

Transparency in Supply Chains Act & UK Modern Day Slavery Act

Effective January 1, 2012, revised July 8, 2016

ABOUT THIS POLICY

This policy describes Callaway Golf Company's ("the Company") response to California's "Transparency in Supply Chains Act of 2010" and the United Kingdom "Modern Slavery Act 2015". On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) went into effect in the State of California. The UK Modern Slavery Act came into force in October 2015. These laws describe the information to be made available by manufacturers and retailers regarding their efforts (if any) to address the issue of slavery and human trafficking. Click to view [California's Transparency in Supply Chains Act of 2010](#). Click to view [UK Modern Slavery Act of 2015](#).

CORPORATE AND SUPPLIER CODES OF CONDUCT

Company Code of Conduct

The Company's Code of Conduct is part of Callaway Golf Company's effort to conduct its global business legally. The Code applies to all board members, officers and employees of the Company and its subsidiaries. All Company employees are required to comply with the Company's Code of Conduct, which includes provisions designed to address the principle that child, prison, or forced labor are not permitted at any Company supplier operation. The Company's Code of Conduct is applicable throughout the world, and the Company trains employees on these standards from time to time, including new hire training for all incoming employees and ongoing training of all company employees and management who have direct responsibility for supply chain management. This ongoing training specifically addresses education on human trafficking and slavery prohibitions within the product supply chain.

Click to view the [Company's Code of Conduct](#).

Organizational Structure and Supply Chain Overview

Through an unwavering commitment to innovation, Callaway Golf Company (NYSE: ELY) creates products and services designed to deliver serious performance and serious fun for every golfer. We are a global leader in advanced golf technology, and for 30 years we have consistently found new ways to empower golfers of all abilities. Callaway Golf Company manufactures and sells golf clubs and golf balls, and sells golf accessories under the Callaway Golf® and Odyssey® brands worldwide.

The Company has its primary golf club assembly facility in Monterrey, Mexico, and maintains limited golf club assembly in its facilities in Carlsbad, California. The Company's golf clubs are also assembled in China, Japan, England and other local markets based on regional demand for custom clubs. In addition, the Company utilizes golf club contract manufacturers in China.

The Company has a golf ball manufacturing facility in Chicopee, Massachusetts, and also utilizes golf ball contract manufacturers in China and Taiwan.

The Company purchases raw materials from domestic and international suppliers in order to meet scheduled production needs. Raw materials include steel, titanium alloys and carbon fiber for the manufacturing of golf clubs, and synthetic rubber, thermoplastics, zinc stearate, zinc oxide and lime stone for the manufacturing of golf balls.

Callaway works closely with a limited supply chain to ensure a premium golf product and experience. Respecting human rights and environmental issues in the supply chain is embedded in processes and agreements used to onboard and approve new suppliers.

Supplier Code of Conduct

The Company has also adopted and implemented a "Supplier Code of Conduct." The Supplier Code of Conduct describes the business practices and employment standards applicable to the Company's direct suppliers on a global basis. Click to view the [Supplier Code of Conduct](#).

Direct suppliers receive copies of or have access to the Supplier Code of Conduct and many suppliers post the Code on site at their various locations.

HOW WE VERIFY COMPLIANCE

The Company uses various approaches to verify the absence of forced labor and child labor in our supply chain, including the following:

Supply Chain Qualification and Supplier Assessments

The Company performs assessments of potential suppliers according to a risk-based approach. This approach includes preliminary risk assessments and supplier assessment questionnaires. New supplier screenings are generally conducted internally by Company personnel. Ongoing supplier compliance is typically monitored by a combination of measures (as discussed below), including supplier self-assessments, Company-conducted audits, and third party audits. The Company uses tools such as regular questionnaires (which are administered by the Company via a web-based service) that are completed by direct tier one suppliers and selected tier two suppliers.

Supplier Audits

The Company's audit program evaluates suppliers' compliance with the Company's Supplier Code of Conduct. Various types of announced audits are conducted under this program, including onsite audits conducted or attended by Company personnel, collaborative or self-audits, and periodic third-party on-site audits of practices and underlying management systems. If deficiencies are identified, suppliers are directed to produce corrective action plans. The corrective action plans typically outline how a supplier will resolve issues uncovered in audits. If any compliance issues are identified, the Company may terminate the supplier relationship or will require action by the supplier to rectify the problem within a designated timeframe.

Currently, site audits are scheduled at most direct supplier sites every two years. These audits are conducted by the Company or by a third party auditing company. The audits are semi-announced audits. This means that the suppliers are given a window of time when the audit will take place, but the exact date of the audit within the timeframe is unannounced.

Terms and Conditions in Purchase Orders and Agreements

The Company has supply agreements or Purchase Order terms and conditions in place with most direct suppliers, requiring them to comply with applicable laws and regulations, including laws regarding forced labor and child labor. Agreements include provisions limiting the use of sub-contractors; where sub-contractors are used, the sub-contractor must be an “Authorized Subcontractor” and adhere to the provisions of the Purchase Order.

Corporate Purchasing Policy

The Company has a Corporate Purchasing Policy in place that applies to all US employees responsible for commitment of funds to external suppliers. The Policy also serves as a guide for all non-US Company employees. Applicable Company employees are responsible for understanding and complying with this Policy. Among other things, the Policy is designed to promote compliance with all applicable federal, state and local laws and regulations.

Supplier Acknowledgement and Agreement

The Company has instituted a program which requires direct suppliers to certify compliance with the terms and conditions the Company’s Purchase Order Terms and Conditions, Supplier Code of Conduct, U.S. OFAC Memorandum and Foreign Corrupt Practices Act.

Product Compliance

The Company strives to ensure that products comply with applicable laws and regulations through education, testing, certifications, and audits.

Conflict Free Sourcing

The Company has policies and procedures to reasonably assure that the use of the tantalum, tin, tungsten and gold in the products manufactured do not directly or indirectly finance armed groups in Covered Countries as defined by the Conflict Minerals Rule issued by the U.S. Securities and Exchange Commission (SEC) under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Click to view the Company’s [Conflict Mineral Policy](#).

Employee and Supplier Training

The Company educates employees responsible for supplier programs on how to identify and report compliance issues. The Company also strives to educate suppliers on relevant regulatory requirements, programs, and Company policies.

Company Legal Compliance Committee and Internal Audit Department

The Company has a Legal Compliance Committee to address compliance issues on a global basis and to develop systems and procedures to address any ongoing compliance issues in the locations where we conduct operations. The Legal Compliance Committee meets on a regular basis, and the Chief Ethics Officer provides updates of key findings to the Company Board of Directors.

The Company also has an Internal Audit Department that periodically tests supplier compliance with contract terms through a variety of methods. The Company also seeks to promptly address internal accountability standards and procedures for employees or contractors failing to meet Company standards.

POLICY UPDATES

From time to time, we may change our practices under this policy. We will try to post the latest version of this policy here.

Reporting Human Rights Violations

If human rights violations are suspected at a Company facility or a facility supplying product to the Company, please contact us at corporatecompliance@callawaygolf.com. Violations can also be reported by calling +1 (760) 931-1771 and requesting to speak with the Chief Ethics Officer.

Reporting

The Company will publish a statement outlining steps taken during each financial year to ensure slavery and human trafficking is not taking place in any part of the Company's supply chain or in any part of the business.

POLICY APPROVAL

This policy is approved by the Board. A signed copy is available upon request.

HOW TO CONTACT US

If you have any questions about this policy you can email us at corporatecompliance@callawaygolf.com. If you would like to write to us, our U.S. address is:

Compliance Question
Callaway Golf Company
2180 Rutherford Road,
Carlsbad, California 92008

Transparency in Supply Chain Act

And

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Policy

Signature



Patrick Burke, Director