



2018

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# Corporate Social Responsibility Report

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 Burlington



# Table of Contents

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About Our Reporting.....	2
Corporate Responsibility at Burlington.....	3
A Message from Our Chairman and Chief Executive Officer.....	5
Our Company.....	7
Performance Summary .....	8
Our Associates.....	10
Our Communities .....	24
Our Environment.....	28
Our Supply Chain.....	38
Our Governance and Ethics.....	44



## About Our Reporting

This report highlights our corporate responsibility efforts including focus areas covering environmental, social and governance issues of greatest importance to our stakeholders. The structure and disclosures in this report were informed by several frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and CDP. We also utilized feedback from our stakeholders, including investors, to better understand which issues to prioritize and disclose.

Information in this report covers our Fiscal Year 2018 ("2018"), which ended on February 2, 2019.



## Corporate Responsibility at Burlington

At the Board level, the Nominating and Corporate Governance Committee provides oversight of the social, political and environmental trends, issues and concerns — including legislative and regulatory developments — that could significantly affect our public affairs. Below this level, all issues pertaining to the environment, energy and sustainability fall under the purview of the Director of Sustainability. The Director is responsible for all tasks pertaining to benchmarking environmental performance, setting sustainability goals and engaging with industry groups.

In addition, we have an Environmental, Social & Governance (ESG) Working Group that regularly meets to review risks and opportunities as they pertain to all ESG issues, including reporting and disclosure. This group includes the Director of Sustainability, as well as representatives from business units across the company including Legal, Supply Chain, Human Resources and Finance.

# A Message from Our Chairman and Chief Executive Officer

**At Burlington, we believe that the way we do business is just as important as the results we achieve.**

That philosophy guides the decisions we make across all our stores, distribution centers and corporate locations. It also keeps us focused on identifying ways we can add value for our shareholders, associates, vendors, customers and the environment.

I am, therefore, very excited to present our first Corporate Social Responsibility report. This document illustrates Burlington’s approach to managing the environmental, social and governance issues (ESG) that are important to us and our stakeholders.

As a growth company, having opened more than 150 stores in the last five years, we recognize that our long-term success is directly tied to our commitment to act in sustainable ways. We are making meaningful strides in this area, with the knowledge that this process is more of a marathon than a sprint. We know we must continuously improve, adjusting to the changing needs of our industry and world as we continue to grow.

Throughout this report, you’ll find a number of initiatives we’ve launched that have had a positive impact on our business and the broader community.

**Achieving Responsible & Sustainable Growth:**

- In 2018, we achieved energy savings of 30,250 MWh in our stores, following the implementation of a number of different energy efficiency programs
- Through the use of intermodal rail transportation, we avoided an aggregate of approximately 84,000 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) in Fiscal Year 2018
- We installed solar panels at our corporate campus in 2018 which are expected to reduce approximately 50% of our headquarters’ grid purchased electricity
- Our focus on reducing our waste footprint enabled us to divert approximately 48,000 tons of recycled materials from landfills in 2018

Burlington’s culture is rooted in the “Our Burlington” value proposition and our belief that everyone matters. Living our core values ensures all associates feel welcome and respected; and we are proud that in our 2018 associate engagement survey, 91% of associates agreed or strongly agreed with the statement: “Burlington makes it easy for people from diverse backgrounds to fit in and be accepted.” We also put a high priority on our philanthropic initiatives as demonstrated by our teams’ enthusiasm for giving back to our local communities. Over the last two decades, we have raised more than \$53 million for national charities and donated thousands of pallets of merchandise to our local communities.

We are pleased with our achievements thus far and are dedicated to building on them in the coming years.

Thank you.



**Thomas A. Kingsbury**  
Chairman & Chief Executive Officer

Over the last two decades we have raised more than  
**\$53 million**  
for national charities.

Our long-term success is supported by our  
**commitment**  
to act in sustainable ways.



# Our Company

**Burlington Stores, Inc., headquartered in New Jersey, is a nationally recognized off-price retailer with fiscal year 2018 net sales of \$6.6 billion.** We are a Fortune 500 company and our common stock is traded on the New York Stock Exchange under the ticker symbol "BURL." Our stores offer an extensive selection of in-season, fashion-focused merchandise at up to 60% off department stores' and online retailers' prices every day, including women's ready-to-wear apparel, menswear, youth apparel, baby, beauty, footwear, accessories, home, toys and coats.

We began in 1972 as a family run business, with one store in Burlington, New Jersey. In those early days, serving the customer was about delivering a broad selection of off-price coats and outerwear, our name was Burlington Coat Factory, and it was an immediate success. We then started opening more stores across the U.S. and we expanded our product assortment to include ladies' sportswear, men's active wear, and children's apparel, staying true to our off-price model. In the ensuing four decades, our product selection grew to include baby, home, beauty and our name changed to Burlington Stores to reflect the breadth of our product offerings.

Burlington has remained successful by making value a priority. Through strategic purchasing, we are able to offer the latest in in-season, fashion-focused merchandise at great savings. As of February 2, 2019, we operated 675 stores (inclusive of an internet store) in 45 states and Puerto Rico and we continue to diversify our selection of merchandise acquired directly from nationally recognized manufacturers and other suppliers.

As of February 2, 2019, we employed approximately 44,000 associates, including full-time, part-time and seasonal associates. Our staffing requirements fluctuate during the year, leading us to hire thousands of additional seasonal associates to ensure we can serve the needs of our customers.

**Our corporate social responsibility efforts are reflected across the following five pillars:**



**OUR ASSOCIATES**



**OUR COMMUNITY**



**OUR ENVIRONMENT**



**OUR SUPPLY CHAIN**



**OUR GOVERNANCE AND ETHICS**



**1972**

first store opens in Burlington, New Jersey



**\$6.6 billion**

net sales in Fiscal 2018



**675 stores**

inclusive of one internet store, in 45 states including Puerto Rico



**44,000 associates**

full-time, part-time and seasonal associates



# 2018 Performance Summary

## OUR ASSOCIATES



75% of our associates are female



78% of associates would recommend Burlington as a great place to work

## OUR SUPPLY CHAIN



earned Tier III CTPAT status for best practice in safeguarding shipments against terrorism

## OUR COMMUNITIES



raised \$9.9 M from our customers to support our national partners



more than 215,000 gently worn coats collected in our Warm Coats & Warm Hearts coat drive

## OUR GOVERNANCE AND ETHICS



1/3 of Directors on our Board are female

## OUR ENVIRONMENT



4,870 MWh of on-site renewable energy installed\*



7%\* reduction in comparative store energy consumed



reduced our Scope 1 and 2 emissions by approximately 19,000\* metric tons of CO<sub>2</sub>e compared with 2016



Burlington's greenhouse gas emissions decreased 15%\* per dollar of sales revenue compared with 2016\*

\*Restated in 2021 to reflect updated data.



# Our Associates



*Attracting, developing and retaining top talent is one of Burlington's primary growth strategies as we know that our success depends on cultivating an engaged and motivated workforce. Our goal is to be an employer of choice by creating an environment where associates are focused on driving results and everyone feels welcome and empowered to build a career.*

Our value proposition, "Our Burlington," which defines who we are as an employer and what's important to us as a team, is based on five tenets:

-  **We Are An Off-Price Retailer.**  
We deliver great values to our customers every day.
-  **We Live By Our Core Values.**  
Drive Results. Trust & Respect Each Other. Build Teams & Partnerships.
-  **We Believe Everyone Matters.**  
We listen to the individual viewpoints of our diverse workforce through open and honest communication.
-  **We Win Together.**  
We recognize those who make a difference. Great performance leads to exciting career opportunities.
-  **We Are A Caring Company.**  
We have a caring work environment, and the generosity of our associates and customers helps to improve the communities we live and work in and beyond.



## 2018 Workplace Awards and Rankings

2018 was another year of remarkable achievements for our organization. These honors are notable because they reflect our associates' unwavering commitment to creating a supportive, collaborative and inclusive working environment.

- For the third consecutive year, Burlington was certified by the global people analytics and consulting firm, Great Place to Work® Institute
- Great Place to Work and FORTUNE also honored Burlington for the second consecutive year in three categories: as a Best Workplace for Women, Best Workplace in Retail and Best Workplace for Diversity
- Burlington was recognized as a Top Workplace in the Philadelphia Region by Philly.com (powered by the Inquirer and Daily News newspapers) for the third consecutive year

## Diversity and Equal Opportunity

We seek to ensure Burlington is a place where everyone feels welcome and respected and associates can bring their true selves to work. Therefore, we make inclusion and diversity an integral part of how we run our business, serve our customers and communities, and engage with each other every day.

***Our business thrives because we are committed to providing all associates with exciting and challenging career opportunities.***



### Associate Demographics

**71%** of our associates are people of color

**75%** of our associates are female

## Inclusion and Diversity Councils

Burlington wants associates to always feel valued, respected and included in our work place environment. With that in mind, we established the Field Inclusion & Diversity Council and the Corporate/Supply Chain Inclusion & Diversity Council. These councils include a wide range of associates who meet throughout the year to explore and expand our understanding and respect for each other. Topics covered include cultural awareness, women in leadership and generational differences. Sessions include guest speakers, interactive activities and multimedia elements.

- In 2015 we founded the Corporate/Supply Chain Inclusion & Diversity Council. Originally comprised of senior executives, the council has expanded to include supervisors up to and including executive vice presidents, with representation from each corporate department. The 80+ person council meets quarterly and focuses on how leaders can

better understand and support inclusion in the workplace. These members in turn cascade their learnings within their departments.

- In 2016, we created the Field Inclusion & Diversity Council. Comprised of more than 50 associates representing our regional, territory, and store teams including regional vice presidents, regional human resources managers and store managers, this council conducts six to eight meetings a year and provides an opportunity for each member to play an active role in researching, analyzing and presenting topics on diversity and inclusion. Each member of the council then shares what they learned with fellow store leaders in their region/district.

The results of our 2018 associate engagement survey, detailed in the next section, showed that 91% of respondents believe Burlington makes it easy for people of diverse backgrounds to work together. We look forward to continuing to expand our work in the inclusion and diversity space.



# Associate Engagement

## Your Voice Survey

For the past eight years, Burlington has listened to associates' voluntary feedback using the annual company-wide Your Voice engagement survey. Our survey results consistently rank us above the retail norm for engagement but more importantly, through the survey our associates let us know that they feel welcome, respected and part of an organization where they can grow their careers.

### Our 2018 survey, which included feedback from more than 33,000 associates revealed:

- **78%** said they would recommend Burlington as a great place to work.
- **91%** believe Burlington makes it easy for people of diverse backgrounds to work together.
- **90%** reported that their manager treats them with dignity and respect.
- **90%** believe in our Core Values.
- **87%** said Burlington shows a commitment to ethical business decisions and conduct.

Additionally, the survey results help us understand the associate experience, evaluate our performance, identify our strengths and pinpoint opportunities for improvement. Listening to our associates' feedback and taking steps to create positive change in our organization are important parts of our mission to be an employer of choice.

We believe our survey participation is high because associates see progress being made as a result of the survey feedback, and thus want to continue to share their thoughts to influence positive change. We are continuously

updating our processes and policies — often making changes driven by survey feedback — as we strive to create a great workplace for all associates. Changes have included improving our benefits, participating in more community activities and providing more training and development opportunities.

## Internal Recognition

Burlington has several ways we recognize associates in stores, corporate offices and distribution centers. Our recognition vehicles include peer-to-peer, manager-to-associate and corporate-to-associate. Below are two of our most successful programs:

**Braggs:** Each week we receive more than 700 Brags submitted by associates to celebrate each other. Brags recognize outstanding contributions, adherence to our Core Values, and collaboration among teams.

**CEO Awards:** The highest form of recognition at Burlington is the coveted CEO Award. Distributed quarterly to associates in the stores, distribution centers and corporate locations, the CEO Award recognizes associates who have gone above and beyond to drive results and positively impact the business.



# Learning & Development

We want our associates to develop their skills and build fulfilling and meaningful careers. Each year we promote many associates to new and more complex levels of responsibility across our organization. In 2018, we promoted more than 4,500 associates across our business. Burlington is proud to support our associates' success by offering a blended learning approach that includes online learning, on-the-job training and career development opportunities. Our associates have access to a variety of training and development tools, this includes part-time and full-time associates in our stores as well as associates in our corporate offices and distribution centers.

To best develop our workforce, we offer learning programs that provide associates with in-person, online and individual learning programs. These include:

- Leading @ Burlington Development Program (L@B):** L@B is a year-round approach to leadership development, with blended learning experiences in each series including instructor-led sessions, recommended eLearning, publication sharing, leadership tips and tricks, podcasts and more.
- Leading @ Burlington – New Leader Series:** This component of L@B offers a series of instructor-led courses for associates that are new to a leadership role or new to leadership at Burlington.
- Leadership Engagement & Development Program (LEAD):** LEAD is designed to help develop the skills of high-potential store managers and assistant store managers at Burlington. LEAD helps prepare our leaders to take on greater areas of responsibility within the organization.
- Store Manager/Assistant Store Manager Certification Programs:** These certification programs are a blend of job shadowing, on-the-job learning and eCourses. At the end of the month-long program, the store manager or assistant store manager is “certified” by their regional team leader after successfully demonstrating the knowledge and skills associated with their role.
- Assistant Buyer Development Program:** This program includes job shadowing, market visits, and instructor led training. It begins with a hands-on, 12-week onboarding program during which assistant buyers are trained on the retail off-price model and technical skills, while being introduced to the resources available to them.
- Merchandising/Allocation Onboarding:** When we bring in external talent at the Buyer, Allocation, Divisional Merchandise Manager and General Merchandise Manager level, they spend their first 12 weeks learning about the off-price model, our processes and our culture.
- Tuition Assistance:** To help our associates continually learn and develop their skills, eligible associates taking classes at an accredited college or university can apply to receive reimbursement of 50% of their tuition (up to \$5,000 per year) upon the successful completion of their coursework.
- Talent Management System:** Our talent management system provides Burlington associates with a foundation for managing their career development. Associates can use the system’s tools to focus on their growth and development including annual performance objectives and performance appraisal tools.



In 2018, Burlington promoted more than

**4,500 associates**



# Compensation and Benefits

As part of our commitment to offer competitive wages, Burlington works to ensure our pay structure aligns with industry standards and reviews compensation for all associates at every level of the business based on market analysis. Through this process we have increased the wages of our hourly associates every year. We also offer a wide array of benefits for our associates and their families including:

- Comprehensive medical, dental and vision benefits as well as life insurance and short-term disability insurance for all full-time associates
- A 401(k) plan with a corporate match
- Associate discounts on all merchandise at Burlington. This discount increases periodically throughout the year
- Paid time off for all part- and full-time associates
- Adoption assistance for eligible associates
- Tuition reimbursement for eligible associates
- Plus a range of optional benefits including pet insurance and legal services

- **Talent Review:** Throughout the year, with an emphasis on year-end, our senior leaders conduct a talent review, known as the organization development review (ODR). The ODR supports succession planning by having leaders review associate performance while identifying untapped potential among our associates.

**Individual Development Plans (IDP):** IDPs help leaders outline personal development goals and the steps necessary to meet them. We recommend that associates identify areas of strengths and opportunities. They then choose competencies to add to their IDP and create an action plan for each one.

At Burlington, all full-time and part-time associates (non-seasonal) who are hired prior to November 1 in a given fiscal year receive an annual performance review. Performance is continuously supported through coaching-in-the-moment feedback and career development is supported via IPDs.

Through the organization development review (ODR), leaders identify **untapped potential** among our associates.



# Occupational Health and Safety

## Safety Protocols and Training

Burlington has a number of safety protocols and training programs in place to ensure a safe and healthy workplace. This includes a requirement that each Burlington location complete monthly safety self-inspections and enter the results into a reporting system coordinated by corporate loss prevention. The Loss Prevention team and/or store management conducts these inspections and regional, district and store management monitors and acts upon the results as necessary.

We also relay safety information pertaining to applicable workplace environments to new associates at orientation, and we distribute safety rules for the workplace annually to associates through the monthly safety topic. Our monthly safety topic initiative requires all warehouse and store locations to deliver and display safety topics that meet Occupational Safety and Health Administration (OSHA) Workplace Safety Training requirements for the exposures present in each specific work environment. Management at each store and distribution center location presents these to all associates and the same topics are shared annually with all store and distribution center associates.

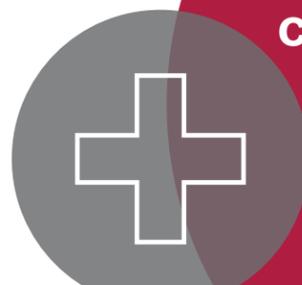
Additionally, we provide higher-level training for specialized positions, such as maintenance, housekeeping personnel and powered industrial truck operators, at the beginning of employment and annually or otherwise as required by law. These training programs include lockout/tag out, hazard communication, powered industrial truck re-evaluation and other OSHA training requirements.

## Our Focus on Safety

Over the past eight years, Burlington has experienced significant growth in all phases of our business, most significantly in sales and market presence. While our associate population has increased by over 30% over this period as we continue to open new stores at a significant rate throughout the country, the injury rates in our working and shopping environments continue to decrease as we emphasize the importance of safety within our organization. Our safety program has become an important element of one of our main tenets - that we are a caring company.

**Injury rates** in our working and shopping environments **continue to decrease**

as we emphasize the importance of safety within our organization.



# Policies and Feedback Mechanisms

At Burlington, one of our five tenets is that **We Believe Everyone Matters** and we demonstrate this by striving to foster an environment where our associates are respected.

In 2018, we created a dedicated page on our intranet to educate our associates about our policy against unlawful discrimination, harassment and retaliation. This page also provides guidance on what associates can do if they witness or experience sexual harassment and how to report a concern by calling our Integrity Hotline. Significant concerns brought through the Integrity Hotline are reported to and monitored by our audit committee on our Board of Directors. We want to ensure that associates are empowered to



come forward if they witness or are the victim of harassment at Burlington.

Burlington believes in open and honest two-way communication and encourages associates to address any issues or concerns with their supervisors. However, we recognize that in some instances, associates may be more comfortable using a different approach when expressing their concerns. In these cases, associates can choose to use Burlington's Integrity Hotline to report violations of applicable law and ethical rules, including violations of the company's Code of Business Conduct and Ethics. Associates have the right to remain anonymous when using this hotline.

Associates can also be heard through Steps To Effective Problem Solving (STEPS), our early dispute resolution program. The goals of STEPS are to preserve our work relationships, uphold our company core values, exercise transparency with open and honest two-way communication and enjoy a work environment that supports both individual and company success. With STEPS,

associates can be heard and work through an unbiased and fair process to resolve workplace concerns. STEPS is a three-tiered process:

1. **Open Door:** Associates are encouraged to discuss their situation with their supervisor or Human Resources representative.
2. **Request for reconsideration:** In cases where workplace issues are not resolved in Step 1 (or if Step 1 was not utilized), associates can submit a written request to the STEPS Program Administrator for an independent review of the workplace issue. Decisions are typically made within 45 days.
3. **Arbitration:** In rare situations where issues cannot be resolved in Steps 1 or 2 (whether or not both Steps were utilized), associates can request arbitration through the American Arbitration Association (AAA), the largest provider of early dispute resolution services in the U.S.



**We will not tolerate any acts of sexual harassment, assault, or intimidation, including but not limited to actions, words, pictures or jokes. We are united in our belief that harassment, discrimination and intimidation in any form have no place at Burlington.**

**We are committed to a culture that is diverse, welcoming and includes a supportive environment where associates who believe they have been harassed can trust that their concerns will be taken seriously, investigated timely and addressed appropriately.**

**JOYCE MANNING**

EXECUTIVE VICE PRESIDENT - HUMAN RESOURCES



# Our Communities



*Burlington strongly believes in giving back to the communities in which we live and work. Over the last two decades, we have raised more than \$53 million from our generous customers, collected and donated thousands of pallets of merchandise, as well as provided gift cards to support those in need nationwide through strategic partnerships with national philanthropic organizations.*

In 2018 alone, we raised a total of \$9.9 million from our customers for our national partners, donated more than 215,000 coats to local agencies nationwide, provided 10,000 new toys donated by our customers to children in Puerto Rico and contributed hundreds of pallets of new merchandise to local charitable organizations near our home office and across the country.

**Below is a list of our most significant giving initiatives.**

## Warm Coats & Warm Hearts Coat Drive

Given our heritage in outerwear, over the past 12 years, we have been committed to helping those in need stay warm. In partnership with ABC's Good Morning America and the national non-profit organization Delivering Good, Burlington has collected and donated more than 2.2 million coats to individuals and families within our store communities nationwide.

In 2018, we collected more than 215,000 gently-worn coats, making it one of the most successful years since the inception of the program.

## AdoptAClassroom.org

Our commitment to communities includes local teachers and students. In July 2017, Burlington launched a back to school initiative with [AdoptAClassroom.org](http://AdoptAClassroom.org), a web-based national non-profit that helps teachers receive funding for the supplies they need to help their students be successful. Over the past two years, Burlington has raised nearly \$3.5 million for the organization.

With these funds, Burlington "adopted" 715 schools, providing funding for 3,100 teachers and their classrooms, impacting over 78,000 students nationwide.

## The Leukemia & Lymphoma Society

Over the last 17 years, Burlington has been a proud partner of The Leukemia & Lymphoma Society (LLS), the world's largest voluntary health agency dedicated to fighting blood cancer.

**As one of the largest corporate donors to LLS, Burlington has raised a total of \$37.8 million for the organization and has been the #1 National Corporate Partner and honored friend of Light the Night for many years.**

Fred Hand, our Chief Customer Officer/Principal, is on the Board of Trustees for LLS' eastern Pennsylvania Chapter and he has served as an eastern Pennsylvania Chapter Board Member since 2015. That same year, Bart Sichel, our Executive Vice President and Chief Marketing officer, was elected to the National Board of Directors at LLS.

## Hometown Support



Burlington is committed to being involved in the communities in which we live and work, and this includes helping our neighbors around our corporate campus in Burlington, New Jersey. In 2017, after learning that the Burlington Township Food Pantry (BTFFP) needed a new home, we were proud to offer them space, free of charge, to ensure the pantry could continue serving the community.

At Burlington, we're proud that our corporate and supply chain associates are also involved in carrying out our commitment to communities. In 2018, we held our second Day of Giving, a program that encourages our associates to volunteer at local non-profits. Over the course of the year, our associates volunteered more than 4,000 hours at over 54 individual events, supporting 24 different organizations.

## Associate Assistance Fund (AAF)

As a caring company, we are focused on ensuring our associates receive support, especially in the wake of unforeseen events or disasters. In 2018, we launched Burlington's Associate Assistance Fund (AAF): a cooperative program funded by Burlington associates, for Burlington associates.

AAF offers grants of up to \$2,500 to associates whose primary residence has been damaged or destroyed due to an unforeseen natural disaster or other qualifying event, or who need help removing themselves from a domestic abuse situation. Grants are tax-free and never need to be repaid. Additionally, family members of associates who have passed away can apply to receive a grant to help pay for the associate's funeral expenses.

Burlington makes an annual contribution to the AAF to cover all administrative costs and provide support to associates in need. Grants are confidential unless the associate chooses to share their experiences. In its first year, the Fund raised over \$400,000 and supported a number of associates in need. We created a [video](#) to help associates understand the impact of their AAF donations.

## Burlington Gives Back

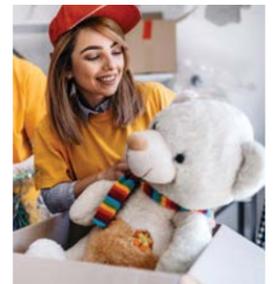
When a significant natural disaster occurs, Burlington is there to help those impacted. We've supported national non-profit organizations focused on emergency response efforts, such as The American Red Cross and The Salvation Army, providing funding from point-of-sale efforts, and we have partnered with Delivering Good to provide new merchandise and gift cards through its local agency relationships to help families get back on their feet.

## Burlington's Community Partners Programs

Burlington's Community Partners Program works with many local and national organizations that provide charitable support to their local communities. This program offers both private and federally funded organizations an opportunity to purchase needed items in large quantities at bulk pricing. In addition, for qualified organizations, Burlington provides support through the acceptance of purchase orders or vouchers in stores.

## Burlington's Toy Drive – Puerto Rico

Each holiday season for the past six years, Burlington stores in Puerto Rico have brought smiles to the faces of children in need through its partnership with La Fundación Infantil Ronald McDonald. Since the program began, Burlington has collected more than 50,000 new toys to give to sick children and their families during the holiday season.



**“It was about 3 in the morning, and I smelled smoke — a lot of it, filling the house. When the fire department came in, they sprayed everything down and told us we couldn't come back; the fire had destroyed our house. Through the Associate Assistance Fund, Burlington helped me through it — from the beginning, to the end. It was amazing because I knew there was somebody who was going to help me; that I don't have to go through this by myself and I didn't have to because I work for a wonderful company. For associates to help out other associates, it's a good thing.”**

**Shannon L.**  
Store Associate



# Our Environment



*At Burlington, we understand that a successful business is one that manages its impacts and acts as a responsible steward of the environment. Today's environmental challenges — from climate change to pollution to resource scarcity — mean that all companies should prioritize sustainability; and at Burlington, we are doing our part. Businesses have a unique opportunity to increase efficiency and reduce their negative environmental impacts. Burlington continues to evaluate and execute ways to achieve those objectives.*

## Greenhouse Gas Emissions

As a retail company, our greenhouse gas (GHG) emissions stem primarily from the facilities we operate and the transportation of merchandise. By increasing our energy efficiency and using low-carbon transport for the bulk of our freight, we are actively engaged in efforts to manage our emissions.

We use 2016 as our baseline year, which sets the foundation for our future goals and objectives. We have conducted our first comprehensive GHG report that encompasses Scopes 1 and 2 and select Scope 3 emissions for 2018. From this report, we hope to manage and reduce our overall GHG emissions moving forward.

In 2016, Burlington operated 592 stores and had a revenue of \$5,591.0M compared to 675 stores and \$6,668.0M in revenue in 2018. Despite this growth, we were able to reduce our Scope 1 and 2 emissions by approximately 19,000 metric tons, an overall decrease of 7% from 2016. We also completed a Scope 3 analysis of our upstream transportation, waste generation and business travel. In 2018, we produced approximately 79,000 metric tons of CO<sub>2</sub>e in Scope 3 emissions.\*

<b>Total Scope 1 Emissions (MT CO<sub>2</sub>e)</b>	<b>34,258*</b>
<b>Change in Scope 1 emissions (since 2016)</b>	<b>2,907*</b>
<b>Total Scope 2 Emissions (MT CO<sub>2</sub>e)</b>	<b>208,447*</b>
<b>Change in Scope 2 emissions (since 2016)</b>	<b>22,223*</b>

\*Restated in 2021 to reflect updated data.

# Transportation Logistics

We depend on our supply chain to ship millions of items every year by full truckload, intermodal rail, “less than truckload” (LTL), parcel and ocean.

Our vendors throughout the U.S. ship merchandise to our distribution centers in New Jersey and Southern California, where it is processed and shipped to stores. Over the last few years, we have strategically transitioned the vast majority of our distribution center shipments from truck to intermodal rail. Between February 2018 and January 2019, we moved approximately three quarters of our total long-haul volume via intermodal rail. In aggregate, through the use of intermodal rail transportation as an alternative to over-the-road trucking, Burlington stores avoided approximately 84,000 metric tons of CO<sub>2</sub>e in 2018.

We have also undertaken an ongoing initiative in partnership with our merchandise vendors to “floor-load” full truckloads, rather than

palletizing freight, where operationally feasible. This loading process maximizes the cubic capacity of the trailer, requiring fewer trucks for transport. We utilize a state-of-the-art Transportation Management System with robust load consolidation technology to combine multiple single loads into an aggregated consolidated load, further reducing the amount of trucks needed.

We have introduced an additional gate access lane at our San Bernardino distribution center in southern California to streamline traffic and minimize driver idling while in line to access the facility. In addition, we optimize our customer e-commerce orders to minimize the use of air services.

## For Fiscal Year 2019, we intend to put a continued emphasis on:

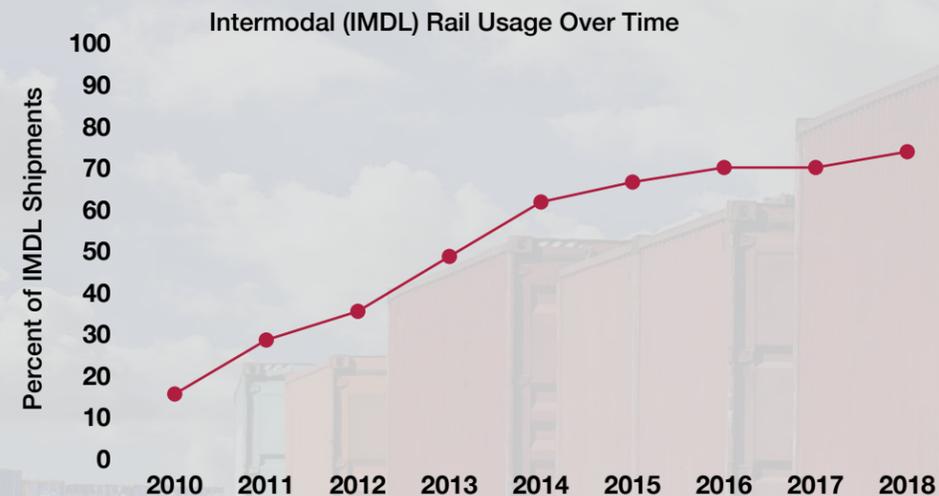
- Using intermodal rail transport as a more environmentally friendly alternative to truckloads
- Contracting ocean carriers that utilize only clean-burning 0.5% “ultra-low-sulfur” fuel
- Continuing to enforce driver compliance with state and local idling laws
- Converting the majority of our long-haul asset-based carriers to SmartWay membership
- Maximizing cubic capacities
- Leveraging pool point network locations to reduce delivery stem miles
- Further-developing optimization technology



Through the use of intermodal rail transportation as an alternative to over-the-road trucking, Burlington stores avoided approximately

**84,000 metric tons**

of CO<sub>2</sub>e in 2018.



# Energy

As Burlington grows, we remain focused on reducing our carbon footprint and environmental impact through energy efficiency efforts and projects to increase our use of renewable energy. Our total energy consumption in 2018 was approximately 525,000 MWh, a gross reduction of approximately 10,000 MWh, or 2%, from 2017.\*

## Renewable Energy

Burlington is exploring a variety of ways to source clean, renewable energy to power our operations. At present, our total renewable energy consumption from our projects is approximately 4,870 MWh. Our projects included:

- A 1.97 MW net-metered ground mounted solar system, consisting of 6,000 solar modules, installed at our corporate headquarters. This is expected to generate approximately 2,500 MWh annually and reduce approximately 50% of headquarters' total annual grid-purchased electricity.
- A 1.86 MW net-metered ground mounted solar system, installed at Burlington's distribution center. This consists of more

than 5,700 solar modules and is installed on a steel structure above the site's detention basin, which required innovative engineering. It is expected to generate approximately 2,400 MWh annually and reduce approximately 60% of the distribution center's annual grid-purchased electricity.

The renewable energy output of the combined 3.83 MW solar projects is expected to abate approximately 7,600,000 pounds of CO<sub>2</sub>e emissions annually, equivalent to avoiding emissions from the annual electricity use of approximately 600 homes, or the carbon sequestered by more than 4,000 acres of U.S. forests.

## Energy Projects and Reductions

In addition to increasing our renewable energy consumption, we have reduced our energy intensity rate, even as we continue to grow as a company. Since 2015 we have reduced our energy consumption by 11%, with an average reduction of 4% every year. We were also able to surpass our 2018 challenge of reducing comparative store energy consumption by 5%: we achieved a reduction of 7% compared with 2017.\*

In 2018, we achieved energy savings of approximately 30,250 MWh at our stores, through energy efficiency programs such as:

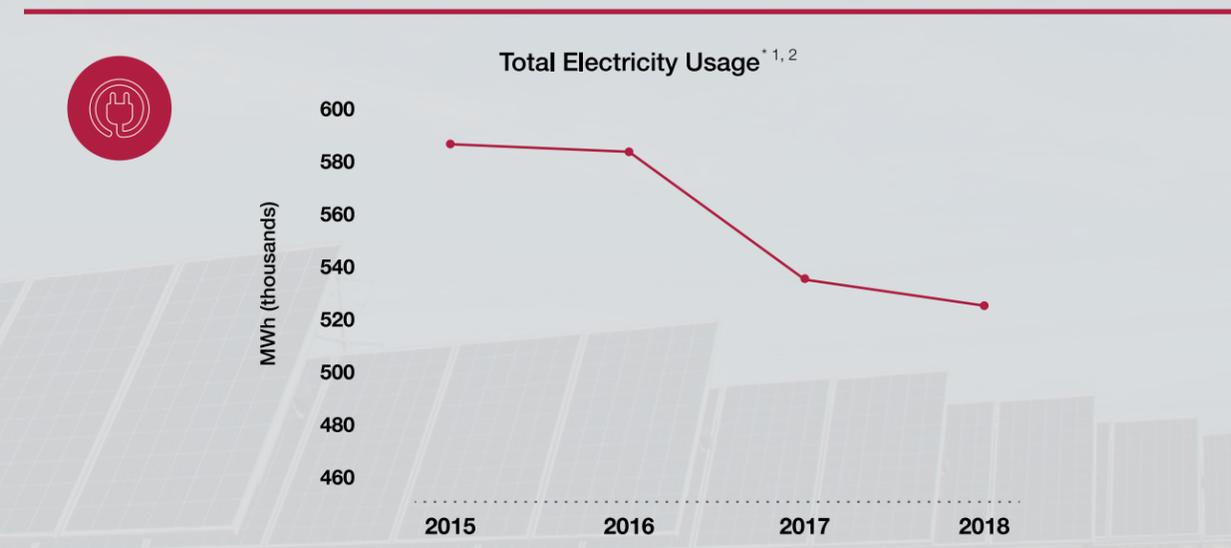
- Utilizing energy management systems which have been installed in a significant majority of our stores
- Retrofitting existing HVAC Roof Top Units (RTUs) with Variable Frequency Drives (VFDs)
- Re-lamping light fixtures with LED lamps in our stores, as well as at distribution centers, corporate offices and select store parking lots

- Proactively monitoring stores in our existing portfolio that have Energy Management Systems
- Recommissioning energy management systems, lighting and HVAC systems at stores
- Installing energy storage technology to reduce dependence on the grid during peak hours

At our corporate offices, our energy efficiency programs allowed us to achieve energy savings of approximately 950 MWh in 2018.

In 2019, we intend to continue to:

- Limit energy demand in our stores
- Explore new opportunities to incorporate renewable energy in our portfolio
- Test new energy efficiency technologies as appropriate



<sup>1</sup> 2015: Operating 515 locations 2016: Operating 548 locations 2017: Operating 603 locations 2018: Operating 663 locations  
\*Restated in 2021 to reflect updated data.

<sup>2</sup> This number includes stores, corporate offices and Distribution Centers for which Burlington pays the bills directly or through the landlord. This does not include stores where we pay for usage through common area maintenance costs.

# Waste Management and Recycling

We are conscious of the waste connected to our business operations and we work hard to manage and mitigate those impacts.

As a result of our efforts in 2018, we achieved a diversion rate for waste from landfills of 55%. Based on our 2018 performance, we will benchmark ourselves against competitors' performance in 2019 to inform the development of waste diversion goals in the future.

Waste at Burlington **stores** for 2018:

- **Total waste to landfill:** 38,470 tons
- **Total waste recycled:** 33,195 tons

Waste at Burlington **distribution centers** for 2018:

- **Total waste to landfill:** 484 tons
- **Total waste recycled:** 13,852 tons

Waste at Burlington **corporate offices** for 2018:

- **Total waste to landfill:** 393 tons
- **Total waste recycled:** 1,774 tons

Our waste total from corporate facility renovations was 163 tons. Burlington does not calculate or report waste and diversion rates for store new construction and remodels.

In addition to recycled waste streams, Burlington collected and properly disposed of 208.19 tons of regulated waste. Products considered regulated or hazardous include goods that should not be disposed of in the standard trash. These products may be flammable or toxic such as skincare or cleaning supplies. Of the regulated waste diverted from landfills, 176.95 tons were designated as hazardous by the Environmental Protection Agency; and 31.24 tons was non-hazardous (e.g., olive oil, make-up or shampoo).

We train our store associates in how to handle hazardous waste and we have designated safe bins to segregate and store such waste in appropriate different bins until a third party specializing in collecting regulated substances picks it up from designated areas.

**In 2019, we plan to focus our waste projects on:**

- Reducing contamination in our recycled waste streams
- Increasing waste collection schedule efficiency
- Improving waste and recycling education and compliance for associates

## Recycling Programs and Policies

We maintain a framework that provides employees with tools for how to dispose of waste and maximize recycling. We created the framework to increase efficiencies, reduce the amount of trash that Burlington sends to landfills and to ensure that we comply with local and state recycling regulations.

Burlington participates in recycling where it is available by region. However, select stores are located in municipalities with no recycling infrastructure. We also participate in plastic bag collection and recycling efforts in required jurisdictions.

Our recycling and waste diversion efforts to help us lower our waste footprint include:

**Pallets:** 5,324 tons recycled in 2018. Our distribution centers reuse pallets when they can and recycle broken or unusable pallets. Pallets from our stores are also returned to pool points for recycling.

**Metal:** 196 tons recycled in 2018. Metal recycling dumpsters are located at all Burlington distribution centers to capture and divert metals.

**eWaste:** 21 tons recycled in 2018.

**Fluorescent bulbs:** We conduct programmatic recycling as part of retrofits and electricians who come to our locations for work collect incidental tubes.

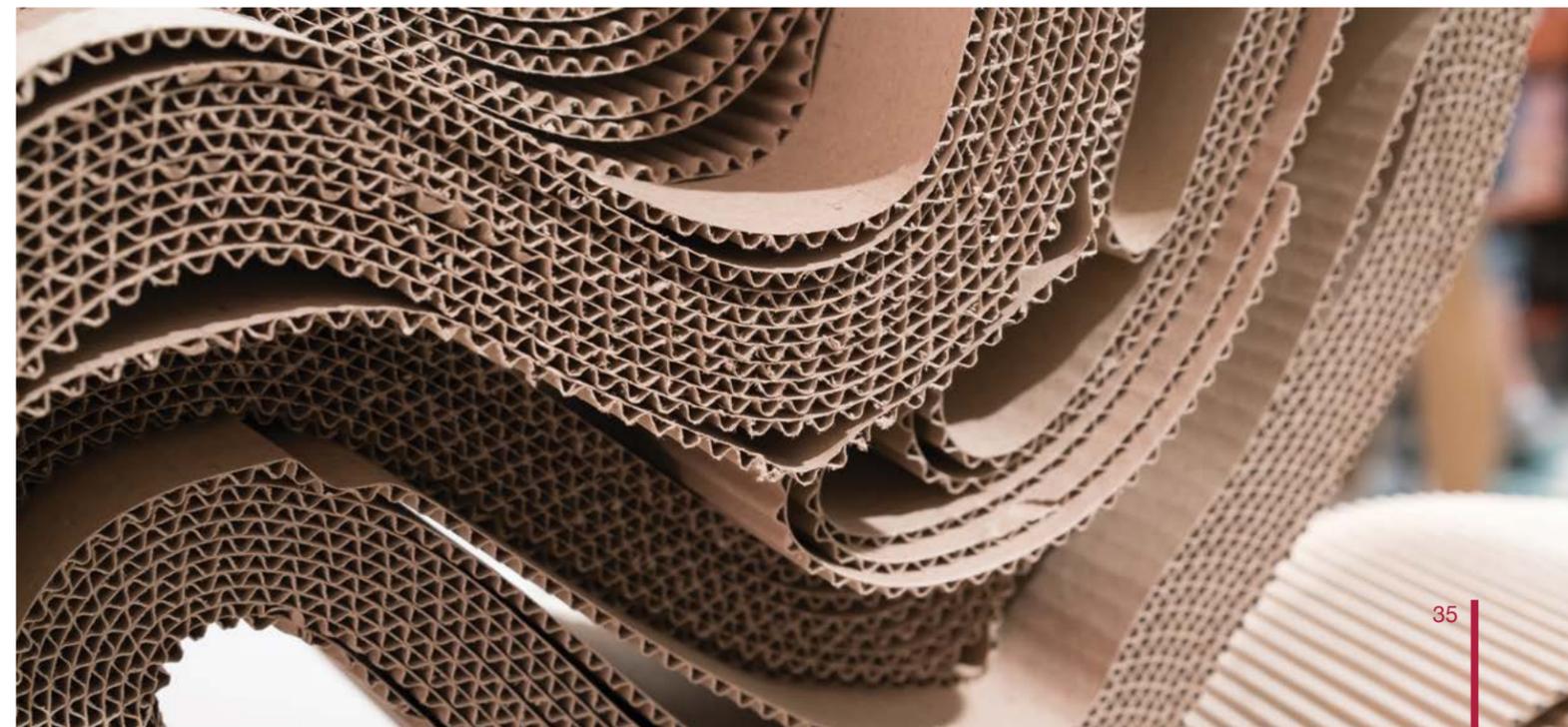
**Furniture:** We donate phased out office furniture from our corporate offices.

**Renovation:** During the renovation of our Edgewater Park distribution center and Burlington corporate office, old or unwanted items were both donated to a local school and distributed to various Burlington associates and personnel.

**Cardboard:** We increased our cardboard diversion and recycling at our New Jersey distribution centers by 574 tons in 2018, compared with 2017. Additionally, contamination in cardboard loads from our stores decreased by 50% from 2017 to 2018.

## Reducing Plastic Water Bottle Waste

Burlington has installed hydration stations around our corporate and distribution center facilities to reduce the amount of plastic bottle waste generated by our associates. We have a total of 33 hydration stations across our facilities, not including stores, 28 of which are at our corporate offices, saving approximately 358,000 plastic bottles per year.



# Water Footprint

Location <sup>2</sup>	Water Usage (kgal)	Irrigation Usage (kgal)	Total (kgal)
Stores	157,000	15,000	172,000
Corporate Offices	4,600	450	5,050
Distribution Centers	9,600	8,000	17,600
<b>Total</b>	<b>171,200</b>	<b>23,450</b>	<b>194,650</b>

We have implemented a number of initiatives to reduce water consumption. For new store construction, Burlington requires low-flow water toilets and urinals. We also specify the requirement for a touchless faucet that exceeds code requirements, and we only install irrigation systems for stores in regions that require it.

Burlington is a low water-usage retailer. We do not have kitchens or food preparation required for our merchandise, which helps us to focus on other initiatives to reduce our water consumption.

We are using 2018 as our benchmark year to drive future projects and ultimately decrease our water footprint.



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# Our Supply Chain



*Burlington's commitment to corporate responsibility extends beyond our direct operations, as we factor environmental and social*

*considerations into our global supply chain of approximately 5,100 brands. Issues such as human rights, environmental impacts and responsible sourcing all inform how we manage the suppliers we rely on to stock our facilities and stores. To ensure corporate responsibility is a core part of our business, we must employ a resilient, responsible and sustainable supply chain.*

## Our Suppliers

We strive to partner with companies who treat their workers with dignity and respect, adhere to applicable laws and regulations and maintain high standards of business conduct. Burlington, in partnership with our vendors, considers a range of risks before entering into these business relationships.

All of Burlington's suppliers are expected to comply with our [Code of Conduct](#) and we reserve the right to refuse to do business with those who do not uphold, in action as well as words, these established principles. To facilitate compliance, new suppliers are required to complete and sign our Vendor Agreement and agree to our Purchase Order Terms and Conditions when an order is placed. Additionally, we periodically provide suppliers with compliance updates.

Through our Open Door Policy, we encourage our associates to voice concerns about product safety and compliance without fear of reprisal. If we suspect or discover non-compliance, we make every effort to work with the supplier to correct the problem through implementing a corrective action plan and a subsequent audit. For more information, please see our [Legal & Social Compliance Manual](#).

# Human Rights

Burlington is committed to protecting the human rights of workers in the U.S. and abroad, and our commitment is informed by such standards as the United Nations Universal Declaration of Human Rights. We do this by promoting ethical and lawful employment practices, including compliance with the California Transparency in Supply Chain Act.

We are committed to conducting business with partners whose workers are fairly treated and compensated. As established in our Code of Business Conduct and Ethics as well as our Terms of Commitment to Ethical Sourcing, no supplier may use forced or child labor and all

must pay their workers at least the legal minimum wage. Suppliers are also expected to maintain a regularly scheduled workweek of no more than 60 hours, or less if stipulated by local laws, with at least one day off in every seven-day period.



# Sustainability in the Supply Chain

To properly assess risks — including environmental and social — within our supply chain, Burlington's outside counsel conducts annual risk assessments for all countries from which we directly import goods. We also ask our international vendors to complete a questionnaire and, in some cases, require a third-party audit before taking possession of goods. These responses help inform how we engage with our vendors as well as how we as a company can better improve sustainability considerations throughout our supply chain.

As a certified member of the Customs Trade Partnership Against Terrorism (CTPAT), we implement measures to safeguard our shipments from being used as vehicles for terrorism. All factories in our direct import supply chain are required to either have a CTPAT Security & Social Compliance audit performed by a third party, or a completed Burlington Security & Social Compliance Questionnaire, based on the country's risk assessment and previous audit scores. The CTPAT report ensures the supplying factory or location is not at risk of any attacks that could impact our supply chain, and the Social Compliance report ensures that we are not buying goods manufactured in a factory where child labor, human trafficking or forced labor is present. Burlington representatives also conduct periodic security and compliance reviews. CTPAT participation is broken out into three tiers for Importers: Tier I, Tier II, and Tier III. Burlington has been participating in the CTPAT program since 2005, and was granted Tier II status in 2008. In 2018, U.S. Customs and Border Protection granted Burlington Tier III CTPAT status for exceeding the minimum-security criteria and operating in line with established best practice. This designation certifies that we have overlapping, interlocking layers of defense actively monitored by management personnel.



# Product Safety

Product safety is a priority at Burlington. Though our company is not involved in raw materials sourcing, we require vendors who manufacture for us to comply with our policies on ethical and responsible sourcing, which includes adhering to the California Transparency in Supply Chain Act and the conflict minerals provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

We also work collaboratively with our supply chain partners to promote animal welfare and reduce chemicals of concern. At Burlington, we do not knowingly procure or sell items that contain real animal fur; if real animal fur is discovered in any of our product assortments, the merchandise is returned or donated to a charitable, not-for-sale organization.

Many consumer products are made from natural components and synthetic chemicals. At Burlington, we take reasonable measures to ensure our products meet established standards for safe use by our customers, including children. We also follow hazardous chemical

limits established by federal, state and local regulators and expect our vendors and suppliers to do the same.

Burlington maintains rigorous requirements and employs a specific strategy for purchasing (SOP) and selling cosmetic, food and children's products. Our cosmetics SOP, for example, requires suppliers to certify that their labels are accurate and compliant with all state and federal regulations. For children's products, we require importers to issue a Children's Product Certificate confirming compliance with all applicable standards, bans, rules and regulations.



# Our Governance and Ethics



*Having a strong standard of ethical business practices and governance systems is key to our success as a business. These standards serve as a foundation for all of Burlington's operations, from how risk is managed, to how employees treat one another, to accountability structures within the top levels of the organization. Burlington's commitment to be a caring company means ensuring we hold ourselves to the highest standards in all realms and that we consistently challenge ourselves to see how we can do better.*

## Board of Directors

Burlington's Board of Directors is committed to strong corporate governance as it promotes the long-term interests of stockholders, enhances Board and management accountability and helps build public trust in our company. The Board has adopted policies and processes that foster effective Board oversight of critical matters such as strategy and risk management. The Board and its committees review our major governance documents, policies and processes regularly in the context of current corporate governance trends, regulatory changes and recognized best practices.

Please see our [2018 proxy statement](#) for a detailed description of Burlington's corporate governance framework. Highlights include the following:

- Lead Independent Director
- 8 out of 9 directors are independent
- 3 out of 9 directors are female
- Each director attended at least 85% of the meetings of the Board and of the committees of which such director was a member in 2018
- Majority voting and director resignation policy for directors in uncontested elections
- Majority of director compensation paid in stock
- Pay-for-performance philosophy
- Annual Board, director and committee self-evaluations
- No unequal voting rights
- Clear CEO, executive and non-employee director stock ownership guidelines

# Risk Management

Our management is responsible for day-to-day risk management. This includes identifying, evaluating and addressing potential risks that may exist at the enterprise, strategic, reputational, financial, operational, compliance and reporting levels. Ultimate responsibility for risk oversight falls with the Board of Directors and the Board has delegated to the Audit Committee the primary responsibility for oversight of our risk assessment and management processes. The Audit Committee reviews periodic assessments from Burlington's ongoing enterprise risk management process, which is designed to identify potential events that may affect the achievement of our objectives or have a material adverse effect on our company.

## Data Privacy and Protection

Burlington is committed to safeguarding the personal data we collect and maintain on our own behalf and on behalf of our customers and employees. We take this commitment very seriously and have implemented strict standards, policies and systems to protect all forms of internal business and customer information from unauthorized access, improper use or disclosure. In furtherance of our commitment we continue to explore new and innovative information security services, products and solutions for protecting personal data.

# Operating Ethically

All employees are expected to adhere to our [Burlington Code of Conduct](#). The Code establishes policies and procedures that address many issues, including general ethics, anti-discrimination and harassment and maintenance of a safe and healthy workplace. As noted in the Code, Burlington is committed to providing a workplace free of unlawful discrimination or harassment. All employment decisions are based on qualifications, contribution and performance without regard to race, color, religion, creed, sex, pregnancy, sexual orientation, gender, gender expression, gender identity, transgender status, national origin, ancestry, age, physical or mental disability, medical condition, veteran

status, marital status (including domestic partnership status) or any other protected or personal characteristic protected by law. Unlawful discrimination is strictly forbidden. We make reasonable accommodations in the workplace for qualified individuals with disabilities consistent with applicable laws.

In 2018 we formed an internal Ethics and Compliance committee comprised of senior management representatives, which reports to the Audit Committee. The Ethics and Compliance committee oversees several ongoing initiatives, including the implementation of enhanced code of ethics training.

**Management** identifies potential risks that may exist at the **enterprise, strategic, reputational,** operational compliance and reporting levels.



# Safe Harbor for Forward- Looking and Cautionary Statements

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This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

All statements other than statements of historical fact included in this document are forward-looking statements. Readers can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Burlington Stores, Inc. does not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized. If one or more forward-looking statements are not updated, no inference should be made that Burlington Stores, Inc. will make additional updates with respect to those or other forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from expectations, including those described from time to time in our filings with the Securities and Exchange Commission.





# Burlington

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