition to the above penalties, upon three or more separate violations of the subcontractor notice and approval requirements, Burton, at its sole option and without further liability, may immediately terminate all pending production orders with vendor.

***The above penalties shall be applied regardless of whether Burton later approves any such location.**