

Social Compliance – 2018 Annual Summary

Callaway Golf Company values its key suppliers and strive to build long-term relationships with them. We believe premium products require premium factories, thus we work with factories that share our commitment to high quality, performance and compliance.

With that in mind, we audit our Tier I and designated Tier II suppliers pursuant to our “Transparency in Supply Chains Act & UK Modern Day Slavery Act” policy, which is publicly available in the Social Responsibility section of callawaygolf.com. Our Supplier Assessments and Audits follow the United Nations Global Compact as implemented by the SA8000 standard and by our internal standards established in our Supplier Code of Conduct. Between 2017 and ‘18, we initiated improvement plans at less than 11% of the audited factories; our improvement plans focus on educating suppliers on best practices and validating their improvement. Where critical issues exist and improvement has not been demonstrated, we exit the facility or significantly limit future orders. During this same period between 2017 and ‘18, we did not encounter any zero-tolerance activity within our supply chain, including activity prohibited under the UK Modern Slavery Act.

We meet regularly with our Tier 1 and designated Tier 2 suppliers to review our compliance expectations and coach them in areas where audits identify opportunities for growth and improvement.

Note:

- Designated Tier II suppliers are suppliers where their product/component are required by Callaway to be procured from that facility.
- Zero Tolerance activities include bribery or corruption; prison, bonded, indentured or forced labor; employees physically abused by management; sexually harassed employees; or presence of child labor.