

O'NEILL EUROPE

SUSTAINABILITY REPORT 2021



OUR HIGHLIGHTS: A 2021 OVERVIEW

85%

of all O'Neill styles were classified as O'Neill Blue*.

40%

is the minimum requirement of preferred materials per style to be classified as O'Neill Blue* in 2021.

22%

more O'Neill Blue options were offered in the total product range compared to 2020.

85%

of our fall/winter collection is made with recycled or renewable main fabrics.

89%

of our spring/summer collection is made with recycled or renewable main fabrics.

2

circular pinnacle products were launched in 2021 as part of the FW22 collection.

10,139,216

plastic bottles were diverted from landfills in collaboration with REPREVE®**

>3 MILLION

hangtags were saved when we added the QR code into our products this year to replace information that was otherwise added on extra hangtags.

June 2021

O'Neill rolled out the Worldfavor platform as part of its due diligence policy towards a more transparent supply chain.

Sept 2021

O'Neill signed the new International Accord to continue the important work towards a safe and healthy garment and textile industry that started with the Bangladesh Accord in 2013.

Dec 2021

O'Neill joined the Responsible Packaging Movement on the journey towards single-use, plastic-free packaging in 2025.

* Refers to shell fabrics in clothing and accessories. Materials must meet the criteria on the Preferred Material List and content must be at least 40% to qualify in 2021, 50% from 2022 onwards

** values based on cumulative totals since REPREVE® and O'Neill partnership began



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OCEAN MISSION

'THE OCEAN IS ALIVE AND
WE'VE GOT TO TAKE CARE OF IT.'

JACK O'NEILL



INTRODUCTION



INTRODUCTION

Our Ocean Mission

In 1952, Jack O'Neill invented the wetsuit because he “just wanted to surf longer.” This passion inextricably connects O'Neill to water. As a brand created to enjoy nature, we see it as our responsibility to actively protect it and contribute to a cleaner, more sustainable world.

Our Ocean Mission is O'Neill's commitment to protect the oceans for generations to come. This is how we stay close to Jack's original words,

“THE OCEAN IS ALIVE AND WE'VE GOT TO TAKE CARE OF IT.”

Our 2021 sustainability report is motivated by our continued commitment to protect the oceans while improving the quality of our products and conditions for our people and planet. We have done our best to navigate through a challenging year with resilience.

Together with our teams and partners we will continue focusing on our long-term 2030 sustainability goals and Our Ocean Mission by following the European Union (EU) goalsetting of the Circular Economy Action Plan and its EU Textile Strategy, Due-diligence and Extended Producer Responsibility legislative actions that are set to become climate neutral by 2050.

With consumer trend research confirming that “43% of Gen-Zers actively seek clothes from companies that have sustainable or environmental practices or a solid reputation around sustainability”, we’re seeing more momentum than ever to accelerate our efforts. In particular, we have connected our Ocean Mission goals to the 17 United Nations (UN) Sustainable Development Goals and its 169 targets to enforce our ambition going forward.

Please join us in review of what we have achieved, the challenges we still face and the roadmap we set for ourselves to protect our shared playground for generations to come.

For questions about O’Neill Europe’s sustainability activities, please [contact CSR@oneill.com](mailto:CSR@oneill.com).

Renske Lambert Global Ocean Mission Manager

Janine Martens Global CSR Manager

WELCOME TO THE FOURTH SUSTAINABILITY REPORT OF O’NEILL EUROPE.

In this report you will find our sustainability results for 2021 in which we produced our Winter 2021/2022 and Spring/Summer 2022 collection.

Included are the various actions we are taking to improve our supply chain, working conditions and environmental impact.

The glossary describes the various terminology used.

¹ Catherine Salfino. How to Cultivate Loyalty with Next Gen Shoppers. Sourcing Journal. 1 August 2021. <https://sourcingjournal.com/topics/lifestyle-monitor/customer-loyalty-gen-z-shoppers-tiktok-salesforce-covid19-cotton-clothing-295476/>.

A MESSAGE FROM OUR CEO

At O’Neill, our Ocean Mission is deeply engrained as our sustainability strategy; with deep care for the way we design our products, work with our people and respect our planet.

After another year of great uncertainty and global shifts, we’ve remained focused on the welfare of our partners, employees and supply chain workers while taking next steps in reducing our impact on our planet.

We faced significant challenges in 2020 due to the global pandemic that continued into 2021. These were years of immense focus and embedding learning, of tightening our business processes and strengthening our partner collaboration – all while staying committed to our long-term sustainability goals.

This year, we have connected our goals and challenges to the 17 United Nations Sustainable Development Goals to enforce our ambition going forward. The goals, as outlined in this report, are efforts and connected achievements resulting from our resilient and energetic core.

We have not only surpassed our goal of the O’Neill Blue products in our collections in 2021, we were also able to launch two pinnacle circular products, began reducing our impact by designing and offering key styles using 3D technology and have made great strides towards more transparency in our supply chain.

To boost authentication and transparency, we’ve automated and centralized our value chain visibility to include the tracking of our supplier’s sustainable sourcing certifications and their efforts beyond audits, and we are gathering several social and environmental topics connected to our value chain and our own processes to gain an even tighter hold on our impact.

We can’t do this without the great work of the various Multi-Stakeholder Initiatives that we are part of. To highlight one, this year O’Neill proudly signed the successor agreement to the Bangladesh Accord. The International Accord will continue the commitments for workplace safety and will explore expansion to other countries.

Together we have successfully navigated a pandemic and continue to thrive. We are using this momentum to challenge ourselves and improve our social and environmental commitment to protect our people and our oceans for generations to come.

Thank you for following our journey.

Join our Ocean Mission

Peter Truijen, CEO

BRAND MISSION

An aerial, top-down view of a person surfing on a dark blue ocean. The surfer is positioned in the lower right quadrant of the frame, riding a white surfboard. The water is a deep, dark teal color with some white foam from the surfboard's wake. The overall mood is serene and adventurous.

BORN OUT OF CALIFORNIA SURF,
WE CREATE LEADING- EDGE PRODUCTS
FOR ACTIVE AND ADVENTUROUS SPIRITS
TO ENJOY OUR PLAYGROUND LONGER.

BRAND VALUES

We seek to create groundbreaking products that inspire an adventurous spirit in all those who enjoy our shared playground. From this perspective the brand values that shape our organization were built.

CURIOUS:

We are constantly pioneering, experimenting and searching to become better.

ENERGETIC:

We are active people. We are full of positive energy. We never stop and always go the extra mile.

INCLUSIVE:

We are part of a community. Everybody is invited and truly welcome to join.

RESPONSIBLE:

We have a natural drive to take care of each other, our products, our planet and our brand. Together we will do our part.

RESILIENT:

We are adaptable to change under any circumstance. We choose to become strong, healthy and successful in the face of adversity.

O'NEILL EUROPE AT A GLANCE – STORES

34 STORES
IN EUROPE



160

Employees in stores

62% Woman



38% Men



O'NEILL EUROPE AT A GLANCE - HQ

EMPLOYEES IN THE HQ

100

SPLIT PER GENDER

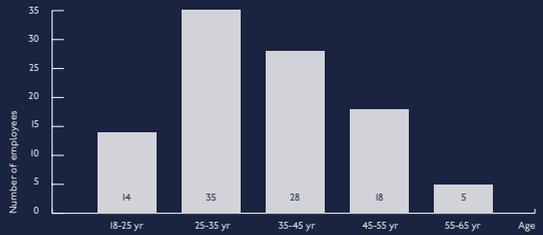
61% Woman



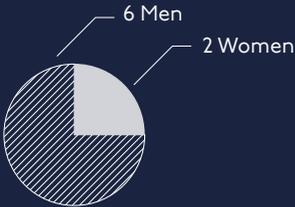
39% Men



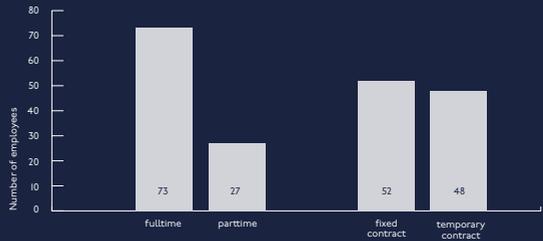
SPLIT PER AGEGROUP



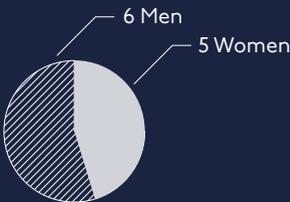
MT SPLIT | MT: 8



SPLIT PER CONTRACT TYPE



SLT SPLIT | SLT: 11



COUNTRIES WHERE OUR EMPLOYEES ARE BASED

Germany, Austria, Switzerland,
Belgium, France, Netherlands

OCEAN MISSION COMMITMENTS

“WE ARE ON A MISSION TO PROTECT OUR
OCEANS FOR GENERATIONS TO COME AND
GIVE BACK TO THE PLAYGROUND O’NEILL
WAS FOUNDED ON.”

OCEAN MISSION COMMITMENTS

At O'Neill Europe, our sustainability strategy is built on four pillars:

TO MAKE BETTER PRODUCTS

O'Neill Blue products are designed for quality and durability. With production of materials being the highest cause of emissions in textiles, we recognize the importance of material selection in each design. As outlined in O'Neill's Preferred Materials List, materials can be selected according to their impact scoring and future circular system preferences. With that in mind we have continued to raise the bar of minimum requirements for O'Neill Blue classification each year to further push our efforts.

In 2021 we have a minimum requirement of at least 40% preferred materials in the shell material of a style to be classified as O'Neill Blue in 2021 collections, and from our 2022 collections onwards this is raised to minimum of 50%.

In the future our goal is to have all our product under the O'Neill Blue label and to increase the share of more circular products in our ranges.

TO IMPROVE OUR SUPPLY CHAIN

Our goal is to use a majority of sustainable production practices throughout the supply chain at O'Neill. We strive towards total compliance to our code of conduct and full visibility and transparency into our supply chain.

The continued collaboration in projects of Multi-Stakeholder Initiatives remains a top priority to improve our value chain. Not only do these stakeholders support us in expanding our due diligence processes by integrating them into the way of working, they also work with us in vital factory support programs.

TO CHANGE HOW WE WORK

The way we develop and buy our products can have a significant impact on working conditions. We move closer to better business conduct through continuous internal training. The training is focused on increasing buyer awareness of their influence on workers' wellbeing through improved purchase practices and forecast precision. Additionally, expanding our sourcing policies is part of our due diligence.

TO GIVE BACK TO SOCIETY

In 1996, Jack O'Neill created the Sea Odyssey to educate students on the importance of maintaining a strong relationship with the sea and environment. To this day we are finding new ways to give back and follow Jack's original legacy (discover more at oneill.com).

PRODUCT

2030 GOALS

All O'Neill Blue* products made only with materials classed as better or best.
(Based on O'Neill Preferred Materials List).



*Refers to main fabrics in clothing and accessories. Materials must meet the criteria as described in the Preferred Material List and content must include at least 50% to qualify from 2022 onwards. Read more in our PRODUCT chapter.

2020 ACHIEVED

63% of all O'Neill styles are classed as O'Neill Blue*.

2021 ACHIEVED

85% of all O'Neill styles are classed as O'Neill Blue*.
With that we surpassed our goal that we set at 80%.

2025 GOAL

100% of all O'Neill styles classed as O'Neill Blue*. All O'Neill Blue products made with materials classed as Good, Better and Best.
(Based on the O'Neill Preferred Materials List).

PEOPLE

Our aim is that all people in our value chain are paid a fair living wage, have a safe work environment, and are not exposed to forced labor or corruption.



Continuous collaboration in Multi-Stakeholder Initiatives to improve our value chain.

Continuous collaboration in Multi-Stakeholder Initiatives to improve our value chain.

Expansion of our Beyond Auditing procedures through the Worldfavor platform.

Signed the International Accord.

Various internal training on Sustainable Sourcing, Purchase Practices, and Responsible Communication.

Continuous collaboration in Multi-Stakeholder Initiatives to improve our value chain.

Improve and expand grievance mechanisms.

Paying a fair share* for at least 30% of the collection.

*Fair share refers to direct and indirect labor costs – these are non-negotiable.

TRANSPARENCY & TRACEABILITY

100% of styles traceable Tier I – III.



Visibility of Tier I & 70% Tier II.

Signed Transparency Pledge in 2021.

Launched the Worldfavor platform to expand our visibility and transparency throughout our supply chain.

100% transparency Tier I

90% visibility Tier II fabric suppliers

75% visibility Tier II processes

100% of styles traceable Tier I – II.

100% All key materials traceable and certified.

PLANET

Reduce product impact annually.



LCA savings known of 130 styles made with REPREVE®.

Expand mapping of wet processing through Worldfavor platform

LCA savings of at least half of our range to be known.

Implement improvements in supply chain with LCA savings.

Aim to phase out unsustainable chemical processes according to MRSL for at least 50% of the collection.

CIRCULARITY

50% circular product model achieved by reducing our waste stream to a minimum and creating collections made with renewable, recycled and/or recyclable fibres.

Increased opportunities for closed loop collections.



Kicked off the road to circular design.
Launched O'Neill Sur+ programs.

Project O' launched.

O'Neill Sur+ collection expanded.

Collaboration launched with Circular Design Lab of TU Delft.

100% of our packaging is reusable, recyclable, or compostable by 2025.

Continuous O'Neill Sur+ program expansion: 20% recycling/upcycling waste/leftover materials in our range.

Continuous Project O' expansion: 20% of circular product in our range.

Implement circular product-life extension program(s).



GLOBAL FRAMEWORKS OF SUSTAINABLE BUSINESS

On our journey to create positive change, many of the challenges we face are not unique to our operations. To help guide our journey, we aim to align our strategy to global frameworks that are relevant to our industry such as the United Nations Sustainable Development Goals (SDGs).

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals provide a framework for sustainability agendas, they are a collective call to action to promote prosperity while protecting the planet. The goals, set by the United Nations General Assembly in 2015 for the year 2030, recognize that ending poverty must go together with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while protecting the environment.

O'Neill has a significant role to play in achieving these goals through promoting decent working conditions as well as responsible production and consumption practices. By integrating the SDGs into our operations, innovations, and partnerships, we take a next step towards achieving our 2030 goals and beyond.

For more information, please read here:

<https://www.undp.org/sustainable-development-goals>.

Our activities are aimed at supporting the UN Sustainable Development Goals 1, 3, 6, 8, 12, 14 and 17.

UN SUSTAINABLE DEVELOPMENT GOALS



Our activities support the UN Sustainable Development Goals 1, 3, 6, 8, 12, 14 and 17:

1
NO POVERTY

6
**CLEAN WATER AND
SANITATION**

12
**RESPONSIBLE CONSUMPTION
AND PRODUCTION**

3
**GOOD HEALTH AND
WELL-BEING**

8
**DECENT WORK AND
ECONOMIC GROWTH**

14
LIFE BELOW WATER

17
PARTNERSHIP GOALS



UN SDG #1: END EXTREME POVERTY IN ALL FORMS BY 2030

At O'Neill we aim to invest in good and fair business with our producing partners. Setting the priority to ensure a fair share is non-negotiable in our purchasing prices.

Read more in our PEOPLE chapter.



UN SDG #3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

We strive for a safe and healthy working environment within our supply chain, as well as for our employees in our offices and stores.

Read more in our PEOPLE chapter.



UN SDG #6: ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

Water scarcity affects more than 40% of the world's population and is projected to rise. With our close connection to our oceans, this goal is particularly important to us.

We continuously raise the bar in sourcing more sustainable raw materials (i.e., for their minimal water impact) and have set goals linked to our Preferred Materials List to further minimize the footprint. Additionally, we have a strict policy in place for any use of hazardous chemicals to avoid water pollution.

Read more in our PRODUCT chapter



UN SDG #8: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

We strive to protect labor rights and promote safe and secure working environments for all workers.

We aim to contribute to productive employment and decent work for all, both in our country of operation and throughout our supply chain by means of our responsible sourcing strategy, including our zero-tolerance policy against any form of forced labor and child labor.

Read more in our PEOPLE chapter



UN SDG#12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

The share of sustainable materials in our products increases each season and we aim to reduce waste streams throughout as part of our circular strategy. We engage our consumers in our message and aim to inspire them to make more sustainable consumption decisions.

Read more in our PRODUCT chapter.



UN SDG#14: CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT

Our oceans drive the global systems that make Earth habitable for humanity. It is not only a vital resource, it is also essential in fighting climate change.

As oceans absorb about 30% of the carbon dioxide produced by humans, their acidification is causing a great threat to marine life. Marine pollution adds to this threat with an average of 13,000 pieces of plastic litter found on every square kilometer of ocean.

We aim to sustainably manage our material sources, such as seeking partners that protect marine ecosystems by using waste as a resource.

Read more in our PRODUCT chapter.

Giving back to our shared playground and community has been part of O'Neill's DNA ever since Jack O'Neill invented the first wetsuit. It is through continued partnership with impact driven organizations that we stay connected to Our Ocean Mission and support the people and planet O'Neill was built close to. Partnership examples include;

- In 1966, Jack O'Neill created the Sea Odyssey to educate students on the importance of the relationship between the living sea and environment. There are currently over 2,000 volunteers in 43 chapters and 11 countries. O'Neill's Sea Odyssey provides a hands-on educational experience to encourage the protection and preservation of our living sea and communities.
- Eneco Clean The Beach and O'Neill partner to host a free beach clean-up with various Belgian and Dutch surf and beach clubs. Together, we support this community event to sweep the entire North Sea coastline clean and create awareness of the plastic problem in our oceans and beaches.
- O'Neill stands behind the Surfrider Foundation Europe, a non-profit organization whose purpose is to protect and showcase the importance of lakes, rivers, the ocean, waves and coastlines. It currently has over 13,000 members and is active across nine countries through its volunteer-run branches. For almost 30 years, Surfrider Foundation Europe has been acting as a recognized authority in three areas of expertise: marine litter, water quality and public health, coastal management and climate change.

Follow oneill.com for updates



UN SDG#17: STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

We continuously collaborate with material partners as well as non-governmental organizations (NGOs), innovation businesses and universities to collectively take the necessary steps to reduce our impact.

Read more on our partners in our **PRODUCT** and **STAKEHOLDERS** chapters.

PRODUCT





PRODUCT

MAKING BETTER PRODUCTS

We believe in the continued improvement and innovation of our products while minimizing our impact on the environment. For us, this means increasing the share of preferred materials in our collection over time without losing sight of the final garment quality. Sourcing more sustainable materials, such as fibres that are recycled, recyclable, regenerative and/or sourced responsible, is a critical component of decarbonization.”²

With the launch of O’Neill Blue in 2015, we introduced guidelines that categorized a product as ‘more sustainable’ when at least 30% of the main fabric contained preferred materials. In 2020 we raised this bar to a minimum of 40% and from 2022 onwards we will reach a new goal of at least 50% preferred materials in each O’Neill Blue product*.

² McKinsey & Co. State of Fashion 2022 report of Business of fashion and McKinsey & Company. 2022. <https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2022/the-state-of-fashion-2022.pdf>.

*Refers to shell fabrics in clothing and accessories. Materials must meet the criteria on the Preferred Material List and content must be at least 40% to qualify in 2021, 50% from 2022 onwards

This year we have proudly surpassed our goal of the O'Neill Blue share in our collection. The goal was set at 80% and in 2021 we reached a total share of 85% O'Neill Blue product in production.

QR CODE

In an effort to reduce the need for hangtags on the product because these often end as waste, we added the QR code to link to our Ocean Mission inside the product. All outerwear has extensive technical information within the printed QR infographic inside the product, eliminating the need for hangtags to describe the features. In doing so, we have saved at least 3 million hangtags from becoming waste.



DESIGN SMARTER & REDUCE WASTE – 3D DESIGN

In 2021 we kicked off our 3D design and development project for the SS23 collection. We tested 3D designs in our selling processes and have determined certain key styles to apply to the 3D development and selling path, 49 styles in total. The first developments that were supported by 3D technology will be presented to sales in 2022.

Discontinuing sample production of these 3D designed and developed styles is our long-term goal, starting with reducing the sample production for our carry-over styles and increasing in the years to come. For reference, if we were to do so now, this would already account for 4,231 less samples produced, a savings not only in resources and footprint, but also in cost and time of development.

Next, for FW23, we will continue using 3D technology support on outerwear. Before we replace samples with 3D completely, we will take a step-by-step approach to ensure that all processes are ready for this change. This step will be a big part of our goals in reducing our impact in the future.

We look forward to sharing the next steps of our 3D journey with you soon.

SUSTAINABLE MATERIALS

THE CHALLENGE

We know from the industry benchmark that the largest part of a product's environmental footprint, including carbon emissions, chemicals, water and energy consumption, comes from the production of fabrics and raw materials.

By focusing our efforts on this stage of the product life cycle, we can make big strides to decrease our impact on the environment and include consumers in this positive shift.

OUR COMMITMENT

Our choice of materials determines a large part of the overall environmental impact of our products. We are committed to ensuring that all raw materials used in our products are grown and manufactured responsibly in a way that preserves resources and respects human and animal rights.

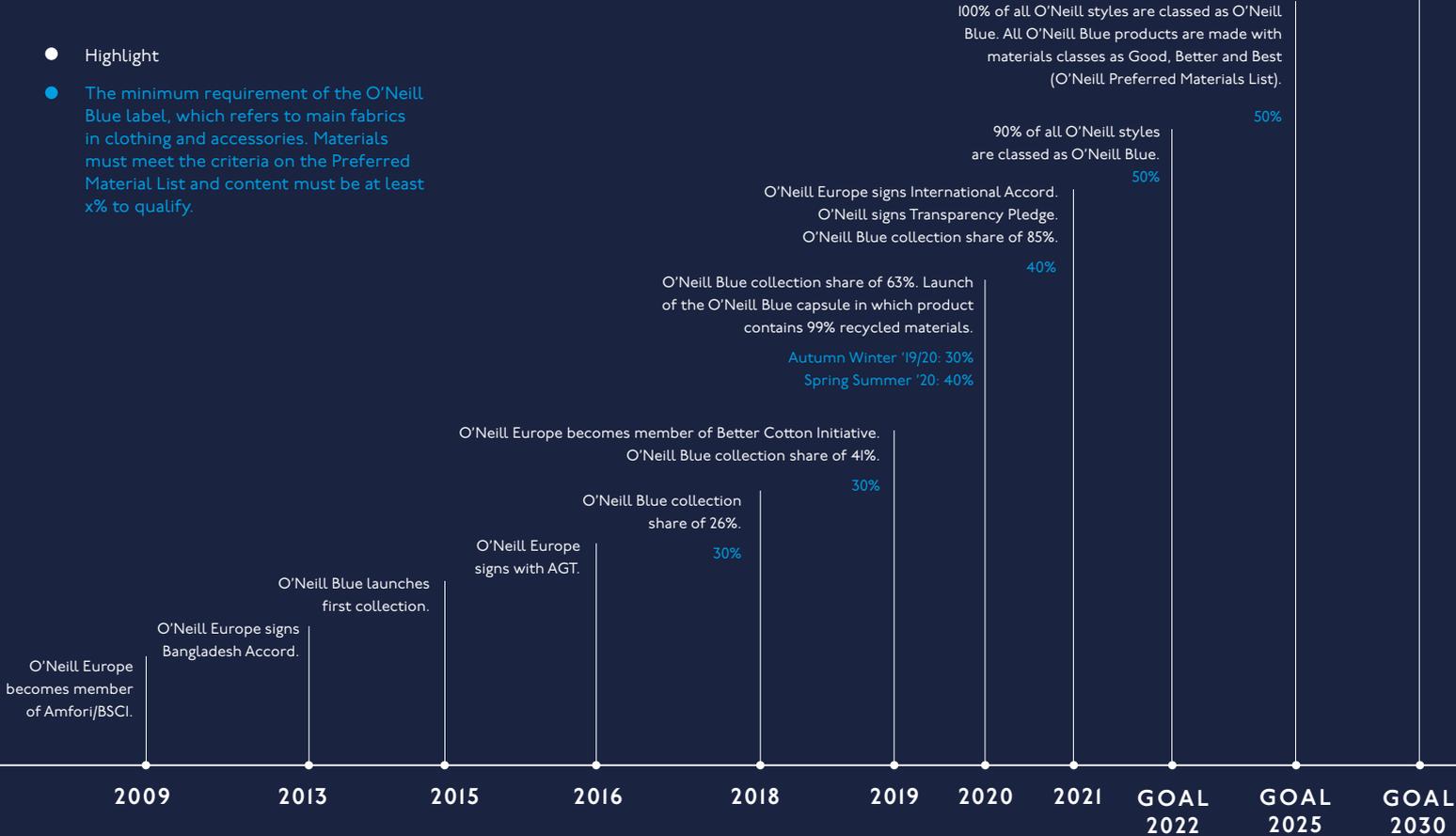
OUR PROGRESS

Each year we have increased and surpassed our goals of adding more products to our collections under the O'Neill Blue label which meets raised minimum requirements each year. We are incredibly proud that in 2021 we again surpassed our goals of the O'Neill Blue share in our ranges by 5%.

O'NEILL BLUE TIMELINE

All O'Neill Blue products are made only with materials classified as Better or Best (O'Neill Preferred Materials List).
More than 50% if possible*

- Highlight
- The minimum requirement of the O'Neill Blue label, which refers to main fabrics in clothing and accessories. Materials must meet the criteria on the Preferred Material List and content must be at least x% to qualify.



* We aim to continue to raise the minimum requirement each year if material innovations are available to achieve this.

OUR ROADMAP

The innovation in material is rapidly evolving and we keep in close contact with pioneers in our industry that could support us with better alternatives to conventional materials that either do not shed any microplastics, or that biodegrade better or faster than others.

Some of these innovations are still in the testing phase, or in the process of certification, and therefore not yet available. We remain in close contact with these innovators and hope to implement them in our future collections. In addition, we are constantly looking at our products, redefining what is essential for the consumer and what elements can benefit them while wearing, as well as elements that can be replaced with new solutions which may in turn also decrease footprint.

Next to material use, the use of chemicals, water and energy in our production stages are also part of a product's environmental footprint, especially during dyeing and finishing. We will monitor chemical sources and use through Worldfavor process parameters at the facilities where the materials are being made or processed. With increasing visibility in our supply chain, we have a better knowledge of the highest risks with the possibility of implementing improvements.

Read on for more about our progress and roadmap for specific Preferred Materials.

PREFERRED MATERIALS

In 2015 we developed the initial classification of O'Neill Blue materials that later evolved into the official Preferred Materials List we work with today. The purpose of this Preferred Materials list is to guide our product team in their choices as we look to reduce the overall impact of our products. We have updated this list each year when more information became available and material alternatives and innovations evolved and will continue to do so in years to come.

The list is based on data and research gathered by several reputable organizations, including Higg Materials Sustainability Index (MSI) and Made By's Environmental Benchmark for Fibres. We aim to maximize our use of materials from this list while ensuring that product durability and performance are not compromised.

Natural materials

- Organic cotton
- Cotton sourced through the Better Cotton Initiative (BCI)

Materials from animal origin

- Non-mulesed wool

Recycled materials

- Synthetics
- Semi-synthetic lenzing modal
- Leftover materials

Benefits of recycling is debated due to the energy intensity of the process, but also due to its linear setup. We prefer recycled materials as it supports the reduction of waste, and according to research “delivers better environmental outcomes across both GHG emissions, water depletion and land use”³.

³Global Fashion Agenda, Scaling Circularity, November 22 2021. <https://www.globalfashionagenda.com/fashion-can-become-80-circular-through-pre-competitive-collaboration-to-scale-textile-recycling/>.

“One of the most important levers that our industry can pull to reduce its environmental impact is closed-loop recycling, a system which is starting to scale and promising to limit the extractive production of virgin raw materials and decrease textile waste.”⁴ We are following the developments (and the availability) towards closed-loop recycling solutions closely.

Another issue with using synthetics in our materials is the release of micro-plastics. We are investigating new materials that promise to be alternatives for the functional synthetic materials and promise less or even a zero micro-plastic release. We are investigating these alternatives and awaiting testing and certification results. When we feel confident about these materials, we will look to replace existing materials with these innovations in our collections to come.

QUALITY AND PRODUCT RESPONSIBILITY

At O’Neill Europe, we develop products and select materials for long-term and safe usage. To ensure that the quality of our products meets our expectations, and that products comply with applicable laws, several quality tests are conducted at both internal and external accredited laboratories.

Our suppliers are committed to following O’Neill Europe’s quality standards and requirements as well as the Restricted Substances List. We conduct a risk analysis based on product category, material, treatment, production market and the supplier’s past performance into consideration. These products are tested at third party accredited laboratories.

Our Restricted Substances List is more detailed and stricter than what is legally required. We have taken responsibility to phase out harmful chemicals and materials before legislation comes into force. We do not use Polyvinyl chloride (PVC) and have replaced Per- and polyfluoroalkyl substances (PFAS) in products impregnated to repel water and dirt— like our outerwear—with a less harmful alternative. The functionality may be slightly lower than other (more harmful) substances, but, considering the use of the product and the environmental benefit of this less harmful alternative, we determined our choice.

⁴The State of Fashion 2022, Business of Fashion and McKinsey & Company

Our casual products undergo several washes and are checked for shrinkage, twisting, color fastness, shape and appearance after washing. Abrasion tests are also performed to scan for a tendency to form pills. Additionally, we launched our partnership with Polygiene® in 2021. This revolutionary treatment makes it less possible for bacteria to multiply on the garment. It stops any odor as it develops, keeping your items fresh and hygienic. It also saves energy and water due to less washing needed. Wear More. Wash Less.

More information can be found on polygiene.com.

Our mission is to get 100% of our collection to carry the O'Neill Blue label. We have set the target to reach this goal by 2025.

We also aim for an increased share of products that are designed towards a closed-loop circular goal. More on this in chapters to follow.



O'NEILL PREFERRED MATERIALS LIST

1. BEST	2. BETTER	3. GOOD	4. NOT PREFERABLE CERTIFIED FIBERS	5. DO NOT USE (Unless <20% of content)
RECYCLED COTTON *Global recycled Standard (GRS) certification required	MECHANICALLY RECYCLED NYLON, POLYESTER ¹ *Outerwear, accessories, swim *GRS/RCS certification required	CHEMICALLY RECYCLED NYLON ² *Outerwear, accessories, swim	FSC CERTIFIED VISCOSE	CONVENTIONAL COTTON
TENCEL™ LYOCELL *Lenzing verification letter required	ORGANIC COTTON/ TRANSITIONAL COTTON *GOTS or OCS certification required *Proof of transaction certificate required	CHEMICALLY RECYCLED POLYESTER ² *Outerwear, accessories	LEATHER *Leather (cow, goat, pig) *Ensures the Five Freedoms of Animal Welfare and protects land, particularly from deforestation *Vegetable tanned or chrome-free tanned	CONVENTIONAL WOOL
DEADSTOCK MATERIALS *deadstock verification required	COTTON SOURCED VIA BCI *initiative to improve cotton farming globally	PU LEATHER ³ *Poly/nylon/polyamide blend *Recycled content blends preferred *Polyurethane Laminate (PUL) *Must use water-based solvents	*Leather Working Group (LWG) certified (rated Gold or Silver with traceability score) *Or have other third-party verification meeting equivalent ecological criteria *Certified by-product *Leather and skins must be sourced from by-products of the meat industry. Chain of custody documentation to farm level preferred	CONVENTIONAL VISCOSE
ORGANIC LINEN *Global Organic Textile Standard (GOTS) certification required	FAIR TRADE COTTON *Fair Trade certification required	ALPACA OR YAK WOOL *Traceability in order to ensure animal-friendly practices		CONVENTIONAL NYLON
ORGANIC HEMP *GOTS certification required	CANOPY (GREEN SHIRT) VISCOSE *Must be FSC certified *Green shirt ranking in Canopy hot button report	ORGANIC WOOL *GOTS certification required		CONVENTIONAL POLYESTER
JUTE/ORGANIC JUTE *GOTS certification required	LENZING MODAL *Lenzing verification letter required LivaEco by Birla	POLYETHYLENE (PE)		CONVENTIONAL ACRYLIC
RAMIE	LYOCELL SEACELL LT TM *SMARTFIBER verification letter required	THERMOPLASTIC POLYURETHANE RUBBER (TPU)		SPANDEX, ELASTANE ⁴
POST-CONSUMER RECYCLED LEATHER *GRS certification required	CONVENTIONAL LINEN	THERMOPLASTIC ELASTOMER (TPE)		BANNED
	CONVENTIONAL HEMP	THERMOSET POLYURETHANE (PU) RUBBER		PVC
	TENCEL™ MODAL *Lenzing verification letter required	FSC CERTIFIED PAPER		FUR
	RECYCLED WOOL *Cardato regenerated CO2 Neutral Products certification or GRS certification required	RESPONSIBLE WOOL/MERINO WOOL *Responsible Wool Standard (RWS) certification required *Must be in a blend with recycled content fiber *Non-mulesed sheep		ANGORA
	RECYCLED ACRYLIC *Outerwear, accessories, swim, *GRS certification required			

¹Feedstock can be rPET or polyester garments

²If closed loop chemically recycled then considered as "BETTER"

³PU Leather has a significantly lower environmental impact than conventional leather. Must test for durability with testing partner

⁴Closely monitoring the impact of Elastane, as this is a material that is still needed for certain functionalities in garments, we aim to not use more than 30% in any fabric blend in our collection.

COTTON

Since cotton makes up 50% of our garment designs, we have committed ourselves to sourcing 100% of our cotton as 'more sustainable cotton' by 2022. To us, the following cotton sources fall into this classification:

- Organic cotton
- Recycled cotton
- Cotton sourced through the Better Cotton Initiative (BCI)



BETTER COTTON INITIATIVE

O'Neill Europe partners with Better Cotton to improve cotton farming globally. Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source.'

O'Neill supports Better Cotton's mission to help cotton communities survive and thrive, while protecting and restoring the environment.

See bettercotton.org/learnmore for details.



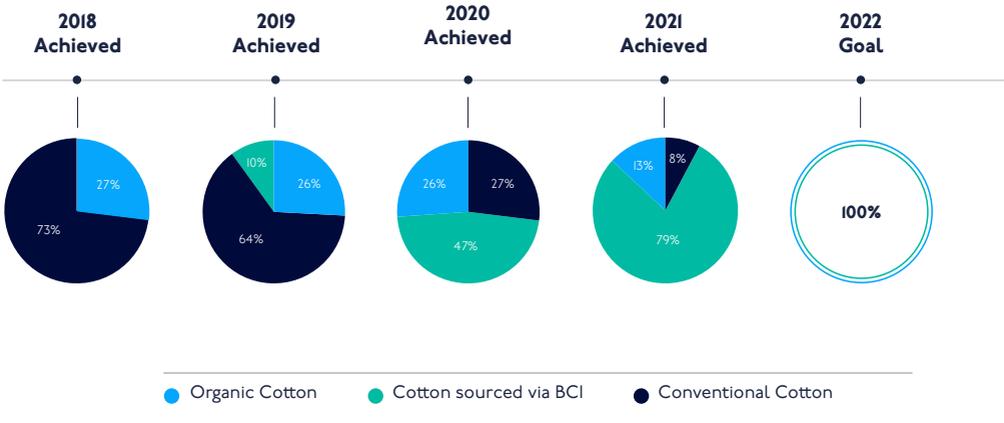
Photo by Nick Kane on Unsplash

ORGANIC COTTON

Organic cotton is grown without the use of chemical pesticides, fertilizers and genetically modified organisms (GMOs). General data shows that about 80 % of the organic cotton is rain-fed and thus requires less watering than conventional cotton, which reduces the pressure on local water sources as well.

This material was selected to ensure our oceans, rivers and lakes remain free from harmful toxins. Organic cotton promotes healthier soils while caring for farmer health by using natural processes over artificial ones. You can read more about organic cotton and its benefits at www.aboutorganiccotton.org.

The table below shows the achievements and progress of cotton use in our collections:



SYNTHETICS

Recycled polyester often comes from PET bottles. There are several environmental benefits to using recycled polyester instead of virgin polyester which comes from oil; It consumes less energy when manufactured from recycled materials, greenhouse gas emissions are reduced as is the use of chemicals. Additionally, waste is diverted into new usable materials. For consumers, a polyester product is easy to care for, it can be washed at 40 degrees and rarely needs ironing. It has the conditions of a long life-time due to its good color fastness and durability.

Currently the creation of recycled polyester is a linear recycling system using post-industrial waste. As part of the wider industry, we should move to a closed-loop recycling goal. This is dependent on developments in available technology and infrastructure. Once post-consumer waste becomes more readily available, we plan to include it as raw material in our recycled content products. Then these products can also be included in our circular strategy.

Next to using non-branded post-industrial recycled polyesters and polyamides, we also partner with ECONYL® and REPREVE® for our synthetic fibres in most of our technical garments. The recycled polyester and regenerated nylon in the fibres helps to repurpose harmful waste that would otherwise end up in waterways and landfills.

ECONYL®

Through our partnership with ECONYL®, Nylon waste (i.e. fishing nets), otherwise polluting the earth, is transformed into ECONYL® regenerated nylon. ECONYL® regenerated nylon is a product that helps us close the loop. Made from waste, it's infinitely recyclable.

ECONYL® x O'Neill LCA:

We have used over 45 tons of ECONYL® regenerated nylon in our collections so far.

By using 45,798 kg of ECONYL® regenerated nylon yarn, O'Neill Europe saved:

- 45,798 kg of waste
- Ca 300,200 kg of CO2 eq emissions from ending up in airways
- Ca 4,761,000 Mj of primary energy





REPREVE®

REPREVE® is made of high-quality fibres from 100% recycled materials, including post-consumer plastic bottles and pre-consumer waste. The yarn is spun using the highest quality recycled fibre chips and flakes certified by U TRUST® to verify claims. This form of synthetic fibre relies on fewer greenhouse gases and conserves water and energy in the process.

REPREVE® x O'Neill LCA

So far O'Neill products have included 10,139,216 bottles recycled into REPREVE® polyester yarn and more than 700kg REPREVE® recycled nylon.

By using REPREVE, O'Neill Europe saved:

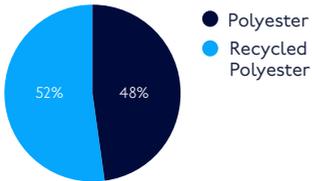
- ♦ 262,111 kgs of CO2 emissions from ending up in airways
- ♦ 2,641,344 kWh of energy
- ♦ 863,174 liters of water

In 2021, recycled polyester (including REPREVE®) made up 52% of our products containing polyester materials.

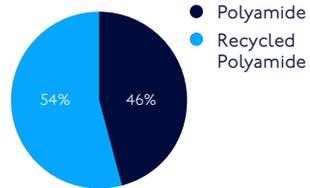


All recycled polyamide (including ECONYL® & REPREVE®) made up 54% of our garments containing polyamide materials.

**2021 | POLYESTER
MEASURED IN WEIGHT**



**2021 | POLYAMIDE
MEASURED IN WEIGHT**



INSULATION

As a brand with a broad range of outdoor and snow outerwear, we work with different types of insulation in our products. In 2021 all our insulation consisted of at least 96% recycled content (measured in weight). By 2025 all our insulation will consist of 100% recycled content.

ALGAE

BLOOM™

In 2021 we introduced an alternative material in our sandals footbeds for the SS22 collection: BLOOM™ algae biomass is a natural component added to the existing base Ethylene-vinyl acetate (EVA) which has natural benefits to the wearer as well as lower impacts and environmentally beneficial impacts in the harvesting of the algae.

BLOOM™ reclaims harmful algae blooms and turns them into something useful. This process cleans water, lessens CO2 pollution and restores aquatic habitats.

Some facts about BLOOM™ Algae:

- Algae is naturally found in almost every ecosystem in the world.
- Algae does not compete for freshwater resources or land that is required to grow food.
- Algae blooms are a large untapped renewable resource.
- Algae produces more oxygen and captures more carbon than forests.
- BLOOM™ Algae is harvested from environmental restoration and protection projects in North America and Asia.
- The BLOOM™ process uses extrusion in its BLOOM™ process to combine algae biomass with base polymers to make resin pellets that are used as sustainable ingredients in consumer products.
- BLOOM™ FOAM has 20-41% fewer impacts compared to EVA.

Products containing BLOOM™ materials are certified via the BLOOM™ certification process. See the BLOOM™ website for details. www.Bloomtreadwell.com.

BLOOM™ is certified as a Reclaimed Material by the Global Recycled Standard. Reclaimed material is material that would have otherwise been disposed as waste but has instead has been collected and reclaimed as a resource, in lieu of new primary material.

ANIMAL WELFARE

Although O'Neill Europe only has six styles containing materials of animal origin, representing 0.03%, we have strengthened our animal welfare policy in 2021.

We have set strict animal ethics standards in our purchasing requirements, where we have stated that all animals must be cared for in accordance with the EU principles' "Five Freedoms" for animal care. Our 2025 goal to only accept wool from sheep and lambs that have not been mulesed has been set. To guarantee this, all virgin wool we use should be either organic or certified on yarn level according to the Responsible Wool Standard (RWS) or an equivalent standard.

In the policy, we have included the following principles:

- We do not accept real fur or angora in our products as we consider the risk is high that our animal welfare requirements are not met on these farms.
- All leather, bone products and feathers should be a by-product of the food industry.
- Although we do not have products with real down or feathers, we have set the requirement that the filling of down and feathers in our products must be Responsible Down Standard-certified, which means that the farms are controlled so that there is no forced feeding or live picking of down and feathers.
- We do not use materials derived from endangered animals.
- We do not accept the practice of mulesing and although we have not used merino wool in our products for multiple seasons, we will only accept the use of merino wool when it is RWS certified, or equivalent, in case the need changes.

CELLULOSE FIBRES

Viscose is made from cellulose, wood pulp, a renewable source that can be broken down in nature. The wood pulp has been processed with chemicals and spun into fibre. It is important to note that viscose often shrinks in the laundry but can easily be reshaped with an iron or steamer.

The challenge with viscose is to ensure that the raw material derives from sustainably managed forests and that chemical management and water use in the fibre production process takes place responsibly; to protect biodiversity and the climate that the raw material comes from.

Each year we increase the use of more responsible cellulose fibres in our collections. To ensure our products contain more sustainable cellulose fibres, we work with the branded fibres below. All are a type of cellulose fibre, also called regenerated cellulose fibre made from wood fibre pulp.

- Lyocell Seacell™
- Viscose (Livaeco by Birla Cellulose™)
- Modal (Lenzing™)

We are continuously working to increase our share of more sustainable, traceable viscose. Read more about each fibre on the next page.

VISCOSE (LIVAECO BY BIRLA CELLULOSE TM)

Branded eco-friendly sustainable fibres from Birla Cellulose are fibres that are ethically derived from natural, renewable resources and manufactured through stringent eco-friendly EU Best Available Technique (EUBAT) compliant closed loop process. They can be traced to its origin, contributing towards a greener environment. Fabrics and garments made with Livaeco™ are soft comfortable and drape beautifully.

MODAL (LENZING MODAL™)

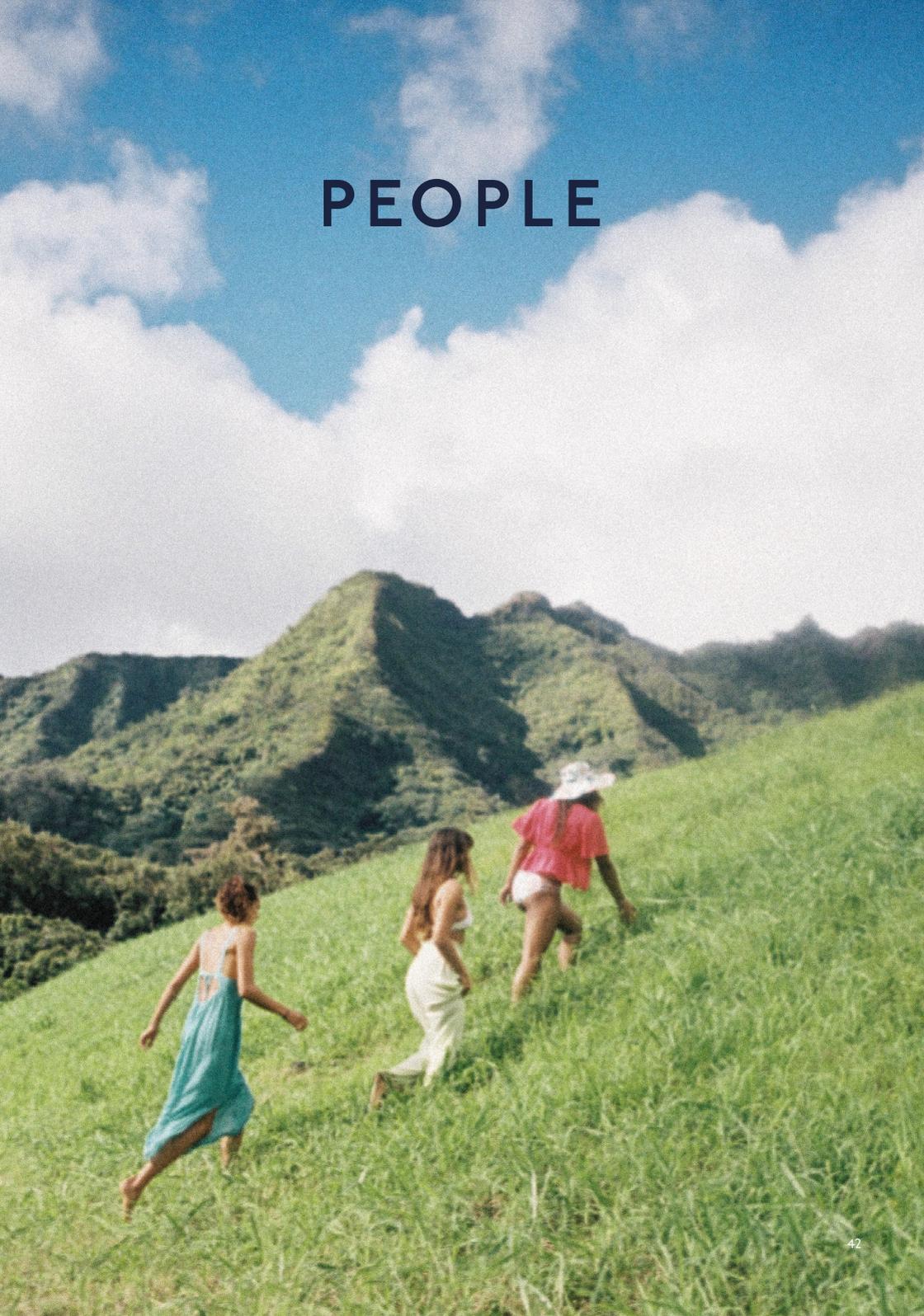
Modal is durable like cotton and has the shine, softness, and nice drape of viscose. Modal is made from cellulose, wood pulp and beech. The modal comes from the fibre manufacturer Lenzing. Lenzing Modal™ fibres are mostly extracted from sustainable beech wood by an environmentally responsible integrated pulp-to-fibre process, which is self-sufficient in energy and recovers co-products from component parts of the wood. This flexible fibre is renowned for its exceptional softness.

LYOCELL SEACELL™

This cellulose fibre has seaweed additives, active ingredients from the sea. Seaweed's high level of antioxidants has protective characteristics against the harmful environmental influences we are exposed to in our daily lives.

During the spinning process of the Lyocell/viscose fibre, the real seaweed is permanently embedded into the fibre. The base is the Lyocell or viscose manufacturing process using cellulose (wood pulp) normally processed from beech trees. Seaweed is then added (in powder form) to the liquid stage of dissolved cellulose. The solution is spun into fibres, cured in water and processed into staple fibres. All process liquids and water are recycled and re-used. And all fibres and leftover waste is fully biodegradable.

PEOPLE



PEOPLE

IMPROVING OUR SUPPLY CHAIN

THE CHALLENGE

According to the guidelines set out by the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises along the garment and footwear supply chain, an assessment was carried out on key sustainability risks in the countries where we operate our value chain. Human rights, labor risks and risk of corruption, as well as environmental risks were identified.

You can find this assessment in the RISK ASSESSMENT chapter.

The biggest social risks identified are the absence of fair working conditions for workers such as:

- ♦ excessive working hours.
- ♦ no payment of living wage.
- ♦ no access to a proper grievance mechanism to file a complaint, for example in the form of the right of freedom of association.

Responsible purchasing practices are essential to achieving improvements in factory working conditions that many brands and retailers have publicly committed to. Research by the International Labour Organisation (ILO), the Joint Ethical Trading Initiatives (JETI), Fair Wear and the Better Buying Institute, amongst others, has found that short-term planning, last-minute changes in order specification or order size, inaccurate forecasting and late payments all have negative effects on the management of orders and financial stability of suppliers, which in turn leads to issues related to overtime and wages for workers.

Adopting a responsible stance on purchasing contributes to suppliers' ability to plan production effectively, manage working hours, pay workers fairly and invest in improving labor conditions, which in turn helps to boost productivity, stabilise suppliers' workforces and build resilience in supply chains.⁵

⁵ Common Framework for Responsible Purchasing Practices (CFRPP) January 2022.

Improved purchasing practices will contribute to preventing harm and facilitating both social and environmental improvements in the supply chain. An open dialogue with the supplier is essential for this practice, and involvement of local parties like work representatives, unions and NGO's supports the process to both factory management and workers.

We are following and adding to the work of Ethical Trade Initiative (ETI), Better Buying Institute, Fair Wear, the German Partnership for Sustainable Textiles (PST) and the Dutch Agreement for Sustainable Garments (AGT), consulted with ACT (Action Collaboration Transformation), Better Work (BW) and Amfori and build on recommendations by the 'Sustainable Terms of Trade Initiative' (STTI), which is led by the STAR Network (Sustainable Textile of the Asian Region), the International Apparel Federation (IAF) and The Better Buying Institute and supported by GIZ FABRIC, to draft the Common Framework for Responsible Purchasing Practices, which we can then implement into our business processes.

OUR COMMITMENT

There are many factors that need to be improved in countries where we produce our goods. Mutual trust and partnership are key to working towards improvements on fair wages, social dialogue and workers' rights. We strive to be fair and reliable business partners by building long-term relationships based on mutual trust and respect.

We aim for fair working conditions for everyone in the O'Neill Europe supply chain.

Our Code of Conduct is based on the ILO and the UN Declaration on Human Rights. It includes prohibitions on forced labor, child labor and discrimination. Additionally, it includes required standards for a good and safe working environment, compliance with national laws that exist in our production countries for human treatment and payment of minimum legal wages, working hours and benefits must be guaranteed.

We have set the goal to have an improved grievance system to strengthen workers' voices in 2025. Currently we utilize several grievance mechanisms, to address complaints from individuals, workers and communities. In addition, we can help by starting an open dialogue, and offering support by involving local parties. The purpose is that both factory management, workers and their representatives feel safe and confident to engage.

OUR PROGRESS

We strive to minimize the negative impact of manufacturing our products, which includes those on humans, animals and the environment.

We have long-term partnerships with a significant share of our suppliers. We have seen improvements through combining knowledge about each country of production with our approach to working out solutions together.

We value and encourage our suppliers to take their own initiatives to improve working conditions and reduce environmental impact—which is a more sustainable way to approach our supply chain.

We select our business partners carefully. We want to work with producers who have the same values as O’Neill Europe when it comes to ethics and the environment, and who constantly strive to develop and reach for higher goals. Before we start a collaboration, business partners must agree to comply with the minimum level of our Code of Conduct and ensure that their supply chain meets our sub-contracting requirements. Additionally, their latest audit is required, checked and approved.

Once these are confirmed and collaboration takes place, they are onboarded to our supply chain visibility platform, and they are required to fill various questionnaire packages for us to further track their status on different social and environmental topics that go beyond the auditing scope.

Grievance Mechanisms

There are several ways we can receive grievances. We believe that every person who is involved in creating products for O’Neill Europe must have the possibility to submit a complaint if their rights are under threat. This is set forth in the United Nation’s Guiding Principles on Business and Human Rights, also known as the Ruggie Framework.

We can currently receive complaints through Amfori BSCI, the RSC in Bangladesh and the NGO Social Awareness and Voluntary Education (SAVE) in India. However, these systems do not cover the entire network of factories in our supply chain. The most effective process is the workers’ helpline, part of the factory improvement programs that we are active in.

Workers in the region of Tamil Nadu can now call this line of SAVE to file a complaint. (For more on this factory improvement project see chapter BEYOND AUDITING – FACTORY SUPPORT PROGRAMS.)

We did not receive complaints either directly or through these grievance mechanisms in 2021.

Social Compliance Status

We review our manufacturers annually. The most important topics to review is the confirmation that child or forced labor is absent, that normal working hours are kept and that there is a safe and hygienic workplace. To monitor compliance with this, an independent party conducts audits. Audits have helped us in recent years to correct visible points for improvement.

In some audit reports, we see concerns in excessive overtime and lacking an effective social management system to monitor these working hours, payment of salary and training of the code of conduct to existing and new workers. Upon review the suppliers make corrective action plans to improve on these points which are followed up bi-annually.

In order to manage working hours, we support suppliers by having early-stage capacity planning conversations. To reduce the risk of overtime, we aim to issue our orders on time so that suppliers can plan production properly. In addition, we consider the share of the total production capacity we use in a factory. We strive to build healthy partnerships with our suppliers, without suppliers growing dependent on us and vice versa.

Audits

As per risk assessment, we have identified countries where manufacturing practices could be a risk from a social, security and environmental standpoint. In other words, we are making an extra effort to monitor these regions using different social and environmental protocols through third party audits and personal visits.

To reduce audit fatigue, we have decided not to limit our social and environmental monitoring to our standard only. By accepting other international standard reports, we broaden our view of our factories through the lens of different standards. Most of our suppliers' factories are audited by third party auditing firms that are internationally recognized and authorized by international standards, e.g., BSCI, SMETA/ SEDEX, WRAP, WCA and SA8000. We carefully review these reports and request supplementary information if needed.

An audit includes

- a physical inspection of the workplace,
- the examination of documents containing information on salaries, insurance, holidays, employment certificates and working hours, and
- interviews with factory employees without the presence of factory management.

Through our buying office in Hong Kong, the Quality and Compliance manager manages the inspections performed by the QC team to perform quality inspections of our goods. They are also responsible for paying attention to the working environment.

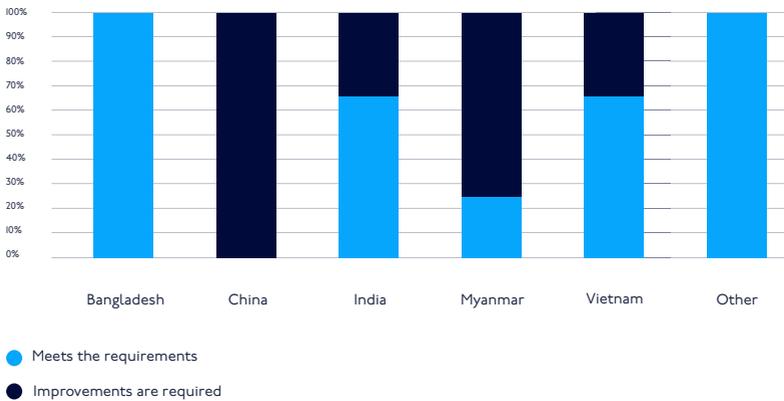
In case a deviation is detected, a dialogue is held together with the supplier and our corporate social responsibility (CSR) team, and an action plan for improvement is set.

Reporting and Nonconformities

During an audit, a factory can either get the rating 'meets the requirements' or 'improvements are required'.

If gaps and deviations are noted, the supplier is required to make a corrective action plan. A time limit is set depending on the nature of the deviation. Some changes must be addressed immediately, while others may be given more time.

Please see an overview of our supply chain's audit ratings per country in the graph below.



OUR ROADMAP

Part of improving the supply chain is to strengthen the social dialogue with our suppliers. Mutual trust and partnership is key to ensuring improvements regarding fair wages and guarantee workers' rights. We will do this through face-to-face conversations, but also through questionnaires via the Worldfavor platform.

The Worldfavor platform supports our due diligence processes and strengthens our social dialogue beyond the information we receive through audit reports. Together with Worldfavor we have set up a variety of questionnaires and requirement packages specified to suppliers in each tier of the value chain to map out data points on topics such as Environmental Management on site, Certifications and Memberships, Health & Safety Management on site and Quality Management.

With the results of these questionnaires, we have assigned alerts that highlight to us when there is an answer that needs further attention. By automating and centralizing this information of our entire value chain we gain more insight into our processes and can take quicker action where needed.

We have also increased the number of internal buyer training in 2021 to extend the reach of the social dialogue with our suppliers. Furthermore, we continue to actively take part in Multi-Stakeholder factory support programs in countries where we are most active with production.

TRANSPARENCY & TRACEABILITY IN OUR VALUE CHAIN

THE CHALLENGE

We believe transparency can lead to positive changes in the industry. That is why it's important for us to know how and where our products are made, to be able to prioritize risks and to work towards improvements.

Each country where we develop our product has different legislation, local politics and culture that connects to specific challenges, and in some cases, risks for the workers there. Our share in our global industry is small and therefore transparency and traceability are key in our strategy. Transparency is essential to hold retailers and brands accountable for the human rights and environmental impacts of industry practices. O'Neill Europe takes this responsibility with transparency goals set. By being transparent O'Neill Europe can take action when needed.

OUR COMMITMENT

In February 2021 O'Neill Europe signed the Transparency Pledge (transparencypledge.org) and published the details of our TIER I manufacturers on our website.

Part of our transparency strategy is to act fast and respond effectively. Any points of improvement and responsible sourcing opportunities will be swiftly identified and resolved in collaboration with our factories within our supply chain. In addition, our suppliers can also be found on openapparel.org, where any overlap with other brands and retailers is also visible. In case of misconduct brands can contact each other and take joint action.

Traceability is one of the crucial challenges to overcome in fashion's complex global supply chains. Although we've scored 100% traceability on all manufacturing facilities in Tier I, we aim to expand this with visibility into our Tier II in the coming years.

Since not all garments are produced by the same supplier, the supply chain can be incredibly complex with challenges verifying best practices at every stage. We want to change that. By 2025 we've placed a target of 100% visibility for Tier I & II. Complete traceability is our end-goal to ensure the highest standards around environmental protection, responsible chemical use and social and animal welfare are adhered to.

To boost authentication and transparency we have embedded Worldfavor's Sustainable Sourcing platform in our CSR processes. Not only do we track certifications through this platform, we also track a number of social and environmental topics with each of our partners and work to gain further visibility into our value chain.

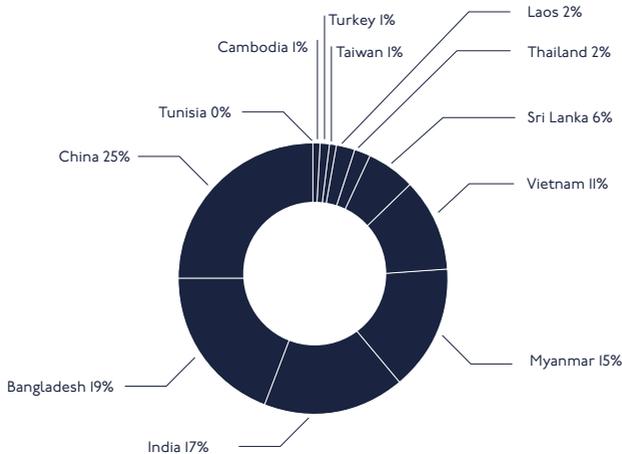
OUR PROGRESS

Our items are being produced in the Far East and Turkey. We do not own factories, but we work together with specialized suppliers with long-term relationships. In fact, we've already worked with some of them for over 15 years.

From raw materials to finished products our value chain requires many steps. Please find an explanation on the next page of the supply chain tiers and the allocation share per country in 2021.

By tracking our allocation share per country, we gain substantial knowledge into our leverage, and this gives us insight into the importance of joining Multi-Stakeholder projects in these countries. Tracking allocation is also an integral part of shaping our sourcing strategy for the future.

OUR ALLOCATION



SUPPLY CHAIN TIERS



TIER 0
**OFFICE, RETAIL,
DISTRIBUTION CENTERS**
Corporate real estate not
involved in production process



TIER 1
**FINISHED PRODUCT
ASSEMBLY**
Assembly and manufacturing
of final products.



TIER 2
MATERIAL PRODUCTION
Production and finishing of
materials (e.g fabrics, trims) that
go directly into finished product.



TIER 3
**RAW MATERIAL
PROCESSING**
Processing of raw materials
into yarn and other
intermediate products.



TIER 4
**RAW MATERIAL
EXTRACTION**
Cultivation and extraction of
raw materials from the earth,
plants, or animals.

Worldfavor

Worldfavor's sustainability platform helps us achieve transparency deeper into the supply chain and is an important element of our due diligence. Suppliers can log in to the platform with their own account. We have defined a set of questionnaires on Social and Environmental topics where the answers allow us to keep a record, send reminder emails and determine whether they have met all the required information. In addition, Worldfavor provides us with automation on leading risk indices. These analyses determine the social and environmental risks per supplier and support our strategy. We're joining the Worldfavor network because it gives us the opportunity to gain insight and monitor all supplier data in one place without the hassle of exchanging emails and storing information in separate locations.

Before we started gathering all data through Worldfavor's platform we had 100% visibility of our direct suppliers in Tier I and 70% in Tier II. With the help of Worldfavor's solutions we now have 100% transparency in our Tier I, 90% visibility in our Tier II fabric suppliers and 75/80% in the Tier II processes.

Open Apparel Registry

Since 2016 we've shared our Tier I supplier list on our website and on the Open Apparel Registry (OAR) website. They are also shared with the Dutch Agreement on Sustainable Garments and Textile (AGT), along with the production locations of all the companies participating in AGT.

O'Neill Europe has been disclosing the list of suppliers since 2021 to give customers and stakeholders the possibility to address issues in the supply chain. The goal of publishing our factory list is part of our transparency pledge; to be able to improve worker rights and increase their voices by cooperating with other brands, stakeholders and relevant suppliers.

The list provides a channel for others to alert us when issues are observed in the factories where we produce so we can take immediate action. We can get in touch with other brands working in the same factory through the OAR.

This is in accordance with our commitment to the Transparency Pledge.

OUR ROADMAP

To continue to measure, monitor and make improvements to our supply chain, we need to increase our visibility of the manufacturing practices involved.

At Tier I (clothing, footwear and accessories manufacturers) we have full visibility of all factories involved and our factory list is available on our website and the OAR website.

For our core products at Tier II (material suppliers) we have direct relationships with suppliers covering > 90% of materials we use in our products, and 75/80% of the processes. At this level we are working to improve our understanding of the factories involved in the various stages of material production such as dyeing, lamination or knitting. Our goal is to completely map this level by 2025.

We also aim to gain visibility in the origin of our natural materials, animal welfare, human rights and environmental risks beyond the top tiers.

We also aim to gain visibility in the origin of our natural materials, animal welfare, human rights and environmental risks beyond the top tiers.

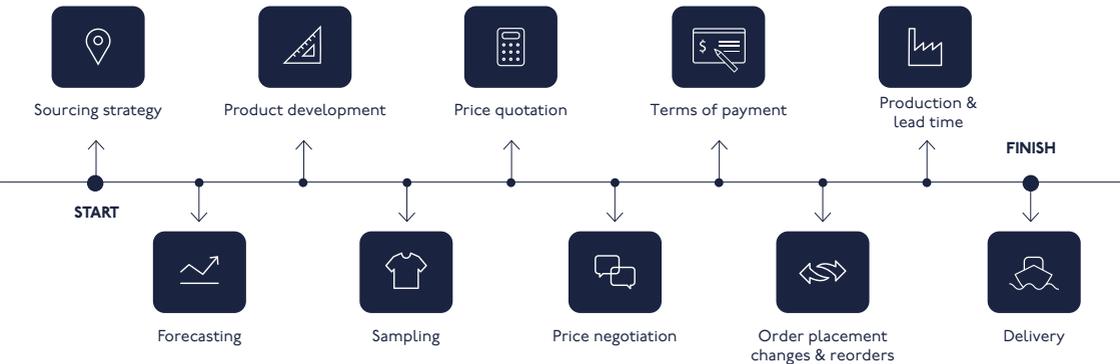
Additionally, in 2022, O'Neill is setting up Worldfavor's Sustainability Management Module to extend visibility into the ESGs of our business's internal processes. This goes side by side with joining Zalando's pilot program with the Higg Brand and Retail Module (BRM) for the first time. Both are assessments that help O'Neill measure its social and environmental performance in all aspects of our business including our supply chain, products, offices, stores and transport.

Measuring our scope impacts through these modules will help the CSR team to gain a holistic overview of the entire operation, support the baseline assessment and set targets in order to involve more teams in our Ocean Mission for future improvement.

CHANGING HOW WE WORK

THE CHALLENGE

Responsible purchasing practices are essential to achieving the improvements in factory working conditions that many brands and retailers have publicly committed to. 'Purchasing practices' are the actions taken by a buying company in order to purchase a product or service (in whole or in part) from a supplying business. They encompass design and product development, planning and forecasting, critical path management, contracts, technical specifications, order placement and lead times, cost and price negotiations and payment terms. It also encompasses the underlying behaviors, values and principles of purchasers that impact supplying companies and ultimately, workers' lives.



OUR COMMITMENT

We want to improve our buying behavior by strengthening our internal guidelines and buying influences of the supply chain. Our priorities include raising buyer awareness as it relates to their direct and indirect impact on production processes, including forecast precision and the well-being of workers.

OUR PROGRESS

In 2019, we analyzed our process of buying and investigated how O'Neill Europe purchasing practices are designed, the implications this might have for our suppliers and what we can do to improve our way of buying. We believe this is the first step in improving supply chain management.

In 2020 we committed to train the buyers semi-annually on their impact in the supply chain. This year, in 2021, we have focused on the content on how our buying behavior influences the well-being of the workers in the supply chain and on training our teams to implement responsible communication.

In early 2022 several stakeholders gave their input to finalize the Common Framework for Responsible Purchasing Practices (CFRPP) which has been written with reference to existing frameworks and documents on responsible purchasing practices. It focuses on the individual responsibility of a purchasing company to improve their own purchasing practices. These practices should be integrated into strategies and actions for due diligence in line with OECD guidelines to provide an enabling environment for good working conditions.

The groundwork of five core principles of the CFRPP will give us a clear direction and we will follow the developments of this framework closely.

Exit Strategy

Although we have a thorough on-boarding process and strive towards long-term relationships, it is sometimes inevitable to end a supplier partnership. This could be a result of constant quality or delivery problems or not continually improving in social and environmental requirements, trade regulations, geopolitical developments, new technology and innovation. To responsibly support this process, we have defined an exit strategy. A very important aspect of this is that the consequences for the workers in the factory are taken into account.

An example of an exit procedure can be; if we have a big share in a factory, we make a phase-out plan with the supplier. In this way the supplier has enough time to accept other orders to maintain capacity. In the case of any potential human rights violation, we will first use our leverage to try to improve and resolve the situation while we are still in partnership.

We have also strengthened our other development procedures to ensure responsible allocation. In the early start of the development, when designers and/or buyers want to use a new material, we require them to do a risk assessment. Where are the materials produced? Are all processes done in-house? And does the supplier know how they can deal with the potential risks?

PPSA Tool

In 2021 we conducted the self-assessment tool through the Purchasing Practices Self-assessment (PPSA) and the Purchasing Practices Assessment (PPA) tools from ACT in cooperation with the Dutch and German textile covenant to gain insight into our buying behavior again. This tool has been developed by ACT, inspired by the agreement between global brands, retailers and trade unions to transform the fashion industry and achieve fair living wages for workers through collective bargaining at industry level.

- ♦ The PPSA tool is created to give participating brands insight into their purchasing practices.
- ♦ The PPA is filled out by suppliers, they get the chance to comment on the buying behavior of the brand that invites them.

This resulted in a score of 3.65 for the self-assessment amongst our own buyers and colleagues at the buying office in Hong Kong and the suppliers who participated in the assessment gave us a score of 3.87 on a scale of 1-5. Main learnings were that suppliers confirmed that forecasts are given within the agreed timeframe and rated us positively on receiving tech packs within agreed critical patch deadlines. Focus points are on implementing an exit strategy and training on responsible purchase practices regarding fair payments where we will focus on fair cost build-up.

Our Production Planning

O'Neill Europe has two main production seasons a year and makes several purchases in each season. We have developed a 'never out of stock' program that can be planned off-season. This allows for a more balanced capacity and production flow and helps to avoid production

peaks which are the main cause of excessive overtime seen at some factories. We have also improved our forecasting which we share with our suppliers according to planning, to achieve greater production efficiency.

Last year we strengthened our buying process by conducting an early alignment of the sales, product and financial budgets. The benefit of these early alignment sessions is that we have improved forecast planning on style color level. In addition to this process, we will integrate a forecasting tool into our new ERP system in 2022. This is a demand & planning solution for the turbulent world of fashion. This tool will bring us improved forecast accuracy and will support our multi-channel strategy. As a result, we will gain better insight into overlapping seasons and 'never out of stock' styles.

OUR ROADMAP

The OECD's due diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector explicitly calls upon companies to adopt responsible purchasing practices. Especially in response to the COVID-19 crisis, which highlighted how crucial responsible purchasing practices are to ensuring worker rights are protected.

Going forward we will focus on the development of the Common Framework for Responsible Purchase Practices (CFRPP).

Implementing the CFRPP into our processes is essential to achieve improvements in factory working conditions.

This framework is built on five principles.

Principle 1: Integration and Reporting

Principle 2: Equal Partnership

Principle 3: Collaborative Planning and Forecasting

Principle 4: Fair Payment Terms

Principle 5: Sustainable Costing

For O'Neill Europe this framework is a reference to improve purchasing practices and is used for Multi-Stakeholder Initiatives where it supports implementing practical purchasing improvements. It is meant to increase the scope for protecting worker rights and improved working conditions in supply chains.

In the integration of these into our strategy, we at O'Neill Europe prioritize collaborative planning and forecasting and equal partnership. These will be actioned for due diligence in line with OECD guidelines to provide an enabling environment for good working conditions. This will include a focus on strengthening the buyer-supplier relations, price quotations and negotiations and order timelines including outlets, re-buys and 'never out of stock' styles.

We will continue monitoring our score through the PPA/PPSA.

The stakeholder consultations will continue to refine the CFRPP framework in 2022. We are closely connected to these developments and will implement them as soon as possible.



CURRENT GLOBAL SITUATION - COVID-19

THE CHALLENGE AND OUR ROADMAP

In 2020, the textile industry was faced with unprecedented challenges due to the COVID-19 pandemic that left a dramatic impact on the supply chain.

With all related restrictions throughout 2020 and 2021, our entire industry has faced and continues to face exceptionally challenging conditions, including a major disruption in supplies of materials, logistical challenges, and rising shipping costs. These disruptions are expected to continue into 2022.

In 2021, comfort and outdoor active consumer behavior surged to match the needs of the moment, as did online shopping that outperformed throughout the year. We were able to meet the consumer behavior change with our core product and have focused on the future of these categories in our ranges to come.

Like most other brands, O'Neill Europe was also impacted. Not only because of the various lockdowns throughout Europe with retail closures, but also with travel limitations that meant that our regular factory monitoring and approval processes were disrupted. Under normal circumstances, we visit our suppliers as often as possible for routine audits and to maintain a close and trusting relationship.

Both in 2020 we were only able to perform a few in-person audits, and in 2021 these were entirely done online. Despite the many uncertainties the years have brought, we have maintained a strong dialogue with our suppliers regarding the challenges of the pandemic to ensure they have implemented appropriate safety measures for their facilities. Our strong, long-term relationships have enabled us to adapt and succeed together and continue with a shared vision for Our Ocean Mission.

Aiming to uphold our responsible business conduct principles, we worked closely on a case-by-case basis with each supplier while considering their individual circumstances, understanding their lockdown policies, and ensuring the health and wellbeing of their workers. Our committed relationships with our suppliers enabled us to adapt and succeed together.

We took the following actions:

- ♦ accepted and paid full price for goods in transit or in production
- ♦ reduced or delayed orders not yet started
- ♦ took responsibility for material costs
- ♦ requested extended payment terms where possible, which will be going back to the original terms from 2022 onwards
- ♦ always paid a higher sample charge to support lower production runs for sampling, and in certain cases we paid an additional sample charge to support changes in forecasts due to the pandemic
- ♦ secured materials earlier in the process, ensuring our suppliers received orders sooner for extra security in their capacity and logistical planning to avoid potential issues.

BEYOND AUDITING LIVING WAGES - A COMPLEX ISSUE

THE CHALLENGE

A living wage is the minimum income necessary for a worker to meet the basic needs of themselves or their family. A wage should be earned during regular working hours and is recognized as a basic human right.

The topic of living wages in supply chains is a complicated one with issues such as lack of direct brand control over worker salaries, factories producing for multiple brands, limited consensus on what constitutes a living wage in different regions and a lack of proven methods for reliably getting the money to those that need it.

The challenge lies mostly in purchase practices where the costprice often does not clearly show the share that is meant for labor cost in our industry. Upon gathering data of wages and investigating possible wage gaps in the factories where we produce our goods, the next step of initiating change is a complex one. Firstly, our leverage is an important aspect of the possibilities for initiating change. But another challenge is that paying a higher cost price for a product may not affect an increase in wages at that factory.

OUR COMMITMENT

Our ambition is to ensure all people in our value chain are paid a fair living wage.

As stated in our code of conduct, 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 is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted.

While brands don't pay wages, they affect a suppliers' capacity to pay workers timely and adequately through their purchase practices. We are aware that we can make a significant difference by reviewing our order planning, forecasting, and buying process. The first step towards progress is understanding the current situation of wages in factories. Next is defining the fair share of purchasing prices, which implies that direct and indirect labor costs are non-negotiable.

OUR PROGRESS

In recent years, through social audits, we have gained insight into the difference between the legally applicable minimum wage, the actual wage, and the living wage. Through these sources we can confirm that workers at the factories where we develop our products are paid at least the legal minimum wage.

In addition, we have stated in our supplier commitment that we never negotiate a price that is below the cost of production, as this impacts the wages and working conditions of workers. If the minimum wage increases in an area, we always accept the upcharge.

OUR ROADMAP

Talking about living wages is not easy. Gaining a better understanding of our manufacturers is an important part of the discussion when it comes to providing a living wage. This way, we can take the first steps to determine:

- a- what the regional living wage is.
- b- whether the workers in that region's factory are paid a living wage.
- c- if in the case of a certain factory, the workers are not paid a living wage, we can determine action points aimed at closing the wage gap.

We believe that earning a living wage acts as a catalyst to avoid other risks in our supply chain, such as excessive overtime and child labor.

In recent years, through social audits, we have gained insight into the difference between the legally applicable minimum wage, the actual wage and the living wage. We are currently determining the action points needed to work towards closing the wage gap and ensuring that workers are paid a living wage.

In 2021 we looked into defining wage targets that are local and relevant to workers at each of our suppliers, this research is continuing into 2022. The most effective way for living wages to be paid in a consistent and sustained manner across an industry is for minimum wages to be raised by local authorities. This ensures healthy worker representation and negotiating ability to realise, for example, collective bargaining agreements which meet workers' needs. Fair wages are linked to many dimensions like high turnover rates, high recruitment, and training costs.

For 2022 we will focus on ensuring legal compliance on payment of overtime and paid holidays. And we will focus on enhancing communication and strengthening the social dialogue at and with factories through worker representation. We will implement a policy focusing on setting up effective worker committees which will support in addressing the root causes of many other workplace-related human rights impacts.



BEYOND AUDITING – FACTORY SUPPORT PROGRAMS

THE CHALLENGE

Although an audit can provide a good picture of the conditions in a factory, it is merely a snapshot. In addition, audits are aimed at assessing conformity and there is less focus on investigating the underlying causes. Therefore, we are part of Multi-Stakeholder Beyond Audit programs.

OUR PROGRESS

Factory Support program

Since 2021 we have been part of the collective project 'Factory support program: continuous improvement of labor conditions in Tamil Nadu, India'. This project is a Multi-Stakeholder Initiative between Arisa, the local NGO Social Awareness and Voluntary Education (SAVE) and multiple brands and retailers.

This project aims to improve working conditions in the south Indian state by addressing social issues. The focus of the in-factory training programme is twofold: creating awareness of worker rights and responsibilities and establishing functioning worker-management committees in compliance with Indian labor laws and regulations. This partly entails nominating suppliers and their manufacturers to participate in training on worker-management committees and workshops for factory management. Unfortunately, due to the Covid-19 pandemic hitting India extremely hard, in-factory training were put on hold between March and August 2021.

Next to in-factory training, the project aims to strengthen the regional workers' helpline that is run by SAVE. SAVE promoted its helpline in neighbourhoods in Tirupur where garment workers are living.

In 2021 our main lessons learned were: improved insight in recent developments in the Tamil Nadu garment and textile sector regarding labor law revisions; effects of the Covid-19 pandemic on employers and workers and an improved understanding of contract labor practices.

Amplify

O'Neill Europe is part of a collective project called Amplify. As part of the Dutch Agreement on Sustainable Garments and Textiles, we collaborate with other brands and retailers to deepen our knowledge of freedom of association.

The Amplify project is focused on trade-union freedom. During this project, we have learned how we can promote Freedom of Association and social dialogue in a buyer meeting with suppliers. This is important because social dialogue between management and employees is often still lacking.

In addition, there is little to no protection against violations by local governments.

In 2021 we defined a guideline which supports suppliers in setting up an effective worker committee in case trade unions do not exist, which is the case in many of our factories where we buy our goods.

OUR ROADMAP

We will continue to perform due diligence beyond CMT suppliers and the nomination of sub-suppliers for the in-factory training programme in 2022. We also hope to visit Tamil Nadu to support our suppliers in the training program. The training sessions and visits to our factories help identify cases where worker representation is being undervalued.

Internally we will continue to train and support our buyers and merchandisers on best practices for supplier engagement. Additionally, we are focused on setting up complaints register where we can monitor concerns and take the appropriate steps to resolve them. With the possibility of shifts in our allocation we continue to track the share per country to explore whether we should take part in additional countries' Multi-Stakeholder factory improvement programs.

BEYOND AUDITING – HEALTH AND SAFETY

THE CHALLENGE

Worker safety is identified to be a possible risk in all countries where production for O'Neill Europe takes place. This not only refers to the structural safety of buildings and fire safety, but also includes the safety of the workplace in reference to processes in repetitive motion, the use of chemicals, noise in the environment and proper ventilations when working in or with high temperatures, for example. This illustrates directly the importance of our CSR work.

OUR COMMITMENT

We believe everyone in our supply chain should be able to work in good and safe conditions. Our principles are described in our Code of Conduct. We aim that all factories that manufacture our products are safe and healthy workplaces by 2030.

We additionally track the legal adhering of each manufacturer's health and safety requirements within the Worldfavor platform through a requirement package that is sent to each manufacturer. This automated package will request annual updates and has alerts built in to bring certain responses to our attention that are marked to be a potential risk.

OUR PROGRESS

The Bangladesh Accord, launched in 2013 and renamed the Transition Accord in 2018, developed into the national organization RMG Sustainability Council (RSC) on 1 June 2020. The new International Accord is the successor agreement to the Bangladesh Accord and the Transition Accord.

In 2021 the various stakeholders have agreed on the construct of this new Accord, which O'Neill Europe signed in September 2021. The International Accord continues legally binding commitments to workplace safety in Bangladesh, and an important new aspect of the International Accord is that we are jointly exploring expanding the program to other countries. This is a unique partnership between various stakeholders.

The factories have accomplished a lot to improve the points raised by the Bangladesh Accord safety inspections. Three types of inspections have taken place under the Accord at every manufacturer in the country including fire safety, building structure and electricity. In addition, factory employees have been trained to report unsafe situations to supervisors and a grievance mechanism is in place enabling factory employees to report safety-related complaints.

At the factories where O’Neill Europe is active, 98% of the original points for improvement had been implemented as of the end of 2021. (Note that the Accord average across all factories at the end of 2021 was 91%.) Together with our manufacturers, we want to see 100% of the points for improvement implemented by 2025.

OUR ROADMAP

Continuing commitments to workplace safety in Bangladesh, in 2022, through the International Accord, feasibility studies are being executed to determine criteria for expansion to work on occupational health & safety risk topics in other countries such as India.



OUR PEOPLE



OUR PEOPLE

Energetic Resilient Responsible Curious Inclusive

Caring for people and the planet is one of our core values, and it guides us in how we work. O'Neill employees are the backbone of the company, so it is vital that we offer a safe and healthy workplace for all our employees. We strive for all employees to embody our values and function as role models to each other and believe that passion, commitment and good leadership are key factors for success. We aim to nurture a culture based on our values where every employee is empowered to take responsibility and initiative to improve our customer satisfaction and sustainable profits.

O'Neill likes doing business the right way - with integrity, responsibility and high ethical standards. The entrepreneurial vision of O'Neill is based on trust, as well as mutual standards, values and goals. Guided by our values "Energetic Resilient Responsible Curious and Inclusive", the management of O'Neill has set down the standards and rules of conduct in its Code of Ethics. The code is complemented by more detailed policies on specific topics to ensure the health and safety of all staff. Our Code of Ethics clearly outlines how our values and standards are integrated into our business processes, covering areas including mutual respect, responsible business conduct, equal opportunities, the right to a healthy work environment, and a zero tolerance on discrimination and harassment.

All new hires receive onboarding training that outlines O'Neill's structure, processes and agreement requirements regarding the Code of Ethics and related policies. The Code of Ethics and policies are available on O'Neill's internal platform Relesys, which ensures quality and clarity. Next to being O'Neill's central location for business purposes, Relesys is a social platform where employees can share their daily highlights with their colleagues.

In 2021 our European HQ office was renovated with great care for the environment and designed with openness and plenty of natural light. A lot of attention went to central spaces where colleagues can casually gather for shared community to support cooperation and innovation among teams. Part of building a great place to work is ensuring that there is always the opportunity for constructive dialogue based on trust and respect. Employees are encouraged to have open conversations with their managers about any concerns and they also have the support of the HR team. In addition, we provide an anonymous helpline that can be used if these channels are not sufficient.

As a responsible employer, we believe in work-life balance and look to provide opportunities for a balanced lifestyle. We believe that work should be carried out during regular working hours and O'Neill supports the importance of being active. Daily exercise is directly related to mental and physical wellbeing and reduces the risks of health-related problems due to, for example, stress. Therefore, O'Neill offers weekly yoga and bootcamp training to further support the health and wellbeing of its employees. We are proud that our rate of absence due to illness is relatively low in comparison to that in our industry.

Next, we believe career development offers a clear incentive for employee retention, either within the current area of work or in other business areas within the company. During 2020 and 2021, all employees were offered the opportunity to go through Franklin Covey's 7 Habits of Highly Effective People Training, which sets the foundation for professional and personal effectiveness such as increasing productivity, restoring balance and developing greater maturity and responsibility.

Additionally, teams took part in the assessment of their personal Insights Discovery profiles based on Jung's framework. Insights Discovery is built to help people understand themselves and their colleagues so that they can have more respectful, productive and positive working relationships, even across virtual boundaries. Teams were then trained together with their profiles in hand to support improved understanding and to teach effectiveness tools during two full day sessions.

In early 2021 all managers attended a training course focused on the foundation of successful remote leadership and working together as we faced another year where remote working was part of our day-to-day business. More initiatives are being launched in 2022 to support the health and wellbeing of our employees.

We look forward to a new year of being active, adventurous, healthy and energetic together!



PLANET



OUR FOOTPRINT

THE CHALLENGE AND OUR PROGRESS

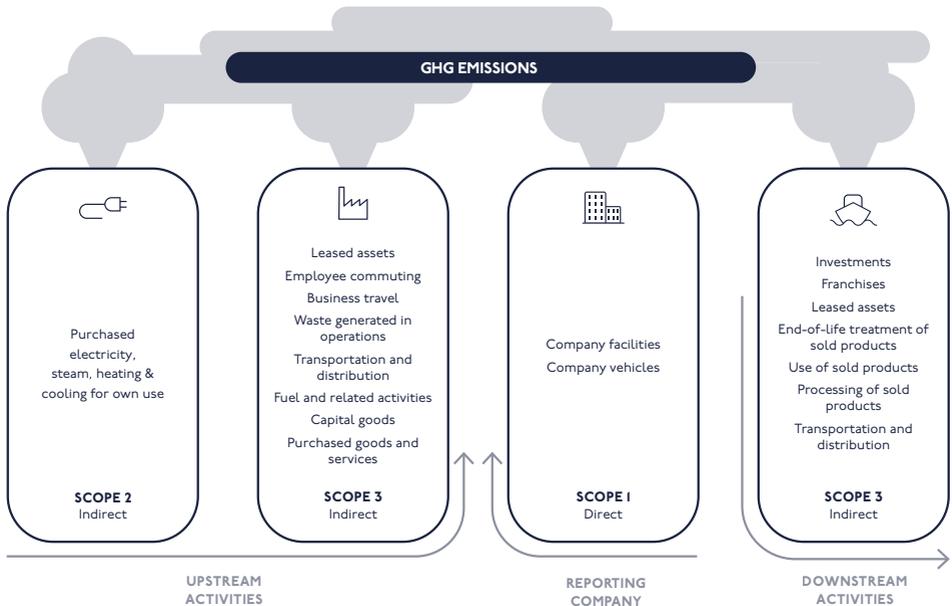
Under the 2015 Paris agreement, national governments have committed to limit global temperature increase to well below 2C and pursue efforts to limit temperature increase to 1,5C (UNFCCC 2015). We all play a role in meeting these commitments. The path to net zero starts with accurate carbon accounting. Together with Worldfavor we have set out to measure O'Neill Europe's direct and indirect emissions and identify hotspots to address improvements.

First, we are centralizing our ESG data in scope 1, 2 and 3:

Scope 1: Direct emissions from owned or controlled resources.

Scope 2: Indirect emissions from purchased energy.

Scope 3: Indirect emissions occurring in a company's supply chain.



OUR ROADMAP

We aim to complete the first steps of Scope 1 and 2 data collection in the Worldfavor Sustainability Management module in June of 2022. In December of 2022 we will partially complete Scope 3 (business travel, employee commuting and leased assets).

Once we collect more data , we will tighten our objectives and plan to submit them to the Science Based Target Initiative. Until then we have set the following preliminary target for our internal processes which will be assessed for feasibility.

- O'Neill commits to reduce absolute scope 1 and 2 GHG emissions 20-30% by 2030 from a 2021 base year.
- O'Neill also commits to reduce absolute scope 3 GHG emissions from purchased raw materials, fabric and garments 20-30% per piece by 2030 from a 2021 base year.

CIRCULARITY - THE ROAD TO CIRCULAR DESIGN

INTRODUCTION

With Our Ocean Mission goals to reduce our overall impact on the planet and its people, we are looking at making changes in our processes to adapt to a more circular future. There is a long road ahead of us, as this requires a redesign of our industry's value chain in more than one place. Step by step we hope to get closer to our goals, and with innovations and developments on materials as well as product end-of-life solutions, we are confident we will become more circular every year.

First it is important to understand the difference between the current textile system and a circular system. In general, the economic system of the textile industry is linear. It is driven on materials being sourced for products, which are eventually discarded as waste. Circular systems are based on the concept of stopping to produce waste, to stop the consumption of finite resources, and that tackle global challenges such as climate change, biodiversity loss and pollution. Not only is minimizing waste a way to reduce our impact by re-using circular resources, but it also allows us to avoid the strain that textile production has on our planet.

The Ellen MacArthur foundation states the circular economy is based on three principles ⁶, driven by design:

- Eliminate waste and pollution
- Circulate products and materials (at their highest value)
- Regenerate nature

The circular economy system that they describe illustrates a continuity of materials and the business models needed. Focus is on a system where the number of uses of a product increase, each product gains more users throughout time and through the different business models and products continue to evolve beyond their initial purpose.

⁶ Ellen MacArthur. "What is a circular economy?" Ellen MacArthur Foundation. <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>.

We include these principles and highlight them in four stages of our circular strategy:

- ♦ Design & Manufacture

We know that the largest impact of a product happens in this first stage with the material choices we make and in the production processes it goes through, social and environmental impact are substantial.

This is why we need to look at re-design in our design process, how can we eliminate unnecessary waste from our development process, which materials/processes can be replaced or left out, which elements of a product can be re-designed for more efficiency, what can we change in a product design to enhance its recyclability/degradability whilst keeping its qualitative benefits intact, and last, how can we circulate materials and maintain our high qualitative standard.

- ♦ Consumer Use

By creating qualitative and durable product, our consumer uses can be extended in the form of high-quality resources and in designing modular pieces that can be used more than once.

By supporting and engaging our consumer in the possibilities of care and product extension we hope to inspire them to get the most and best use out of their product purchase

- ♦ Consumer Re-use

This is a stage we are currently exploring, and we will update as soon as we have news.

- ♦ Closing the Loop

We have taken the first steps with our Project O' solutions described in this chapter. We will continue to explore this to offer more second life and/or recyclability options for our products in our future ranges.

These principles are included in the product design and choice of materials at O'Neill to ensure product life extension is possible. Some solutions towards this include:

- Designing for recyclability or biodegradability.
- Using biobased materials.
- Using antibacterial finishes to ensure more durable product life and minimizing water and energy impact during use.
- Using our own cutting waste or leftover materials into new products; O'Neill Sur+ program.
- Care & Repair solutions.

We are at the beginning stages of our journey, and we are excited for what is to come.

THE CHALLENGE

Circularity influences the choice of raw materials as much as it does the final products we create. At O'Neill Europe we aim to rethink every step of the fashion life cycle as we find ways to move towards business practices where waste is no longer an issue.

Circular business has the potential to reshape our industry and transform the way we produce and think about fashion. Today the fashion industry finds itself in the middle of a transition. Retailers, brands, designers, and manufacturers are becoming more aware that we need to transform our sector and move towards a new reality. A circular fashion system combines new business models with innovative design, technologies, and materials, and eliminates waste and pollution. It has the potential to have a positive impact across the fashion value chain.

As previously mentioned, closed-loop recycling is seen as a central opportunity to both reduce virgin material production as well as limit waste. In a closed-loop system materials are recycled in constant circulation.

Currently a large portion of our recycled materials comes from open-loop systems (i.e., PET bottle waste). While we reuse waste into new products, the aim is towards more closed-loop recycling to reduce textile waste and keep it within our textile loop.

A challenge that our industry faces is to achieve scale in these closed-loop processes. However, we see scaling of these systems in line with the EU Commission's EPR plans for 2025, with innovations and pilots being run, and so we are hopeful that we can include more closed-loop products in future ranges.

Another challenge is the high amount of material blends that are being used. The separation of fibres for the purpose of closed-loop recycling is still complex and scarcely available. There are also many innovations at the forefront of accessibility that offer promise for our future ranges. Products need to be re-designed for a closed-loop recycling purpose. In the next paragraph we are proud to announce our first step towards including more products for this purpose.

OUR COMMITMENT

We are on the journey to innovate towards a circular business model with zero waste. For us, this means reducing our waste stream to a minimum and create collections made with renewable, recycled and/ or recyclable fibres. The ultimate goal is to keep products and materials within the cycle and to maximize the value of resources.

O'Neill defines when a product is designed for circularity when:

- ♦ All materials used in the product are either
 - o 100% recyclable, i.e., mono-material products (with a goal of 100% closed-loop recyclability in the future), or
 - o 100% degradable in a closed environment.
- ♦ We offer a solution for a responsible end-of-life of the product; recycle, reuse, or repair.
- ♦ O'Neill Blue minimum requirements are followed for the choice of raw materials used in the product.

OUR PROGRESS

At the end of the chain, we focus on end-of-life management by first encouraging consumers to extend the lifetime of every single item before reaching an end-of-life process.

Lifetime extension through better product care, sharing and reusing the product are some ways we recommend making the most of every product's lifecycle. We are currently exploring circular business models, production and value maximization (of resources and fashion items) to develop further circular business practices.

2021 UPDATE:

- We expanded our leftover initiative O'Neill Sur+ to a broader style offer, ensuring that more leftover fabrics are being used in creative new designs, and with that diverting excess fabric from the waste stream. Additionally, we continued with the facemasks that are made of leftover active and swimwear materials.
- We joined the Amsterdam Economic Board and their multi-brand initiative Circular Textile Meet-up sessions as we believe that joined effort creates a bigger impact.
- We explored circular business model extensions such as Repair & Repurpose to further extend our product guarantee. Follow oneill.com for updates.
- We launched Project O'1 and O'2. These programs are centered around re-designing product towards closing the loop. One is designed towards biodegradation and the other mono-material is designed towards recycling possibilities. Both require an end-of-life process to be in place for when the consumer can no longer wear this product. At which point they can return it to us, and we will ensure either repurposing of the product or, at the complete end of product; the degradation or recycling facility is selected for final end-of-life.

LAUNCH OF PROJECT O'

In 2020 we started working on two projects that we internally called Project O'. In 2021 we proudly launched both Project O'1 and O'2 at our sales meetings. These products will be available to the market as part of our FW22 collection.

Project O'1 is the Bio-Field jacket for Men and Women. All components of these jackets are made of materials that, in a closed environment, can be biodegraded responsibly. In some cases, the component was so new in the market that it had only just finished their R&D and is now being used in our garments!

Some highlights:

- ♦ The shell fabric is a Bio Earth Polyester, laminated with a bio-based membrane.

Both the yarn of the fabric and the membrane have been coated with the Eco One treatment from Eco Logic, which accelerates the biodegradation process under the right circumstances.

- ♦ We have printed with Living Ink, made of by-product algae material, and 100% biodegradable.
- ♦ And the zippers are made entirely of Amni Soul Eco® Biodegradable nylon. This is the world's first polyamide with enhanced biodegradability: degrading in around five years instead of decomposing in 50-100 years.

This project is larger than just this jacket. Transparency is key towards a more sustainable future, and with that said, we have printed our full chain of sources of this product inside the jacket, sharing it with the world.

Why? We believe that we can make a bigger impact protecting our planet, if we can inspire others to do the same. Lastly, as biodegradation needs to be done in the right closed environment circumstances, we ask the wearer to return it to us when they are done wearing it. We will ensure that it is properly degraded into renewable properties. No waste unwasted!

Project O'2 is the O'Originals Mono sleeper, a product that was re-designed with circularity in mind. When you check the label of the garment you are wearing right now, there is a great chance that the fabric is made with a blend of different fibres. This is one of the biggest challenges when it comes to textile recycling. These blend materials often end up as landfill or being burnt in a thermal power station.

Mono-materials, or materials that only consist of one material or fibre, instead of a blend are easier to recycle, as opposed to separating several materials and then recycling them separately. A first step towards a closed-loop recycling system.

In O'Originals Mono sleeper components are of the same content, making the entire product 100% recyclable without having to deconstruct it prior to the recycling process. This circular process is printed on the garment, bringing the wearer along on the journey of the product where there is no longer a beginning or end anymore. It is just a case of enjoying the product to its fullest extent for the consumer.

The garment that we designed and developed today is made for long-term use, so it is hard to say what the processes for textile recycling look like when the product is ready for end-of-life processing. Therefore, at this moment we ask our customers that they send it back to O'Neill when they want to dispose of it, and we'll take care of the rest by sending it to the right facility where it can be properly recycled and used as new source material.

Last but not least, the MONO SLEEPER was designed as a modular concept around our highly commercial Puffer Anorak. This is a 10K waterproof Puffer Anorak that can turn into a sleeping bag! When you are on a road trip to the mountains or the beach and need to sleep a few hours, just connect the sleeping bag to the anorak and put the back of your chair in backward position.

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OUR ROADMAP

1. We are expanding our leftover initiatives in upcoming seasons.
2. We are expanding mono-material product offers in our upcoming ranges starting with our swimwear in SS23 and then our outerwear in FW23.
3. We are continuing our exploration with Project O' in a new circular innovation concept with TU Delft.
4. We are continuing exploring our options with third parties to expand our circular solutions to our consumers.
5. We will continue to learn and research regenerative material alternatives for our future collections.

MAKING OUR PACKAGING MORE SUSTAINABLE

THE CHALLENGE

Polybags are thin, transparent sleeves used to keep our products safe and clean during postal transport to our stores, our customers and to your doorstep.

Despite the protection benefit they offer, they often end up in landfills or are incinerated, leading to the release of dangerous pollutants into the atmosphere. Other times, they are simply discarded. Fashion retail won't be able to eliminate packaging altogether because we need it to protect our products, but we can look into available alternatives..

OUR COMMITMENT

Our aim is to have 100% of our packaging be reusable, recyclable, or compostable by 2025.

OUR PROGRESS

We already have a large share of more sustainable materials in our packaging.

As for all single-use products, the purpose of the polybag is just used for a short period of time. If we can't get by without polybags, we at least want to use ones made from recycled materials. Our polybags are made of 50% recycled material, which reduces plastic waste as well as climate-damaging emissions. Below you can find our current breakdown as we move towards a more circular model.

ECOM BOXES:

Made of 100% FSC certified recycled carton

ECOM BAGS:

Contains 80% recycled plastic

RETAIL SHOPPING BAGS:

Contains 40% recycled plastic

PRODUCT POLYBAGS:

Contains 50% recycled plastic

OUR ROADMAP

We are continuously reviewing the amount of packaging that's needed to ship goods from our manufacturing countries. When we find that products are at no risk of being damaged, we can then dispense them of packaging. For customer returns, we are following developments closely in order to make the most efficient and sustainable decisions possible.

At the end of 2021 O'Neill joined the prAna Responsible Packaging Movement. prAna has made big steps with their packaging in the last decade, but to make the biggest impact they launched the Responsible Packaging Movement in 2020 to share their best practices and long-term learnings with like-minded brands and the greater community.

Like prAna we believe that we can achieve more positive impact through partnership and are excited to join the community they have built.

In 2022, we will also set the requirement that all the O'Neill stores recycle all their packaging either in the city where they are located or send it to the warehouse in the Netherlands.

THANK YOU TO OUR
STAKEHOLDERS



THANK YOU TO OUR STAKEHOLDERS

We want to thank our main stakeholders, employees and customers who continue to support our business and evolve with us. We would not be where we are today without your belief in Our Ocean Mission.

To our manufacturers, suppliers, quality assurance officers, logistics partners, NGOs, trade unions, research institutions and local authorities, thank you for playing a valuable role in our advancements and being team players.

STAKEHOLDER GROUP	PRINCIPLE	AGENDA ITEMS	MANNER OF DIALOGUE	FREQUENCY
SUPPLIERS AND AGENTS IN PRODUCTION COUNTRIES	To achieve our goals, joint commitment is important.	Environmental impact of production, working conditions.	(Digital) meetings, visiting agents, suppliers and factories.	Daily
MATERIAL SUPPLIERS AND AGENTS IN PRODUCTION COUNTRIES	To achieve our goals, joint commitment is important.	Use of more sustainable materials, environmental impact of production, working conditions.	(Digital) meetings, visiting fairs, agents, suppliers, factories and BCI	Daily
CUSTOMERS	Our customers are our most important stakeholders.	Quality and product information, i.e., sustainable materials.	In stores, websites, newsletters, social media and customer service.	Daily
EMPLOYEES	Our employees are committed to achieving growth and improvement. At the O'Neill Europe HQ we have set up a cross-functional team to drive sustainability initiatives and raise more awareness amongst employees.	Communication about sustainability, internal activations, and employee training.	Townhall meetings, works council, management and board consultation and internal information page.	Weekly
DUTCH AGREEMENT ON SUSTAINABLE GARMENT AND TEXTILES (AGT)	Through yearly assessment due diligence monitoring.	The AGT ended in 2021 and a new industry agreement is in development. (Our closing rating surpassed the minimum requirements with 82%.)	(Digital) meetings	Monthly
INDUSTRY ASSOCIATION AND NGO'S	Seeking cooperation through beyond auditing programs.	Working conditions, quality, and safety.	(Digital) meetings Bangladesh Accord, Modint and NGA.	Monthly
AMFORI	Code of conduct, sustainability platforms and their training.	Working conditions and standards.	(Digital) meetings and sustainability platform.	Frequent
PEERS	We seek cooperation because we believe in industry-wide collaboration.	Sustainable materials and working conditions.	(Digital) meetings	Frequent
UNIVERSITIES	Support students in their education. Being an attractive employer for future employees.	Support students with internships and master's degree positions. Drive design challenges as part of university curriculum.	Research and innovation projects	Frequent

APPENDIX- RISK ASSESSMENT



AN OVERVIEW OF GENERAL TEXTILE INDUSTRY RISK ASSESSMENT

This risk assessment is a general overview of risk in our industry based on the OECD guidelines for Multinational Enterprises along the garment and footwear supply chain. It aims to identify both the likelihood and the severity of a potential or actual social and environmental harm within the value chain.

In order to understand the risks related to the country where we buy and develop our products, we have done research using MVO risk checker, Fair Wear Foundation reports and the reports made by Modint.

This guidance defines due diligence as “the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts”. Adverse impacts can also be referred to as “harm”.

O’Neill Europe has identified the most significant risks based on sector, product, and country. For all assessments included in this analysis we recognized that the severity of harm of the identified risks are all high. The main shifting factor is the likelihood that harm can occur in our garment and footwear value chain. Since this is our first OECD risk assessment, we continue to investigate the most accurate and efficient methodologies.

SECTOR RISKS

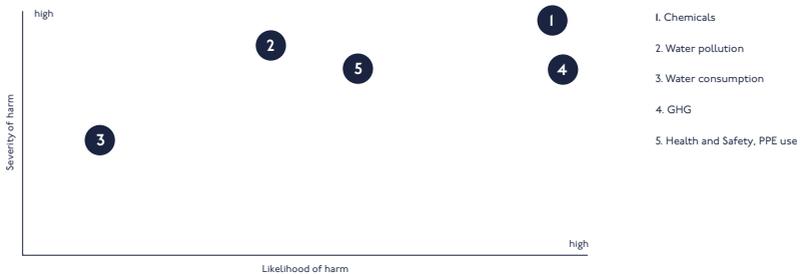
HUMAN RIGHT AND LABOR RISKS	ENVIRONMENTAL RISKS	INTEGRITY RISKS
Child labor	Hazardous chemicals	Bribery and corruption
Discrimination & gender-based violence	Water consumption	
Forced labor	Water pollution	
Excessive working hours	Greenhouse gas emissions	
Occupational health and safety		
Violations of the right of workers to establish or join a trade union and to bargain		
Non-compliance with minimum wage laws		
Wages do not meet the basic needs of workers and their families		

RISK ASSESSMENT OF MATERIALS AND PROCESSES

When it comes to material, O'Neill Europe mainly sources cotton, polyester and polyamide for our products. Water consumption and pollution are marked as high and likely risks for these raw materials.

Forty percent of the raw materials we use are cotton and the use of chemicals is high. Cotton needs to be grown and requires vast amounts of water and pesticides and insecticides for production. Man-made materials, such as polyester, require less water but do hold higher risks of contributing to greenhouse gas emissions.

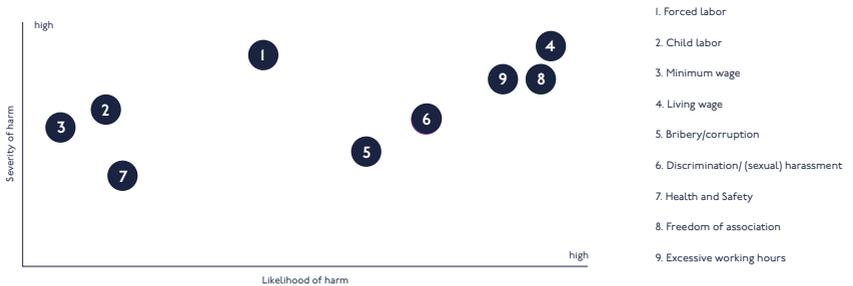
Assigning the risks through the design and material use phase was also valuable as it revealed that we needed to do more research to understand issues deeper within the supply chain. When yarn and fabrics are produced, the use of water, energy and chemicals is abundant. Water scarcity, chemical pollution, land depletion and greenhouse gas emissions are a threat to the environment. The use of chemicals has been identified as one of the two highest risks in our assessment.



PRODUCTION COUNTRY RISKS

China

In 2021 around 25% of the allocation share of our garments, accessories and footwear was manufactured in Chinese facilities. Recent country studies show that China is improving its health and safety standards and that it has comprehensive labor laws and takes governmental action regarding environmental issues. However, there are still risks that require attention, like the lack of Freedom of Association, excessive overtime and insufficient overtime premium. There are also concerns in specific regions of the country and media publications have revealed garment factories exhibiting conditions that strongly suggest forced labor.



Bangladesh

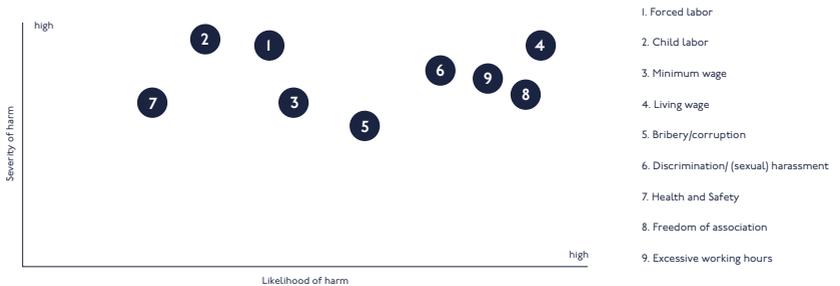
Around 19% of our allocation share was manufactured in Bangladesh in 2021. Since the Rana Plaza disaster in 2013, Bangladesh's garment industry has shown improvements but there are still key risks. One of the biggest risks is low minimum wages, they can cause worker unrest while high production demands lead to excessive and non-voluntarily working hours. The position of women and the exploitation of child labor in the informal sector is also an identified risk.

One of Bangladesh's most pressing issues is the pressure on water resources with minimal legislation in place and water consumption will be a growing risk unless conservation technologies are implemented.



India

CMT locations in India produced 17% of the allocation in 2021. The most significant risks in India relate to workplace practices. Gender-based violence against women, sexual harassment and workplace abuse remain risks. Reports of child labor indicate that there is still a very high risk of children under the age of 14 working in cotton fields, ginning and spinning production. Excessive overtime is also common. Minimum wages, although not sufficient to make an adequate living, are usually met. However, illegitimate deductions can be a problem. Environmental risks differ across the country. The consumption and pollution of water is high, but the government is stepping in to address these issues. Chemical management in factories still requires a lot of attention.



Myanmar

In 2021 the allocation share in Myanmar was around 15%. On 1 February 2021, the military in Myanmar seized control of the country following a general election which the National League for Democracy party won by a landslide. Following the coup, the military declared a one year “state of emergency”. The present situation is volatile. O’Neill Europe has been active in Myanmar since 2018. We contribute to the livelihood of close to 3.300 employees and their families in 2021. Before the coup the current situation was that the current minimum wage level does not match the standard of living wage. Also, major risks that remain include forced labor, freedom of association, excessive overtime, and discrimination and harassment against women.

In 2021 The Ethical Trading Initiative (ETI) started working with the Fair Wear Foundation to develop a human rights impact assessment of the evolving situation in Myanmar.



COMMITMENTS

The results of this general risk analysis and matrices are part of our overall Ocean Mission sustainability strategy and are embedded in our policies. Actions are described in accordance with mitigating the identified salient risk categories.

The scope of the goals and a more detailed explanation can be found throughout this. On the next page you can find a summary of these topics, their related risk category and the goals and actions specified for O’Neill Europe.

SUMMARY OF GOALS AND ACTIONS IN RELATION TO RISK ASSESSMENT

	PEOPLE		PLANET		PRODUCT & PLANET	PLANET
COMMITMENTS	Ensure all people in our value chain are paid a fair living wage, have a safe work environment and are not exposed to forced labour or corruption		Reduce product impact annually		All O'Neill blue products made only with materials classed as better of best	50% circular product model
TOPIC	Worker's Rights	Fair Wages	Climate Change	Pollution	Sustainable materials	Circularity
RELATED RISK	Childlabour Discrimination (sexual harassment) Forced labor Freedom of association (excessive) working hours	Minimum wages Living wage Excessive working hours	Greenhouse gases	Water pollution Chemicals Water consumption Greenhouse gases	Water consumption Water pollution Greenhouse gases	Water pollution Chemicals Water consumption Greenhouse gases
GOALS 2025-2030	2025: improve current complaint systems to strengthen worker voices	Work towards an industry wide agreement on regional living wages	LCA savings of at least half range known Improve supply chain with LCA savings	Aim to phase out unsustainable chemical processes according to RSL/MRSL for at least 50% of the collection	All O'Neill blue products made only with materials classed as better of best	50% circular product model
ACTIONS	100% visibility of Tier I-III Set up an independent complaint system with key suppliers in India (and continue in other countries) Implement and improve purchase practices focus on planning and forecasting, defining labor costing within purchasing prices, responsible exit strategy and fair payment terms	Train internal teams and suppliers on key purchasing practices topics Through Worldfavor implement wage gap data monitoring per region	Mapping and inventory of GHG emissions of • Supply chain tier I&II (and beyond if possible) • Internal processes	Include water consumption and recycling performance parameters through worldfavor monitoring platform	Explore increase of organic sources i.e. cotton/cellulose/bast fibres Source opportunities for recyclable sources Source increased developments for closed-loop recycled & recyclable solutions	Share increase in collections with renewable, recycled and or recyclable fibers Increased opportunities for closed loop collections

APPENDIX- GLOSSARY



GLOSSARY

Terminology	Description
Bangladesh Accord	Bangladesh Accord – The Accord on Fire and Building Safety in Bangladesh (now the International Accord for Health and Safety in the Textile and Garment Industry) is an independent, legally binding agreement between brands and trade unions to work towards a safe and healthy garment and textile industry. It was established in May 2013 in response to the Rana Plaza garment factory collapse in Dhaka in April 2013 that killed 1,133 people. In September 2021 it was followed up by the international Accord and will be expanded to other countries. ⁷
Biodegradable material	Materials that are capable of biodegradation by bacteria in an assigned closed environment.
Carbon neutral	To balance produced carbon emissions with an equal amount of carbon removal through changes in industry processes, circular business models, new energy sources, and carbon offsetting initiatives.
Circularity	An economic system aimed at eliminating waste and promoting the continual use of resources, minimising resource inputs and the creation of waste, pollution and carbon emissions. At O'Neill we refer to four of the six Rs of circularity: <ul style="list-style-type: none"> • reducing the materials needed and waste created when making products. • recycling the materials used to produce new products. • refurbishing deadstock and used products into new products — without re-processing the raw materials. • repairing products, by professional or amateur means during the product's use-phase — without changing ownership.
Circular product	The product is designed for circularity when: <ul style="list-style-type: none"> • All materials used in the product are either <ul style="list-style-type: none"> ◦ 100% recyclable, i.e., mono-material products (with a goal of 100% closed-loop recyclability in the future), or ◦ 100% degradable in a closed environment. • We offer a solution for a responsible end-of-life of the product; recycle, reuse, or repair. • O'Neill Blue minimum requirements are followed for the choice of raw materials used in the product.
Closed-loop recycling	Textile product waste in both post-consumer and post-production phases is recycled in a process wherein new textile is created so that the materials remain in constant circulation (garment-to-garment).
CMT (Cut Make Trim)	Cut, Make, and Trim production is the service an apparel factory offers a brand, which takes designs and produces them following three stages. The material is cut to the brand's pattern, and made ready to sew. The garments are sewn ("Make") The garments are finished, any threads and small imperfections are removed and final QC and packing occurs ("Trim").
Compostable materials	Compostable materials are materials that can break down in the right conditions into non-toxic components (water, carbon dioxide, and biomass). In some cases, they can leave beneficial use for soil, such as fertilizing benefits.
COP26	In November of 2021, the UN's 26th ⁸

⁷ Accord on Fire and Building Safety in Bangladesh. 2018. <https://bangladeshaccord.org/>

⁸ Glasgow Climate Change Conference – October-November 2021. United Nations Climate Change. 2022. <https://unfccc.int/conference/ghg/glasgow-climate-change-conference-october-november-2021>.

GLOSSARY

Terminology	Description
Covid-19	Covid-19, or Coronavirus disease 2019, was classified a pandemic by WHO on 11 March. ⁹
Durability	Durability is the ability of a product, component, or material to remain functional and relevant when used as intended, for the intended period of time. In textile it is mostly connected to the physical characteristics of a product, i.e., its ability to resist damage and wear. It can also be referenced in connection to how long a garment remains desirable.
Due Diligence	OECD guidelines for Multinational Enterprises along the garment and footwear supply chain defines due diligence as "the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts." Adverse impacts can also be referred to as "harm".
Extended Producer Responsibility (EPR, UPV in the Netherlands)	The EPR initiative is a policy where responsible parties are accountable for the treatment or disposal for post-consumer products. ¹⁰
Generation Z (Gen-Z)	Also known as Zoomers, born anytime between 1996 and 2012, following the Millennial generation.
Greenhouse Gas Emissions (GHG)	Due to human actions, greenhouse gasses (such as carbon dioxide and other damaging equivalents) escaped into the atmosphere, contributing to climate change.
Grievance Mechanism	A grievance mechanism is a formal, legal or non-legal complaint process that can be used to remediate any complaint.
Intergovernmental Panel on Climate Change (IPCC)	The IPCC is an intergovernmental body of the United Nations responsible for advancing knowledge on human-induced climate change. ¹¹
Life Cycle Assessment (LCA)	An LCA (also known as life cycle analysis) is a methodology to assess environmental impacts associated with all the stages of the life cycle of a product, process or service. Our assessment includes raw material production, processing and product manufacturing. In the future we strive to include the distribution, consumer use and the recycling or final disposal of the material in our assessments. A product or material LCA gives us insight into its impact on water consumption and water savings, energy use and energy savings, and GHG emissions and its savings.
Linear Economy	An economy in which finite resources are extracted to make products that are used – generally not to their full potential - and then thrown away ('take-make-waste'). It is a wasteful and polluting system that degrades natural systems. ¹²
Lifespan/Lifetime	The period of time from when a product is released for use after manufacture to the moment it becomes obsolete beyond recovery at product level. ¹²
Living Wage	A living wage is defined as the minimum income necessary for a worker to meet their own and their family's basic needs; to maintain a minimum standard of living and to allow for savings. Needs include, but are not limited to, food, clothing, housing, travel costs, children's education, health costs and discretionary income. A living wage is geographically specific.

⁹ Covid 19. Centers for Disease Control and Prevention. <https://www.cdc.gov/coronavirus/2019-ncov/index.html>.

¹⁰ Extended Producer Responsibility. Ellen MacArthur Foundation. <https://plastics.ellenmacarthurfoundation.org/epr>.

¹¹ United Nations. <https://www.ipcc.ch/>.

¹² Finding a Common Language – the Circular Economy Glossary. Ellen MacArthur Foundation. <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/glossary>.

GLOSSARY

Terminology	Description
International Labour Organization (ILO)	The ILO is a United Nations agency whose mandate is to advance social and economic justice through setting international labor standards. Founded in October 1919 under the League of Nations, it is the first and oldest specialized agency of the UN. ¹³
Manufacturing Restricted Substances List (MRSL)	The MRSL restricts hazardous substances potentially used and discharged into the environment during manufacturing. The Manufacturing Restricted Substance List provides mills and manufacturers with acceptable limits of restricted substances in chemical formulations which can be used in the raw material and product manufacturing processes. ¹⁴
Microplastics	Very small pieces of plastic (less than 5mm in length) that can shed from items such as garments and pollute our environment. Due to its small size, another harmful issue of microplastics is that they are unintentionally eaten by marine life.
Minimum Wage	A minimum wage is the lowest remuneration that employers can legally pay their employees. The main cause of the environmental harm is due to the slow degradation.
Modint	Modint is a business network of manufacturers, importers, agents and wholesalers of clothing, fashion accessories, carpets and interior textiles. The purchasing and production module gives us access to knowledge and nonpublic information about the industry. We regularly attend Modint workshops on relevant topics such as chemicals and sourcing but also on the mechanical safety of children's clothing related to cords, buttons and zippers. ¹⁵
Mulesing	This is the process of removing folds of skin from the tail area of a sheep, intended to reduce fly strike. Because of the wrinkles and folds in the skin of merino sheep, urine and manure sticks to the behind of the sheep, attracting a parasitic fly (<i>Lucilia cuprina</i>). The larvae of the fly eat through the sheep skin, leading to myiasis, which can be fatal for the animal. It is most often done without pain relief and takes place almost exclusively in Australia.
Non-mulesed Wool	In 2021 we have vowed to avoid using wool in our designs where possible, and when we do, we use only that which is source certified and non-mulesed wool by 2025. (See above regarding mulesing.)
Open-loop Recycling	A recycling process in which one product is recycled into a different product, thereby delaying the material from going into waste once it cannot be recycled again.
Polyethylene Terephthalate (PET)	PET is the most common thermoplastic polymer resin of the polyester family and is known to be a clear, strong, and lightweight plastic that is used for foods and beverages packaging, and used in fibers for clothing and accessories.
Purchasing Practices	These are the actions taken by a buying company in order to purchase a product or service (in whole or in part) from a supplying business. They encompass design and product development, planning and forecasting, critical path management, contracts, technical specifications, order placement and lead times, cost and price negotiations, payment terms and the underlying behaviours, values and principles of purchasers which impact supplying companies and workers live. ¹⁶
QR Codes	Matrix barcodes that link to information about an item it is attached to. These can be read by smartphones.
Raw Materials	Raw materials are materials or substances used in the primary production or manufacturing of goods.
Recyclability	The ease with which a material can be recycled in practice and at scale. ¹⁷

¹³ International Labour Organization. 2022. <https://www.ilo.org/global/lang-en/index.htm>

¹⁴ eurofins. Manufacturing restricted substances list (MRSL). FAQs. chem-MAP. 12 November 2018. https://www.chem-map.com/chemical_news/manufacturing-restricted-substances-list-mrsl-faqs/

¹⁵ Who We Are. Modint. <https://modint.nl/>

¹⁶ SER. New common framework leads the way to responsible purchasing practices in garments and textile sector. 3 June 2021. <https://www.imvoconvenanten.nl/en/garments-textile/news/verantwoorde-inkoop-kleding-textiel>.

GLOSSARY

Terminology	Description
Recycling	To transform a product or component into its basic materials or substances and reprocess them into new materials. ¹⁷
Refurbish	To return a product to good working order. This can include repairing or replacing components, updating specifications and improving cosmetic appearance. ¹⁷
Regenerated Fibre	Regenerated fibres are made from cellulose-based fibres that originate from plants such as wood pulp; a chemical is added to extract the cellulose fibres. The classification of the fibre relates to the chemical solvent system used to extract the fibre, so regenerated fibres are part natural and part artificial.
Regenerative Production	Regenerative production provides food and materials in ways that support positive outcomes for nature, which include but are not limited to healthy and stable soils, improved local biodiversity, improved air and water quality. In agriculture, regenerative production schools of thought include agroecology, agroforestry, and conservation agriculture. ¹⁸
Renewable Materials	Materials that are continually replenished at a rate equal to or greater than the rate of depletion. Examples include cotton, hemp, maize, wood, wool, leather, agricultural by-products, nitrogen, carbon dioxide and sea salt. To fit in a circular economy such materials (where relevant) must be produced using regenerative production practices. ¹⁸
Repair	Operation by which a faulty or broken product or component is returned to a usable state to fulfil its intended use.
Repairability	The level of any product's ability to be brought back to working order.
Restricted Substances List (RSL)	The RSL is a document containing banned and restricted chemicals and substances in finished goods.
Reuse	The repeated use of a product or component for its intended purpose without significant modification. Small adjustments and cleaning of the component or product may be necessary to prepare for the next use. ¹⁹
Science Based Targets (SBTs)	SBTs are science-based emissions reduction targets and strategies set by companies and validated by the Science Based Targets Initiative (SBTi). These targets mobilize companies to set net-zero science-based targets in line with a 1.5°C future. ¹⁷
Scope 1,2,3 emissions	Scope 1 Emissions – Direct emissions from a company's owned or controlled operations (e.g., emissions associated with fuel combustion in boilers, furnaces and vehicles). Scope 2 Emissions – Indirect emissions associated with the company's purchase of electricity, steam, heat, or cooling. Scope 3 Emissions – The result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in both its upstream and downstream value chain. Scope 3 emissions include all sources not within an organization's scope 1 and 2 boundary. ¹⁸
Shell Material	Shell material is the main fabric in clothing or accessories. They are most commonly the most outer fabric that can be seen.

¹⁷ About Us. Science Based Targets. <https://sciencebasedtargets.org/about-us>.

¹⁸ What are Scope 3 emissions? Carbon Trust. 2022. <https://www.carbontrust.com/resources/briefing-what-are-scope-3-emissions>.

GLOSSARY

Terminology	Description
Sustainability	Within a business context, sustainability refers to businesses setting strategy on environmental, social, human and corporate governance impact for the long term and relates to how a company's products and services contribute to sustainable development.
Tier	Tier 1 – Production facilities where finished products are made. These are sometimes referred to as cut-and-sew facilities. Tier 2 – Material production facilities where materials are manufactured. Fabric is made from yarn and dyed. These are sometimes referred to as dye houses and/or fabric mills. Tier 3 – Material processing facilities which process raw materials into yarn and other intermediate materials. This includes processing natural and synthetic materials into yarn. Tier 4 – Raw material farming and extraction.
Virgin Material	Textile fibres used in their virgin state (newly harvested/produced) and not based on recycled material (e.g., virgin cotton versus recycled cotton; virgin polyester versus recycled polyester)

O'NEILL EUROPE

THANK YOU!

