

Environmental, Health and Safety Leadership

Callaway maintains its Environmental, Health and Safety policies, procedures, safety aids and related forms in our Enterprise Level Document Management Center.

Callaway's commitment to implementing Environmental, Health and Safety standards internationally is aligned with Callaway's core value to always act with integrity and respect. Callaway is committed to working with our suppliers and licensees to meet ensure compliance with our policies and applicable law. Our Supplier Code of Conduct sets forth the standards Callaway expects each supplier to meet. Our licensee agreements establish additional standards of licensee conduct.

Callaway drives compliance by 1) using administrative controls such as contracts and agreements, 2) providing new supplier on-boarding review and approval, 3) conducting internal and third party supplier audits, and 4) giving employee and supplier training and education.

Environment

Callaway has a long history of implementing positive environmental initiatives and reducing our environmental footprint. We use third-party auditors to evaluate and improve our environmental performance throughout our supply chain. Environmental, health and safety matters are important areas of continuous focus for Callaway.

- Climate/Energy
 - Callaway received U.S. EPA SmartWay certification in 2017 (SmartWay is a program that promotes environmentally efficient freight transportation).
 - SmartWay helps companies advance supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency.
 - Tracking our transportation statistics has helped us build an important data source that allows us to make strategic and environmentally conscious supply chain decisions.
 - We continuously seek opportunities to streamline our transportation operations in order to improve performance and reduce our carbon footprint.
 - Callaway regularly participates and benefits from utility-sponsored demand-reduction programs while actively pursuing new energy efficiency projects.
 - In 2019, more than 27% of our energy comes from renewable sources.
 - Our energy management system optimizes energy use at our corporate headquarters.
 - In 2019 we replaced a 12 million BTU/hr boiler with high efficiency and low emission 2.5 million BTU/hr boilers.
 - In 2019 we are finalizing approval to install a battery storage system, allowing us to increase our usage of renewable energy.
 - Overall, Callaway has seen a 35% reduction to our annual energy usage since 2012.

- Water
 - Callaway recently worked with a renowned golf course architect to renovate the Ely Callaway Performance Center (ECPC) in Carlsbad, California, where we regularly test equipment and perform custom fittings. The renovation included installing a new irrigation system that uses an industry-leading control system and sprinklers that ration water more efficiently.
 - We use 100% reclaimed water for landscaping at our Carlsbad headquarters and more than 80% reclaimed water for the ECPC.
 - Our central plant cooling and heating operations use a patented soft water program that reduced our water use by more than 2,000,000 gallons per year and eliminated more than 1,000 gallons per year of hazardous chemicals.
- Recycling
 - Callaway has also taken steps to dramatically reduce our use of cardboard packaging, including:
 - Implementation of a customer order system that automatically aligns the order with the “best fit” shipping carton.
 - Training of operators to make changes to the packaging and correct the order system optimization to ensure “best fit” packaging, if necessary.
 - Following GreenDot packaging standards.
 - Securely managing and recycling office paper and other materials.
 - Callaway also fervently believes in the importance of recycling and aggressively recycles cardboard, metal and paper. For example:
 - In 2018, we recycled 1,077,817 pounds of cardboard and 142,900 pounds of metal.
 - We recycle e-waste, green waste, plastics and wood on an ongoing basis.
 - We team with reputable recycling facilities that demonstrate industry best practices, such as the R2 Responsible Recycling standard for electronics and recycling industry.
 - Overall, since 2010, we’ve recycled more than 11,000,000 pounds of material.
- Environmental Impacts
 - Callaway maintains a “Source Reduction Evaluation Review and Plan” and provides a “Summary Progress Report” to the state of California.
 - We actively and continually partner with our suppliers to find innovative ways to reduce our environmental impact.
 - We follow our “New Material Review Process” to evaluate the environmental and safety impact of the materials we use.
 - We specify low-VOC and low-toxicity paints and solvents in our golf club operations.

- We have been working with a key golf club component supplier to reduce their volatile organic emissions by more than 85%.
 - We use advanced techniques like 3-D modeling and artificial intelligence to optimize our design process. These systems allow us to reduce the number of prototypes needed to arrive at the final product, and thereby minimize the energy and waste required to create them.
 - Callaway retains third party auditors to inspect our suppliers' environmental programs to identify best practices and areas of potential risks.
- Product Safety/Restricted Substances
 - Callaway collaborates closely with regulatory agencies and participates in professional working groups to promote best practices that protect the environment.
 - We adhere to the American Apparel and Footwear Association Restricted Substance List to benchmark our product safety requirements to ensure we meet global standards.
 - We regularly work with suppliers and testing laboratories to ensure our products are evaluated and tested using reasonable testing programs.

Health and Safety

Callaway uses third-party auditors to evaluate and improve our safety performance throughout our supply chain.

- Our Monterrey, Mexico manufacturing facility's safety management program achieved the high rating score of 99.8% in the June 2019 government inspection maintaining the STPS PASST Level 3 certified (the PASST program is similar to the OHSAS 18001 program).
- We maintain an "Injury and Illness Prevention Program Policy" and "Accident/Incident Reporting & Investigation Procedure" and maintain records documenting issues.