

Burton Social Compliance Policy

Our Social Compliance 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.

While Burton recognizes that there are different legal and cultural environments in which factories operate throughout the world, the Burton Social Compliance Policy sets forth the basic requirements 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 contractors, agents, and suppliers to exceed the Code of Conduct requirements and to promote best practices and continuous improvement throughout all of their factories.

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

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.

Code of Conduct Social Compliance 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. Audits will also eventually encompass cutting facilities, sewing plants, screen printers, embroiderers, laundries, packaging locations, and raw material suppliers.

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

New suppliers must be identified to the Burton Vendor Management Team at least 6 weeks prior to the anticipated start of production. On average, it will take 4 weeks to schedule and execute an initial factory inspection. Inquiries and requests can be made through your Burton representative.

Factory inspections will be conducted by a Burton Compliance Auditor or by an accredited third party audit company. The facility manager and any associated agent may or may not be notified prior to the inspection.

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.

Each inspection will include a thorough audit of the facility for Health and Safety, Social Compliance, Forced Labor and Human Trafficking, and Environmental issues. Factory records involving payroll, operating licenses, employee personnel records, etc. will be reviewed for legal compliance with local laws. Plus, a random sampling of employees will be interviewed to evaluate working conditions at the facility.

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 which status 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. The factory manager and any associated agent will then be mailed a detailed factory evaluation report. The factory manager and staff must then return their proposed corrective action plan in a signed document to Burton.

At the end of the inspection, each facility will receive one of the below ratings. All factories must meet a minimum score of 71 or "B - Accepted to Be Improved", in order to continue business with Burton. Factories will be placed under a Corrective Action Plan with Burton until the passing score is met.

Violations of Burton's Social Compliance Policy will be appropriately remedied at the cost of the facility. Burton reserves the right to take necessary measures to ensure future compliance with this Social Compliance Policy. Failure to comply with Burton's Social Compliance Policy may ultimately result in termination of the relationship between Burton and the Authorized Facility.

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

Burton Social Compliance Ratings:

Accepted - "A" "85-100"– Demonstrates best practices. Fully compliant.

- 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 and is certified to produce Burton products for 12 months, at which time an annual review is necessary to maintain an accepted rating.

Accepted / To Be Improved "B" "71-84" – Mostly compliant. 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. If the problems are corrected to Burton's satisfaction, then the status of the factory will be elevated to "Accepted". If the factory has made no attempt to address the problems at the time of the second visit, the factory will be downgraded to a rejected status.

Rejection Status "C" "51-70"– Noncompliant, some serious failures and/or factory is making no progress.

- The factory has some major safety, health, or labor issues. This may include excessive working hours, incorrect overtime compensation, or locked emergency exits. In this situation the factory is not 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. 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).

Critical "D/E" "0-50"– Noncompliant, demonstrates general disregard for Burton codes and standards, unwilling or unable to drive important change, deliberately mislead auditors and/or audit shows critical systemic and repeated problems. Examples include but are not limited to:

- Management specifically refuses or continues to demonstrate it is not willing to comply with Burton standards
- And denial of access to authorized compliance inspectors
- Management provided false information (statements, documents or demonstrates coaching)
- Factory outsources to an unapproved or unauthorized facility
- Any use of bonded, indentured or prison labor.
- Use of force to compel illegal work hours
- Systemic use of workers under the minimum legal age of work.
- 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
- Systemically not providing legally required maternity leave
- Critical violation of hours of work standard
- In this situation the factory is not 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. If a factory fails to follow through on agreed facility upgrades, Burton retains the right to cancel any outstanding contracts or licensing agreements.

“F” Not Enough Information to Measure

- Insufficient data to assess and issue a rating

Infraction Corrective Action Deadlines:

Zero Tolerance - Immediate Action Required

Major - 30 Days

Moderate - 3 Months

Minor - 6 Months

Due to political, environmental, and human rights issues there are certain countries that are deemed unacceptable for the manufacture of Burton products. This is a continually changing situation, so please contact your Burton Global Sustainability Department for the latest information.

It is Burton's intent to treat all suppliers in a fair and honest manner, and to build a foundation for a long-term relationship. We will assist each supplier to reach Burton's manufacturing standards in any way possible.