



California Transparency in Supply Chains Act (SB 657)

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1.0 Introduction

1.1 Forced Labor Overview

The International Labor Association (“ILO”) estimates that at any given time, an estimated 40.3 million people are in modern slavery, 24.9 million of whom are in forced labor. It is estimated that 16 million of these victims are exploited in the private sector. Women and children are disproportionately affected, accounting for most victims.

According to the ILO, forced labor is “all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.” Anyone employed against their will with the threat of impoverishment, imprisonment, violence (including death threat), coercion, or other forms of extreme hardship for either themselves or members of their families is considered to be in forced labor.

1.2 Responsible Sourcing and Supply Chain Transparency at Burton

The Burton Corporation (“Burton”), including its wholly owned subsidiaries, is committed to operating in a responsible manner to improve our impact on the environment and the people and communities that we touch. Our commitment is based on the values defined in our brand Purpose and is also shaped by externalities such as global and local regulations.

Burton has a zero-tolerance policy for human rights violations, including modern slavery and human trafficking. We are committed to preventing and eradicating any forced labor, human trafficking, or other form of modern slavery from our global supply chain. Burton has developed multiple policies that strictly

prohibit the use of forced labor in the manufacturing of our goods. These policies and standards make it clear to our suppliers that this is an issue that we take very seriously and will not tolerate.

We also remain dedicated to publicly sharing our standards for responsible sourcing, traceability, and verification within our supply chain in order to hold ourselves accountable. Burton believes that all workers within the supply chain are entitled to safe, healthy, and respectful working conditions.

Burton is proud to align with the California Transparency in Supply Chains Act's purpose and requirements. We are dedicated to operating transparently and sharing our continuous efforts to source responsibly and prevent forced labor and modern slavery through our global supply chain.

1.3 California Transparency in Supply Chains Act Overview

The California Legislature passed the Transparency in Supply Chains Act on January 1, 2012, with the purpose of providing information to consumers which would enable them to make more educated purchasing decisions. The law mandates retailers and manufacturers doing business in California and with worldwide gross receipts exceeding \$100,000,000 to publicly disclose, through their website or written disclosures, the actions they are taking to identify, eliminate and prevent forced labor in their global supply chains.

2.0 Burton's Disclosures

2.1 Evaluation and Verification of Supply Chains

Engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure shall specify if the verification was not conducted by a third party.

In addition to our commitment to operating in a responsible manner which improves our impact on all people and communities that we touch, we are also committed to ensuring that our entire supply chain mirrors these values and commitments.

Burton's Sustainability Monitoring Policy aims to improve our social and environmental impacts in the communities in which we conduct business throughout the world. This policy applies to all facilities that produce finished goods for Burton or any of its subsidiaries, brands, licensee, or affiliates, including Burton and Anon. Burton monitors facilities involved in the manufacturing of Burton branded products on a regular basis. Monitoring occurs for all finished goods facilities and may also occur for raw material suppliers. Monitoring includes, but is not limited to, facility audits conducted by a Burton employed auditor or by an accredited third-party audit company nominated by Burton. Following an initial audit, Burton may audit a facility at any time, either announced or unannounced.

Burton uses sustainability monitoring results as a foundational part of its sourcing and supply chain strategy, influencing how we assess, select, and evolve supplier relationships. The Burton Sustainability team is actively involved in all sourcing and supply chain decisions.

Burton has also partnered with a prominent research firm to develop a risk intelligence tool which assesses political, economic, environmental, and social data affecting our international operations. Over 50 risk-factors are assessed and aggregated to map the entire range of issues affecting the global supply chain, including risk of forced labor and human trafficking. This tool is updated annually and

used to evaluate the risk of conducting business within a specific facility, region, or country. Burton has developed a formal process to guide how we engage with the data and determine the level of risk conducting business in certain regions presents to our supply chain and company.

Due to political, environmental, and human rights issues, there are certain geographic regions that are deemed unacceptable for the manufacture of Burton products. Burton reserves the right to restrict or prohibit sourcing from certain geographies that are identified as high risk. Risk pertaining to specific geographies is evaluated on an ongoing basis as manufacturing risk is a continually evolving situation.

2.2 Supplier Audits

Conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.

The Burton Social and Environmental Responsibility Audit is conducted to verify supplier facility compliance with the FLA Workplace Code of Conduct and Compliance Benchmarks. Burton requires suppliers to maintain a complete and up-to-date list of the local, national, and international laws applicable to operations, occupational health and safety, and environmental impacts (discharge, emissions, and disposal), which is verified during the audit.

At Burton's discretion, audits will be conducted regularly for every facility. Every finished goods factory will be audited at least once within a three-year period. At Burton's discretion, a recent full on-site audit report conducted by an accredited third-party may be accepted for review against Burton's standards. All agents that change production facilities are liable to pay for an initial audit to approve any new facility prior to starting production.

All vendors and agents must provide full disclosure of facilities and subcontractors that are used for Burton production. Changes or additions to facilities or subcontractors must be identified in writing to the Burton Sustainability Team at least six (6) weeks prior to the anticipated start of production. On average, it will take six (6) weeks to schedule and execute an initial facility audit.

2.3 Supplier Certification Requirements

Requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

Burton publishes an updated list of Tier 1 facilities on our company website annually which includes the name, address, ownership, and worker demographic information of all Tier 1 facilities involved in the manufacturing of Burton products.

All Tier 1 suppliers must agree to the Burton Supply Chain Sustainability standards (collectively, the "Standards"), which includes our Code of Conduct, prior to conducting business with Burton. Our standards clearly prohibit the use of forced, prison, or child labor in the manufacturing of our product. We assess and update these standards on an ongoing basis to ensure specific concerns related to forced labor and human trafficking are specifically addressed where we feel necessary.

Suppliers are also required to sign a Manufacturing Agreement upon entering into a business relationship with Burton. This legally binds suppliers to operate in compliance with all laws related to human rights, specifically those related to forced labor and human trafficking. Through this agreement,

Tier 1 suppliers agree to ensure all subcontractors and sub-suppliers adhere to our supply chain standards as well.

2.4 Internal Policies and Procedures

Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.

In 2020, Burton became an accredited member of the Fair Labor Association (“FLA”). The FLA is a nonprofit organization dedicated to protecting workers’ rights and improving global working conditions. The FLA Workplace Code of Conduct is considered the gold standard for human rights compliance and social responsibility. Burton’s Code of Conduct and Supply Chain Sustainability Standards follow the FLA Benchmarks and align with the International Labor Organization and UN Guiding Principles. These policies outline specific standards around labor practices that we expect our suppliers to uphold. The Burton Code of Conduct has established policies which strictly prohibit any forms of forced labor, human trafficking, or child labor in the supply chain.

All Burton business partners, suppliers, agents, and designated third parties are expected to adhere to the Standards, which includes the Code of Conduct, the Restricted Substances List (“RSL”), the Sustainability Monitoring Policy, and the Materials Verification Policy.

The Preferred Materials Policy and Materials Traceability Policy ensure that material claims are verified at each stage of the supply chain, with documentation passed from the fiber source through each processing stage in the material chain of custody, and ultimately to the brand. These policies help to ensure transparency in the Burton supply chain. Required documents include, but are not limited to, purchase orders, invoices, bills of lading, and other customs documentation to prove the chain of custody from raw material through finished goods manufacturing, for each tier of the supply chain.

For certified materials (e.g. Global Organic Textile Standard, bluesign, Forest Stewardship Council) transaction certifications are required in addition to supply chain traceability documentation. It is expected that the company in direct partnership with Burton (e.g. finished goods supplier, fabric mill) be named on all documentation verifying material source or certification. Finished goods suppliers are expected to retain documentation. Burton recognized that verifiable documentation is not only a strict requirement for Burton, but also our retail customers.

2.5 Employee Training

Provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

All Burton employees, including members of our Supply Chain, Sourcing and Product teams, are required to participate in our Burton Identification and Prevention of Forced Labor & Human Trafficking training on an annual basis. This training provides in depth information about how to define, identify and prevent forced labor and human trafficking in the supply chain. The purpose of the training is to help employees better understand these human rights abuses and how each presents

a unique risk to the global supply chain. The training also equips employees with the knowledge to recognize indicators of forced labor and provides clear guidance on reporting any identified risks.

In addition, all employees and suppliers are required to participate in training on Burton's Code of Conduct annually. These trainings ensure our employees and suppliers are informed of the most up to date policies regarding supply chain traceability, as well as our standards regarding workers' rights, safety, and wellbeing.