

# REGULATORY AND SOCIAL COMPLIANCE

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## *Summary*

This chapter explains Burlington Coat Factory's (BCF) regulatory and social compliance terms of engagement. All vendors who conduct business with Burlington Coat Factory must abide by these terms.

## *Burlington Coat Factory Warehouse Corporation Code of Business Conduct and Ethics*

Ethics are very important to Burlington Coat Factory, and the Company is committed to the highest ethical standards and to conducting its business with the highest level of integrity. In an effort to enhance this commitment, we have recently adopted a new Code of Business Conduct and Ethics. Building on our prior Code, this new document includes additional standards and requirements reflecting current best practices.

At Burlington Coat Factory, we strive to work with vendors who treat their workers with dignity and respect, adhere to applicable laws and regulations, and maintain high standards of business conduct. We strongly believe that those vendors who do business with Burlington Coat Factory should comply with the principles reflected in our new Code of Business Conduct and Ethics, and we reserve the right to refuse to do business with those who do not uphold, in action as well as words, the same principles. Although we recognize that our vendors are independent businesses, actions by those with whom Burlington Coat Factory does business are sometimes attributed to Burlington Coat Factory itself, affecting its reputation and the goodwill it has with its customers and others. It is only natural then that we expect our partners in business to act with honesty and integrity.

Accordingly, we would ask that you review the enclosed copy of our new Code of Business Conduct and Ethics within your organization. All Burlington Coat Factory vendors should maintain on file all documentation needed to demonstrate compliance with the Code and required laws. Please note that the new Code contains several provisions relating to our relationship with our vendors including, without limitation, the following:

- **Vendor Relations.** Burlington Coat Factory's policy is to give fair treatment to all of the Company's vendors. The Company will use objective factors, such as the quality and cost of the goods and services offered, in determining whether or not to do business with a vendor.
- **Labor Standards.** We expect our vendors to comply with applicable national and international laws and regulations with regard to their employment practices and policies. Specifically, no vendor should use forced or child labor, and all vendors must pay their employees at least minimum wage, including using overtime only when each employee is fully compensated according to local law. Vendors should inform each employee at the time of hiring if mandatory overtime is a condition of employment and, on a regularly scheduled basis, provide one day off in seven, and require no more than 60 hours of work per week on a regularly scheduled basis, or comply with local limits if they are lower.
- **Financial Interests.** Burlington Coat Factory employees, officers and directors may not have financial interests in any vendor where such interest would influence, or appear to influence, their actions on behalf of the Company.

- **Loans.** Burlington Coat Factory employees, officers and directors are prohibited from making or receiving loans and/or guarantees to or from our vendors.
- **Outside Employment.** Burlington Coat Factory employees may not work for, receive compensation or other benefit from, or own a substantial interest in any vendor or other person with whom the Company conducts business or which derives a benefit from business transacted by the Company.
- **Family Members And Close Personal Relationships.** Burlington Coat Factory employees who have immediate family members or significant others who have an ownership interest in, or work in a managerial or executive capacity for, businesses which provide or seek to provide goods or services to the Company should always act in the best interest of the Company when performing their duties and making decisions for the Company. Such relationships must be disclosed as provided in the Code and the employee's supervisor must approve all transactions with the other company and sign or countersign all documents relating thereto.
- **Purchases of Goods or Services for Personal Use.** Burlington Coat Factory employees are not permitted to purchase goods and/or services for personal use directly from vendors except (i) banks and financial institutions, (ii) insurance companies, (iii) bona fide retail outlets on an arm's-length basis on terms no more favorable than those available to the public; and (iv) goods and services purchased through a Company-sponsored program.
- **Commercial Bribery.** Burlington Coat Factory employees are prohibited from soliciting or accepting a bribe under any circumstances.
- **Gifts.** A gift from a vendor may only be accepted during the holiday period between Thanksgiving Day and New Year's Day, provided that (i) such gift is non-monetary (that is, the gift **must not** be cash, checks, gift cards and other cash equivalents) and does not exceed a value of \$100; (ii) such gift must be sent to our main offices in Burlington, New Jersey; and (iii) Burlington Coat Factory employees may only accept one gift per vendor during this time period. Gifts may not be accepted at any other time or place or for any other occasion. In addition, our employees may accept such gifts only from vendors with which the employee has a current business relationship. Further, invitations from a vendor for an entertainment event (such as a theatrical production, sporting event, golf outing, fishing trip, concert or other similar event) may not be accepted by our employees (except in limited cases, such as industry events, for which the employee has received approval, as described in the Code). The Code provides several specific guidelines regarding the nature of gifts that may be received and also discusses circumstances under which our employees may accept gifts of meals.
- **Reporting.** Burlington Coat Factory employees are required to report to the Company any vendor which offers a gift or bribe.

If you have a question or concern about what is proper conduct for your organization under the Code, please feel free to contact us. On behalf of Burlington Coat Factory, I would like to thank you for your continued support of our organization - we truly value our partnership. Additionally, I would like to thank you in advance for taking the time to read and understand the Code – and more importantly, for taking responsibility for upholding its principles within your organization.

[Click here](#) to view the Burlington Coat Factory Warehouse Corporation Code of Business Conduct and Ethics Document.

## *Terms of Engagement for Burlington Coat Factory's Business Partners*

These Terms of Engagement apply to all of Burlington Coat Factory Business Partners ("Partners"). Partners are defined as vendors, manufacturers, contractors, subcontractors, and other suppliers, sources, and agents who provide Burlington Coat Factory with goods or services ordered pursuant to any purchase order (PO), contract, or agreement issued directly by Burlington Coat Factory or ordered on Burlington Coat Factory's behalf.

Burlington Coat Factory requires Partners to meet or exceed these Terms of Engagement and promote best practices and compliance in all factories in which Partners manufacture merchandise. While Burlington Coat Factory recognizes that there are different legal and cultural environments in which Partners operate throughout the world, these Terms of Engagement set forth the basic minimum requirements that Partners must meet in order to do business with Burlington Coat Factory.

## *Regulatory Compliance*

### UNITED STATES REGULATORY COMPLIANCE REQUIREMENTS ARE AS FOLLOWS

Vendor warrants that the Goods, and the manufacture, sale, safety and transportation of the Goods, and all representations, warranties and advertising made by Vendor, or authorized by Vendor to be made, in connection with the Goods, shall be in accordance with comply with, and where required, be registered under, all applicable laws, rules, regulations, standards, codes, orders, directives, judicial and administrative decisions, and ordinances, whether now in force or hereinafter enacted, of the United States, any state or other subdivision thereof, and any agency or entity of the foregoing, ("Laws"), including, without limitation: the Tariff Act of 1930; the Fair Packaging and Labeling Act; the Federal Food, Drug and Cosmetic Act; the Federal Trade Commission Act; the Magnuson-Moss Warranty Act-Federal Trade Commission Improvement Act; the Consumer Product Safety Act; the Flammable Fabrics Act of 1953; the Federal Hazardous Substances Act; the Fair Labor Standards Act of 1938; the Wool Products Labeling Act of 1939; the Textile Fiber Products Identification Act and the Fur Products Labeling Act; the United States Poison Prevention Packaging Act of 1970; the Child Protection Safety Act of 1969; the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Prop 65); International Trade in Endangered Species of Wild Fauna and Flora, as listed in the United States Endangered Species Act of 1973; the United States Leachable Lead and Cadmium standards and all other applicable Federal Food and Drug Administration Standards; and such Laws relating to environmental and transportation matters or those requiring any form of notice or warning in connection with the sale, shipment, storage or marketing of the Goods. Vendor further warrants that all processes used or engaged in with respect to processing manufacturing, packaging, labeling, storing and shipping the Goods comply with all Laws, including without limitation and to the extent applicable, those issued by the United States Department of Agriculture.

**CONSUMER PRODUCT SAFETY IMPROVEMENT ACT OF 2008**

Burlington Coat Factory is committed to the safety of children. We are working vigilantly on behalf of our customers to ensure the safety of the products we sell. To that end, we have implemented a strict safety assurance program for all products we carry and require that any product we purchase complies with all applicable laws and requirements including the Consumer Product Safety Improvement Act of 2008 (CPSIA). In order to assist our children's product vendors with complying with CPSIA compliance, we have mandated the following safety standards and procedures for children's products sold to Burlington Coat Factory.

<p><b>Lead Limits</b></p> <p>Children's Products</p>	<ul style="list-style-type: none"> <li>• Mandatory third party testing</li> </ul> <p>Documentation of third party testing must be made available to BCF upon request General Conformity Certification required after <u>February 10, 2010</u></p> <ul style="list-style-type: none"> <li>• Substrate materials shall not exceed 300 ppm for all children's products</li> <li>• Surface coatings shall not exceed 90 ppm for all children's products</li> <li>• Vendors must provide BCF a written statement utilizing any categorical exemptions</li> </ul> <p>to the lead limits under the CPSIA. Send correspondence to <a href="mailto:CPSIAcerts@coat.com">CPSIAcerts@coat.com</a>.</p> <p>Your vendor name and "EXEMPTION" must appear in the subject line.</p> <ul style="list-style-type: none"> <li>• BCF will use lead screening equipment as appropriate to conduct company audits.</li> </ul>
<p><b>Phthalates</b></p> <p>Children's Toys &amp; Child Care Articles</p>	<ul style="list-style-type: none"> <li>• Mandatory third party testing</li> </ul> <p>Documentation of third party testing must be made available to BCF upon request General Conformity Certification required after <u>February 10, 2010</u></p> <ul style="list-style-type: none"> <li>• Children's toys or child care articles shall not contain concentrations of more than 0.1% of di-(2-ethylhexyl) phthalate (DEHP), dibutyl phthalate (DBP) or benzyl butyl phthalate (BBP).</li> <li>• Children's toys that can be placed in a child's mouth or child care articles shall not contain concentrations of more than 0.1% of diisononyl phthalate (DINP), diisodecyl phthalate (DIDP), or di-n-octyl phthalate (DnOP).</li> </ul>
<p><b>General Conformity Certification</b></p> <p>Products manufactured after November 12, 2008</p>	<ul style="list-style-type: none"> <li>• Required from manufacturers and importers of regulated products manufactured after November 12, 2009 that is subject to a rule, ban, standard, regulation or law administered by the CPSC.</li> <li>• Certification not required for total lead content and phthalates limits prescribed by the CPSIA until <u>February 10, 2010</u>, however, documentation of third party test results for lead and phthalates for affected products must be made available to BCF upon request.</li> <li>• Sample General Conformity Certification available for <a href="#">domestic manufacturers</a> and for when BCF is the <a href="#">importer</a> of record.</li> <li>• BCF requires that you do one of the following:             <ol style="list-style-type: none"> <li>1. Provide us with a method of viewing electronic General Conformity Certifications for each product shipment. You may email this information to <a href="mailto:CPSIAcerts@coat.com">CPSIAcerts@coat.com</a>. Your vendor name must appear in the subject line of your email.</li> <li>2. For domestic manufacturers, email General Conformity Certifications prior to each shipment to <a href="mailto:CPSIAcerts@coat.com">CPSIAcerts@coat.com</a>. Your vendor name, style number, and purchase order number (if available) must appear in the subject line. When BCF is the importer of record, vendors must submit General Conformity Certifications to your BCF buyer to be submitted to the import specialist for final approval. Email <a href="mailto:imports@coat.com">imports@coat.com</a> with import related questions.</li> </ol> </li> </ul>

<b>Tracking Labels</b> Children's Products	Effective August 14, 2009, every manufacturer of a children's product shall place permanent, distinguishing marks on the product and/or its packaging to ensure the traceability of the products and enable consumers to ascertain the manufacturer or private labeler.
<b>Labels</b> Toys & Games Sold on Internet Site	Vendors shall properly label all products with applicable cautionary statements and shall inform BCF of any cautionary statements under the Federal Hazardous Substances Act required for products offered for sale on BCF's internet site. You may email this information to <a href="mailto:CPSIAlabel@coat.com">CPSIAlabel@coat.com</a> . Your vendor name and style number must appear in the subject line.
<b>Questions</b>	Please email <a href="mailto:regulatory.questions@coat.com">regulatory.questions@coat.com</a> .

NOTE: BCF reserves the right to require testing or other preventative measures as it deems necessary in the purchase process of any goods.

## CALIFORNIA REGULATORY COMPLIANCE

### California Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products

Under California's Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products, 17 C.C.R. §§ 93120 - 93120.12, you must comply with applicable formaldehyde emissions standards in composite wood products. Burlington Coat Factory is required to secure written documentation from you that this is so.

To facilitate compliance, please review California's formaldehyde regulation and complete and return the California [Certificate of Compliance](#) to [California.form@coat.com](mailto:California.form@coat.com). Your vendor name must appear in the subject line of all emails.

As always, we remain committed to working with you to ensure compliance with all applicable laws and regulations. If you have questions regarding any of the above, please email [regulatory.questions@coat.com](mailto:regulatory.questions@coat.com). Thank you for your continued cooperation.

## *Social Compliance*

### EMPLOYMENT PRACTICES

- Burlington Coat Factory will only conduct business with Partners whose workers are:
  - Treated fairly
  - Present voluntarily
  - Not put at risk of physical harm
  - Fairly compensated
  - Allowed the right of free association
  - Not exploited
- Partners shall ensure procedures are in place by which workers, alleging violations of these Terms of Engagement, may do so without fear of negative repercussions.

In addition, Burlington Coat Factory Partners must adhere to the following:

#### *Child Labor and Prison Labor/Forced Labor:*

“Child” is defined as a person who is younger than 15 (or 14 where the law of that country permits) or younger than the age for completing compulsory education in the country where such age is higher than 15. Burlington Coat Factory will not utilize Partners who use or permit the use of child labor in any of their facilities.

“Forced Labor” is defined as any work or service that is extracted from any person under the threat of penalty for its non-performance and for which the worker does not offer himself voluntarily.

- Involuntarily keeping workers identification documents is prohibited.
- Observe all legal requirements for the work of authorized minors, particularly those relating to hours, wages, minimum education, and working conditions. Burlington Coat Factory supports the development of legitimate, workplace apprenticeship programs, and Partners will be expected to comply with all laws and regulations applicable to such apprenticeship programs.
- Partners shall not use or permit use of bonded, indentured, prison, forced, or child labor in the manufacture or finishing of products ordered by Burlington Coat Factory. These types of labor are strictly prohibited.

#### *Disciplinary Practices:*

- Partners shall treat workers with respect and dignity.
- The use of corporal punishment, physical, sexual, psychological, or verbal harassment, or other forms of mental or physical coercion, abuse, or intimidation or prohibited.
- Do not use or permit the use of fines as a disciplinary practice.

### *Discrimination:*

- Employment (hiring, wages, benefits, advancement, termination, and retirement) is based on worker's ability and not personal characteristics, including, but not limited to gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs, or similar factors.

### *Free Association:*

- Workers are free to join organizations of their own choice.
- Partners shall recognize and respect rights of workers to freedom of association and collective bargaining.
- Workers are not subject to intimidation or harassment in the peaceful exercise of their legal right to join or refrain from joining an organization.

### *Health & Safety:*

- Partners must provide workers with a clean, safe, and healthful work environment designed to prevent accidents and injuries arising out of or occurring while in the course of work or as a result of the operation of a Business Partner's facility.
- Partners must comply with all applicable, legally mandated standards for workplace health and safety.
- Partners who provide residential facilities for their workers must provide safe and healthy facilities, separate from production facilities, that comply with legally mandated standards for health and safety

### *Supply Chain Security:*

- Suppliers should have a written security plan and regularly evaluate security procedures to protect the international supply chain from unauthorized access.

### *Wages and Benefits:*

- Partners pay workers wages and legally mandated benefits that comply with the higher of:
  - (a) any applicable law, or
  - (b) to match the prevailing local manufacturing or industry practices
- Workers are compensated for overtime hours at legal premium rates, or in countries where such laws do not exist, at least equal to their regular hourly wage rate.

### *Women's Rights:*

- Ensure that workers who are women receive equal treatment in all aspects of employment.
- Pregnancy tests will not be a condition of employment or continuation thereof.
- Pregnancy testing, if provided, will be voluntary.

- Workers will not be exposed to hazards that may endanger reproductive health.
- Partners will not force workers to use contraception.

#### *Working Hours:*

- Partners operate based on prevailing local work hours. Any time worked over the norm for the area should be compensated as prescribed by the local labor laws
- Except in extraordinary circumstances, Partners limit hours that workers may work on a regularly scheduled basis to legal limits on regular and overtime hours established by local laws and regulations in the jurisdiction in which they manufacture.
- Subject to the requirements of local law, a regularly scheduled workweek of no more than 60 hours and one (1) day off in every seven (7) day period are encouraged.
- Comply with applicable laws that entitle workers to vacation time, leave periods, and holidays.
- Regularly provide reasonable rest periods and one (1) day off within a seven (7) day period.
- Working hours recorded by automated timekeeping system.

#### ETHICAL STANDARDS

- Burlington Coat Factory will seek to identify and work with Partners who aim to maintain a set of ethical standards compatible with Burlington Coat Factory standards.
- Bribes, kickbacks, or other similar unlawful or improper payments are strictly prohibited to be given to any person or entity to obtain or retain business.

#### ENVIRONMENTAL REQUIREMENTS

- Burlington Coat Factory will only do business with Partners who comply with all applicable government laws and regulations, international standards, U.S. regulations prohibiting the use of ozone depleting chemicals (hydrochlorofluorocarbons), and the International Trade in Endangered Species of Wild Fauna and Flora, as listed in the United States Endangered Species Act of 1973.

#### LEGAL REQUIREMENTS

- Burlington Coat Factory policy is to obey the laws of each country in which merchandise is manufactured for Burlington Coat Factory.
- Partners will comply with all applicable local and national laws, rules and regulations pertaining to all aspects of factory operations. This includes compliance with these Terms of Engagement and the terms and conditions of POs issued by Burlington Coat Factory or on Burlington Coat Factory's behalf and also require attention to U.S. country of origin regulations that govern quota classification and the marking of products.

- Partners manufacturing facilities will comply with US Customs-Trade Partnership Against Terrorism (C-TPAT) requirements.

### COMMUNICATION

- All Partners must post the Terms of Engagement in places in their factories readily accessible to workers, translated into the language of the workers and supervisors and communicate these provisions to all workers.
- Upon employment, as part of worker orientation, the Terms of Engagement shall be presented and explained to workers.
- Partners shall periodically review these Terms of Engagement with workers.

### MONITORING/COMPLIANCE

- Burlington Coat Factory takes affirmative measures to monitor compliance with Burlington Coat Factory Terms of Engagement and Burlington Coat Factory PO Terms and Conditions. Such measures may include:
  - Prescreening Partners.
  - Scheduled or random, announced and unannounced on-site inspections of factories by Burlington Coat Factory representatives. Refusal or failure to cooperate may result in the termination of Burlington Coat Factory's business relationship with said Partner.
  - Certification by Burlington Coat Factory Partners that Burlington Coat Factory Terms of Engagement have been complied with.
- Burlington Coat Factory associates and representatives have been asked to be watchful for violations of Burlington Coat Factory Terms of Engagement on visits to factories or manufacturing facilities and to report questionable conduct to management for follow up and when appropriate, for corrective action.

### RECORD KEEPING

- All Partners must maintain in the factories producing merchandise for Burlington Coat Factory all documentation necessary to demonstrate compliance with Burlington Coat Factory Terms of Engagement.
- Partners must furnish Burlington Coat Factory representatives reasonable access to production facilities, employment records, and workers for confidential interviews in connection with monitoring factory or inspection visits.
- Partners must promptly respond to reasonable inquiries by Burlington Coat Factory representatives concerning the operations of factories with respect to Burlington Coat Factory Terms of Engagement.

## SUBCONTRACTING

- Partners shall not utilize subcontractors for the production of Burlington Coat Factory merchandise, or components thereof, without Burlington Coat Factory prior written approval and only after the subcontractor has agreed to comply with Burlington Coat Factory Terms of Engagement.
- Partners shall require each Burlington Coat Factory approved subcontractor to abide by the Terms of Engagement.
- Partners shall be held accountable for a subcontractor's failure to abide by Burlington Coat Factory Terms of Engagement.

## CORRECTIVE ACTION

- If a Partner is in violation of Burlington Coat Factory Terms of Engagement, Burlington Coat Factory will work with the Partner to remediate the violation if possible.
- If this effort is unsuccessful or not possible, Burlington Coat Factory shall reevaluate its business relationship with the Partner and shall take appropriate corrective action.
- Corrective action may include:
  - Cancellation of the affected order
  - Prohibition of subsequent use of a factory
- Termination of Burlington Coat Factory business relationship with any Partner found to be in violation of these Terms of Engagement, or exercising any other rights and remedies to which Burlington Coat Factory may be entitled under POs issued by Burlington Coat Factory or on behalf of Burlington Coat Factory, at law or otherwise.

## COUNTRY EXCEPTIONS

- Partners will not produce merchandise for Burlington Coat Factory in countries, which are considered by Burlington Coat Factory to deny basic human rights.
- Burlington Coat Factory will not initiate or continue its business relationship with Partners that produce merchandise for Burlington Coat Factory where there are gross and systematic violations of human rights and when there is a recognized movement from within the country calling for withdrawal.

[Need Help?](#)

For questions or for information pertaining to Burlington Coat Factory Terms of Engagement E-mail [vendor.relations@coat.com](mailto:vendor.relations@coat.com).