

Columbia Sportswear Company Corporate Responsibility

Standards of Manufacturing Practices (SMP) Vendor Compliance Manual



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Who We Are







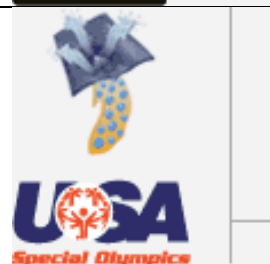
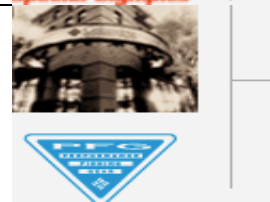

Columbia Sportswear Company is a leading innovator in the global outdoor apparel, footwear, accessories and equipment markets. We design, develop, market and distribute active outdoor products. We now manage a portfolio of outdoor brands that includes Columbia Sportswear, Mountain Hardwear, Sorel and Montrail.








We're a family business gone global. Chairman Gert Boyle's parents — German nationals who fled Nazi Germany in 1938 — purchased a small hat company upon their arrival in Portland and named it Columbia Hat Company, after the river that inspired their new home. This humble beginning was of huge significance to the family, marking new found freedom and a fresh start. Her husband later took over, and after he died Gert ran the show, going from housewife to executive overnight. Today, her son Tim Boyle is our longtime president and CEO. The family — like our business — has experienced its ups and downs, but enjoying the outdoors together has always been an inseparable part of the program.

Columbia is made up of real people who are as passionate about the outdoors as you are. And, while our products are available around the world, we're based in the great Pacific Northwest, where majestic forests frame volcanic mountains and a rugged coast. This is where we hike, ride, fish, hunt, climb, camp, golf, paddle, run, and just enjoy fresh air with friends.

COLUMBIA MILESTONES

 <p>2012</p>	<p>Apparel Magazine names Columbia as a top innovator. US and Canada Columbia sponsored ski teams podium in events around the world</p> <p>Technologies developed: Omni-Wick® EVAP Omni-Freeze® ICE Omni-Wind® BLOCK</p>
 <p>2011</p>	<p>Columbia sponsors the US Freestyle Ski Team. The Peak 2 Peak™ Jacket wins Outside™ Magazine's Gear of the Year award.</p> <p>Technologies developed: Fluidpost® & Fluidframe® Insect Blocker® Omni-Dry® Ultrabreathable Waterproof OutDry</p>
 <p>2010</p>	<p>Forbes names Columbia one of the top 100 most trustworthy.</p> <p>Technologies developed: Omni-Heat® Thermal Reflective Omni-Heat® Thermal Electric</p>
 <p>2009</p>	<p>Columbia launches e-commerce. Titanium® golf line introduced</p> <p>Technologies developed: Omni-Shield® Advanced Repellency Omni-Shield Blood 'N Guts® Omni-Freeze® Advanced Cooling</p>

	<p>2008</p>	<p>Omni-Shade® Columbia's proprietary sun protection technology developed Columbia celebrates its 70th anniversary Official Sponsor of Team Columbia, former team High Road</p>
	<p>2006</p>	<p>Columbia acquires Montrail and Pacific Trail Products Available in 72 countries</p>
	<p>2005</p>	<p>Gert's autobiography, One Tough Mother, is released X Games official supplier 2002–2005</p>
	<p>2004</p>	<p>4 Star Distribution Center opens Columbia acquires Mountain Hardwear Company reaches \$1 billion dollars in annual sales</p>
	<p>2002</p>	<p>Salt Lake City Winter Olympic Games: Official supplier to NBC Sports Eco-Challenge official provider 1996–2002</p>
	<p>2000</p>	<p>Columbia acquires Sorel</p>
	<p>1998</p>	<p>Company goes public Sydney Summer Olympic Games: Official supplier to NBC Sports</p>
	<p>1997</p>	<p>Omni-Dry®: High-performance moisture management technology developed Special Olympics: Official supplier to Team USA</p>
	<p>1996</p>	<p>Columbia Comfort System introduced PFG introduced Flagship store opens</p>
	<p>1995</p>	<p>GRT: Gear for Rugged Trekking and Travel line introduced. America's Cup: Official sponsor to America3</p>

	1994	Convert and Titanium lines introduced Lillehammer Winter Olympics Games: Official supplier to CBS Sports Rivergate Distribution Center opens
	1993	Footwear line introduced
	1991	Omni-Tech®: Columbia's proprietary waterproof-breathable technology developed
	1990	First national television ad, "Car Wash"
	1986	First Bugaboo™ Parka revolutionizes how downhill skiers dress
	1985	Sportswear line introduced
	1984	The Mother of all ad campaigns begins Youth line introduced
	1975	Columbia first to introduce Gore-Tex® parka Company goes international
	1970	Gert Boyle, a housewife, takes over the company
	1960	Gert Boyle designs first fishing vest Columbia Hat Company becomes Columbia Sportswear Company
	1938	Columbia Hat Company established

Corporate Responsibility Overview

The Challenges

Apparel and footwear companies such as Columbia Sportswear currently face many challenges as global companies. The social, environmental and economic aspects of our business activity are under increasing scrutiny from customers, suppliers, investors, industry groups and the public. Objectionable business practices have the potential to damage our reputation, brand and ultimately, profits. In addition, managing the diverse range of issues that fall under the corporate responsibility umbrella which includes social responsibility, sustainability, product safety, environmental, health and safety (EHS) practices and community involvement is becoming ever-more complex.

The Opportunities

Corporate Responsibility is about doing the right thing, but it can also have business benefits. More and more, consumers are focusing on a company's behavior when making buying decisions; labor practices, business ethics and environmental responsibility all help to shape their view of a company. Accordingly, we look to work with suppliers that source products in a manner that protects workers' human rights, workers' health and safety, and the environment. We seek suppliers who demonstrate responsible business practices as this helps to minimize the risk to our reputation and to satisfy consumer expectations. Consumers should be able to have confidence that any product with the Columbia Sportswear logo or the logo of any of the company's subsidiaries was produced in a responsible manner.

By valuing workers, we can improve the lives of employees and attract customers who insist on social and environmental responsibility in their supply chain. Implementing key corporate responsibility strategies can help us realize cost savings and efficiencies through systems improvements, energy efficiencies, or reduced labor turnover. Responsible sourcing makes long term business sense for Columbia Sportswear, your company, and factories.

The Approach

*“At Columbia Sportswear, we are committed to building a company of which we can all be proud – not only of the innovative products we create and the financial results we achieve, but the manner in which we achieve them. Whether it's responsible sourcing, [giving back](#) to our communities, or reducing our environmental impact, we believe **corporate responsibility is a companywide effort**. —Tim Boyle, President, CEO, and Director*

Our code – Standards of Manufacturing Practices (SMP)

At the heart of our social responsibility program is our [Standards of Manufacturing Practices \(SMP\)](#). Columbia's products are manufactured at independent factories around the world. We value, expect and promote ethical and fair treatment of people and are committed to assuring that the partners with whom we do business share these values. Each factory producing Columbia Sportswear products is monitored regularly against these Standards in addition to local labor laws and International Labor Organization (ILO) conventions. Our *SMP* outlines standards in the following areas:

- Forced Labor
- Child Labor

- Harassment or Abuse
- Nondiscrimination
- Freedom of Association
- Wages and Benefits
- Hours of Work
- Health and Safety
- Environment
- Ethical Conduct

Monitoring & Remediation

Columbia employs a team of specialists who conduct regular, unannounced audits of our suppliers against our *SMP*. **All of our audits are conducted unannounced**, which allows our specialists to see the factory conditions as they are on a typical day. Columbia values transparency and accountability and expect a transparent communication with our suppliers.

Our specialists are not the only internal staff trained on our *SMP*. We also train our internal supply chain management staff on our *SMP*, including how to identify and respond to supply chain risk issues. With all supply chain employees working together, we can have greater influence at our contract facilities to alleviate risks and affect change.

Training & Capacity Building

Monitoring alone is not enough. We also support supplier efforts to promote sustainable solutions. Our training and capacity building program encourages suppliers to further develop skills to effectively remediate and enhance overall performance. Our program does this by partnering with training providers to offer consulting and workshops that provide suppliers with tools and techniques to enhance management systems in the areas of:

- Human Resources Management
- Communications
- Production Efficiency
- Environmental Management

In addition to working with consultants and training providers, we leverage industry partnerships to support and capitalize on resources developed by non-governmental and non-profit organizations. We are currently participating in Better Work programs in Cambodia, Vietnam, Indonesia & Jordan.

Better Work is a unique partnership program between the International Labor Organization (ILO) and the International Finance Corporation (IFC). The program aims to improve both compliance with labor standards and competitiveness in global supply chains. Better Work involves the development of both global tools and country-level projects, with a focus on scalable and sustainable solutions that build cooperation between governments, employers' and workers' organizations and international buyers.

Multi-stakeholder Engagement & Collaboration

Social responsibility is not a statement, it's a conversation. It's about engaging others in the industry for continuous improvement.

We collaborate with other apparel and footwear brands who share our Corporate Responsibility approach and whose products are produced in the same factories as ours. At any given time, a factory could be making shirts for ten different companies in the US and Europe, each with its own code of conduct. By sharing audit findings with other brands, we can reduce redundant auditing and focus on finding solutions.

We also engage the communities in which our manufacturing partners operate. HERproject is an example of one of our long-term projects that focuses on worker wellbeing. HERproject works to change women's lives through workplace programs that provide access to women's health education.

We also participate in industry-wide initiatives and organizations to explore how we can address complex questions around corporate responsibility as an industry.

Fair Labor Association

Columbia is a proud affiliate of the Fair Labor Association (FLA) as a Collegiate Licensee, Category B. The FLA is an independent nonprofit dedicated to improving the lives of factory workers and providing independent monitoring of factory conditions. FLA is governed by a multi-stakeholder board with equal representation of companies, universities, and civil society organizations. The organization provides a forum where companies can exchange ideas with universities and nonprofits that share a commitment to ethical sourcing. For more information about the FLA, [click here](#).

Columbia's collegiate apparel and equipment is subjected to FLA's rigorous Independent External Monitoring (IEM) process and public reporting. Our program is also informed by FLA guidance on challenging issues such as effective grievance systems and migrant labor.

Outdoor Industry Association

Columbia leads the [Outdoor Industry Association \(OIA\)](#)'s Social Responsibility Working Group. This group works to create tools that support the effort of industry partners working conditions.

American Apparel & Footwear Association

Columbia is a member of the [American Apparel & Footwear Association](#) Social Responsibility Committee, through which we learn and share information and best practices with industry peers.

UN International Labor Organization (ILO) Better Work Program

Columbia participates in the Better Work program, which is a unique partnership between the International Labor Organization (ILO) and the International Finance Corporation (IFC). It unites the expertise of the ILO in labor standards with that of the IFC in private sector development.

Business for Social Responsibility's HERproject

Columbia participates in HERproject with factories in China, India and Vietnam. HERproject works to change women's lives through workplace programs that provide access to women's health education. Partners include eight multinational companies, 30 factories, eight local organizations, and multiple clinics, hospitals, and public-sector population and health departments. Each plays a role in making HERproject a success.

Brand collaboration

Brand collaboration is another tool available to Columbia suppliers to address repeated non-compliance in a sustainable way. Wherever possible, Columbia is collaborating with other brands that share our values. Collaboration with each brand may be different but each partnership will attempt to streamline monitoring or support better working conditions. Please contact your local Columbia representative for more information.

Purpose of Vendor Compliance Manual

At Columbia Sportswear, we value our business relationships, and believe your company is an integral part of our success. Ethics are important to us, and we seek suppliers who share our commitment and the principles outlined in our *Standards of Manufacturing Practices (SMP)*.

We need your assistance to make sure that your company is complying with *SMP* and local law. Together, we must keep in mind the importance of being good global citizens in addition to providing our customers with the best quality products and services. It's our expectation that you follow *SMP* when conducting business with us.

The purpose of the *Vendor Compliance Manual* is to help guide you through the steps involved in the *SMP Program*. Successful participation entails the following components:

- **Mandatory Participation:**
All production locations producing Columbia Sportswear goods must participate.
- **Communication:**
You are responsible to notify all production location(s) of the Columbia Sportswear *SMP Program* requirements.
- **Adherence to Local Laws and SMP Requirements:**
We reserve the right to develop more stringent requirements when we determine that local regulations are not up to our standards.
- **Active Cooperation and Participation:**
Access to all areas of the factory (ies) must be granted. In addition, confidential access to employees and transparency of all necessary documents are absolute requirements for unannounced audits and/or visits.
- **Remediation Steps:**
You must provide assurance that issues are being addressed properly and on a timely manner.
- **Third-Party Monitoring:**
We reserve the right to require third-party monitoring when deemed necessary. Further information will be provided separately, if applicable.

We have created this manual to offer advice and ensure broad awareness and global consistency on our *SMP Program*. We also seek to encourage you to take a more proactive approach to meeting our requirements.

We have also prepared a *Vendor Compliance Manual – Appendices* which is a reference tool to help you further understand our *SMP Program and Process*. *The Appendices* is available at “Resources Icon” in *Gateway*.

Gateway (cr.columbia.com) is an online portal which helps manage vendor and factory information in related to Columbia Corporate Responsibility program. Vendor and factory representatives can log into *Gateway* to access their records, review *SMP* audit findings, update remediation progress, download reference documents and more. Please contact your corresponding CR specialist for your user name and password to log into *Gateway*.

If you should need further information do not hesitate to contact us at smp@columbia.com, or your local Columbia representative.

Purpose of Standards of Manufacturing Practices (SMP)

The following *Standards of Manufacturing Practices (SMP)* establish our policy of working with suppliers and contractors who share our commitment to ethical and responsible business practices. *SMP* and all relevant laws, regulations, and conventions in all countries in which you operate must be observed. *SMP* must also be communicated to all workers and posted prominently in the workplace in their language.

Please see *Appendix A* for a poster form of the *Standards of Manufacturing Practices (SMP)* that you can enlarge, print and distribute to all factories. For the *SMP* in local language, please download from “Resources Icon” in *Gateway* or contact your local Columbia representative.



Standards of Manufacturing Practices

Columbia Sportswear Company (“Columbia”) is a global leader in the design, sourcing, marketing and distribution of active outdoor apparel and footwear, with an international reputation for quality, performance, functionality and value. We produce Columbia Sportswear, Mountain Hardwear, Sorel and Montrail products.

To facilitate decent and humane working conditions and promote ethical business practices at third-party manufacturing facilities around the world, we have developed these *Standards of Manufacturing Practices*. Whether we (or our subsidiaries, divisions, affiliates or agents) enter into or continue a business relationship with a particular supplier depends in part on its compliance with and commitment to the principles outlined in these *Standards*.

Documentation and Inspection

Supplier must provide our representatives with unrestricted access, without advance notice, to all factory premises and employees as well as to all documents relevant in determining whether it is in compliance with these *Standards* and all applicable laws and regulations.

Forced Labor

Supplier must not use forced labor, whether in the form of prison, indentured, slave, bonded or any other form of compulsory labor.

Child Labor

Supplier must only employ people who (a) meet the local legal minimum age for employment, (b) meet the age for completing compulsory education in the country of manufacture, or (c) are at least 15 years old, whichever is higher.

Harassment or Abuse

Supplier must treat all employees with respect and provide work environments that are free of physical, sexual, psychological and verbal harassment and abuse, retribution for grievances, and corporal punishment.

Non-discrimination

Supplier must not subject any person to any discrimination in employment, including in hiring, salary, benefits, advancement, discipline, termination or retirement on the basis of race, religion, gender, marital status, capacity to bear children, age, disability, sexual orientation, nationality, political opinion, social or ethnic origin or other status of the individual unrelated to the ability to perform the job.

Freedom of Association

Supplier must recognize and respect the right of employees to associate, organize and bargain collectively in a lawful and peaceful manner without penalty or interference.

Wages and Benefits

Supplier must pay each employee at least the legal wage and applicable premium rate for overtime, and must provide all legally mandated benefits. Supplier must also provide employees with a clear written accounting for every pay period and must not deduct or withhold wages or benefits for disciplinary infractions.

Hours of Work

Supplier must comply with applicable laws and regulations regarding work hours and must operate in a manner that promotes humane and productive hours of work and working conditions.

Health and Safety

Supplier must comply with applicable laws and regulations regarding working conditions, including any housing and cafeteria requirements, and must provide a safe and healthy working environment to reduce work-related injuries and illnesses and promote the general health of employees.

Environment

Supplier must comply with applicable environmental laws, must maintain a written environmental policy, and must implement a system to minimize or eliminate negative impacts of its practices on the environment.

Ethical Conduct

Supplier must conduct business in a legal and ethical manner. Supplier must refrain from offering or accepting bribes or kickbacks in any form directly or indirectly to or from our representatives, government officials, or third parties in connection with us or our products.

Standards of Manufacturing Practices (SMP) Process

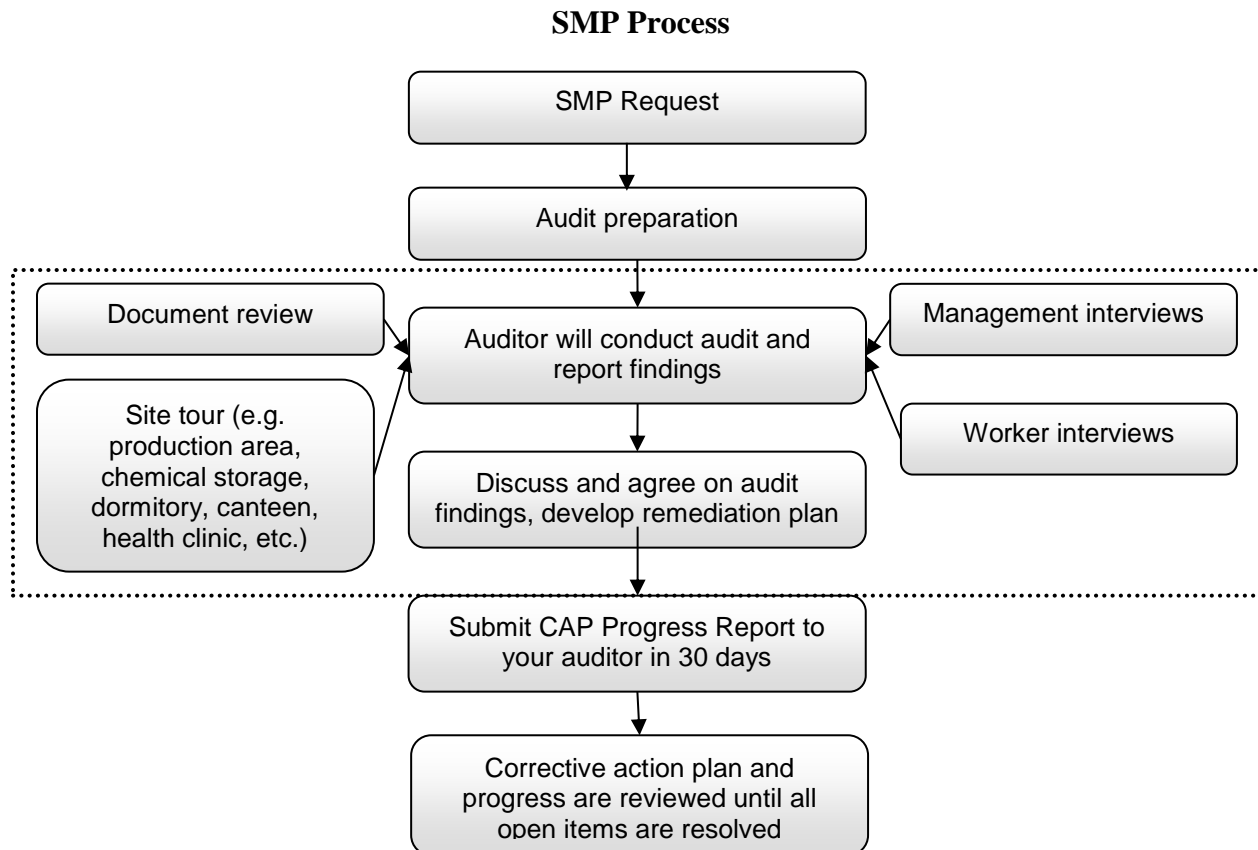
Columbia has developed a *SMP Process* that aims to better encourage continuous improvement in factory conditions. Our overall goal is to have a positive and proactive approach towards social compliance and our process reflects this philosophy.

Columbia's *SMP Process* is comprised of 4 main steps:

- *SMP Request*
- *Audit Preparation*
- *Unannounced Audit*
- *Remediation Requirements and CAP Progress Report*

We carry out audits as one tool to help promote good performance as well as monitor compliance with the *SMP*. This is not a policing activity. We see onsite assessments as providing an opportunity to raise awareness, identify potential risks and share best practices.

Our audit process includes a review of documentation in addition to an assessment of environment, health and safety practices and labor conditions. During an audit, the auditor will review these items with you and discuss the findings. When our standards are not being met, you are required to complete a Corrective Action Plan (CAP) with the help of Columbia's representative to remediate any violations. We intend to work with you to drive improvements in working conditions and achieve compliance with our standards over time.



1. SMP Request

In order to start the *SMP process*, you will have to login to the *Gateway* with your vendor/factory user name and password.

1) *The Evaluation and Certification Agreement (EC Agreement):*

The EC Agreement states Columbia Sportswear's compliance policy and must be signed by a representative of the company/factory. *The EC Agreement* is available in different languages, but the English version must be signed and uploaded to the *Gateway* within 7 days of email notification. The EC Agreement is available at "Resources Icon" in *Gateway*. To receive a translated version of *The EC Agreement*, please contact your Columbia Sportswear representative(s) or email smp@columbia.com with the request. (See *Appendix C* for agreement)

2) *The SMP Request Form:*

The *SMP Request Form* captures key information about a factory which is necessary for Columbia. The *SMP Request Form* should be completed by the Factory. *The SMP Request Form* should only be completed after appropriate factory personnel have reviewed this manual. The SMP Request Form should be completed online at *Gateway* within 7 days of email notification. (See *Vendor Compliance Manual – Appendices (Appendix D)* for details).

The above documents must be completed, signed and uploaded at least six to eight weeks prior to projected start of production.

In order to maintain an accurate list of factories, we request that you notify us at least 2 months in advance of:

- Adding new factories that you plan to use;
- Changing factory address, name, or contact person; or
- Deleting names of factories you will no longer use.

2. Audit Preparation

After you have completed all information requested online and submitted the necessary documents, please conduct a self-assessment of your factory conditions in preparation for an initial audit. Preparing documents that need to be reviewed and conducting a brief self-assessment of conditions in your factory can significantly help the efficiency of the audit. Please review the checklists included in the *Vendor Compliance Manual – Appendices* which is available for download through *Resources Icon* in *Gateway*.

To prepare for an audit, we highly recommend the following steps:

1. Forward this manual to all factories that will be producing Columbia Sportswear goods.
2. Advise all of your production factories and staff to extend all courtesies and cooperation to Columbia Sportswear representative(s) that arrive at their factories **unannounced**.
3. Ensure that the necessary documents are available for review at the time of the audit. This information is for in-factory use only and does not need to be forwarded. The documents are, but not limited to :
 - a. Company's articles of incorporation/title papers/officer information.
 - b. Hiring and/or training policies and procedures.
 - c. Required licenses (i.e. business/ health/ export licenses, equipment permits).
 - d. Trade association membership or other affiliations.
 - e. Proof of tax payments or other government fees (Related to employee benefits: medical, social security, pension fund, income tax).
 - f. Employee documentation (i.e. proof of age, employment contracts).
 - g. Sampling of employee earnings record, production tracking, time sheets.
 - h. Safety program (i.e. fire extinguishers, first aid kit, protective equipment, employee training records).
 - i. Environmental awareness (i.e. recycling program, energy conservation).
 - j. Security measures in place per US Customs' Trade Partnership Against Terrorism (C-TPAT) act (i.e. security procedures, employee tracking, and intrusion alarms). See Cargo and Vendor Security (C-TPAT) Checklist (*Appendix F*).

All Columbia Sportswear audits are conducted on an **unannounced** basis, including initial audits. Inform factories and all relevant personnel that may assist in the audit process, such as production, human resources, security and management, to be prepared for the unannounced audit.

3. Unannounced Audit

As part of the audit process, one of our internal auditors or Columbia Sportswear designated auditing company representative(s) will conduct an evaluation of your manufacturing site(s). This is done at Columbia Sportswear's discretion. Auditors will review items such as payroll, work hours, health and safety conditions, environmental practices, employee communication, security standards and legal requirements. **Unannounced** inspections will be performed at any time during **production and non-production** periods throughout the duration of the business relationship. Please note that denying access to the factory production area, records or interviews with employees may result in a negative Overall Rating for the audit regardless of current Columbia Sportswear production.

For new factories, evaluations will be conducted prior to the first purchase order being placed. Please advise all of your factories to extend all courtesies and cooperation to Columbia Sportswear representative(s) that arrive at their factories. The confidentiality of all proprietary information will be respected.

All audits will have the following components:

- **Opening meeting:** discuss how the audit will be conducted and outstanding issues if applicable.
- **Health & Safety and Cargo Vendor Security:** walk through areas of the factory including canteen, washrooms, dormitory, storage, etc. if applicable.
- **Document review:** review time records, wage records, government required certifications, waivers, permits, payments, etc.
- **Employee interviews:** conduct **confidential** interviews of auditor selected employees on the production floor or in a separated, **confidential** room without unnecessary interruptions.
- **Closing meeting:** discuss findings and next steps including corrective action time frames and expectations for the next audit.

The auditor will assign an Overall Rating to your factory based on the findings during the audit. The Overall Rating, along with progress made in remediating concerns found during the audit will determine the frequency of the audit rotation. Columbia Sportswear uses three Overall Ratings outlined as follows:

Acceptable rating indicates that the factory is suitably compliant to Columbia's SMP but must demonstrate commitment to sustainable improvement to remain in compliance with the local labor laws and Columbia's standards. Best Practices for continuous improvement will be recommended. Factories receiving an Acceptable rating are typically re-audited annually; however, Columbia also reserves the right to re-audit at any time.

Needs Improvement rating indicates that the factory has violations of local labor laws and Columbia's SMP for which progress toward corrective action must be demonstrated. Best Practices may also be recommended. Factories receiving a Needs Improvement rating will require a follow-up evaluation (Re-audit) to ensure that the violations have been resolved. Factories receiving a Needs Improvement rating should remediate the concerns within 10 to 90 days to ensure that the violations have been resolved.

Unacceptable rating indicates that the factory has violations of local labor laws or other standards that pose critical/high risks that must be addressed immediately. Best Practices may also be recommended. Factories receiving an Unacceptable rating should remediate the concerns within 10 to 60 days to ensure that the violations have been resolved.

When the audit is completed, factory can access their audit record and Corrective Action Plan (CAP) with recommended resolution(s) and the timeframe in which the resolution(s) should be taken. More information on the CAP can be found in the next section on remediation.

Upon the CAP due date or as determined by the CAP Remediation, Columbia Sportswear will conduct a re-audit to evaluate remediation and current performance. Please note that Columbia Sportswear reserves the right to conduct a re-audit anytime on an unannounced basis. Information reported on the CAP Remediation will help to determine the evaluation timeframe.

Note: Production may start only after a SMP audit has been conducted at the factory location with an Acceptable or Needs Improvement rating, unless otherwise directed by Columbia Sportswear management.

Remediation Requirements

At Columbia Sportswear, we strive to work with you to continually drive improvements in working conditions and achieve sustainable compliance with our standards. We have established Corrective Action Plan (CAP) tool to support and track remediation efforts. CAP can enable you to identify the root cause of a particular concern, to implement systems to change your practices, and to solve underlying problems in a lasting way.

Corrective Action Plan (CAP):

In the closing meeting auditor will review the findings and explain it to the factory management. After the audit, the auditor will update the findings in to *Gateway*. You will receive an e-mail notification from *Gateway* informing that the audit has been conducted and the CAP is ready for review and remediation. You will have to click the link attached and complete CAP Remediation **online** within 30 days of receiving the CAP. You can also upload supporting document (pictures/files) into *Gateway* if required. The CAP is a dynamic document available online in the *Gateway*, and CAP remediation is a continuous process. You can update the CAP as and when particular issue is resolved, and not wait for all the issues to be resolved. You can also update the progress of the remediation from time to time.

The timetable for corrective action will depend on the nature, severity and prevalence of the noncompliance finding. The timeline for a re-audit is determined in part by the progress reported in the CAP Progress Report. Failure to comply with our *SMP program* and/or any corrective action plans may negatively impact our business relationship.

Columbia Sportswear has two different types of recommended resolutions:

- **Corrective Action:** indicates that a finding is a violation of a local law or *SMP* policy. Each violation will have a rating of **Needs Improvement** or **Unacceptable** depending on the risk of the violation. Having even one corrective action will result in a Needs Improvement rating at best.
- **Best Practice:** may not be a violation of the law or *SMP* policy, but highly recommended to create a safe work environment and prevent future violations. Please note that Columbia Sportswear's definition of "Best Practice" may be different from other brands' definitions.

SMP Scorecard Mechanism

At Columbia Sportswear, we have been making efforts to track the performance of our suppliers. We have developed a *SMP scorecard* for our vendors. *SMP scorecard* scoring board is a real-time, on-line scoring system on *Gateway*, which is linked to the vendor and factory records. We update the scores on a real-time basis when there is any update, and monthly ratings (captured at month-end) are captured by the system. The scores and ratings are used for supplier performance analysis.