O’Neill Europe B.V. Code of Conduct for suppliers

O’Neill, the original California surf, snow and lifestyle brand, was founded by Jack O’Neill in 1952. He had strong values towards preserving the oceans by O’Neill Sea Odyssey. They provide a hands-on educational experience to encourage the protection and preservation of our living sea and communities.

O’Neill Europe has a purchasing policy on Corporate Responsibility and strives to do business in compliance with all applicable laws and regulations on human rights, the environment and product safety. This Code of Conduct describes the ethical behaviour that O’Neill Europe is searching for in its business relationships.

O’Neill Europe is a member of Amfori Business Social Compliance Initiative (BSCI). Therefore, the principles of the BSCI code of conduct form an integral part of this code. BSCI aims at covering values and principles that BSCI participants strive to implement with their business partners along their supply chains. Therefore we ask our suppliers and their subcontractors, from outsourced processes to cut, make trims, to support us and to work according the standards below.

O’Neill Europe does not permit subcontracting without our prior written approval. All salesman-sample and bulk production orders must be placed within facilities that have been pre-approved by O’Neill Europe, without exception.

Our code of conduct refers to international conventions such as UNGP’s¹, OECD Guidelines ², the Children’s Rights and Business Principles, ILO conventions and recommendations, Amfori BSCI principles and values and underlines and describes the ethics and behavior we desire to have in our supply chain.

All legal requirements and regulations in operating countries must be met at all time.

General conditions & Management Systems

- We encourage our suppliers to implement due diligence in their own operations and in their supply chains, which means suppliers commit to act diligently in (a) assessing actual and potential adverse impacts of their business against the values and principles of the Code of Conduct; (b) identifying in the supply chain where the most significant risks for these adverse impacts may occur and (c) acting upon them with the aim of preventing and/or addressing them in line with the Code of Conduct.

- Due Diligence should be on-going, pro-active and reactive and applied with flexibility and should not lead to a “tick the box” approach.

¹ The UN Guiding Principles on Business and Human Rights are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. http://www.ungpreporting.org/
² The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. http://www.oecd.org/corporate/mne/
• Suppliers must assign a nominated contact person within their company who is responsible for communicating this Code of Conduct and all related requirements throughout the supply chain, including factories/ manufactures and other production locations.

• O’Neill Europe expects Suppliers to be willing to be supported to the integration of the principles of this Code of Conduct. This includes trainings provided by BSCI.

• Suppliers and factories shall comply with the BSCI Code. Suppliers are required to prove compliance by delivering a valid audit report and/or certification of the production units used for the production of O’Neill’s products. In case the supplier is not compliant and corrective actions are required, we expect the supplier to take actions within the agreed time. We want to receive an update of the Corrective Action Plan (CAP), at least once a year.

• Suppliers must be fully aware of all sites and companies involved in their production network and we expect that each supplier provides details of their supply chain on request.

• Suppliers should be open, honest and willing to engage with O’Neill Europe sustainability projects. All business involved at any stage in the production must be open to audits to evaluate and monitor compliance to this code.

• Suppliers are expected to have the necessary management systems to make sure they are complying and showing continual improvement all local labour, environmental, health and safety legislation in this code.

• Suppliers should provide an anonymous method for workers to report workplace grievances and ensure that policies are in place to protect workers when complaints and grievances are reported in good faith.

Human Rights and Labour Rights

The right of freedom of association and collective bargaining

Employers shall respect lawful freedom of association, the right of the employee to join a trade union of their choice and bargain collectively and shall ensure that any Employee representatives are not discriminated against and have access to carry out their representative functions in the workplace.

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, suppliers shall respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

Freedom from discrimination and harassment

Employees shall not be subjected to discrimination or exclusion (including during recruitment, promotion, access to training, termination or retirement) regarding gender, race, colour, language,
nationality, ethnic or social origin, religious belief, political opinion, sex, marital status, disability, property, birth, age, sexual orientation, or union membership

No child labour

Suppliers do not employ directly or indirectly child workers in any of their facilities. A “child worker” is defined as someone who has not reached their 15th birthday, or any higher specified in local law for completing mandatory schooling or beginning full time work, unless the exceptions recognized by the ILO conventions apply.

Suppliers and factories must establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Special care is to be taken on the occasion of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, factories should identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult household members of the affected children’s family.

Special Protection for Young Workers

Young workers below the age of 18 can only undertake light work in the factory and their working hours do not prejudice their attendance at school, and all laws concerning the treatment of young workers must be followed.

Suppliers and factories observe this principle when they ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this principle.

Where young workers are employed, suppliers and factories should ensure that (a) the kind of work is not likely to be harmful to their health or development; (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Suppliers and factories shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

Prevention of forced or involuntary labour

Suppliers shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour. They will risk allegations of complicity if they benefit from the use of such forms of labour by their business partners.

Suppliers shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly. They shall allow their workers the right to leave work under reasonable circumstances.
Suppliers shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse. All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

**Decent Working hours and adequate rest**

Suppliers shall ensure that working hours should not on a regular basis exceed 48 hours per week and should be kept within legal limits and benchmark industry standard. In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded, in which case overtime is permitted. The maximum weekly overtime accepted is 12 hours per week or as per local regulations.

Suppliers must provide sufficient rest days to employees, classified as at least 1 day off in a 7 days period, unless exceptions defined by collective agreements apply.

Overtime shall be voluntary and shall not be demanded on a regular basis and always compensated at a premium rate. Employees are entitled to refuse overtime without incrimination and shall not represent a significantly higher likelihood of occupational hazards.

**Fair Remuneration**

Suppliers shall always comply with current laws concerning compensation for work and shall respect the right of workers to receive a fair remuneration. Fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted. The employees are entitled to at least minimum wage, or the standard benchmark rate in the industry, whichever is higher.

Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance “in kind” is accepted in line with ILO specifications. Deductions will be permitted only under the circumstances and the extent prescribed by law or fixed by collective agreement.

For all employees a signed contract must be available in local language containing name of the workplace, employee name, initial wage and job title.

**No precarious employment**

Suppliers shall ensure:

a) that their employment relationships do not cause insecurity and social or economic vulnerability for their workers and

b) work is performed based on a recognized and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before employment, suppliers are to provide workers with understandable information about their rights, responsibilities and employment conditions (including working hours, remuneration, and terms of payment).
Suppliers should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants’ home towns.

Suppliers shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to -
(a) apprenticeship schemes where there is no intent to impart skills or provide regular employment,
(b) seasonality or contingency work when used to undermine workers’ protection, and
(c) labour-only contracting.

**Health & Safety Standards**

It must be the aim of all suppliers to continue to work towards reducing accidents and maintaining the welfare and safety of their workers.

Suppliers and factories observe this principle when they respect the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection.

Suppliers and factories shall comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced.

The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees.

Suppliers and factories shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace.

They will seek improving workers protection in case of accidents including through compulsory insurance schemes.

Suppliers and factories shall take all appropriate measures within their sphere of influence, to see to the stability and safety of the equipment and buildings they use, including residential facilities to workers when these are provided by the employer as well as to protect against any foreseeable emergency.

Factories shall respect the workers’ right to exit the premises from imminent danger without seeking permission.

Suppliers and factories shall ensure adequate occupational medical assistance and related facilities.
They shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, factories shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

**Ethical business behaviour**

Suppliers and factories should have the highest level of ethical integrity when dealing with workers, suppliers and O’Neill Europe employees.

Suppliers should work against any act of corruption, extortion or embezzlement, nor in any form of bribery. They should neither participate in falsifying such information, nor in any act of misrepresentation in the supply chain.

Furthermore, they should collect, use and otherwise process personal information (including that from workers, suppliers, factories, customers and consumers in their sphere of influence) with reasonable care. The collection, use and other processing of personal information is to comply with privacy and information security laws and regulatory requirements.

In regards to O’Neill Europe employees, when they are involved in a tender process or parties aiming to become potential suppliers or investors (hence, f.e. the negotiating phase) and the buyer is offered an invitation for an event, it is not allowed to accept these invitations. This policy on accepting gifts and hospitality should be clear at the beginning of every new business relationship.

In case of (a long term) existing contractual relationship, the invitation may be accepted, providing an approval of a MT member is given to the O’Neill employee in advance. The MT member will review the invitation and decide if it f.e. influences the decision making process, creates a (potential) conflict of interest and/or if holiday need to be taken to attend the event. The MT member needs to report the acceptance of any invitation (on paper) to the HR department. Events consisting of only leisure and/or entertainment program (surfing, golf, tennis, etc.) can be attended during working hours provided these hours will be deducted from the employee’s holiday hours. Attending an event is only allowed once a year.

**Environmental protection and animal welfare**

**Environmental protection**

The Supplier should always aim initially to minimize and eliminate the use of hazardous substances and all national and regional environmental laws must be followed. All chemicals and hazardous substances must be identified and labelled with warning signs in accordance with their chemical properties and legislative requirements.
O’Neill Europe’s RSL

Suppliers must follow and comply with the current Restricted Substances List. In the RSL we have listed the international regulations on restricting or banning the use of chemicals for our products incl trims. Latest version can always be downloaded from the GDI at gdi.oneill.com

Water & waste water management

Water is very important for O’Neill Europe; therefore we expect as well from our suppliers that they use water responsibly, and that they work to minimize their water footprint. This includes reducing water use and implementing water recycling as much as possible. Suppliers must treat and dispose of wastewater according to the law or the industry benchmarks whichever is higher.

Energy efficiency, air emissions and climate change (GHG Emission)

Suppliers should work to reduce energy consumption and greenhouse gas footprint. All emissions that are produced during production must be monitored and controlled and treated as required by law.

Cleaner Production and waste management

Suppliers shall work to improve resource efficiency by implementing “cleaner production techniques” and reduce waste during the production processes. Suppliers should also implement methods to re-use or recycle waste from the site. Suppliers should assess significant environmental impact of operations and establish effective policies and procedures that reflect their environmental responsibility and keep detailed records.

Animal Welfare

O’Neill Europe requires that any materials derived from animals, used in our products, are from animals treated humanely and according to animal welfare laws and recommendations.

We only accept leather that is a by-product from animals that have been bred for the food industry. Leather that is obtained by practices such as live skinning or live-boiling is not accepted. We prohibit the use of genuine fur.

O’Neill Europe only accepts feather or down from birds that are bred and raised for the food industry (excluding graylag geese). O’Neill Europe condemns the practice of live-plucking as well as force-feeding of birds to produce Foie Gras. Our suppliers must ensure that these practices are not occurring at any stage of the supply chain.

From 2020 on O’Neill Europe only accepts merino wool from sheep that have not been mulesed and that is certified by RWS.
Sourcing practices

O’Neill Europe required that suppliers are sourcing raw materials and fabrics responsibly. We ask you to inform us about any possible risk regarding human rights violation, animal abuse and environmental hazards related to our products and encourage you to always use more sustainable materials.

If a supplier fails to fully participate in inspection, remediation, or fails to cooperate in supporting our sustainability goals, this can lead to the termination of the business relationship if these efforts do not succeed.

In case of fraudulent submissions, false information submissions and similar deceptive / misleading activities by Supplier, Supplier shall be in default immediately and these circumstances shall be sufficient grounds for O’Neill Europe BV to unilaterally terminate the agreement/Contract. In case of termination, Supplier will not be entitled to any compensation and/or damages due to this termination.

We ask our suppliers to inform us to discuss the issues involved in the product’s supply chain. When the agreed solution is not followed, it may result in our contracts being declared.

Suppliers will adhere to the following material restrictions for use of O’Neill Europe products; No use of cotton grown in Uzbekistan, as long as the government of Uzbekistan forces adults and children to work on its cotton fields, and no use of sandblasting techniques.

We expect our suppliers to respect our sourcing decisions and values and implement them throughout their supply chains.
SUPPLIER COMMITMENT TO O’NEILL EUROPE’S CODE OF CONDUCT

This commitment sheet must be signed and returned to your O’Neill Europe contact person. Please retain the Code of Conduct for your reference.

We hereby confirm that we have received, read and understood O’Neill Europe’s Code of Conduct, and we understand the importance that this code is observed by us, and by our suppliers and subcontractors.

We confirm that we will inform O’Neill Europe of all production sites involved in the development and production of O’Neill Europe products.

We will be open and willing to allow O’Neill Europe access to any production site to check compliance to this code and O’Neill Europe is entitled to use the audit information for all relevant purposes within its business.

We know that the Code of Conduct is available on the General Delivery Site gdi.oneill.com or via the local contact persons or head office in Warmond, the Netherlands.

We accept that O’Neill Europe is entitled to cancel orders and terminate the business relationship with no compensation required if we do not comply with this code, unless in exceptional cases an agreement has been made with O’Neill Europe to allow more time to make improvements.

We understand that transparency and honesty are core values of this code and required to maintain the business relationship with O’Neill Europe.

Company name:  __________________________________________________________

Company address:  __________________________________________________________

Full name and position:  ________________________________________________________

Date:  _______________________________________________________

Signature and stamp:  _________________________________________________________