

O'NEILL EUROPE

SUSTAINABILITY REPORT 2022



TABLE OF CONTENTS

A MESSAGE FROM OUR CEO	03
ABOUT THIS REPORT	05
BRAND MISSION	09
BRAND VALUES	10
O'NEILL EUROPE AT A GLANCE	11
OUR COMMITMENTS	13
GOALS & ACHIEVEMENTS	16
OUR WAY OF WORKING	17
OUR PRODUCT	30
OUR SUPPLY CHAIN	63
OUR COMMUNITY	94
APPENDIX	101

A MESSAGE FROM OUR CEO

We live in turbulent times. Although O'Neill Europe, like most others in our industry, faced many challenges over the last few years, we managed to get through them thanks to our incredible colleagues and partners worldwide.

Against the backdrop of a challenging 2022, the world map for industry growth is shifting.

Growth opportunities are found elsewhere as we assess markets, supply chain pressures and changing consumer demand.

Having a resilient mindset and being able to adapt, recover and accelerate will be essential for our business in 2023. With this resilient mindset, we can bounce back better than ever and go on to thrive despite the challenges in our markets.

The ongoing disruption in the supply chain has created major obstacles to our operations. Yet, we made measurable progress toward our targets, implementing programs to address the impacts of climate change and people, leading to us working closely with our suppliers to do the same.

Since signing the Transparency Pledge, we have been devoting significant resources to tracing our global supply chain to better understand the origins of the materials used in our products, including how they are assembled and manufactured and the conditions for everyone involved in this process. Gaining more insight allows us to support our goal to reduce our environmental impact and increase our reach to improve our influence on the people in our value chain.

It becomes increasingly important to look at alternative business models in our offer that will allow us to grow without producing more products, addressing the importance of product quality and longevity, and finding solutions to minimise waste from our chain. We look at this through different lenses, from rethinking designs innovatively to laying the groundwork for initiatives that will roll out in the near future.

These efforts illustrate our commitment to tangible and sustainability-

focused business practices that inspire change. We've made significant progress, but the journey is never complete. We remain focused on our long-term commitments and are seizing the momentum to drive positive change.

In this report, you will read about our achievements, our progress, where we face challenges and what our roadmap is to overcome them.

The journey may be difficult at times and will show different levels of progress year to year, but the end goal remains the same in the long run. We look forward to the challenge and to sharing our progress with you along the way.

Sincerely,
Peter Truijen
CEO

ABOUT THIS REPORT

ABOUT THIS REPORT

Our founder, Jack O'Neill, was a true ocean pioneer and a passionate and dedicated surfing enthusiast. His original mission to design and produce the world's first wetsuit was driven by his desire to surf for longer.

This passion inextricably connects O'Neill to water. As a brand created to enjoy nature, we see it as our responsibility to actively preserve it and contribute to a cleaner, more sustainable world. Our Ocean Mission is how we stay close to Jack's original words:

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

One of our top priorities is to make more responsible choices every day. In this report, we disclose updated information on our social and environmental performance for the reporting year 2022.

Our 2022 Sustainability Report is motivated by our continued commitment to protecting the ocean for generations to come. We feel supported knowing that consumers¹ seek clothes from companies that have responsible practices embedded in their business. Over the past few years, it's been researched globally that younger consumers, in particular, guide their choices based on their sustainability stance and concerns.

To innovate with technologies and alternative materials, develop and improve the quality of our products for increased performance and longevity, and contribute to decent working conditions for the people in our communities are the essential elements of our daily operations.

Together with our teams and partners, we continue focusing on our long-term sustainability goals by following the European Union (EU) goalsetting of the Circular Economy Action Plan and its EU Textile Strategy, intending Europe to become climate neutral by 2050.

¹Catherine Salfino. [How to Cultivate Loyalty with Next Gen Shoppers](#). Sourcing Journal. | August 2021.

We continue to connect our goals to the 17 United Nations (UN) Sustainable Development Goals (SDGs) and its 169 targets to enforce our ambition as we advance.

As part of Europe's sustainability agenda called the Green Deal, the European Commission implemented the CEAP (Circular Economy Action Plan)² in March 2020.

The CEAP aims to achieve the European Union's target for 2050 climate neutrality and stop biodiversity loss.

Amongst strategies included in the CEAP, the Commission defined the EU Textile Strategy, which addresses the production and consumption of textiles. This strategy brings together commitments from the Green Deal, the CEAP, and the Industrial Strategy.

Textiles are widely used for everyday consumption—in clothes, interiors, automobiles and other vehicles, medical equipment, and more. Urgent actions are required to slow down the textile industry's environmental impact. After food, housing, and mobility, the EU textile consumption has the highest environmental and climate change impact. The textile industry is ranked the third highest for consuming water and using land and the fifth highest for using primary raw materials and greenhouse gas emissions.

The EU Textile Strategy reviews the entire textile product lifecycle and proposes a new approach to creating harmonised textile production and consumption changes².

Defined steps are proposed, such as setting textiles and garments design requirements, providing more information in a digital product passport, following Extended Producer Responsibility strategies, and stimulating circular business models, including reuse and repair sectors.

We are following the development of the EU Textile Strategy closely and will adapt our practices accordingly when possible.

² https://environment.ec.europa.eu/strategy/textiles-strategy_en

This report outlines our journey, the challenges we face, how we prepare and align with the upcoming EU Textile Strategy, and the achievements we made in 2022. Furthermore, we aim to explain the roadmap we have 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.

Renske Lambert Global Head of Sustainability

Janine Martens Global CSR Manager

BRAND MISSION

An aerial photograph of a surfer riding a wave. The surfer is positioned in the lower right quadrant of the frame, riding a blue surfboard. The wave is breaking to the right, creating a white, foamy crest. The water is a deep, dark blue, and the overall scene is captured from a high angle, looking down at the surfer and the wave.

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

BRAND VALUES

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:

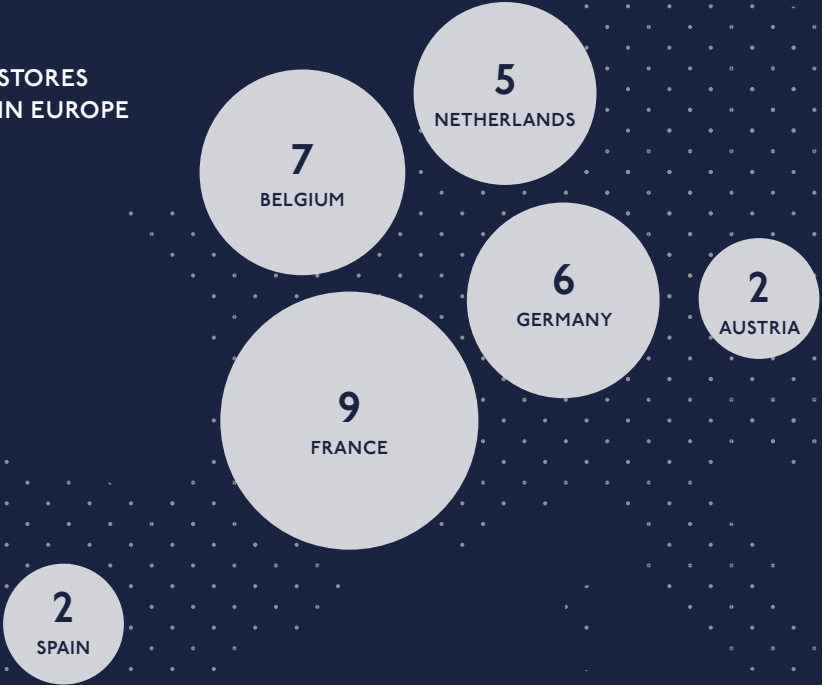
We have a natural drive to take care of each other, our products, our planet and our brand. Together we will do our part.

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

31 STORES
IN EUROPE



160

Employees in stores

64% Woman



36% Men



O'NEILL EUROPE AT A GLANCE - HQ

EMPLOYEES IN THE HQ

114

SPLIT PER GENDER

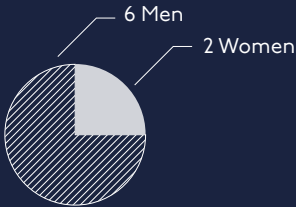
69 Woman



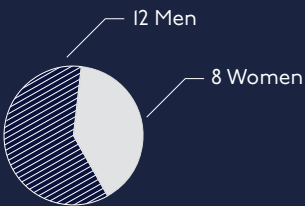
45 Men



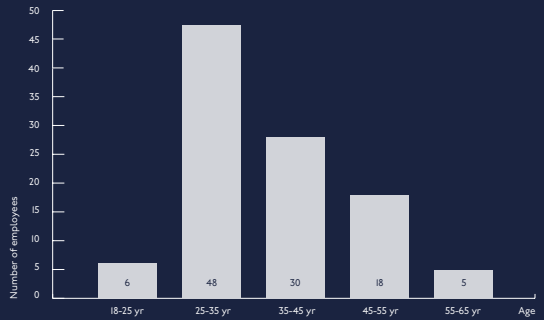
MT SPLIT | MT: 8



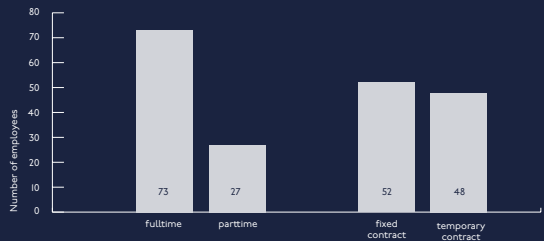
SLT SPLIT | SLT: 20



SPLIT PER AGE GROUP



SPLIT PER CONTRACT TYPE



COUNTRIES WHERE OUR EMPLOYEES ARE BASED

Germany, Austria, Switzerland,
Belgium, France, Netherlands

OUR 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.”

OUR COMMITMENTS

TO MAKE BETTER PRODUCTS

According to research, material production is responsible for up to 80% of our industry's carbon footprint; we recognise the importance of material selection in each design. We strive for continuous product improvement and innovation while minimising our environmental impact. We steadily increase the share of preferred materials in our collection whilst keeping sight of the final garment quality.

Our Product Team works with our Preferred Materials List to select materials based on impact scoring and future circular system preferences—this is a key tool in our development process.

TO IMPROVE OUR SUPPLY CHAIN

We strive for full supplier compliance according to our code of conduct and to gain complete visibility and transparency in our supply chain. Throughout the O'Neill supply chain, we aim to steadily increase the implementation of sustainable production practices.

The continued collaboration in projects of Multi-Stakeholder Initiatives (MSI) remains a top priority to improve working conditions across our value chain, including but not limited to health and safety, working hours, safer commuting, work representation committees, etc. Not only do these stakeholders support us in expanding our due diligence processes by integrating them into the way of working, but they also work with us in vital factory support programs.

TO CHANGE HOW WE WORK

How we develop and buy our products can significantly impact working conditions and the environment. Continuous internal training is one of the ways to move closer to better business conduct. Through internal training, our buyers increase the awareness of their influence on workers' well-being via improved responsible purchase practices and forecast precision.

As part of our ongoing due diligence, we continue to review, improve, and expand our sourcing policies where needed.

By reducing collection size and working on a carry-over strategy, we aim to increase focus and reduce development impact.

TO GIVE BACK TO OUR COMMUNITY

In 1996, Jack O'Neill created the Sea Odyssey to educate students on the importance of maintaining a strong relationship with the sea and the environment. To this day, we are finding new ways to give back and follow Jack's original legacy, taking part in numerous projects that aim to support our community. We are especially proud of our partnership with Africa's transformative, community-based surf mentorship program, Surfers Not Street Children (SNSC).

Discover more at oneill.com.

	SDG TARGET	ACHIEVED 2021	ACHIEVED 2022	GOAL 2025	GOAL 2030
PRODUCT		85% of O'Neill Europe styles were classified as O'Neill Blue*	82% of O'Neill Europe styles were classified as O'Neill Blue* (note the minimum requirement for classification increased in 2022).	With new sustainable material criteria introduced in 2023, the goal for 2025 is to ensure 85% of our collection meets the new criteria*.	90% of our collection adheres to full product weighed sustainable material criteria.
	*O'Neill Blue refers to the standard of materials that must meet the criteria described in the Preferred Material List. 2021: To qualify, the clothing and accessories main fabric composition must include at least 40% of these preferred materials. 2022: To qualify, the clothing and accessories main fabric composition must include at least 50% of these preferred materials. 2024 onwards: To qualify, the entire product composition is weighed, and the full product qualification must demonstrate a minimum use of 30% preferred materials.				
SUPPLY CHAIN		Training: Various internal training on sustainable sourcing, including purchase practices and buyer-supplier relationships.	Training: Kick-off training of the Common Framework of Responsible Purchase Practices.	MSI: Continuous collaboration in Multi-Stakeholder Initiatives to improve our value chain on topics such as access to remedy resource improvements.	MSI: Continuous collaboration in Multi-Stakeholder Initiatives to improve our value chain on topics such as access to remedy resource improvements and a living wage.
		MSI: Signed the International Accord.	MSI: Actively participated in Multi-Stakeholder Initiatives, which support our risk analysis.	Health & Safety: Ensure everyone in our value chain has access to clean water, sanitation, and a safe work environment.	Health & Safety: Ensure everyone in our value chain has access to clean water, sanitation and a safe work environment.
		Beyond-auditing: Kick-off beyond audit KPIs on our supply chain platform.	Beyond-auditing: We acquired more data points in the beyond-audit KPIs on our supply chain platform.	Decent work: Ensure everyone in our value chain has access to a contract and equal benefits and is not exposed to forced labour or corruption.	Decent work: Ensure everyone in our value chain has access to a contract and equal benefits and is not exposed to forced labour or corruption.
			With this data, we will perform a further assessment to increase our product traceability.		
				Living wage: Work towards an industry-wide agreement on regional living wages.	Worker involvement: Work on improving of the current access to remedy systems to support and empower worker voices.
				By 2025 we aim that 30% of our suppliers have set up a roadmap to ensure fair share* payment.	
					Living wage: Work towards an industry-wide agreement on regional living wages. By 2030 we aim that 60% of our suppliers have set up a roadmap to ensure fair share* payment.
	*Fair share refers to direct and indirect labour costs – these are non-negotiable between supplier and buyer.				
TRANSPARENCY & TRACEABILITY	 	Signed Transparency Pledge.	We acquired more data points in the beyond-audit KPIs on our supply chain platform.	100% of styles traceable Tier I-II.	100% transparency Tier I
	 	Launched Worldfavor supply chain transparency platform.	With this data, we will perform a further assessment to increase our product traceability.	100% key preferred materials traceable and certified.	100% transparency Tier II fabric suppliers & processes.
	 	100% transparency Tier I. > 90% visibility Tier II fabric suppliers. 75% visibility Tier II processes.			
CIRCULARITY		Project O' launch.	Project O' campaign.	Develop product circularity re-design initiatives.	Further circular product solutions to reduce our waste stream to a minimum and create collections made with renewable, recycled and/or recyclable fibres.
		O'Neill Sur+ expanded.	Continued O'Neill Sur+.	Continued collaboration with TU Delft Industrial Design and their Circular Design Lab.	Expansion of product longevity services such as repair to other regions.
		Continued collaboration with TU Delft Industrial Design and their Circular Design Lab.	Continued collaboration with TU Delft Industrial Design and their Circular Design Lab.	Product longevity initiative.	
PACKAGING		ECOM BOXES: Made of 100% FSC-certified recycled carton	ECOM BOXES: Made of 100% FSC-certified recycled carton	Our packaging is reusable and/or recyclable.	
		ECOM BAGS: Contains 80% recycled plastic	ECOM BAGS: Contains 80% recycled plastic		
		RETAIL SHOPPING BAGS Contains 40% recycled plastic	RETAIL SHOPPING BAGS: Contains 40% recycled plastic		
		PRODUCT POLYBAGS: Contains 50% recycled LDPE	PRODUCT POLYBAGS phasing out: Contains 50% recycled LDPE From 2023 PRODUCT POLYBAGS: Made of 100% recycled LPDE From 2023 in selected regions: RETAIL SHOPPING BAGS: Made of 100% FSC-certified recycled paper		

OUR WAY OF WORKING



OUR WAY OF WORKING

POLICIES AND GUIDELINES

O'Neill Europe commits to operating responsibly, trustfully, transparently, fairly, and with respect.

Mutual trust and partnership are vital in improving fair wages, social dialogue, and workers' rights. As roughly 20.000 people across 11 countries contribute to manufacturing our products, advocating for fair working conditions in the O'Neill Europe supply chain and building long-term relationships with our suppliers, manufacturers, and other partners are key to achieving our commitments.

Our way of working should reflect the above throughout our policies, guidelines, and day-to-day communication with suppliers. We continue proactively joining various Multi-Stakeholder Initiatives with whom we can directly impact change.

AN OVERVIEW OF OUR POLICIES

O'NEILL EUROPE HQ	OUR SUPPLIERS	OUR MATERIALS
Staff handbook	Code of Conduct	Sustainability Criteria guidelines
Code of Ethics	Responsible Exit Strategy policy	Preferred Material List
Inappropriate Behaviour protocol	Child Labour policy	RSL & MRSL
Gift & Hospitality policy	Forced Labour policy	Packaging guidelines
Alcohol-, Drugs and Medication policy	Purchase agreements	Preferred Material List
Privacy policy		
Whistle-blower Regulation		

Our approach to responsible business conduct combines prevention and response (following our policies and procedures).

Our suppliers work with our Code of Conduct. All business partners must agree to the O'Neill Code of Conduct as it sets out the baseline for upholding our values and commitments. It refers to international conventions such as the UNGP's, OECD guidelines, the Children's Rights and Business Principles (Developed by UNICEF, the UN Global Compact and Save the Children), ILO conventions and recommendations, amfori BSCI principles, and values and regional relevant legislation.

In our general delivery instructions, we have made updates towards a two-way code committing and valuing our supply chain partnerships and insisting on both parties being respected.

Norms that cover areas such as human rights, labour standards, occupational health and safety, policies against corruption, and environmental practices form a key part of our Code. In some cases, they are addressed more specifically in additional policies and procedures.

In 2023 we will review our current Code of Conduct to combine all sustainability aspects in one sustainability commitment, which all our business partners will sign. We want to ensure respect for the environment and the human rights of the people whose work contributes to our business and good governance in all our business relationships and throughout our value chain.

Next to our Code of Conduct, we have additional policies that attend to specific risks within our industry.

Human rights and labour issues, environmental challenges corruption risks were identified as our industry's key sustainability risks. We address all these risks within our policies and purchase agreements.

The staff handbook, Code of Ethics, and its additional policies and procedures outline our internal approach to responsible business conduct for our O'Neill Europe HQ personnel.

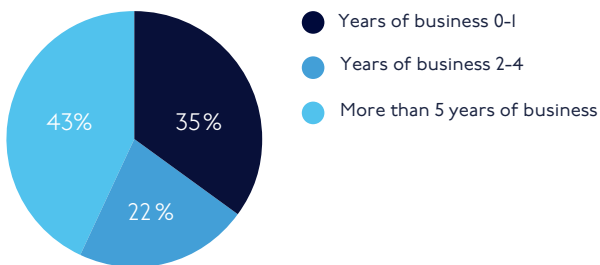
These are reviewed and updated regularly—more on this in the Our People chapter.

We strive to minimise the negative product manufacturing impact on humans, animals, and the environment. Next to production methods and practices, we look into the product development process from the moment we finish a design and share it with the nominated supplier.

SUPPLIER RELATIONS

We have long-term partnerships with a significant share of our suppliers. By 2022 we've been with nearly half of our business partners for an average of five years or longer.

LONG-TERM RELATIONSHIP WITH OUR SUPPLIERS



We make improvements through broad and thorough data collection on each country of production in combination with open supplier dialogue and cooperation.

By tracking our allocation share per country, we gain substantial knowledge of our leverage, which 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. (See Our Supply Chain chapter for more).

As we go through our challenges, we face adverse impacts in countries where we produce our goods that need our direct attention. We strive to be a fair and reliable business partner by building long-term relationships based on mutual trust and respect, which are key to improving social dialogue, workers' rights, and fair wages.

We encourage and value it when our suppliers take the initiative to improve working conditions and reduce environmental impact—we believe this is a more sustainable way to approach our supply chain.

SUPPLIER ONBOARDING

We carry out our business partner selection process with the utmost care and onboard them through various steps carried out by different departments in our organisation.

We seek partners who share the same ethical and environmental values as O'Neill Europe and constantly strive to grow and reach 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, we require their latest audit for check and approval. Once everything is confirmed and the collaboration is established, we onboard our partners to our supply chain visibility platform. Afterwards, they must fill out various questionnaire packages for us to further track their status on different social and environmental topics beyond the auditing scope.

TRANSPARENCY

Transparency is essential to our responsible business conduct strategy, helping us react quickly, responsibly, and effectively. It is also a tool to prevent adverse impacts in our value chain.

In February 2021, O'Neill Europe signed the Transparency Pledge (transparencypledge.org) and published the details of our TIER I manufacturers on our website. In 2022, we expanded this listing with TIER II manufacturers.

Any improvement points 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 opensupplyhub.org, where any overlap with other brands and retailers

is visible. In case of misconduct, brands can contact each other and take joint action.

Our progress

In 2022, we did not receive reports through any of the grievance mechanisms we have a connection to.

The workers' helplines at various factories in our supply chain also received no calls.

We have not received any reports or confirmations of corruption cases, legal anti-competitive behaviour actions, breaches, or privacy complaints.

- 81% of the HQ employees took the updated GDPR training.
- 75% of the HQ Product Team is part of the ongoing Responsible Purchase Practice training.

TRAINING

Responsible purchasing practices support mutually beneficial relationships, laying the foundation for a resilient and just value chain and improved workplace conditions.

Adopting a responsible stance on purchasing contributes to suppliers' ability to plan production effectively, manage working hours, pay workers fairly and invest in improving labour conditions, which in turn helps to boost productivity, stabilise suppliers' workforces and build resilience in supply chains.³

As part of our due diligence, O'Neill Europe continuously reviews its purchasing practices and looks for improvements. For example, those could be structural improvements to existing procedures or additional temporary practices that fit a supplier's current situation.

Improved purchasing practices will contribute to preventing harm and facilitating both social and environmental advancements in the supply chain. An open dialogue with the supplier is essential for this practice. Local parties' involvement, like work representatives, unions, and NGO's,

³ Common Framework for Responsible Purchasing Practices (CFRPP) January 2022.

supports and facilitates the process for both factory management and workers. Also, Multi-Stakeholder gatherings, webinars (i.e. SER, OECD, RVO, Modint and others), and amfori training further support monitoring and improving our practices where possible.

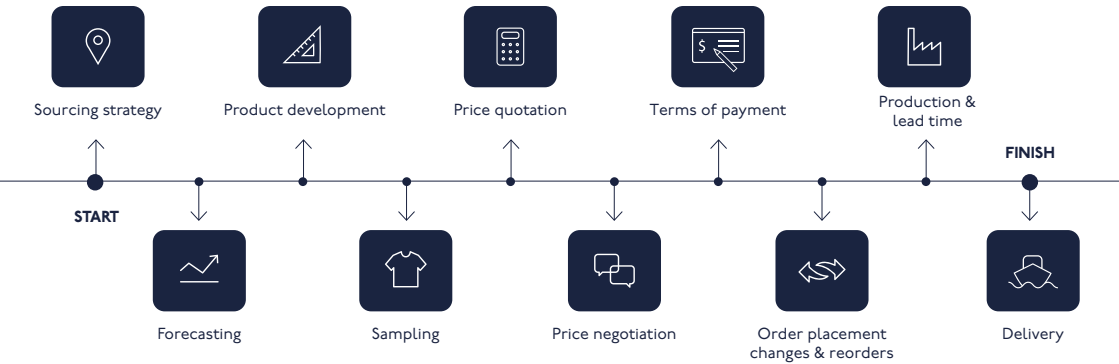
Since September 2022, we have been part of a group of companies in a peer-learning environment called the 'Learning and Implementation Community' (LIC). Apparel retailers and brands from a wide range of countries, including Belgium, Germany, the Netherlands, Norway and the UK, are involved in online interactive workshops, including discussions and problem-solving with suppliers.

The LIC will develop resources, including guidelines, case studies, tools, and video resources, to be widely shared so that other companies and stakeholders can benefit from the community's learning.

Next to participating in the learning community, we strengthen our internal guidelines and supply chain buying influences. 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.

We will continue monitoring our score through the self-assessment tool to gain insight into supplier data regarding purchasing practices and improvement opportunities. Addressing these issues can generate clear business benefits, including higher worker engagement, reduced absenteeism and increased productivity, and better planning, which can drive greater efficiency, improved workplace conditions, reduced overtime hours, and improved quality and delivery.

Cross-functional internal meetings are an essential part of our process to ensure CSR sourcing-related topics are addressed.



Our partners

Learning and Implementation Community (LIC) on Common Framework for Responsible Purchase Practices (CFRPP)

We are participating in the Learning and Implementation Community (LIC), organised by the MSI Working Group on Responsible Purchasing Practices, which uses the Common Framework for Responsible Purchasing Practices (CFRPP) as a reference point. About 35 garment brands, together with supply chain partners, are joining together regularly for 2 years, with the aim of implementing practical changes to purchasing practices, in order to give scope for improved supply chain working conditions.

For more information click [here](#).

STAKEHOLDERS

O'Neill has an ongoing dialogue with the stakeholders that have an impact or are impacted by our business.

Our stakeholders are customers, employees, the board, suppliers, manufacturers, local authorities, non-governmental organisations (NGOs), other fashion brands and policymakers.

Stakeholder dialogue occurs in many different forms, from daily contact to annual surveys, providing an insight into our sustainability issue risk prioritisation, stakeholders' confidence in our sustainability work, and potential opportunities and challenges for our future work.

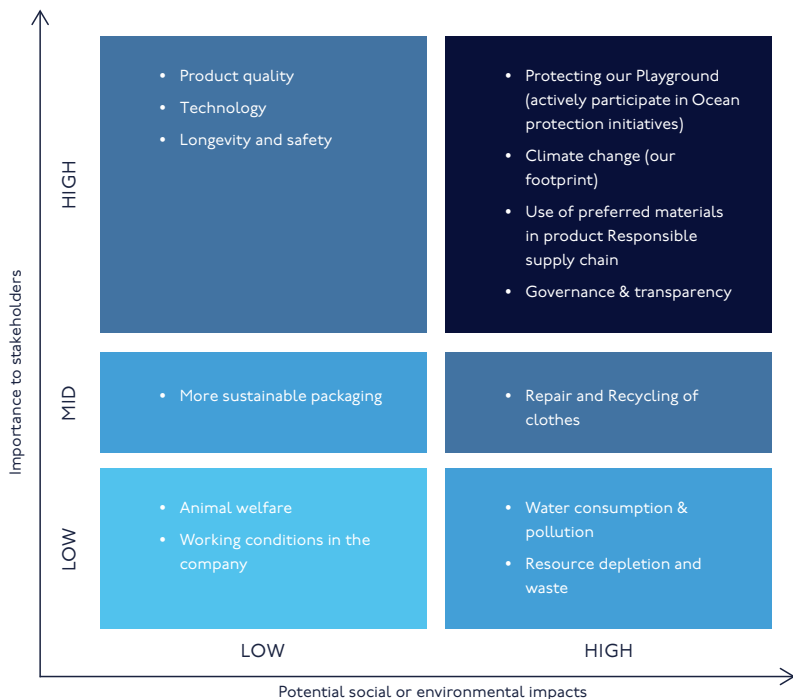
We thank our stakeholders for the valuable dialogue.

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 commit to growth and improvement. A cross-functional team at the O'Neill Europe HQ drives sustainability initiatives and raise employees' awareness.	Sustainability communication, internal activations, and employee training.	Townhall meetings, work council, management and board consultation, internal information page.	Weekly
AGT AGENDA ITEMS	Through yearly assessment due diligence monitoring.	A new industry agreement dev. (Our closing rating surpassed the 2021 min. req's 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	We support students in their education. We strive to be an attractive employer.	Internships and master's degree positions support. We drive design challenges as part of the university curriculum.	Research and innovation projects	Frequent
LEARNING IMPLEMENTATION COMMUNITY (LIC)	Integrate responsible purchase practices	Sourcing practices	(Digital) meetings with the MSI within the LIC, Product team, etc.	Bi-monthly

MATERIALITY ANALYSIS

Based on our stakeholder dialogue and external monitoring, we set up our materiality analysis to identify our priorities regarding key impacts, risks, and opportunities.

MATERIALITY ASSESSMENT



By having a dialogue with stakeholders such as trade unions, NGOs, suppliers, and our direct colleagues and conducting desk research from various sources, such as industry research and historical data, we have determined the materiality topics on their potential and the level of importance to the stakeholders.

With these materiality topics, we have identified priorities, critical impacts, risks and opportunities.

See our appendix for a complete description list of these materiality topics and the related Risk assessment.

RISK ASSESSMENT

Under the UN Guiding Principles, companies are expected to prioritise and address salient risks first. The OECD guidance documents define actual and potential impacts on environmental and social issues. Each risk area, as determined in the materiality analysis, is reported, and a summary of any salient risks is provided.

See appendix for risk assessment summary.

OUR PRODUCT



OUR PRODUCT

MAKING BETTER PRODUCTS

We strive for continuous product improvement and innovation while minimising our environmental impact. We steadily increase the share of preferred materials in our collection while keeping sight of the final garment quality.

Understanding that “oil-based polyester accounts for about 50% of fibre production, and cotton, which is reliant on large volumes of water, land, fertiliser and pesticides, contributes another 25%”⁴, sourcing more sustainable materials, such as those that are recycled, recyclable, regenerative and/or sourced responsibly, is a critical element in our aim to reduce and minimise the environmental impact of our products.

In 2015 we launched O’Neill Blue. O’Neill Blue refers to the standard of materials that must meet the criteria described in the Preferred Material List. To qualify, the clothing and accessories’ main fabric composition must include a minimum of these listed materials.

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

We continuously raise our requirements for product materials, classifying more styles as O’Neill Blue each year. We are proud of this achievement, and it is a measurable testament to our ongoing journey towards more responsible design.

⁴ McKinsey & Co. State of Fashion [2023 report](#) of Business of fashion and McKinsey & Company .

Additionally, we started working with a new colour system, Coloro. It is enhanced in material-specific recipes, resulting in fewer development trials to achieve the desired colour matching, significantly improving development time and reducing the number of trials and the required resources for each trial.

Gender connectivity across our collections has been another focus of improved efficiency with impact reduction goals; we have aligned Women's and Men's colour cards and reduced our colour options, resulting in minimised colour development needs. Also, more fabrics have been aligned across genders for supply chain efficiency purposes, supporting our supplier's forecast and capacity planning.

In 2022 we qualified 82% of all produced products as O'Neill Blue. (This includes the products that are in our seasonal collections of FW22, SS23, Never Out of Stock, and our May-delivery Bag collection).

Our industry is approaching a tipping point.

Consumers seek more sustainable options and, in particular, younger consumers are ready to pay a higher price for a product that meets their sustainability-focused demands and reflects their values. Furthermore, a changing EU strategy on how we address sustainability in relation to products pushes us to evolve further.

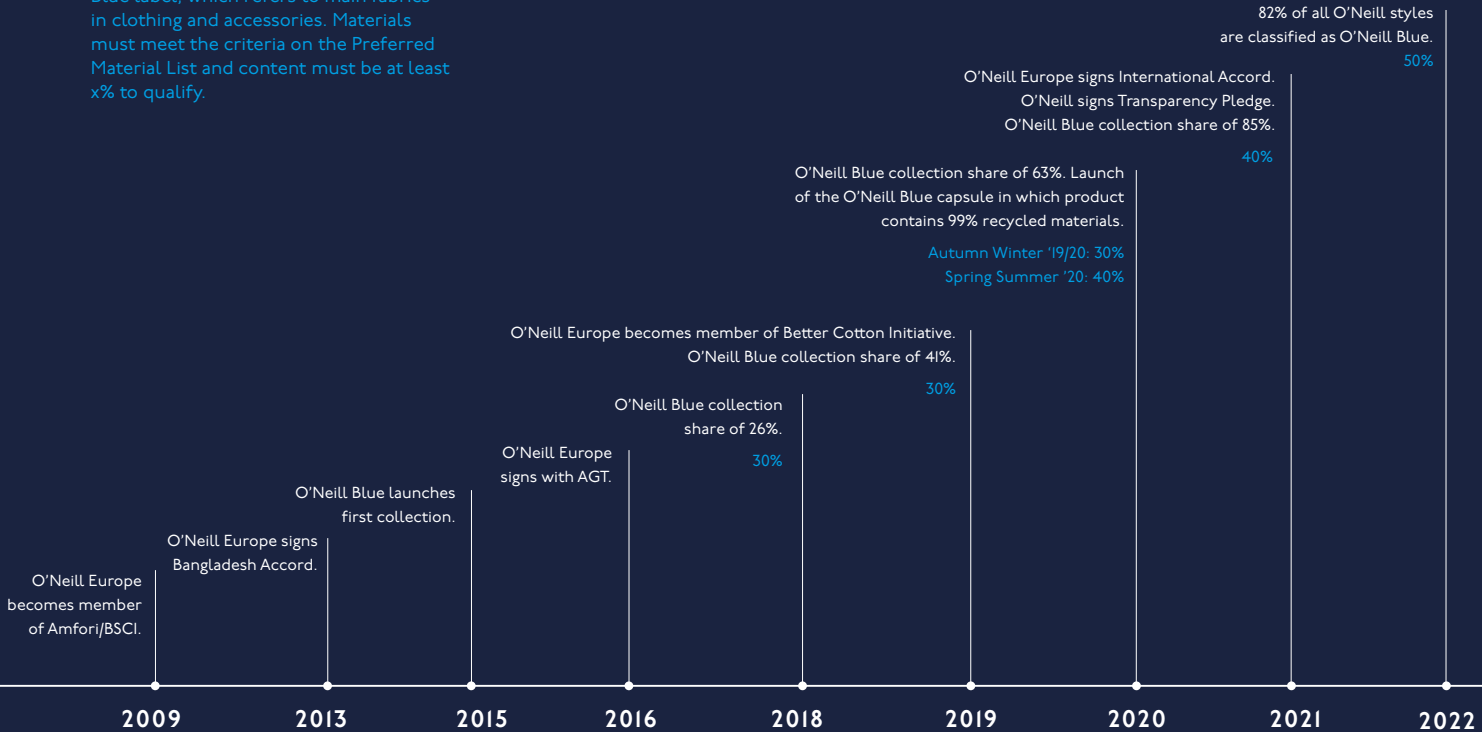
We reached our goal where O'Neill Blue criteria have become product standard for O'Neill Europe's collections; nearly the entire collection meets this standard, and only a few styles fall outside the classification due to restrictions related to, for example, construction, quality and/or minimum order quantity.

Preferred Materials and their minimum required amount in our product are no longer a differentiator between products in our collection, as nearly all products classify as O'Neill Blue. We proudly state that this is the overall O'Neill Europe product standard.

Next, we will raise the bar again internally and start to weigh the total share of preferred materials in each product.

O'NEILL BLUE TIMELINE

- 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.



TEXTILES BY **BYBORRE**[®]

O'NEILL < > BYBORRE[®]:

A PARTNERSHIP THAT COMBINES INNOVATIVE STYLE WITH AVANT GARDE FABRICS

Northern Californian surf brand **O'Neill** partners up with Amsterdam-based textile innovation studio **BYBORRE[®]** for a limited-edition collection.

By using recycled materials and bespoke production techniques – like circular 3D knitting machines and custom textiles made from the yarn up – O'Neill x BYBORRE capsule is created and fully produced in Europe. The functional products of this collaboration stand out with their original construction and unique black-and-white graphics, showcasing the efforts in sourcing materials and combining recycled waste components with new ingredients.

“For over 70 years, O'Neill has challenged the surf industry by pushing the technical boundaries and innovative product design,” said Joffrey Delfgaauw, O'Neill Head of Buying & Design Snow, Outdoor and Active. “Together with BYBORRE[®] we used the same way of thinking to co-create an exclusive collection that represents both brands' identities”.

Outdoor-inspired and on the cutting edge of lifestyle trends, this capsule is made from BYBORRE[®]'s signature VALBY fabric, containing 72% RPET 3D knitted fabric coming from post-consumer plastic bottles. This textile is easy to care for, durable and UV resistant, as well as hard-wearing but relatively light for a 3D fabric.

Jeroen Panders, BYBORRE® Business Director: quote: “The collaboration between O’Neill and BYBORRE® is a perfect example of the power of combining diverse perspectives and expertise. By working together, these two companies have been able to create responsible products that combine the best of both worlds. Our partnership is a testament to the idea that collaboration can lead to greater success and impact than working alone.”

In this collection, BYBORRE®’s mission to inspire and enable an entire generation of creators to make less but more meaningful and responsible products meets O’Neill’s objective of being the leading surf brand globally through innovation, sustainability, style and tech. The result is a custom-made textile creation.

PREFERRED MATERIALS

The challenge

As the industry benchmark indicates, the most significant part of a product's environmental footprint, including carbon emissions, chemicals, water and energy consumption, comes from fabric and raw materials production.

By focusing our efforts on this stage of the product lifecycle, we can take steps to decrease our impact on the environment and include consumers in this positive shift.

Despite some progress in this field, our industry is still struggling to scale some critical innovations supporting further advancements in various sustainability fields of our products, from raw material and farming/ harvesting to final processing and the final stages of post-consumer textile collection for circular recycling solutions.

Our commitment

Our choice of materials determines a large part of the overall product impact on the environment. We are committed to ensuring that all raw materials used in our products are grown and manufactured responsibly to preserve resources and respect human and animal rights.

We closely follow any new data and research that becomes available, and if relevant, we shall adjust our Preferred Materials List accordingly.

At O'Neill Europe, we develop products and select materials for long-term usage. Several quality tests are conducted at internal and external accredited laboratories to ensure that the quality of our products meets our expectations and complies with applicable laws.

Our suppliers are committed to following O'Neill Europe's quality standards and requirements and the Restricted Substances List. We conduct a risk analysis based on product category, material, finishing and

treatment, production market and the supplier's past performance. These products are then tested at third-party accredited laboratories.

Our casual products undergo several washes and are checked for shrinkage, twisting, colour fastness, shape and appearance after washing. Abrasion tests are performed to scan for pilling tendency.

Our performance products are checked randomly on water repellency and air permeability, and in the case of faux down jackets, we test the filling material penetration resistance.



POLYGIENE
FRESHNESS

We launched our partnership with Polygiene® in 2021. Polygiene's odour-control technologies keep your products fresher for longer. Hence, you don't need to wash the product that often – saving water and energy and enhancing the garment's lifespan.

How it works: Polygiene StayFresh™ technology, based on silver salt/silver chloride, inhibits the growth of odour-causing bacteria in textiles, thus eliminating unpleasant odours at the source. Polygiene OdorCrunch™, based on sand (silica) and Swedish water, absorbs any environmental odours trapped in your garment. Both technologies are Bluesign®, and Oeko-tex® Eco Passports approved. Products treated with the Polygiene® technologies are recyclable.

Wear more, wash less and make a difference.

Our progress

In 2015, we developed the initial O'Neill Blue materials classification that later evolved into the official Preferred Materials List we work with today because all materials used in and for our products require natural resources. This Preferred Materials List aims to guide our product team in

their choices as we look to reduce the overall product impact. We update our list yearly, incorporating updates on the existing materials and new material alternatives and innovations.

The list is based on data and research from several reputable organisations, including Higg Materials Sustainability Index (MSI) and Made By's Environmental Benchmark for Fibres. We aim to maximise this list's material usage while ensuring product durability and performance are not compromised.

Recycling benefits are debated due to the energy intensity of the process and its linear setup. We mark recycled materials as preferred since it supports the reduction of waste material and, according to research, "delivers better environmental outcomes across both GHG emissions, water depletion and land use".⁵

Closed-loop recycling is one of the more critical methods our industry can use to reduce its environmental impact. However, whilst this system still needs to scale up to be largely effective and usable, it already shows promise to limit virgin raw material production and reduce textile waste. We closely follow the developments (and the availability) towards closed-loop recycling solutions.

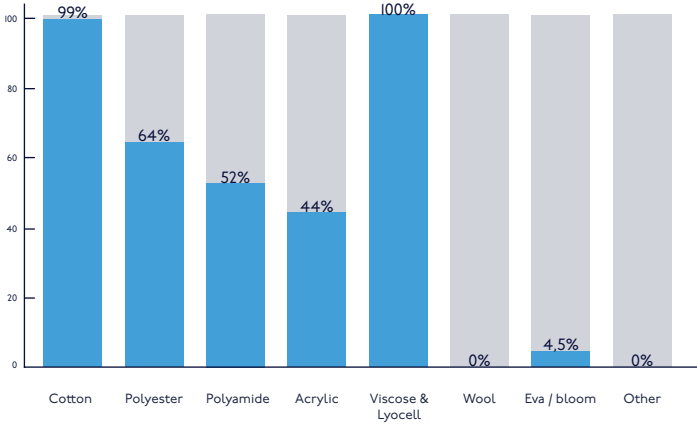
Another issue with using synthetics in our materials is the release of microplastics. Read more on this in the chapter on synthetic fibres.

In the chart on the next page, you can see our current status on our journey to replace conventional fibres with more sustainable options.

(By more sustainable options, we mean that the raw material in question comes from an organic, renewable or recyclable source and that the fibre is cultivated or produced using methods that have less of a negative impact on nature's resources compared to conventional alternatives – as per our Preferred Material List indications).

⁵ [Global Fashion Agenda, Scaling Circularity, November 22 2021.](#)

TOTAL - PREFERRED MATERIAL SHARE PER FIBRE



Our roadmap

Material innovation is rapidly evolving, and we are in close contact with industry pioneers who support us with conventional material alternatives that either do not shed microplastics or biodegrade better and faster than others.

Some of these innovations are still in the testing or certification process and, therefore, remain currently unavailable. We remain close to these innovators and hope to implement innovations in our future collections. In addition, we are constantly looking at our products, redefining what is essential for the consumer and how they can benefit from our designs. We re-examine our products and, when available, replace some parts with new solutions that decrease footprints.

Next to material use, using chemicals, water and energy in our production stages is part of a product's environmental footprint, especially during the dyeing and finishing stages.

From 2023 we have implemented an updated Sustainability Criteria Guideline for our Product teams. The team can make better, more responsible sourcing decisions with this guideline. They will understand required material certifications and have guidance on how to weigh and measure the entire product's share of present Preferred Materials. With this tool, they have more visibility on where there is room for improvement and possibilities for better choices, and with that, they can source smarter for these innovations.

O'NEILL PREFERRED MATERIALS LIST

1. BEST

COTTON

COTTON (recycled*)
COTTON (post-consumer textile recycled*)

SYNTHETIC FIBRES

POLYESTER (post-consumer textilerecycled*)
POLYAMIDE (post-consumer textilerecycled*)

RE-USE/UPCYCLE ALTERNATIVES

DEADSTOCK / LEFTOVER MATERIALS
*verification required

2. BETTER

COTTON

COTTON (organic**)

MAN-MADE CELLULOSE FIBRES

LENZING™ MODAL / LYOCCELL VISCOSE
*Lenzing™ verification letter required
LYOCCELL SEACELL LT™
*SMARTFIBER verification letter required
LIVAECO by Birla cellulose
*GreenTrack™ verification letter required

SYNTHETIC FIBRES

POLYESTER (recycled* PET bottles)
- non-branded
- REPREVE® (Unifi)
POLYESTER (mechanical recycled*)
POLYAMIDE (mechanical recycled*)
- non-branded
- REPREVE® (Unifi)
REGENERATED POLYAMIDE
- ECONYL® (Aquafil)
ACRYLIC (mechanical recycled*)

3. PREFERRED

COTTON

BETTER COTTON INITIATIVE

MAN-MADE CELLULOSE FIBRES

PAPER
*FSC verification/certification required

SYNTHETIC FIBRES

ELASTANE (pre-consumer recycled*)
BLOOM™ EVA

ANIMAL FIBRES

RESPONSIBLE WOOL*** (SHEEP)

4. OTHER CONVENTIONAL FIBRES

SYNTHETIC FIBRES

CONVENTIONAL POLYAMIDE
CONVENTIONAL POLYESTER
CONVENTIONAL ACRYLIC
CONVENTIONAL ELASTANE
EVA (ETHYLENE-VINYL-ACETATE)
PE (POLYETHYLENE)
TPU (THERMOPLASTIC POLYURETHANE)
PU (POLYURETHANE)

5. DO NOT USE (Unless <20% of content)

COTTON

CONVENTIONAL COTTON

MAN-MADE CELLULOSE FIBRES

CONVENTIONAL VISCOSE

ANIMAL FIBRES

CONVENTIONAL SHEEP WOOL****

NOT USED IN COLLECTION

ANIMAL FIBRES*****

DOWN FEATHER (O'NEILL EUROPE IS DOWN-FREE SINCE 2017)
CASHMERE / MOHAIR / ALPACA
LEATHER

BANNED

SYNTHETIC FIBRES

PVC

ANIMAL FIBRES

FUR (O'NEILL EUROPE IS A FUR FREERETAILER SINCE 2012)
ANGORA / RABBIT / LAMA / YAK SILK
ANY LEATHER FROM EXOTIC ANIMALS

*RECYCLED FIBRES require GRS certification

**ORGANIC FIBRES require GOTS & TC certification

***WOOL FIBRES require RWS certification - in case of Organic Wool, GOTS certification required additionally

****CONVENTIONAL WOOL goal has been specified, from 2025 all wool must be certified RWS

*****If in future any of these fibres are used, certification is mandatory (Downfeather RDS - Leather LWG - Cashmere GCS - Mohair RMS - Alpaca RAS)

COTTON

Our commitment

We use cotton material for 42% of our garment designs; therefore, we have committed 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)

Our roadmap

Traceability and transparency are critical elements in the cotton industry. Better Cotton Initiative is our main partner for cotton, and we support their journey towards traceability. Better Cotton Initiative has mapped out its journey towards country traceability by Q4 2023, up to 2030 traceability at the farm level.

With all cotton sources, we require transparency and certification to gain insight into the chain of custody. For the coming five-seven years, we set a goal of full cotton traceability.

Our partner



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

O'Neill supports the BCI mission by contributing to increased farmer knowledge and skills, improved farming practices, creating a global community to share best practices, and encouraging continuous improvement. The BCI program consists of 7 principles:

- BCI Farmers minimise the harmful impact of crop protection practices.
- BCI Farmers promote water stewardship.
- BCI Farmers care for the health of the soil.
- BCI Farmers enhance biodiversity and use land responsibly.
- BCI Farmers care for and preserve fibre quality.
- BCI Farmers promote decent work.
- BCI Farmers operate an effective management system.

See bettercotton.org/learnmore for details.

SYNTHETICS FIBRES

The challenge

Besides certified cotton and man-made fibres, recycled polyester from PET bottles is the only material with a significant scale of availability. There are several environmental benefits to using recycled polyester instead of virgin polyester, originating from oil. Manufacturing recycled materials requires less energy and reduces greenhouse gas emissions and chemicals. Additionally, waste is diverted into new usable materials. Many other industries widely use recycled polyester, too, often in a closed-loop system, which is perceived as more sustainable. In the textile industry, recycled polyester fibres are commonly used in a material blend and not recycled again.

When it comes to synthetic materials, shed microplastic is the biggest challenge. In the last few years, more research has become available on the subject, and the scale of this problem has become clearer.

Microplastics are found in our water streams, food, and even our bloodstream. The textile industry is, amongst others, a contributor to the problem, and as an industry, we are responsible for being part of the solution.

Our commitment

Currently, the creation of recycled polyester is a linear recycling system using post-industrial waste. We strive to move to a closed-loop recycling goal, which depends on our industry's available technology and infrastructure developments. Once pre-and post-consumer waste becomes more readily available, we plan to include it as raw material in our recycled content products as part of our circular strategy.

Textile-to-textile recycling as a closed-loop solution is expected to be "applied between 18-26% of gross textile waste in Europe in 2030".⁴

Our progress

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

Our roadmap

In 2022, 90% of our polyester-made products were produced with recycled polyester (including REPREVE®). It is a significant increase from last year as we started using recycled polyester in our bikini linings.

Of all garments made with polyamide, 42% were made with recycled polyamide (including ECONYL® and REPREVE®).

As a brand with a broad range of outdoor and snow outerwear, we work with different types of insulation in our products. In 2022, all our insulation consisted of at least 96% recycled content (measured in

weight). By 2025, all our insulation will consist of 100% recycled content.

We are currently looking at our processes to find ways to minimise microplastic impact. We are investigating new materials—alternatives for functional synthetic materials that promise less or even zero microplastic release. Moreover, increasing the share of recycled materials in our fabrics will also minimise microplastics to some extent, as most shedding occurs in the material's virgin state. We are investigating these alternatives and awaiting testing and certification results. When we feel confident about the materials, we will look at replacing existing materials with these innovations in our future collections.

Our partners



Through our partnership with ECONYL®, nylon waste (from recycled 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.



REPREEVE® 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.

MEN-MADE CELLULOSE FIBRES

Our commitment

Viscose is made from cellulose, also called regenerated cellulose fibres, made from wood fibre pulp. This renewable source 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/cellulose fibres is to ensure that the raw material derives from sustainably managed forests and that chemical management and water use in the fibre production process take place responsibly to protect biodiversity and the climate from which the raw material comes.

Our progress

100% of our garments made with man-made cellulosic fibres are sourced through our listed below partners.

Our roadmap

We have committed ourselves to only working with the branded fibres listed below to guarantee the use of more responsible raw material resources.

Each year, we aim to increase the use of these fibres as an alternative to other conventional fibres.

Our partners

Viscose (LivaEco by Birla Cellulose™)

Birla Cellulose's Branded fibres are derived from natural, renewable resources and manufactured through a stringent EU Best Available Technique (EUBAT) compliant to closed-loop process. They can be traced to their origin, contributing towards a greener and more ethical environment.

Fabrics and garments made with Livaeco™ are soft and comfortable and drape beautifully.

Modal (Lenzing Modal™)

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

Lyocell Seacell™

Real seaweed is permanently embedded into the fibre during the spinning process of the Lyocell/viscose fibre. The base is the Lyocell or viscose manufacturing process using cellulose (wood pulp), typically 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 processed liquids and water are recycled and reused.

ANIMAL WELFARE

Our commitment & progress

Although O'Neill Europe only has a few styles containing materials of animal origin, like sheep wool, we have set strict animal welfare standards in our purchasing requirements and animal welfare commitment. When animal materials are sourced, next to the required standards, we insist on all animals being cared for in accordance with the EU principles' "Five Domains" for animal care.

Even though some of the following animal materials have not been used in the latest collections, strict certifications apply in case any of these materials are featured in future collections.

Some commitments in more detail:

- Down and feathers: Although we do not have products with real down or feathers, these products must be Responsible Down Standard-certified, ensuring the farms are under close control and there is no force-feeding or live-plucking of down and feathers. We have been down-free since 2017.
- Leather and bone: For leather and bone products similarly, certification is strictly required. In the case of using these materials, all leather and bone products should be a by-product of the food industry and must be certified by the Leather Working Group.
- Other wool and hair fibres: For the following animal types of wool and hair, we require the corresponding certification: Alpaca, Cashmere, Mohair, and Merino.
- Sheep wool: By 2025, we have committed to accepting only non-mulesed wool. All virgin wool we use should be certified on the yarn level according to the Responsible Wool Standard (RWS) or an equivalent standard to guarantee this.
- Merino: We haven't used Merino wool in our products for many

seasons. If we use Merino wool in future collections, we will only accept the RWS-certified Merino wool or an equivalent.

The following animal fibres are banned:

- By signing the Fur Free Retailer in 2012, we have strengthened our commitment to banning fur.
- We do not use materials derived from endangered animals
- Exotic animals' leather is banned in our production.
- We ban the usage of angora, rabbit, lama, yak, silk fibres, and exotic animal leather. Our collections do not use cashmere, mohair, alpaca and leather.

Same as in 2021, in 2022, we had six styles containing materials of animal origin, representing 0.06% of our total collection. In the composition of these products, a maximum of 28% wool was used.

Our roadmap

Our Product team verifies any sourced wool to ensure the animal welfare commitment is kept. We prefer to produce with certified wool only, and we have set a hard deadline for using only certified wool by 2025. RWS ensures that animal welfare standards are upheld and verifies responsible management of the sheep's grazing land.

BLOOM

In 2022, we continued using an alternative material in some of our sandal footbeds: BLOOM™ algae biomass is a natural component added to the existing base Ethylene-vinyl acetate (EVA).

The harvesting of algae is said to have a lower environmental impact. BLOOM™ reclaims harmful algae blooms and turns them into something useful. This process cleans water, lessens CO2 pollution, and restores aquatic habitats.

Products containing BLOOM™ materials are certified via the BLOOM™ certification process. See their [website](#) for details.

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 required to grow food.
- Algae blooms are a significant, 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 to combine algae biomass with base polymers to make resin pellets as sustainable consumer product ingredients.

WET PROCESSES

Our commitment

We work by a Restricted Substances List, which our suppliers indirectly commit to when our supplier signs our Code of Conduct. Some of the included requirements are responsible water and waste management and the use and restrictions of certain chemicals.

With the agreement terms in place, we commit to improving and gaining further visibility in the wet-processing areas with the highest environmental impact.

What is the difference between waterproof and water-repellent textiles?

Let's clarify the technical difference between waterproof and water-repellent textiles. These terms are usually used synonymously, but there is a big difference, primarily when referring to staying dry in certain weather conditions.

Here's the significant difference between a waterproof and a water-repellent garment: when a water-repellent garment is exposed to rain for a longer period or to certain other weather conditions, you will most likely get wet. In a garment made of waterproof textiles, one should stay dry, however long and in any conditions.

How do you choose whether you need a garment/accessory with water repellent finish or waterproof?

Water-Repellency

A Durable Water-Repellent (DWR) coating is applied to the outer shell of all O'Neill outerwear products. DWR is an invisible water-repellent finish specifically engineered to prevent the fabric from absorbing moisture. DWR coating increases the fabric's surface tension; therefore, moisture

cannot accumulate and penetrate the garment's outer surface. Instead, it forms droplets that roll off the garment's surface.

Good to know: if the exterior-face fabric of your waterproof product gets saturated with water when exposed to wet conditions for an extended time, the waterproof membrane should keep the moisture from penetrating and your base layers dry.

If your exterior-face fabric easily "wets out," your product's durable water-repellent treatment (DWR) has deteriorated or been contaminated with dirt or body oils. DWR helps shed water off the fabric and can be reactivated by exposing your outerwear to the warm temperatures of your dryer (your jacket must be clean for efficient reactivation in your dryer). After several years of wear and tear, the DWR functionality will gradually wear down. When this happens, DWR can be re-applied.

Waterproofing

When comparing outerwear, one of the most significant performance differences is a garment's waterproofing level, which primarily depends on the fabric. All waterproof fabrics have one thing in common—a thin membrane layer bonded to the face fabric, and the type of membrane determines the fabric's waterproofness.

The membrane acts like a one-way street. Microscopic pores allow your body heat and perspiration to exit the garment as water vapour, but the pores are too small to allow liquid water to pass through from outside. The membrane is breathable and waterproof by only allowing water vapour to move in one direction.

Lamination is applied to all O'Neill snow outerwear products and most O'Neill TRVLR products. You can recognise these styles by a 10K/10K or 20K/20K reference or our Gore-Tex range.

This waterproof lamination keeps you dry even in the harshest

conditions by preventing water from breaching the fabric's interior. Fabrics are rated for waterproofness using an industry-standard scale that measures how much water pressure a given fabric can withstand before the water drains through it. The waterproof ratings refer to the results of a water column test used to test a fabric's water resistance.

The minimum waterproofing level used by O'Neill is 5000mm/HH (Hydrostatic Head); our snow products start from 10,000mm/HH. (Note that the minimum required waterproof rating is 1500mm/HH for a garment to be classified as waterproof.).

The Hydrostatic Head refers to the pressure exerted by a column of water on top of a layer of fabric—the higher the HH figure, the higher the waterproof rating.

Waterproof versus Water-Repellency

A water-repellent treatment does NOT make your garment waterproof. A garment's water-repellent finish will reduce the ability of moisture to soak into a fabric's surface, thus preventing the outer layer from becoming sodden. However, once the fabric does become saturated, moisture can penetrate the fabric freely.

Meanwhile, a garment's waterproof layer prevents moisture from passing through the fabric. A garment boasting a high water-repellency rating will increase the garment's ability to prevent water from penetrating the outer surface. A good waterproof jacket generally keeps its owner comfortable and dry by combining a high water-repellency rating and advanced waterproof coating.

PFC stands for perfluorinated and polyfluorinated chemicals, a group of industrially produced chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. In our industry, they are often used for water- and stain-repellent finishes; PFAS is another terminology used for these types of chemicals.

These chemicals bear risks to our environment and the people who work with them.

In 2018, we committed to using PFC-free finishes by substituting our water-repellent finish with a PFC-free alternative.

Note that our GORE-TEX® products are part of another journey. GORE-TEX® is implementing a highly innovative program. As part of its commitment to continuously improve the environmental footprint of its consumer fabric products while maintaining a high level of durability and performance, Gore Fabrics has set the goal of eliminating PFCs of Environmental Concern from the life cycle of its consumer fabric products. Please check their journey on their [website](#).

With the agreement terms in place, we commit to improving and gaining further visibility in the wet-processing areas with the highest environmental impact.

Our progress

We implemented the Restricted Substances List (RSL) more than 15 years ago and Manufacturing Restricted Substances List (MRSL) in 2019. We review these lists and, if needed, update them annually.

Our RSL is more detailed and stricter than what is legally required.

We do not use Polyvinyl chloride (PVC). We have replaced perfluorinated and polyfluorinated chemicals (PFC) 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 toxic) treatments, but, considering the use of the product and the environmental benefit of this less harmful alternative, we believe it is the best way forward.

Our roadmap

Based on Modint's RSL, we've developed a tailor-made RSL policy that includes some of our customers' additional requirements and stricter

requirements advised by the AAFA and German Fashion. With updated research by various parties across the globe and the development of more stringent EU legislation, we expect to update our RSL/MRSL to match these new standards soon.

Our partner

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 non-public information about the industry. We regularly attend Modint workshops and webinars on relevant topics such as corporate responsibility, chemicals, sourcing, and the safety of children's clothing related to cords, buttons, zippers, etc.

THE JOURNEY TOWARDS CIRCULAR DESIGN

Circularity influences the raw material choices as much as it does the final products we create and how they are used and cared for by our consumers.

The 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 of the need to transform our sector and move towards a new reality. A circular fashion system combines new business models with innovative designs, technologies, and materials, eliminating waste and pollution. It has the potential of a positive impact across the fashion value chain.

The Ellen MacArthur Foundation states that the circular economy is based on three principles⁶, driven by design:

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

The circular economy system described by Ellen MacArthur Foundation illustrates a continuity of materials and the required types of business models. The focus is on a system in which the product use is extended.. Each product gains more users over time and across different business models. Products continue to evolve beyond their initial purpose.

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

- Design & Manufacture

We know that a product's largest impact happens in this first stage, when we make the material choices and in the production processes the product goes through. Social and environmental

⁶ Ellen MacArthur. ["What is a circular economy?"](#) Ellen MacArthur Foundation.

impacts are substantial.

Therefore, we need to look at the following aspects: re-designing in our design process, eliminating unnecessary waste from our development process, what materials/processes can be replaced or left out, what product elements 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 lastly, how can we circulate materials and maintain our high qualitative standard.

- Consumer Use

By creating qualitative and durable products, including designing modular pieces that can be used for multiple occasions and seasons, we aim to extend the use of our products.

By supporting and educating our consumers about product care and life-cycle extension possibilities, we aim to inspire them to get the best out of their product purchases.

- Consumer Re-use

Re-use by offering repair solutions can inspire our consumers to further celebrate our product's longevity. For our wetsuits, we can redirect consumers to designated qualitative repair solutions. Read more on this in the textbox on page 60.

- Closing the Loop

We will continue exploring solutions that close the loop entirely for our products in future ranges and closely follow developments and evolving opportunities in our industry.

These principles are included in the product design and material choice at O'Neill to ensure possible product life extension. Some solutions for this include but are not limited to:

- Designing for recyclability.
- Using biobased materials.
- Using antibacterial finishes ensures a more durable product life cycle and minimises water and energy impact during use.
- Using our cutting waste or leftover materials into new products; O'Neill Sur+ program.
- Care & repair solutions.

The challenge

Closed-loop recycling is perceived as a central opportunity to reduce virgin material production and limit waste. In a closed-loop system, materials are recycled in constant circulation and used again as raw materials within the same material/product loop.

Currently, many of our recycled materials come from open-loop systems (i.e., PET bottle waste). While we re-use waste into new products, we aim to move towards more closed-loop recycling to reduce textile waste and keep it within our textile loop.

Our industry faces a challenge to achieving scale in these closed-loop processes. However, with multiple innovations and running pilots, we see the scaling of these systems in line with the EU Commission's EPR plans for 2025. We strive to include more closed-loop products in our future ranges.

Another challenge is the high amount of material blends in products. The fibre separation for closed-loop recycling is still complex and scarcely available. Many innovations at the forefront of accessibility offer promise for our future ranges: products and the required materials must be re-designed for a closed-loop recycling purpose.

Our commitment

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

An important part is to define the scope of what makes a product 'circular'.

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

All materials used in the product are either

- 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 the responsible product's end-of-life: recycle, reuse, or repair.
- We collect all required certification/test results/licences for the circular claim.
- Each component in the product must be tested according to ISO/ASTM relevant standards, and all test results shall be collected centrally.

We are at the beginning stages of our circularity journey and are excited about what will come.

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.

One can make the most of every product's life cycle by extending its lifetime through better product care, sharing and reusing it.

Working with students at TU Delft and London College of Fashion on various design challenges inspires us to envision the brand in the future.

Our roadmap

We continue exploring new circular innovation concepts by working with students of TU Delft and other third parties to expand our circular solutions to our consumers.

We will continue learning and researching regenerative material alternatives for our future collections.

REUSE, CARE, REPAIR AND RECYCLE

The challenge

Various systems are currently in place to collect used clothing and textiles. However, collection rates, and the type of schemes used to collect textiles, vary significantly between countries and from region to region within a specific country.

The challenge lies in the collection schemes often being voluntary and mostly focused on collecting clothing suitable for reuse, leaving other types of textiles and worn-out clothing unaddressed. As well, collection, sorting, and recycling systems are often fragmented.

Our commitment

Care & repair solutions are a great way to promote our product quality and longevity.

By being part of Extended Producer Responsibility (EPR) programs in different EU countries where we sell our products, we support the textile waste infrastructures of reuse and recycling. Hence, they become more economically viable whilst diverting textiles from landfills and incineration.

Product care is vital to technical product longevity. Our blog raises our consumers' awareness by recommending the best care for their product.

Focusing on the textile products' second life and creating awareness of textile products' use is a significant step toward reducing negative environmental impacts linked to pollution and greenhouse gas emissions.

We strive to encourage our staff and consumers to repair, reuse, donate and/or recycle their textile products.

We will follow the developments on the EPR in the different European countries and continue our cooperation with ReShare.

Our progress

Across Europe, we have preferred wetsuit repair locations, and our customer support team advises our consumers in search of a good repair shop. We aim to expand this service soon.

In 2022, we started collecting textile products at our HQ. We placed a ReShare collection bin at our office to collect used clothing, textile and shoes for the Salvation Army. These will then go through a sorting process to determine the next phase of purpose.

- Donations for emergency aid.
- Sell the products in their ReShare stores.

- Sell the products to their partners (both national and international); proceeds are going to Salvation Army projects
- And when the above does not apply, the products will be recycled at partners like Textiles2Textiles, who can turn textile waste into new material resources.

With this initiative, we support the Salvation Army with the circular approach to textile waste and people in a vulnerable position in the labour market in finding a workplace. (click [here](#) to read more)

We also donated 850 items from our winter Sample Sale to Studiezalen, an organisation in Amsterdam that supports kids from 8-18 years of age in their development, whether tutoring or supporting them with books and clothing needs. Jackets, sweaters and other winter items were collected and shared among the Studiezalen-connected families.

Our partner



ReShare is a part of The Salvation Army, a non-profit organisation and the global market leader in textiles collection, processing approx. 20 million kg of donated clothing and textiles per year. ReShare aims to motivate manufacturers, brands and retailers to deal with deadstock, overstock, and textile waste in a responsible and valuable way.

ReShare is part of several projects that focus on maximising reuse and recycling. For example, the Smart Fiber project Fibersort is an innovative technology that automatically sorts large volumes of garments and finished products by composition, colour and structure of the fibres.

Donated clothing and textiles are given to those in need and sold against social prices in The Salvation Army's (second-hand) clothes stores. Alternatively, donated clothing goes to sorting companies that pay a fair price. With this money, The Salvation Army supports their aid work.

OUR SUPPLY CHAIN



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, we assessed the key sustainability risks in the countries where we operate our value chain—human rights, labour, corruption, and environmental risks were identified.

The largest actual and potential social impacts 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.

The actual and potential environmental impacts identified are:

- Greenhouse Gas (GHG) Emissions.
- Energy and Fuel use/depletion.
- Water consumption/Wastewater/Water pollution.
- Chemical Hazards.
- Biodiversity.

Adopting a responsible stance on purchasing contributes to suppliers' ability to plan production effectively, manage working hours, pay workers fairly, and invest in improving labour conditions, which in turn helps to boost productivity, stabilise suppliers' workforces and build resilience in supply chains.³

Our commitment

As we go through our challenges, we face adverse impacts requiring our direct attention in countries where we produce our goods. We strive to be a fair and reliable business partner by building long-term relationships based on mutual trust and respect that are key to improving fair wages, social dialogue and workers' rights. We aim to ensure that everyone in our value chain is paid a fair living wage, has a safe work environment and is not exposed to forced labour or corruption.

Our Code of Conduct is based on the ILO and the UN Declaration on Human Rights. It includes prohibitions on forced labour, child labour and discrimination. Additionally, our Code of Conduct includes the required standards for a proper and safe working environment and compliance with national laws in the countries we produce regarding human treatment, minimum legal wage payment, working hours and guaranteed benefits.

In 2025, we seek to improve the grievance system to strengthen workers' voices. Currently, we utilise several grievance mechanisms to address complaints from individuals, workers and communities.

Our progress

As described in the chapter 'Our Way of Working', we select our business partners carefully by following an onboarding process with various stages.

This detailed process and the annual assessment of our supply chain visibility platform allow us to determine the next steps that cater towards improvements on identified impact areas.

Additionally, we have several focus areas as part of our supply chain policies:

ACCESS TO REMEDY AND GRIEVANCE MECHANISMS

There are several ways we can receive grievances.

Everyone involved in creating O'Neill Europe's products must have access to remedy in case of a threat to their rights. The United Nation's Guiding Principles on Business and Human Rights, also known as the Ruggie Framework, have set this framework.

Currently, we are connected to different complaint mechanisms:

- amfori BSCI.
- RSC (via the International Accord in Bangladesh).
- Social Awareness and Voluntary Education (NGO in India).

2022 review: We received no complaints through these grievance mechanisms in 2022; however, these systems only cover part of the factories' network in our supply chain.

(For more, see chapter Beyond Auditing.)

AUDITS

As per risk assessment standards, we have identified countries where manufacturing practices could be a risk from a social, security, and/or 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 to go broader than the amfori Code of Conduct with our social and environmental monitoring. By accepting other international standard reports, we broaden our factories' view through different standards. Third-party auditing firms internationally recognised and authorised by international standards, e.g., BSCI, SMETA/ SEDEX, WRAP, WCA and SA8000, audit most of our suppliers' factories. We carefully review these reports and request supplementary information if needed.

An audit includes:

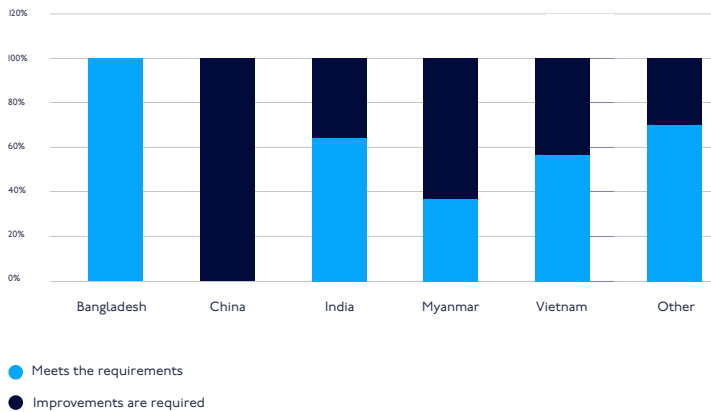
- ♦ A physical inspection of the workplace.
- ♦ An examination of documents containing information on salaries, insurance, holidays, employment certificates, and working hours.
- ♦ Interviews with factory employees without the presence of factory management.

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.

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

In case gaps and deviations are found during an audit, a dialogue is held with the supplier and our corporate social responsibility (CSR) team. The supplier must make a corrective action plan (CAP). A time limit is set depending on the nature of the deviation, and some changes must be addressed immediately, while others may be given more time.

The graph below shows an overview of our supply chain's audit ratings per country.



SOCIAL COMPLIANCE STATUS

We review our manufacturers annually. Our most significant points of attention are ensuring forced-free and child-free labour, abidance to regular working hours, precarious work conditions, a safe workplace environment and workers' involvement through functioning work committees.

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 about excessive overtime and a lack of an effective social management system to monitor working hours, salary payment and the code of conduct training for existing and new workers. The suppliers make corrective action plans to improve these points, followed up bi-annually upon review.

To support suppliers in managing workers' working hours, we strive to have early-stage capacity planning conversations, enabling the suppliers to have a better upfront overview, improve capacity and worker planning, and reduce the overtime risk. We also strive to issue our orders on time so that suppliers can continue their production capacity plan as prepared. In addition, we consider the total production capacity share we use in a factory. We strive to build healthy partnerships with our suppliers without suppliers growing dependent on us or vice versa.

Our roadmap

Improving the supply chain means strengthening the social dialogue with our suppliers. Mutual trust and partnership are key to ensuring fair wage improvements and guaranteeing workers' rights. We will do this through face-to-face conversations and 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 various 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 requirement packages, we have assigned automated alerts highlighting when an answer needs further attention. By automating and centralising this information of our entire value chain, we gain more insight into our processes and can take quicker action where needed.

We also increased the number of internal buyer training in 2022 to extend the reach of the social dialogue with our suppliers. Furthermore, we continue actively participating in Multi-Stakeholder factory support programs in countries where we are most active with production.

Our partners



O'Neill Europe has been a member of amfori since 2009, with most of our factories audited according to the BSCI system. We use amfori's code of conduct, management tools, monitoring system, capacity-building and external auditing. Due diligence is at the system's core, so we implemented a risk-based approach to proactively identify, prevent, and address adverse human rights impacts detected in the supply chain.

Through amfori BSCI, we can monitor factories on their management system and worker involvement and protection, and on ILO principles: freedom of association and collective bargaining, discrimination, fair remuneration, decent working hours, occupational health and safety, child labour, special protection for young workers, precarious employment, bonded labour, protection of the environment, and ethical business behaviour.

The amfori BSCI Code of Conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain.

By being a member of amfori, we can have more impact, combining our efforts with our industry peers.

worldfavor

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 and Safety Management on-site, and Quality Management. We are building a product-specific supply chain mapping to gain further visibility of each product's journey.

TRANSPARENCY

The challenge

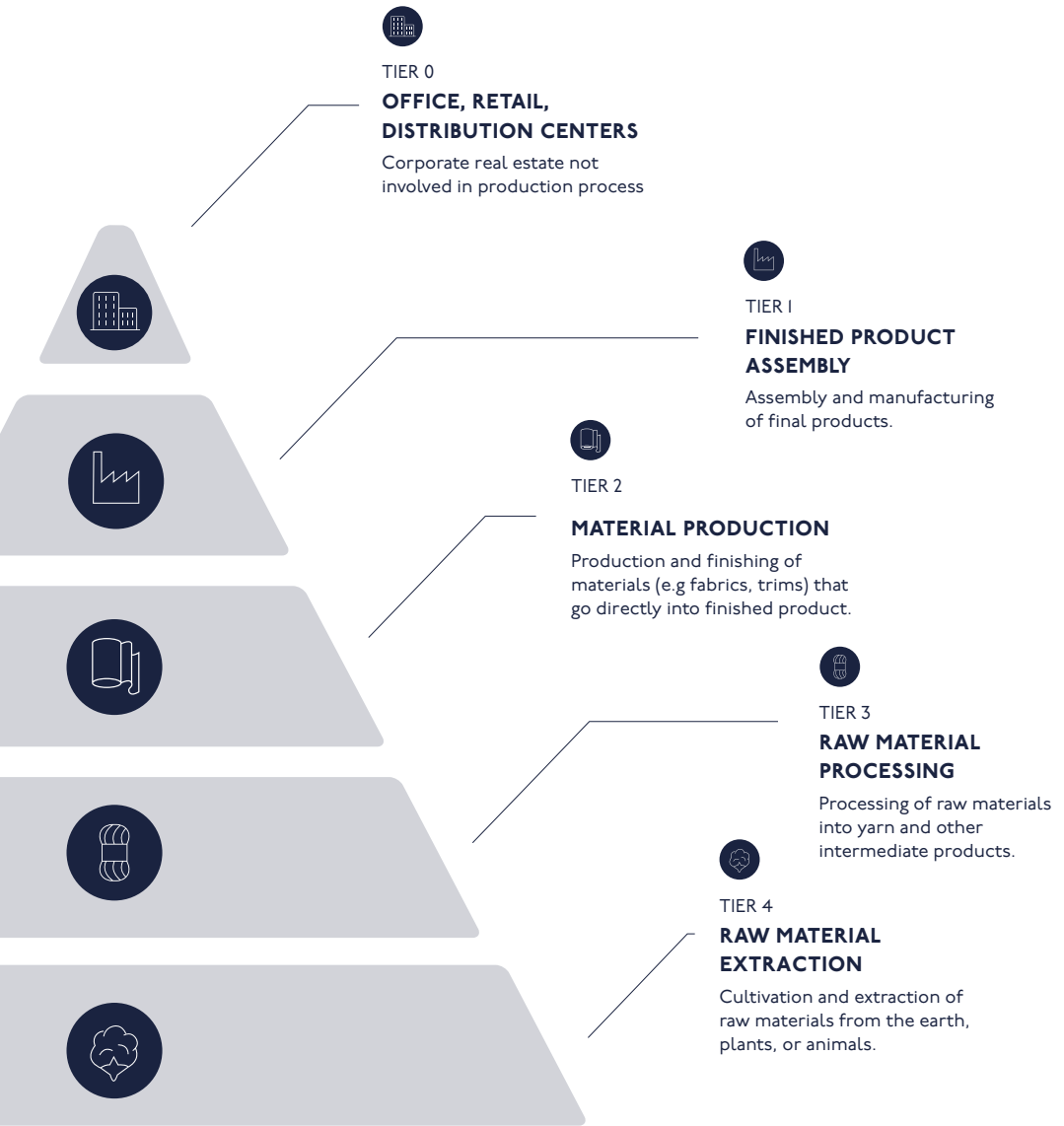
Transparency can lead to positive changes in the industry. To achieve positive changes through transparency, we collect data on where and how our products are made and how to prioritise risks and work towards improvements on those risks.

Each country where we develop our product has different legislation, local politics and culture that connect to specific challenges and, in some cases, risks for the workers there. And being part of an industry with a complex supply chain, we experience challenges in gaining visibility and acquiring traceable products.

Noting that transparency is essential to hold retailers and brands accountable for industry practices' human rights and environmental impacts, O'Neill Europe takes responsibility and sets transparency goals. By having a transparent Tier I and II and setting goals for further visibility down the chain in years to come, O'Neill Europe can take action when and where needed.

Please find an explanation on the next page of the supply chain Tiers.

SUPPLY CHAIN TIERS EXPLANATION



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. In 2022 we added part of our Tier II manufacturers to this publication.

Part of our transparency strategy is to act fast and respond effectively. Any improvement points and responsible sourcing opportunities will be swiftly identified and resolved in collaboration with our factories within our supply chain. In addition, our suppliers can be found on opensupplyhub.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.

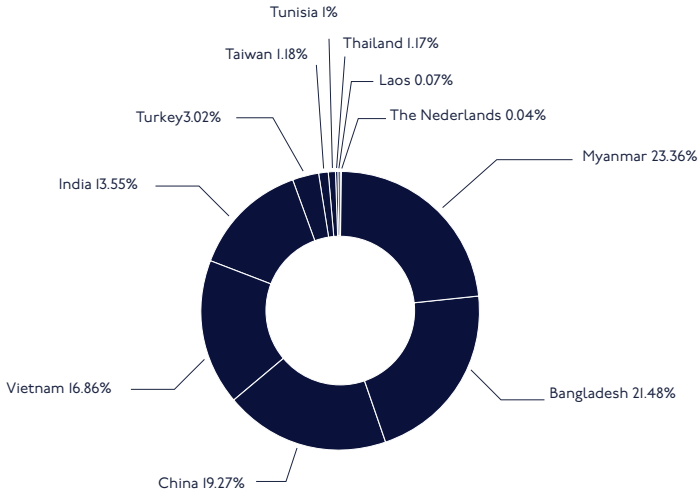
By 2025, we've placed a target of 100% visibility for Tier I & II. Complete traceability is our end goal to ensure that the highest standards for environmental protection, responsible chemical use, and social and animal welfare are adhered to.

Our progress

In 2022, we added the details of our Tier II nominated mills and the processes, such as placement printing and outsourced embroidery, on our published supplier list on our website and opensupplyhub.org

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

OUR ALLOCATION



Our roadmap

To continue measuring, monitoring and improving our supply chain, we need to increase our visibility of the involved manufacturing practices.

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

For our core products at Tier II (material suppliers), we have direct relationships with suppliers covering > 90% of the materials we use in our products and 75% of the processes. At this level, we are improving our

understanding of the factories involved in the various stages of material production, such as dyeing, lamination, or knitting. Our goal is to map this level entirely by 2025.

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

In 2023, we will continue gathering data through Worldfavor's Sustainability Management Module, Sustainable Sourcing Module, and Higg Brands and Retailers Module (BRM). Results will help the CSR team to gain more insight into the entire operation, extending visibility into the ESGs of our business's internal and external processes.

Our partners

worldfavor

Worldfavor's sustainability platform helps us achieve more transparency in our supply chain and is an essential element of our due diligence.

All suppliers have an account and can log in to the platform.

We have defined a set of required packages on Social and Environmental topics with various questions and answers, allowing us to keep a record, send reminder emails and determine whether the suppliers have submitted 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 as it allows us to gain insight and monitor all supplier data in one place without the hassle of exchanging emails and storing information in separate locations.

Before 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% in the Tier II processes.



Open Supply Hub (OS Hub) is an accessible, collaborative supply chain mapping platform used and populated by stakeholders across sectors and supply chains. O'Neill Europe has been disclosing the list of suppliers since 2021 to allow customers and stakeholders to address issues in the supply chain. The goal of publishing our factory list is part of our transparency pledge: to improve worker rights and increase their voices by cooperating with other brands, stakeholders and relevant suppliers.

The list also provides a channel for others to alert us when issues are discovered in the factories we produce at. We can take immediate action and contact other brands working in the same factory through Open Supply Hub—all per our commitment to the Transparency Pledge.

BEYOND AUDITING

The challenge & our commitment

Although an audit can provide a good picture of the conditions in a factory, it is merely a snapshot, a review of that moment in the year. In addition, audits aim to assess conformity, and there needs to be more focus on investigating the underlying causes—this is why we join Multi-Stakeholder programs, bringing multiple brands, retailers, NGOs, labour rights organisations and other stakeholders together, increasing leverage to define action points in a specific region. With these programs, we can also connect with our supplier and work towards improvements on the topic addressed in the MSI.

We aim to run MSI's in countries with an increased indication of labour or environmental risks. Year by year, we hope to cover each country and roll out improvements to other regional manufacturers.

With that, it is clear that these programs are a vital part of our ongoing due diligence.

Our progress

FACTORY SUPPORT PROGRAM: CONTINUOUS IMPROVEMENT OF LABOUR CONDITIONS IN TAMIL NADU, INDIA

Since 2021, we have been part of the collective project 'Factory support program: continuous improvement of labour conditions in Tamil Nadu, India'. This project is a Multi-Stakeholder Initiative, funded by RVO, 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 labour laws and regulations. Partly it entails nominating suppliers and their manufacturers to participate in training on worker-management

committees and workshops for factory management.

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

In 2022 we learned the following from the middle management training at one factory:

- Improvements are made in communications and interaction between the quality and production staff in the factory.
- The importance of teamwork in a management team.
- Creating a more efficient operational production line by improving worker allocation according to their skill set.

It was the first time that the factory had this type of training. The learnings were beneficial in preparing for the next audit.

FACTORY SUPPORT PROGRAM: AMPLIFY

In 2021, O'Neill Europe took part in the AMPLIFY project, intending to improve employee representation and social dialogue between suppliers and their employees. Mondiaal FNV and CNV International set up the project. We learned about the topic from experts and other brands in the project. We spoke with a selection of our suppliers and the worker representatives about the situation in their factories. We are still learning, and until today, our work has focused chiefly on collecting information and creating awareness.

Audits often need to clarify how effective and democratically chosen the representatives are, as workers know best what they need and what is happening in the workplace. Progressing on this issue will also benefit other risk areas like factory safety and wages.

In December 2022, the RVO awarded subsidies for a new AMPLIFY project focusing on Bangladesh. We joined AMPLIFY Bangladesh with our main casual wear supplier, which we share with two other brands/retailers.

The project itself will be together with five other companies, and we will focus on strengthening the dialogue between workers and management. The objective is to install an effective worker representation and a functioning grievance mechanism within nine months.

FACTORY SUPPORT PROGRAM: BETTER BUSINESS FOR CHILDREN TURKEY

Together with three other brands and retailers, UNICEF, UNICEF Türkiye and project partner Fair Labour Association (FLA) and supported by RVO, we worked on improvements in our supply chains promoting children's rights and family-friendly workplaces in Turkey.

This project aims to jointly promote children's rights and prevent and reduce the risk of child labour in the Turkish garment and textile sector.

O'Neill has conducted the assessment with one factory in Turkey; the primary outcome was that they have well-documented and functioning age verification procedures and procedures for remediation.

In addition, there is room for improvement in the working conditions of young workers, interns, and other vulnerable groups (pregnant and nursing women). Despite procedures in place, the safety conditions are unsuitable for young workers. While employing interns and young workers, companies should consider all types of protection measures for ensuring their safety (e.g., accessibility of grievance mechanism, vocational training program, training staff and young employees on safety).

The suppliers we joined the program with have implemented an action plan to include workable procedures and improvements for these more vulnerable age groups.

Our roadmap

In 2023, we will expand the Factory support program: continuously improving labour conditions with the local partner Paradigm Shift in Tamil

Nadu. We will also start a similar program at one supplier in Bangalore with local partner Cividep to strengthen the dialogue between employer and employee.

Next to the existing grievance mechanisms, we focus on connecting to other and broader bipartite grievance mechanisms to extend the remedy access reach to more workers in our value chain. Through these grievance mechanisms, we can monitor concerns and take the appropriate steps for remediation.

In 2022, amfori launched its Speak For Change Program, and we will set up a roadmap for our supply chain workers to access this program. The amfori's Supply Chain Grievance Mechanism was established to facilitate supply chain complaints cost-effectively and collaboratively, leveraging amfori's collective membership, the Speak for Change case handlers' support and independent third parties.

amfori Speak for Change Program benefits

- Facilitates a better understanding of the supply chain labour risks.
- Provides actionable insights to minimise risks of operations and sourcing.
- Supports amfori members in complying with due diligence, reporting requirements, and human rights requirements.

In addition, internally, we will continue training and supporting our buyers and merchandisers on best practices for supplier engagement.

HEALTH AND SAFETY

The challenge

In all countries where O'Neill Europe's production occurs, worker safety has been identified as a possible risk at different levels of severity and likelihood, referring to the buildings' structural safety, fire safety, and the safety of the workplace when it comes to processes in repetitive motion, the use of chemicals, work environment noise levels and proper ventilation in high-temperature conditions. These findings directly illustrate 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.

As mentioned, our principles are defined in our way of working and described in our Code of Conduct and connected policies.

We aim for all factories manufacturing our products to be safe and healthy workplaces by 2030.

Our progress

As we continue to track the legal adherence of each manufacturer's health and safety requirements through the monitoring system we've integrated into our supply chain platform, we follow up closely with each relevant supplier on improvement areas and corrective action plans, providing feedback or guidance where needed.

Our partner

International Accord

The Bangladesh Accord, launched in 2013 and renamed the Transition Accord in 2018, developed into the national organisation RMG Sustainability Council (RSC) in 2020. The International Accord for Health and Safety in the Textile and Garment Industry is the successor

agreement to the Bangladesh Accord and the Transition Accord. In 2021 the various stakeholders agreed on constructing this new International Accord, which O’Neill Europe signed in September 2021. The International Accord continues legally binding commitments to workplace safety in Bangladesh. 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 greatly improved the points raised by the Bangladesh Accord safety inspections. Three types of inspections have occurred 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. A grievance mechanism is in place, enabling factory employees to report safety-related complaints.

The progress rate of the original and new findings from the factory audits is 95%, with 97% of the fire safety and electrical issues resolved and 91% of the structural problems resolved.

Together with our manufacturers, we want to see 100% of the points for improvement implemented by 2025.

The International Accord conducted country feasibility studies in 2022, resulting in an expansion of the Accord.

In 2023 Signatories to the International Accord for Health and Safety in the Textile and Garment Industry are establishing a comprehensive workplace health and safety program in Pakistan covering signatories’ garment and textile suppliers.

The new Pakistan Accord on Health and Safety in the Textile and Garment Industry is the first step in expansion beyond Bangladesh for the International Accord. Since we do not buy products from Pakistan, we haven’t joined the Pakistan Accord.

In years to come, we expect the International Accord to expand further to other countries, where we can join the expanded presence of workplace health and safety programs.

LIVING WAGES - A COMPLEX ISSUE

The challenge

A living wage is described as a 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 recognised as a basic human right.

Living wages in the supply chain is a complicated issue with challenges like a lack of direct brand control over worker salaries. Brands have limited leverage in factories producing for multiple brands. Besides, the industry has yet to have a consensus on what constitutes a living wage in different regions. And there is a lack of proven methods for reliably getting money to those that need it.

The challenge lies primarily in purchase practices where the cost price often does not clearly indicate the labour cost share.

Upon gathering data on wages and investigating possible wage gaps in our production factories, the next step in initiating change is a complex one. Our leverage is an essential aspect of starting change; however, paying a higher cost price for a product may not directly affect an increase in the factory workers' wages, and this is a challenge our industry faces.

Our commitment

We aim to ensure everyone in our value chain is 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 fair remuneration. Fair remuneration is sufficient to provide them with a decent living for themselves and their families and legally granted social benefits. While brands don't pay wages, they affect a supplier's capacity to pay workers timely and adequately through their purchase practices. We know 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 factory wages. Next is defining the fair share of purchasing prices, implying that direct and indirect labour costs are non-negotiable.

Joining leverage with others in our industry, raising awareness with authorities, to work towards an industry-wide agreement on regional living wages is what we aim to achieve by 2025.

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.

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's commitment that we never negotiate a price below the cost of production, as this impacts workers' wages and working conditions. If the minimum wage increases in an area, we always accept the upcharge.

Our roadmap

We believe that earning a living wage can act as a catalyst to avoid other social impact risks in our supply chain, such as excessive overtime and child labour. Promoting collective bargaining agreements and strengthening the worker committees' power to bargain their wages and benefits is crucial.

Talking about living wages is not easy. Gaining a better understanding of our manufacturers is an important part of the workers' living wages discussion.

For 2023, we will focus on continued data collection using the annual audits, the amfori insights module & the Worldfavor platform. This way, we gain visibility on the following:

- I. The living wage per region where our factories are based.

2. What the minimum wage is in that region, and determine any difference between minimum and living wage in that case.
3. Whether the workers in that region's factory are paid more than minimum wage, which closes the gap or covers the level of a living wage.
4. If at a certain factory, the workers are not paid a living wage, we can determine action points aimed at closing the wage gap. Earning a living wage acts as a catalyst to avoid other risks in our supply chain, such as excessive overtime and child labour.

We collect data that helps us determine the difference between the legally applicable minimum wage, the actual wage and the living wage. We also include these insights in our conversations with our key suppliers.

In addition, we will map our key suppliers and how they work with wage grids using the Fair Wage methodology. A wage grid describes attributes of a job, such as tasks, level, required skills and education, and pay, and is used to help compare and standardise wages. It is also a proven fact that wages increase when productivity increases. We will support our suppliers with setting up their roadmaps to ensure a fair share payment. Fair share refers to direct and indirect labour costs; these are non-negotiable between supplier and buyer. We have set the goal for 2025 that 30% of our suppliers have set up such a roadmap, and for 2030, 60% have set up one.

As this is a topic that is difficult to address, and solutions to solving wage gaps are not as clear cut, we rely on frameworks such as the Learning Implementation Community of the Common Framework of Responsible Purchase Practices that we joined for our continuous learning and ensuring that we receive support and tools in how to raise awareness on the topic of a living wage.

OPERATIONS

Our progress

SHIPMENT

As air travel and air freight of goods are known to have a higher impact on our climate than other modes of transportation, we strive only to use this mode of transport in exceptional cases; in 2022, 5% of shipments were by air.

Our showroom sample pieces intended for our key accounts are shipped mainly by sea, which is uncommon in our industry since these collections are smaller in quantity and sometimes require shorter notice than the bulk production lead times.

Next to the inbound of products, it is also crucial to look into the outbound truck transport due to increased e-commerce sales. Therefore, it is essential to include this in our analysis.

Through the different monitoring systems, we will gain more insight into the baseline, so we can set clear targets for reducing emissions.

WAREHOUSE

Our stock is warehoused at Bleckmann, our long-term partner.

Their warehouses run on 100% renewable energy through certificates documented within the central system Certiq.

SHOP ONLINE

Unfortunately, when it comes to online shopping, there is the risk of returns that require processing/cleaning/repacking once returned. Increased returns lead to increased emissions. Think of postal service, packaging, and other processes required. In some cases, the returned goods may no longer be sellable due to incomplete sets or damages.

O'Neill aims to keep return rates at a minimum by ensuring fitting quality.

All our garments are designed at O'Neill and tried on by live models for the most accurate fitting quality. Additionally, by offering a fit finder to consumers and collecting feedback on sizes from online customers, we aim for return reduction.

Our partner

Bleckmann

Bleckmann is our long-term warehouse partner. Over the past years, its network and sustainability vision have proven to be a good match with O'Neill Europe.

Bleckmann's environmental approach focuses on reducing carbon footprint and waste. Shortly after joining the Lean and Green community, Bleckmann was awarded its First Star in 2020. Companies following the Lean and Green CO2 Action Plan and achieving over 20% CO2 reduction per transported unit within five years receive the First Star. A key element in Bleckmann's achievement was its transition to renewable energy and focus on reducing energy consumption.

Today Bleckmann uses 100% renewable electricity in the Oldenzaal fulfilment centre where O'Neill Europe operations are run.

Bleckmann has the ambition to have a minimum of 90% recycling rate by the end of 2023, heading towards their zero-waste commitment that started with a pilot in 2020. In 2022 the fulfilment centre Oldenzaal achieved a recycling rate of 91,4%.

Bleckmann's acquisition of The Renewal Workshop in 2022 marks the next phase of our partnership in circularity opportunities. This acquisition resulted in Bleckmann's nomination on the shortlist as one of the Circular Awards 2023 finalists in the category Large Business, organised by Het Versnellingshuis Nederland Circulair and made possible by the Ministry of Infrastructure and Water Management

OUR FOOTPRINT

The challenge & our progress

Under the 2015 Paris Agreement, national governments have committed to limit the global temperature increase to well below 2C and pursue efforts to limit the 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 look into their tool to support us in measuring O'Neill Europe's direct and indirect emissions and identifying hotspots to address improvements.

Protecting our playground for generations to come guides us as we engage in the global conversation and collaborate to do our part in building a more transparent and innovative industry that respects the planet and our oceans and ensures human rights.

In August 2021, scientists raised the alarm, introducing climate change 'code red' in the IPCC report. Later, the following COP26, which took place in November 2021 in Glasgow, was closely watched. The countries where we operate were part of several commitments made during COP26, which will affect our actions in the future when we address our climate impact and seek better, more regenerative solutions. These were strengthened and updated at COP27 in Sharm El-Sheikh, Egypt November 2022. We track how this affects local guidelines and legislation to ensure we adhere.

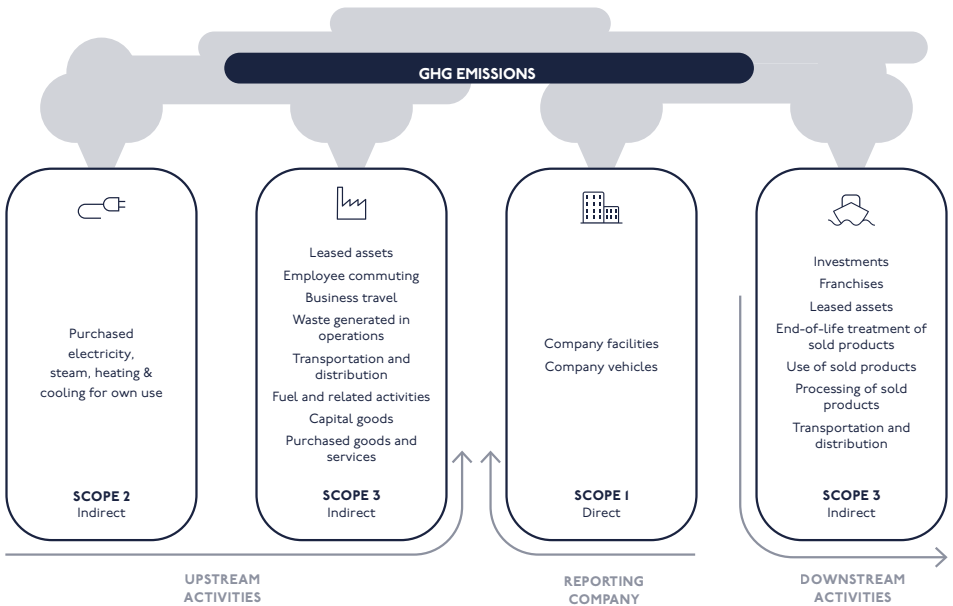
Our roadmap

Firstly, we should centralize our ESG data in scopes 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.



We aim to take the first steps of Scope 1 and 2 data collection in the Worldfavor Sustainability Management module in Q3 of 2023. After this, we will continue gaining visibility and acquiring relevant data for the Scope 3 assessment.

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 preliminary targets for our internal processes, which must be assessed for feasibility.

To reduce absolute scope 1 and 2 GHG emissions by 20-30% by 2030.

To reduce absolute scope 3 GHG emissions from purchased raw materials, fabric and garments by 20-30% per piece by 2030.

Defining a measurement for scope 3 is more extensive as we make a wide range of products. We are planning to investigate this in 2024.

To achieve effective energy programs in scope 3, we need our key strategic suppliers' collaboration, inviting them to join us in our efforts to minimise our climate impact.

Many of our key suppliers already have programs in place. We plan to evaluate those programs and define areas of further joint improvements tailored to their tier, product type, geographical location, and other challenges they may face.

Suppliers have a crucial position in these efforts because they are a central part of our value chain; they have the power to ignite change to further tiers.

Acknowledging that data is essential to defining improvement targets, correctly calculating our climate impact, reporting our goals and achievements, and showing full transparency to our consumers, we need extensive and connected systems to efficiently collect relevant data points.

Cross-functional key users have been identified in our company. These individuals evaluate opportunities and innovations that could be integrated into our setup for further visibility and improved data gathering.

We are currently able to reach our Tier II with more in-depth questionnaires collecting both quantitative and qualitative data on their social and environmental status; this is a significant improvement from the generic data we gathered previously.

We gain further insight into their running programs, certifications, and collaborations, as well as their goals, action plans, and ambitions.

MAKING OUR PACKAGING MORE SUSTAINABLE

The challenge

In our industry, we need packaging to keep our products safe and clean during transport before they arrive in our warehouses, stores, or consumers' homes.

There is different packaging for different purposes, but we receive most questions about polybags.

Polybags are thin, transparent sleeves that keep our products safe and clean during postal transport to our stores, customers and your doorstep. Despite the protection benefits they offer, they often end up in landfills or are incinerated, releasing 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 investigate available alternatives.

Our commitment

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

Our progress

We include a large share of either recycled or certified materials in our packaging.

At the end of 2021, O'Neill Europe joined the prAna Responsible Packaging Movement. prAna has taken big steps with its packaging in the last decade. Still, to make a more significant 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 we can achieve a more positive impact through partnership. We are excited to join the community they have built.

POLYBAGS

As with all single-use products, the polybag is meant to be used for a short period. If we can't get by without polybags now, we at least want to use ones made from recycled materials. Our polybags so far were made of 50% recycled material, which reduces plastic waste and climate-damaging emissions.

In 2023 we will transition towards 100% recycled LPDE product polybags.

SHOPPING BAGS

We are currently running a pilot project in several selected stores transitioning to different types of shopping bags. We offer 100% FSC-certified recycled paper shopping bags for a small fee. The aim is to create awareness among the consumers by inviting them to bring their own reusable bags and reducing the amount of single-use packaging. We decided to pilot first not to waste the stock of existing shopping bags. Once we run out, we will expand the paper bag offering to other stores.

Below you can find our current packaging materials:

ECOM BOXES:	ECOM BAGS:	RETAIL SHOPPING BAGS	PRODUCT POLYBAGS
			
<ul style="list-style-type: none">● Made of 100% FSC certified recycled carton	<ul style="list-style-type: none">● Contains 80% recycled plastic	<ul style="list-style-type: none">● phasing out: Contains 40% recycled plastic● new: Made of 100% FSC certified recycled paper	<ul style="list-style-type: none">● phasing out: Contains 50% recycled LDPE● from 2023: Made of 100% recycled LPDE

Our roadmap

We review each packaging material and whether we can update them to a better material when we run out of the current stock.

We continuously review the amount of packaging needed to ship goods from our manufacturing countries. When we find that products are at no risk of being damaged, we can dispense packaging.

For customer returns, we follow the industry's developments closely to make the most efficient and sustainable decisions possible; we currently check the cleanliness and the glue strip being in place to ensure packaging can be reused for the next order.

OUR COMMUNITY



OUR COMMUNITY

PARTNERSHIPS

Caring for our playground and giving back to the community have been part of O'Neill's DNA since the company's inception. Our founder, Jack O'Neill, invented his revolutionary wetsuit out of his love for the oceans — he wanted to enjoy surfing in the ocean longer.

Our founder forever inspires us. We stay connected to our roots and support the people and planet through continued partnerships with various impact-driven organisations. Below, you will find some of the foundations and activations O'Neill Europe supported in 2022:

O'Neill supports various activations and foundations worldwide, focusing on protecting our oceans and community. Below, you will find some of the foundations and activations O'Neill Europe supported in 2022:

- Eneco Clean Beach Cup is an annual beach clean-up event. O'Neill Europe partnered again in hosting the 13th edition of the Eneco Clean Beach Cup in 2022, including 25 locations across the Belgian and Dutch coastline. We support this community event to clean the entire North Sea coastline and create awareness of the plastic problem in our oceans and beaches. 3000 volunteers joined us in collecting 5 tons of waste from the beaches. The winning locations were O'Neill's Beachclub Blankenberge (BE) and The Spot (NL).
- The Hartstichting is a Netherlands-based non-profit organisation that has been investing for more than 55 years in research and innovation in cardiovascular disease prevention and care. In 2022, with Hartstichting, O'Neill Europe developed a limited activewear collection. For every product sold, O'Neill Europe donated €5 to Hartstichting, raising awareness of the importance of an active lifestyle and contributing to research

into cardiovascular diseases and, thus, a heart-healthy Netherlands.

- O'Neill is proud to announce a new chapter in our decade-long partnership with Africa's transformative, community-based surf mentorship program, Surfers Not Street Children (SNSC). For more than 20 years, SNSC has helped street children in South Africa and Mozambique find safety and stability on land and pure joy in the water. O'Neill has committed to giving the organisation an annual financial contribution and part of the SNSC product sale profit.
- We are proud of our athletes who are actively involved in charity work and committed to supporting a variety of foundations.

We look forward to a new year of expanding our reach and activities to protect our playground. Stay tuned. Follow oneill.com for updates.

EDUCATION

We work with different educational hubs on a wide range of project focus areas.

In 2022 we worked with TU Delft students on various circularity and design innovation challenges and with the London College of Fashion on design innovation by reusing existing materials.

TU DELFT



We set up a long-term partnership with the renowned Delft University of Technology, collaborating with its Industrial Design Engineering Faculty. We challenged the students to create products that incorporate sustainability and multifunctionality —solutions designed with the future in mind. As a result, in co-creation with TU Delft, we built the

O'Neill Modular Anorak Jacket, a jacket that seamlessly transforms into a lightweight backpack. Featuring a PFC-free water-repellant coating and 50% recycled REPREVE® polyamide construction.

LONDON COLLEGE OF FASHION

In 2022, we teamed up with students from the BA Fashion Sportswear program at London College of Fashion for a project focused on giving second life to pre-owned garments and pre-used surf products. The challenge aimed to nurture talents and inspire the upcoming generation of designers to explore the multitude of recycling options. O'Neill Europe provided awards to the winner and a few runners-up. With this project, O'Neill and London College of Fashion wanted to support and inspire students to create a more responsible circular industry.

OUR PEOPLE

O'Neill Europe deeply believes in conducting business in the right way—with integrity, responsibility and high ethical standards. The entrepreneurial vision of O'Neill is based on trust, mutual standards, values and goals. Guided by our values “Energetic. Resilient. Responsible. Curious and Inclusive”, the O'Neill management has set 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 outlines how our values and standards are integrated into our business processes, covering mutual respect, responsible business conduct, equal opportunities, the right to a healthy work environment, and zero discrimination and harassment tolerance.

All new hires receive onboarding training that outlines O'Neill's structure, processes and agreement requirements regarding the Code of Ethics and related policies.

WORK-LIFE BALANCE

We understand the importance of work-life balance and look to provide opportunities for a balanced lifestyle. We firmly believe that work should be carried out during regular working hours, and an active lifestyle is strongly promoted at O'Neill. Daily exercise is directly related to mental and physical well-being, and it reduces the risks of health-related problems caused, for example, by stress. Therefore, O'Neill offers weekly yoga and boot camp training to support its employees' health and well-being. In 2021, we also introduced the Health & Well-Being Budget, an individual budget that our employees can spend to increase and support their healthy lifestyles, such as extra holidays, training or courses, coaching or sports equipment and/or gym memberships.

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 the last couple of years, 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.

BEACH DAY

Good weather, good food and above all, good vibes! Team-building activities were organised for all O'Neill Europe HQ employees at one of our O'Neill beach locations in the summer of 2022. Afterwards, the enthusiasts could grab surfboards and SUP boards were available for those that were keen to catch a wave or go out for a paddle.

WE ARE DO NATION

We Are Do Nation is a community that makes small everyday changes towards healthier, more environmentally friendly lifestyles easier and more accessible. These changes are accomplished through pledges. There are all kinds of pledges, from food and commuting to lifestyle and gardening. You can pledge anything and see how much impact you can create with your community.

With 59 of our colleagues at O'Neill Europe, we achieved a joint pledge to save 21,759kg of CO2 and 667,862 Liters of water and divert 60,201kg of waste in two months according to the calculation method of Wearedonation. And additionally, we were able to learn and create awareness of our footprints and how little changes make a more significant impact when we join forces.

CERAMIC COFFEE CUPS IN PANTRIES

In February 2022, we replaced all disposable cups in our HQ's Jack's Cafe with reusable ceramic cups. Even though our previous paper cups already had a relatively small footprint (made of biodegradable paper), we minimise waste and emissions in the longer term by moving to reusable cups.

We carefully compared the impact of our paper cups to the reusable ceramic cups option (including the production and washing process impact). After using a cup 35-40 times, a breakeven point will be achieved, and a busy office like ours quickly reaches this breakeven point. Therefore, we decided to replace disposable cups with ceramic cups, minimising waste collaboratively.

SAFETY

We continuously strive to ensure a safe working environment. We carry out regular safety audits in stores, provide training about security per the training plan in our security manual, perform internal fire drills,

and report and follow up on incidents. No incidents have been reported during 2022.

TRUST PERSON

O'Neill Europe commits to creating and maintaining a safe working environment where employees can perform their best.

We have the inappropriate behaviour protocol and two assigned confidants. An external confidant via our Arbo Service Richting and an internal confidant who has completed external training to support our people in the best possible way when potentially sensitive situations arise. They are available to offer initial support to individuals with complaints regarding aggression, violence, bullying, discrimination, (sexual) intimidation and any other forms of inappropriate behaviour.

In 2022 there have been no reports through either channel.

OFFICE FRUIT & CROISSANT

As a company, we find it essential to offer our employees a healthy snack during the day. Therefore, we have fresh fruit three times a week delivered by Fruitful Office. For every basket we order, they plant a fruit tree.

Every Monday morning, we start the day with freshly baked croissants and a cup of tea or coffee to catch up after the weekend and start the new week together on the right note.

APPENDIX



GLOBAL FRAMEWORKS OF SUSTAINABLE BUSINESS

On our journey to create positive change, many of our challenges are not unique to our operations. To help guide our journey, we aim to align our strategy to global frameworks 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, being collective calls to action to promote prosperity while protecting the planet. In 2015, the United Nations General Assembly set the goals for 2030, fully recognising that ending poverty requires strategies focused on generating economic growth and addressing a range of social needs, for example, health, education, social protection, and job opportunities, while protecting the environment.

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

For more information, please read [here](#).

Our activities aim to support the UN Sustainable Development Goals 1, 3, 6, 8, 12, 13, 14 and 17.

UN SUSTAINABLE DEVELOPMENT GOALS



Our activities support the UN Sustainable Development Goals 1, 3, 6, 8, 12, 13, 14 and 17:

- | | | | |
|-----------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|
| <p>1</p> <p>NO POVERTY</p> | <p>3</p> <p>GOOD HEALTH AND WELL-BEING</p> | <p>6</p> <p>CLEAN WATER AND SANITATION</p> | <p>8</p> <p>DECENT WORK AND ECONOMIC GROWTH</p> |
| <p>12</p> <p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p>13</p> <p>CLIMATE ACTION</p> | <p>14</p> <p>LIFE BELOW WATER</p> | <p>17</p> <p>PARTNERSHIP GOALS</p> |



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

(target 1.1) At O'Neill, we aim to invest in good and fair business with our producing partners at O'Neill. We set the priority to ensure a fair share is non-negotiable in our purchasing prices.

In doing so, O'Neill depends on local authorities. We can only obtain the leverage to work towards an industry-wide agreement on regional living wages through joint programs with Multi-Stakeholders. O'Neill Europe has set targets for fair share payment for 2025 and 2030.



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

(target 3.9) We strive for a safe and healthy working environment within our supply chain and for the employees in our offices and stores. We set a standard with our suppliers to ensure the health and well-being of everyone in our value chain through audit reviews and follow-ups, committing to our CoC and extended policies such as RSL, and joining various Multi-Stakeholder Initiatives.

In case any adverse impact is found in our value chain, we perform the required due diligence with our supplier partner to mitigate and, if relevant, offer remediation support and future improvements.



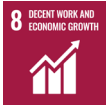
UN SDG #6: ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

(target 6.1 - 6.2) We strive for a safe and healthy working environment within our supply chain. Access to safe drinking water, adequate sanitation, and hygiene for all is a basic standard required by committing to a partnership and is agreed upon via our CoC and audited by a third party.

(target 6.3) 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 essential to us.

We continuously raise the bar in sourcing more sustainable raw materials

(i.e., for their minimal water impact). We have set goals linked to our Preferred Materials List to minimise our footprint. Additionally, we have a strict policy for using hazardous chemicals to avoid water pollution. (target 6.6) Through partnership support, we strive to do our part in protecting and restoring water-related ecosystems.



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

(target 8.3 - 8.7) We strive to protect labour rights and promote safe and secure working environments for all workers. We aim to contribute to productive employment and decent work for all in our countries of operation and throughout our supply chain via our responsible sourcing strategy, including our forced and child labour zero-tolerance policy. By joining various Multi-Stakeholder Initiatives, focused on improving worker involvement, we strive to promote a better working environment, including worker access to remedies.



UN SDG#12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

(target 12.2) The share of sustainable materials in our products increases each season. We aim to reduce waste streams throughout as part of our circular strategy. These topics are described in more detail in this report.

(target 12.4) We are setting other targets to achieve environmentally proper management of chemicals used in the production of our products to reduce their release into air, water and soil and to minimise their adverse impacts on human health and the environment.

(target 12.5 - 12.8) We engage with our consumers and aim to inspire them to make more sustainable consumption decisions. We advise alternatives to avoid waste streams at the end of the product's life cycle.

We hope to engage and foster further education and create awareness for sustainable development and lifestyles in harmony with nature through

partnerships.

(target I2.6) Our transparency pledge reaches further than having our supply chain published. We commit to our annual reporting cycle and look forward to further integrating reporting across our business with the upcoming CSRD.



UN SDG#13: TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

(target I3.2) By joining Multi-Stakeholder Initiatives and participating in various cross-industry initiatives started by national authorities, we share our point of view and have connected leverage as the industry to integrate climate change measures into policies and strategies.



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

(target I4.3 – I4.5) Our oceans drive the global systems that make Earth habitable for humanity. It is a vital resource and essential in fighting climate change.

Oceans absorb about 30% of the carbon dioxide produced by humans. Therefore, ocean acidification is causing a great threat to marine life. Besides, marine pollution adds to the threat, with an average of 13,000 pieces of plastic litter on every square kilometre of the ocean.

We aim to sustainably manage our material sources, such as seeking partners that protect marine ecosystems by using waste as a resource. We also support those actively working worldwide towards conserving coastal and marine areas.

Ever since Jack O'Neill invented the first wetsuit, caring for our playground and giving back to the community have been part of O'Neill's DNA. Through continued partnership with impact-driven organisations, we stay connected to Our Ocean Mission and support the people and planet.

17 PARTNERSHIPS
FOR THE GOALS



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

(target 17.16) Taking part in global Multi-Stakeholder Initiatives is an essential element of our supply chain due diligence to support our responsible purchase practices and the achievement of Sustainable Development Goals in the countries where we have active value chains. We continuously collaborate with material partners, non-governmental organisations (NGOs), innovation businesses and universities to collectively take the necessary steps to reduce our impact.

APPENDIX — RISK ASSESSMENT



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 the likelihood and the severity of potential or actual social and environmental harm within the value chain.

To understand the risks related to the country where we buy and develop our products, we have conducted research employing the MVO risk checker, Fair Wear Foundation, and Modint reports.

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 recognised that the severity of the identified risks is high. The main shifting factor is the likelihood of harm occurring in our garment and footwear value chain. We continue investigating the most accurate and efficient methodologies.

RISK ASSESSMENT SUMMARY

	OUR WAY OF WORKING	OUR SUPPLY CHAIN	OUR PRODUCT	OUR COMMUNITY
COMMITMENTS	We commit to ongoing due diligence practice; review, improve, and expand our sourcing policies where needed, and continued training of teams to integrate awareness and responsible practice.	We strive towards total compliance of our suppliers with our code of conduct, full visibility, and transparency in our supply chain.	90% of our collection adheres to entire product weight-based sustainable material criteria.	We are part of and have an impact on different communities. We commit to following Jack's original legacy in supporting and giving back to our playground. Our staff is a very important community to us. We commit to providing a safe and balanced working environment for our staff.
RELATED MATERIALITY + 2030 GOAL	Governance & Transparency Related goals 2025: <ul style="list-style-type: none"> • Include our stakeholders in the importance of transparency and a general approach to reporting through supporting legislation. • 100% transparency Tier I. • 100% visibility Tier II fabric suppliers & processes. 	Responsible Supply Chain Related goals 2030: <ul style="list-style-type: none"> • I MSI: Continuous collaboration in Multi-Stakeholder Initiatives to improve our value chain on topics such as access to remedy resource improvements and a living wage. • Health & Safety: Ensure all people in our value chain have access to clean water, sanitation and a safe working environment. • Decent work: Ensure all people in our value chain have access to a contract and equal benefits and are not exposed to forced labour or corruption. • Worker involvement: Work on improvements to the current access to remedy systems to support and empower worker voices. • Living wage: Work towards an industry-wide agreement on regional living wages. By 2030 we aim for 60% of our suppliers to have set up a roadmap to ensure fair share* payment. 	1. Use of preferred materials in product Related goal 2030: 90% of our collection adheres to full product-weighted sustainable material criteria. 2. Product quality, technology and safety Related goal 2030: Producing high-quality products that last is key to minimising our overall environmental impact. 3. Product longevity i.e. repair Related goal 2030: O'Neill repair service is offered in a broad selection of regions. 4. Water consumption & pollution Resource depletion & waste Related goal 2025: Strengthened criteria for wet processes to further reduce the use of hazardous chemicals and materials. 5. More sustainable packaging Related goal 2025: Our packaging is reusable and/or recyclable by 2025. 6. Animal welfare Related goal 2025: By 2025, we source only RWS-certified wool.	1. Protecting our playground Related goal 2030: Caring for our playground and giving back to the community have been part of O'Neill's DNA since the early days of the company. Through continued partnership with impact-driven organisations, we stay connected to Our Ocean Mission and support the people and planet. 2. Climate change (our footprint) Related goal 2030: By joining Multi-Stakeholder Initiatives and participating in various cross-industry initiatives started by national authorities, we share our point of view and have a connected leverage as the industry to integrate climate change measures into policies and strategies. 3. Working conditions in the company Related goal 2030: We strive for all employees to embody our values. We believe in work-life balance and look to provide opportunities for a balanced lifestyle. O'Neill continues to support the health and wellbeing of its employees to promote an active and healthy lifestyle.
RELATED RISK A PRODUCT RISK B SECTOR RISK C COUNTRY RISK	<ul style="list-style-type: none"> • Child labour. • Discrimination and gender-based violence. • Forced labour. • Excessive working hours. • Occupational health and safety. • Violations of the workers' rights to establish or join a trade union and to bargain. • Non-compliance with minimum wage laws. • Wages that do not meet the basic needs of workers and their families. • Bribery and corruption. 		<ul style="list-style-type: none"> • Hazardous chemicals. • Water consumption. • Water pollution. • Greenhouse gas emissions. 	
ACTIONS/ STRATEGIES AND POLICIES	<ul style="list-style-type: none"> • Sustainable Supply Chain handbook. • Transparency Pledge. 	<ul style="list-style-type: none"> • Code of Conduct. • Sustainable material guidelines. • Sustainable Supply Chain handbook. • Vendor strategy. • Risk management assessment. • Supplier purchase agreement. • Taking part in Multi-Stakeholder Initiatives on factory improvement topics. 	<ul style="list-style-type: none"> • Sustainable material criteria and guidelines. • Chemical management/ RSL/ MRSL. • Sustainable Supply Chain handbook. • Risk management assessment. • Supplier Purchase Agreement. • Innovation strategy. • Vendor strategy. • Quality standards and management. • Design guidance. 	<ul style="list-style-type: none"> • Products for surf and active lifestyle. • Partnership engagements. • Consumer engagement which inspires and educates.
RELATED STAKEHOLDERS	<ul style="list-style-type: none"> • O'Neill HQ employees. • Suppliers and agents in production countries. • Customers and consumers. • amfori BSCI. • Industry association and NGO's. • Peers. • Learning and Implementation Community (LIC). 	<ul style="list-style-type: none"> • O'Neill HQ employees. • Suppliers and agents in production countries. • amfori BSCI. • Industry association and NGO's. • Peers. • Learning and Implementation Community (LIC). 	<ul style="list-style-type: none"> • O'Neill HQ employees. • Suppliers and agents in production countries. • Customers and consumers • amfori BSCI. • Industry association and NGO's. • Peers. • Learning and Implementation Community (LIC). 	<ul style="list-style-type: none"> • O'Neill HQ employees. • O'Neill HQ HR department. • Customers and consumers. • Peers. • Team O'Neill. • Partnerships with locations and foundations.

MATERIALITY DESCRIPTION

MATERIAL TOPICS	DESCRIPTIONS
PROTECTING OUR PLAYGROUND	<p>We seek to create products that inspire an adventurous spirit in all those who enjoy our shared playground.</p> <p>Ever since Jack O'Neill invented the first wetsuit, caring for our playground and giving back to the community have been part of O'Neill's DNA. Through continued partnership with impact-driven organisations, we stay connected to Our Ocean Mission and support the people and planet.</p>
CLIMATE CHANGE (OUR FOOTPRINT)	<p>Protecting our playground for generations to come guides us as we engage in the global conversation and collaborate to do our part in building a more transparent and innovative industry that respects the planet and the oceans and ensures human rights.</p>
USE OF PREFERRED MATERIALS IN PRODUCT	<p>Our material choices determine a large part of our products' overall environmental impact. We are committed to ensuring that all raw materials used in our products are grown and manufactured responsibly to preserve resources and respect human and animal rights.</p>
RESPONSIBLE SUPPLY CHAIN	<p>We strive to comply with our Code of Conduct and complete visibility and transparency in our supply chain.</p>
GOVERNANCE & TRANSPARENCY	<p>Part of our transparency strategy is to act fast and respond effectively. Any improvement points and responsible sourcing opportunities will be swiftly identified and resolved in collaboration with our factories within our supply chain.</p> <p>We educate our stakeholders about the importance of transparency and a standardised reporting framework aligned with supporting legislation. And we make them part of these processes.</p> <p>We embed responsible business conduct into policies and management systems by identifying and assessing adverse impacts. We provide for or cooperate in remediation when appropriate and communicate this in our annual report.</p>
REPAIR AND RECYCLING OF CLOTHES	<p>By being part of a harmonised Extended Producer Responsibility (EPR), we make the reuse and recycling of textile waste more economically viable whilst diverting textiles from landfills and incineration.</p>
PRODUCT QUALITY, TECHNOLOGY, LONGEVITY AND SAFETY	<p>The O'Neill customers expect us to deliver the desired performance for the product's expected lifetime. Producing high-quality products which last is critical to minimising our overall environmental impact.</p> <p>Circular business models are part of the future's innovation; practices that focus on reducing waste to a minimum and creating collections with renewable, recycled and/or recyclable fibres are on our agenda.</p>
WATER CONSUMPTION & POLLUTION	<p>We know from the industry benchmark that the most significant part of a product's environmental footprint, including carbon emissions, chemicals, water, and energy consumption, comes from producing fabrics and raw materials.</p>
RESOURCE DEPLETION & WASTE	<p>We aim to phase out the unsustainable use of materials and chemical processes according to Material criteria and guidelines and RSL/MRSL.</p>
MORE SUSTAINABLE PACKAGING	<p>Fashion retail won't be able to eliminate packaging altogether as we need it to protect our products, but we can look into available alternatives.</p> <p>We aim to have 100% reusable and/or recyclable packaging by 2025.</p>
ANIMAL WELFARE	<p>Although we only have a few styles containing wool, we have set strict ethical rules in our animal welfare commitments. [See chapter ANIMAL WELFARE COMMITMENT]</p>
WORKING CONDITIONS IN THE COMPANY	<p>O'Neill employees are the backbone of the company. Therefore, we work hard to offer all our employees a safe and healthy workplace.</p>

APPENDIX — GLOSSARY



GLOSSARY

Terminology	Description
Animal welfare	Animal welfare is an individual and subjective mental state. It is the sum of all mental experiences of an individual at a given time. This mental state is an experience itself influenced by the interplay between the quality of an animal's nutrition, its environment, health status, and behavioural interactions within its physical and social context.
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, which 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 the industry's processes, circular business models, new energy sources, and carbon offsetting initiatives.
Circular Economy Action Plan (CEAP)	<p>In 2020, as an essential part of the European Green Deal, Europe's sustainable growth agenda, the European Commission implemented a Circular Economy Action Plan (CEAP).</p> <p>The EU will transition towards a circular economy to generate sustainable growth and new jobs while minimising pressure on natural resources. Also, the transition must take place to achieve the EU's 2050 climate neutrality target.</p> <p>The CEAP introduces initiatives across the entire product life cycle, addressing product design, promoting circular economy processes and sustainable consumption, and focusing on halting waste and prolonging the resources life cycle in the EU economy for longer. The Action Plan presents legislative and non-legislative measures, focusing on action areas on the EU level that bring noticeable added value.</p>
Circularity	<p>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.</p> <p>At O'Neill, we refer to four of the six Rs of circularity:</p> <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.

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

GLOSSARY

Terminology	Description
Circular product	<p>The product is designed for circularity when:</p> <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. • O'Neill Blue minimum requirements are followed when choosing product raw materials.
Closed-loop recycling	<p>Textile product waste in both post-consumer and post-production phases is recycled in a process wherein the new textile is created so that the materials remain in constant circulation (garment-to-garment).</p>
CMT (Cut Make Trim)	<p>Cut, Make, and Trim production is the service an apparel factory offers a brand, producing the designs following three stages.</p> <p>The material is cut to the brand's pattern and made ready to sew ("Cut"). The garments are sewn ("Make"). The garments are finished; any threads and small imperfections are removed, and final QC and packing occur ("Trim").</p>
Compostable materials	<p>Compostable materials 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 fertilising benefits.</p>
Durability	<p>Durability is the ability of a product, component, or material to remain functional and relevant when used as intended for the intended period. In textiles, durability is mainly connected to the physical characteristics of a product, i.e., its ability to resist damage and wear or how long a garment remains desirable.</p>
Due Diligence	<p>OECD Guidelines for Multinational Enterprises along the garment and footwear supply chain define 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".</p>
Extended Producer Responsibility (EPR, UPV in the Netherlands)	<p>The EPR initiative is a policy that holds the responsible parties accountable for treating or disposing of post-consumer products.³</p>

³ Extended Producer Responsibility. Ellen MacArthur Foundation. <https://plastics.ellenmacarthurfoundation.org/epr>.

GLOSSARY

Terminology	Description
Exotic leather	Any animal leather that comes from wild animals instead of domesticated species. The exotic skins are either from the wild or farm breeding and include, among others, crocodiles, snakes, kangaroos, and ostriches. to-garment).
Greenhouse Gas Emissions (GHG)	Due to human actions, greenhouse gases (such as carbon dioxide and other damaging equivalents) escape 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. ⁹
Life Cycle Assessment (LCA)	<p>An LCA (also known as life cycle analysis) is a methodology to assess environmental impacts associated with all the life cycle stages of a product, process or service.</p> <p>Our assessment includes raw material production, processing and product manufacturing. In the future, we strive to have the material's distribution, consumer use, and recycling or final disposal in our assessments.</p> <p>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 savings.</p>
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. ¹⁰
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 the product level. ¹¹
International Labour Organization (ILO)	The ILO is a United Nations agency aiming to advance social and economic justice by setting international labour standards. Founded in October 1919 under the League of Nations, it is the first and oldest specialised agency of the UN. ¹²

⁹United Nations. <https://www.ipcc.ch/>

¹⁰Finding a Common Language - [the Circular Economy Glossary](#), Ellen MacArthur Foundation.

¹¹International Labour Organization. 2022. <https://www.ilo.org/global/lange-en/index.htm>

GLOSSARY

Terminology	Description
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. ¹²
Microplastics	Tiny pieces of plastic (less than 5mm long) can be shed from garments, polluting our environment and entering marine life's digestive system.
Minimum Wage	A minimum wage is the lowest remuneration employers can legally pay their employees.
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 polyester family's most common thermoplastic polymer resin and is known to be a clear, strong, and lightweight plastic used for food and beverage packaging and in clothing and accessories fibres.
Purchasing Practices	Purchasing practices are a buying company's actions 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' lives. ¹³
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. ¹⁰
Recycling	To transform a product or component into its basic materials or substances and reprocess them into new materials. ¹⁰
Refurbish	To return a product to good working order. This can include repairing or replacing components, updating specifications and improving cosmetic appearance. ¹⁰

¹² eurofins. Manufacturing restricted substances list (MRSL): FAQs. chem-MAP. 12 November 2018.

¹³ SER. New common framework leads the way to responsible purchasing practices in garments and textile sector. 3 June 2021.

GLOSSARY

Terminology	Description
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. ¹³
Renewable Materials	Materials that are continually replenished at a rate equal to or greater than the depletion rate. 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. ¹⁰
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 returned to working order.
Restricted Substances List (RSL)	The RSL is a document containing banned and restricted chemicals and substances in finished goods.
Reuse	Repeated product or component used for its intended purpose without significant modification. Minor adjustments and cleaning of the component or product may be necessary to prepare for subsequent use. ¹⁰
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 mobilise companies to set net-zero science-based targets in line with a 1.5°C future. ¹⁴

¹⁴ Science Based Targets. <https://sciencebasedtargets.org/about-us>.

GLOSSARY

Terminology	Description
Scope 1,2,3 emissions	<p>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).</p> <p>Scope 2 Emissions – Indirect emissions associated with the company's electricity, steam, heat, or cooling purchase.</p> <p>Scope 3 Emissions – The result of activities from assets not owned or controlled by the reporting organisation but that the organisation indirectly impacts in both its upstream and downstream value chain. Scope 3 emissions include all sources not within an organisation's scope 1 and 2 boundary.⁶</p>
Shell Material	<p>Shell material is the main fabric in clothing or accessories. They are most commonly the most outer fabric that can be seen.</p>
Supply Chain Transparency	<p>Supply chain transparency refers to the ability to monitor and track the different manufacturers of the various components to a product. With supply chain transparency we collect data such as address, nr of workers, gender split, worker representatives, as well as data on social and environmental policies in place. Supply chain transparency helps us creating a resilient operation by disclosing data to stakeholders and carrying a continuous dialog with all stakeholders involved.</p>
Supply Chain Visibility	<p>Supply chain visibility refers to the ability to see a given supplier's name and location and possibly other data.</p>
Sustainability	<p>Within a business context, sustainability refers to businesses setting strategy on environmental, social, human and corporate governance impact for the long term. It relates to how a company's products and services contribute to sustainable development.</p>
Tier	<p>Tier 1 – Production facilities where finished products are made. These are sometimes referred to as cut-and-sew facilities.</p> <p>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.</p> <p>Tier 3 – Material processing facilities which process raw materials into yarn and other intermediate materials. This includes processing natural and synthetic materials into yarn.</p> <p>Tier 4 – Raw material farming and extraction.</p>
Virgin Material	<p>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)</p>

⁶ What are Scope 3 emissions? Carbon Trust. 2022.

O'NEILL EUROPE

THANK YOU!




O'NEILL