

Rip Curl Sustainability Report 2021



This report is an excerpt of the [Kathmandu Holdings Limited 2021 Sustainability Report](#) and has been produced in accordance with the Global Reporting Initiative (GRI) Standards core option.



Sustainability Report 2021.

This year our progress has been on combining the strength of each of our brands to create a stronger Group.

By aligning our supplier Code of Conduct and bringing all three brands under the Elevate supplier improvement programme we have raised the bar across all three brands with one stroke.

We undertook our first group-wide Environmental, Social and Governance (ESG) materiality assessment this year. We now have a clear understanding of what is most important to the people our brands touch. This guides us on where to focus our work. Our priorities are:

- Our people, our communities
- Science-based climate action
- Circular business models

In 2021 we made further steps to improve our value reporting. We undertook staff training and began to assess how our brands use resources and create value.

Our future sustainability reporting will feature a consistent Group focus across our family of brands.

Our continuing aim under new CEO Michael Daly is to become a global leader in ESG. The small, tightly focused Kathmandu Holdings Group executive team is clear that part of its purpose is to drive sustainability strategies for all the Group's brands focused on our three priorities. Bringing Oboz and Rip Curl into the B Corp fold alongside Kathmandu will be a crucial next step on this journey.



DAVID KIRK
CHAIRMAN



MICHAEL DALY
GROUP CHIEF EXECUTIVE OFFICER

Kathmandu Holdings 2021 sustainability highlights.



COMPLETED
CARBON
FOOTPRINT
ASSESSMENT

LAUNCHED WETSUIT
TAKE-BACK PROGRAMME



WITH TERRACYCLE

SOURCING
SUSTAINABLE
COTTON

WITH BCI



CERTIFIED CARBON
ZERO

Certified



Corporation

CONTINUED
BUILDING ON
OUR B CORP
CERTIFICATION

LAUNCHED JACKET
MADE FROM RECYCLED
FLEECE MATERIAL WHICH
CAN BIODEGRADE BY
93.8% IN MODERN
LANDFILLS AT THE END
OF ITS LIFE. ³



Kathmandu[®]
HOLDINGS LIMITED



COMPLETED ESG
MATERIALITY ASSESSMENT



COMMITTED TO LARGEST
SUSTAINABILITY LINKED
LOAN IN NEW ZEALAND ¹

¹. Committed to largest syndicated sustainability linked loan at time of signing



COMPLETED
CARBON
FOOTPRINT
ASSESSMENT



4 MILLION
TREES PLANTED SINCE
THE COMPANY STARTED



95%
ENVIRONMENTALLY
PREFERRED LEATHER
MATERIALS IN
OUR RANGE. ⁴

². Certified carbon zero under the Toitu CarbonZero programme for our operational footprint. Scope 1,2 and mandatory scope 3 emissions.
³. See <https://www.kathmandu.co.nz/biofleece> for information about the test methods used and the rates and extent of degradation.
⁴. Leather sourced from Leather Working Group tanneries a not-for-profit organisation responsible for a leading environmental certification for the leather manufacturing industry.

Investigating what matters.

Our brands touch many people – and it’s important that the work we do aligns with what’s important to them. This year, we brought in Drs Brian and Mary Natrass of Sustainability Partners to conduct a group-wide ESG materiality assessment – a review of what’s important to the different people who have a stake in our company. This was also a chance to align and focus our three brands on sustainability and to help our journey to achieve B Corp certification across the group.

An ESG materiality assessment is the process of identifying, refining and assessing numerous potential environmental, social and governance issues that are most important to the company and its stakeholders. The assessment yields a condensed list of topics that helps the company more effectively focus its strategy, targets, actions and reporting.

“It’s a way of ground-truthing what you are focusing on,” Mary says. “Otherwise, you could go off chasing things that the company doesn’t have any impact on. When we ask ‘what is material?’, we’re asking what matters and who does it matter to.”

The process involves connecting to all the people who have a stake in the business – from employees to shareholders to customers and suppliers.

The assessment included an online survey of more than 600 people and in-depth interviews with around 100 of those people.

We also conducted a point-of-sale survey in Kathmandu and Rip Curl stores in Australia and New Zealand that invited customers to weigh in on the environmental and social issues that were important to them. In one month, we received 53,191 responses from this survey.

“We ask about environmental issues and social issues and also leave space for people to add other concerns that we haven’t covered,” Brian explains. “In parallel, we look at wider trends in the ESG world.”

Brian points to changes in the investment world. “Five years ago, climate change was still on the margin of concerns for the vast majority of investment funds. But now, the insurance industry is paying out billions of dollars annually for climate-related damages, while banks and asset managers are increasingly concerned about loans and investments being impacted by climate change. There are two key areas of corporate concern. On one hand are the environmental vulnerabilities of a company, particularly regarding climate change, such as disruptions in its supply chain, and on the other is what is the impact of a company on the environment, particularly how it is impacting climate through its greenhouse gas emissions.”

Another trend is around circularity and circular design principles. “This is the way that leaders in the field are thinking about keeping waste out of the system,” Brian says. “More and more, people are coming to understand that there is no throwing waste away.”

A content analysis of all the surveys and interviews saw certain issues rise to the top. Plotting these according to moderate, high and very high priorities we were able to map out a materiality matrix for the group.

Three core areas of focus emerged:

- Our people, our communities
- Science-based climate action
- Circular business models.

Group CEO Michael Daly says,

“Overriding those three focus areas is a broader commitment to transparency and accountability. These things are key, but we didn’t see them as a pillar because it’s a core competency and something that I think is expected of all corporates these days.”

Michael says the assessment has confirmed that the Best for the World targets set last year by Kathmandu are heading in the right direction. “Now the challenge is to align all three brands. We found that stakeholders across all three brands care about the same thing. These are the areas where we need to focus and make progress and measure. This assessment has informed our group-level strategy and helped us set goals, targets and accountabilities.”

Group ESG focus areas.

WE ASPIRE TO BE A LEADER IN ESG, TO DRIVE LONG-TERM VALUE.

Through an ESG materiality assessment we asked our teams, community and shareholders what matters most.

Transparency and responsibility will continue to underpin everything we do by managing our environmental and social impact responsibly and ethically.

OUR PEOPLE, OUR COMMUNITIES



- People-centred culture and workplaces
- Create group-wide diversity, equity and inclusion (DEI) policies and targets
- Fair Labor Accreditation across all brands
- Develop best-in-class supply chain practices

SCIENCE BASED CLIMATE ACTION



Set group-level Science Based Targets aligned with the Paris Climate Agreement

CIRCULAR BUSINESS MODELS



- Design for circularity throughout our value chain
- Target a zero waste supply chain
- Increase use of circular materials

New link between sustainability and finance.

In May this year, Kathmandu® Holdings Limited secured New Zealand’s largest syndicated sustainability linked loan. The A\$100 million loan is tied to environmental, social and governance (ESG) targets. If the targets are hit, the interest rate on the loan decreases.

Kathmandu Group Chief Financial Officer Chris Kinraid says linking borrowing to ESG targets helps make sure that even the finance team has skin in the game when it comes to sustainability.

“A sustainability linked loan helps us drive accountability internally. We set targets that are aligned to our strategy and then these are verified by a third party to make sure we have set sufficiently difficult targets,” Chris says.

The Kathmandu loan was more complex because it is a syndicated loan, requiring cooperation from seven different lenders.

Although sustainability linked funding is new, Chris believes it is a growing trend.

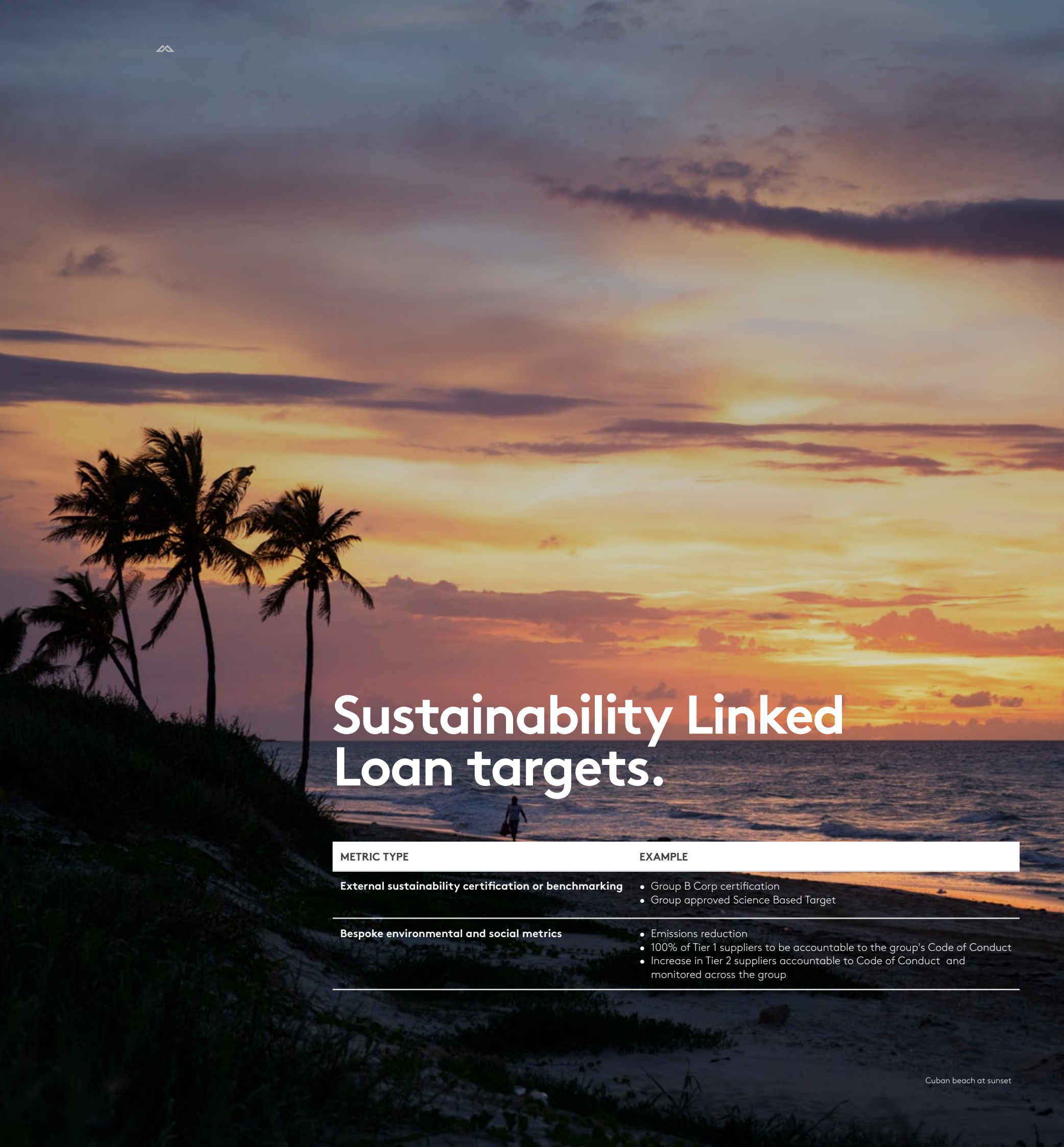
“This is only the start. Right now, it is early adopters getting in on these loans, but I can imagine that, in 10 years’ time, targets might be a requirement for all funding.”

Kathmandu has set four targets around emissions reductions, science-based targets, supplier wellbeing and achieving B Corp certification for Rip Curl and Oboz.

“This loan helps improve our transparency on these targets and how easily we are able to achieve them,” says Chris. “If we reduce our costs by hitting the targets, we can reinvest that money in new initiatives. It’s a good process for the finance department to be able to play a part in achieving the Group’s sustainability goals.”



CHRIS KINRAID
GROUP CHIEF FINANCIAL OFFICER



Sustainability Linked Loan targets.

METRIC TYPE	EXAMPLE
External sustainability certification or benchmarking	<ul style="list-style-type: none">Group B Corp certificationGroup approved Science Based Target
Bespoke environmental and social metrics	<ul style="list-style-type: none">Emissions reduction100% of Tier 1 suppliers to be accountable to the group's Code of ConductIncrease in Tier 2 suppliers accountable to Code of Conduct and monitored across the group



Aude and Jamaica in
Esperance, Western
Australia.

Our journey.

Group CEO Michael Daly reflects on the progress Rip Curl has made this year.

Our transition from private to public company under the ownership of the Kathmandu Holdings umbrella has challenged us to be more open and to push ourselves harder on sustainability and social measures.

I've been very proud of the way our team has risen to that challenge over the last 12 months. Although Rip Curl has always done work for its community and environment, I feel that our efforts have become more formal and more coordinated this year – thanks in part to the fact that we have created a new department to oversee our environmental and social governance work. This new four-person team shows our commitment to making big strides in this area.

We've opened up the business to new levels of transparency and continued to innovate internally.

This year saw the launch of an important step towards circularity with our wetsuit take-back programme. We started recycling neoprene offcuts and launched wetsuit hangers made from ocean plastics. We started tracking our carbon footprint for the first time.

We've updated our supplier Group Code of Conduct and aligned our supply chain work with our sister company Kathmandu.

We've learned a lot this year, and we have more to learn – which is why our partnership with the other brands in our family is so important.

After more than 19 years at Rip Curl and heading into my ninth year as CEO, I am delighted that my next opportunity has allowed me to stay within the group. I took over the role of Group CEO in May. Brooke Farris has been appointed to lead Rip Curl into its next era-one that will see an acceleration in our search for sustainability and social good.



MICHAEL DALY
GROUP CEO,
KATHMANDU HOLDINGS



On the Search in Esperance,
Western Australia

Our world.



KEY



FACTORIES

118 TOTAL

Australia – 5
Bangladesh – 11
Cambodia – 3
China – 67
France – 1
Haiti – 1
Hong Kong – 2
India – 10
Indonesia – 2
Italy – 4
Japan – 1
Mexico – 1
Taiwan – 1
Thailand – 3
USA – 3
Vietnam – 3



MATERIALS SOURCING

China, Taiwan, South Korea, Italy, Thailand, Bangladesh, Indonesia, India, USA, Japan, Australia, Mexico



OPERATIONS

Stores – 160

Australia 100, NZ 6, Brazil 4, Canada 1, Europe 19, USA 30

Head office – 10

Australia 3, Brazil 1, Europe 2, Japan 1, USA 1, Indonesia 1, Canada 1

Owned Manufacturing Facility – 1

Thailand 1

Owned Warehouse – 5

Australia 2, Brazil 1, Europe 1, Indonesia 1

3PL Warehouse Operations – 5

China 1, Thailand 1, Japan 1, Canada 1, USA 1



EVENTS AND ATHLETES

Sponsored Athletes – 222

Australia 80, SE Asia 16, New Zealand 10, Canada 7, Europe 56, USA 39, Brazil 7, Japan 7

MAJOR EVENTS ATTENDED THIS YEAR

WSL Tour

Hawaii x7 athletes, Australia (NSW x2 events & WA x2 events) x8 athletes, USA (Surf Ranch) x7 athletes, Mexico x8 athletes, USA (Rip Curl WSL Finals) x3 athletes

2020 Olympics

El Salvador (ISA World Games, qualifying) x9 athletes, Japan (Olympic Games) x8 athletes

Our partners.



MANETTI

Partnering with Manetti, a leader in innovating sustainable packaging solutions means we can continually challenge and adjusting our supply chain process to support a more sustainable future.



ARCH & HOOK

Arch & Hook's mission is to eliminate the use of non-sustainable materials within fashion and retail. They use recycled ocean-bound and post-consumer plastics to create products to help our planet.



WORLD SURF LEAGUE

For years Rip Curl has partnered with WSL to deliver surfing events and is proud to support WSL efforts to divert waste from landfill, offset carbon emissions, and educate fans through WSL ocean responsibility campaigns.



ELEVATE

ELEVATE is our chosen supply chain partner and an industry leader in sustainability, auditing and improvement services.



FAIR LABOR ASSOCIATION

We joined the FLA this year and are beginning our accreditation process. This process will verify that our social compliance programme in our supply chain exceeds the most stringent global standards



BETTER COTTON

We are proud to be members of Better Cotton. joining the Better Cotton Initiative means we will be supporting farmers who care for the environment and respect the rights and wellbeing of workers.



SURFRIDER

The Surfrider Foundation is dedicated to the protection and enjoyment of the world's ocean, waves, and beaches, for all people, through a powerful activist network.



TOITŪ ENVIROCARE

Our membership with Toitū Envirocare has enabled us to measure, understand and set a reduction plan for our global carbon footprint. This year we completed two financial year data through their carbonreduce certification programme.



SUSTAINABLE APPAREL COALITION

We joined SAC this year to align our group memberships and begin our journey to implement the HIGG Index modules into our supply chain



OCP EMPLOYEE ASSISTANCE PROGRAM

OCP is an international employee assistance program that provides 24/7 access to specialist counselling, advisory, and critical incident response services and support. Employees have access to free and confidential sessions via phone or face-to-face.



LENZING GROUP

The Lenzing Group is dedicated to producing innovative fibers made from botanic products derived from renewable sources and processed with unique resource-conserving technologies. LENZING™ ECOVERO™ Viscose fibers derived from sustainable wood and pulp are seen in this years products.



AUSTRALIAN PACKAGING COVENANT ORGANISATION (APCO)

We are a signatory of the Australian Packaging Covenant, continuing to collaborate with other industries on sustainable packaging solutions.



TERRACYCLE

Terracycle is a global leader in finding recycling solutions for consumer waste. Partnering with Terracycle on our wetsuit take-back program means we were able to find innovative ways to reuse used wetsuits, repurposing them into another life.



OCEAN GARDENER

Ocean Gardner's mission is to 'Save the Reef' by providing education and restoration around coral reefs throughout Indonesia. Our Rip Curl Bali surf school partnered with them by adopting a reef to support their mission.



AUSTRALIAN INDUSTRY GROUP

AI Group provides unlimited calls to the workplace advice line, regular award and compliance updates and access to HR, safety and business improvement resources, webinars, podcasts, networking and knowledge events.



Owen Wright
wearing organic tee



ICONS OF SURF GO GREEN

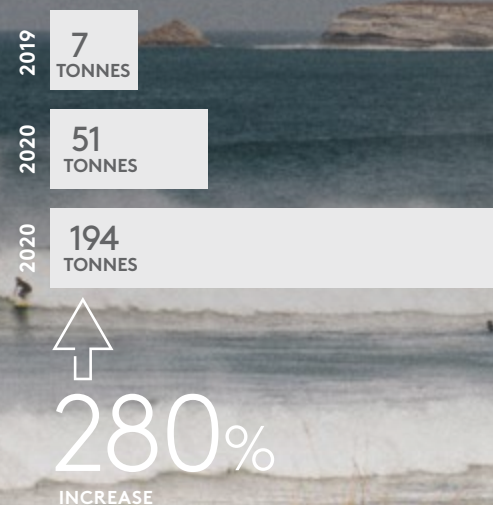
Our Icons of Surf collection celebrates 50 years of Rip Curl, featuring our most iconic logos on our classic simple, solid tees – all made from 100% organic cotton.

“Icons of Surf has become a really impactful way to get much larger volumes of organic cotton into our range. The sales are upwards of 300,000–400,000 units and could get up to 1 million units,” says General Manager for Product Nichol Wylie.

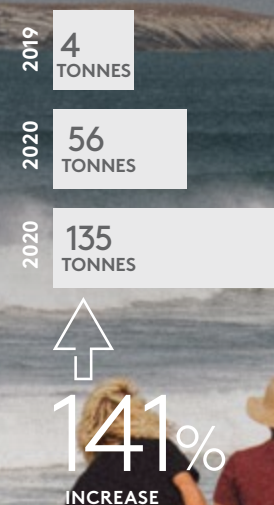
This collection has helped push our organic cotton up to 30% this year.

OUR SUSTAINABLE FABRIC SEARCH

PREFERRED COTTON



RECYCLED POLYESTER



RECYCLED NYLON



*2019 and 2020 numbers have been updated to Financial Year statistics

Better materials choices.

For the first time this year, the product team has developed a preferred fibre list, which will help guide our search for more sustainable materials choices.

Rip Curl General Manager for Product Nichol Wylie says, “While we have implemented some sustainable fabrics in our range, we’ve never had a set of guiding principles. The preferred fibres list will create a pathway for us to make some big improvements.”

Cotton makes up a large percentage of our material by volume so sits at the top of our preferred materials list. Our strategy is to get to 65% sustainable cotton by 2025 by using a combination of organic cotton and material sources through the Better Cotton Initiative (BCI).

BCI is a global not-for-profit and the largest sustainable cotton programme in the world. BCI helps farmers grow cotton in a way that reduces stress on the environment and improves the welfare of farming communities.

Last year, 2.4 million licensed BCI farmers across 23 countries produced 6.2 million tonnes of Better Cotton lint – that equates to 23% of global cotton production.

Recycled synthetics are another large part of our sustainable materials strategy. We’ll continue to grow our range of recycled polyester and recycled nylon products.

This year, we started working with Lenzing to use Forest Stewardship Council (FSC)-accredited viscose, and we are working with Bloom to use its

biobased EVA foam created from cleaning up algae-polluted waterways in our shoes.

Our leather factory and tannery are Leather Working Group-approved members, and all our down is sourced via the Responsible Down Standard to improve our responsible animal-sourced materials.

This work goes beyond main fabrics and right into the detail of trims and product packaging. We’re shifting to recycled polyester for our labels and draw cords and to FSC-certified paper for swing tags and packaging.

This deep dive into materials this year is just the first step on our wider sustainable product journey. The next steps will look at training our team to design for circularity. This will include more work on product durability and

repairability as well as designing for less waste.

“Sustainability has really gained momentum this year at Rip Curl, and it’s blown me away how the entire crew are so behind it. It’s really exciting,” Nichol says.

RECYCLED HANGERS FROM OCEAN PLASTICS

The first batch of recycled wetsuit hangers has been delivered to our Thailand factory in a programme that will eventually save 5.5 tonnes of virgin plastic in our supply chain each year.

Cameron Lamperd, Rip Curl Head of Wetsuits, says a partnership with sustainable hanger manufacturer Arch & Hook will see all wetsuit hangers made with upcycled post-

consumer and marine-bound thermoplastics.

The plastic used for the Arch & Hook Blue programme is collected from four of the top 10 largest polluting rivers in the world. According to the World Economic Forum, these 10 rivers cause 90% of ocean plastic pollution. The plastics are collected, sorted and separated, shredded, transported and finally prepared as raw material suitable for producing hangers. At the end of their lifespan, the hangers can be collected and recycled yet again.

“We’re proud to be the first wetsuit company to join the Arch & Hook Blue programme and to bring this benefit to our customers,” Cameron says. “The first 35,000 hangers have arrived in our Thailand factory and will be hitting stores in August or September globally.”

EXTENDING THE LIFE OF OUR GEAR THROUGH OUR GLOBAL REPAIR CENTRES.

WATCH REPAIRS



89,080
UNITS

WETSUIT REPAIRS



23,340
UNITS

Aude Mangharam wearing the Ultimate Long Jane surf suit

Wetsuit take-back programme launched.

For more than 12 years, Rip Curl has been looking for end-of-life solutions for our wetsuits. We've tried breaking them down into shoe soles, road surfacing and safety equipment. While all these tests worked for small batches, they always struggled to scale.

This year, in partnership with global recycling specialists TerraCycle, we've launched Australia's first take-back recycling programme.

Any brand of wetsuit is accepted at our participating stores. The neoprene is crumbed into a new raw material that can be used to create things like soft fall matting for playgrounds.

"TerraCycle has a huge network and were able to assist us in finding the best possible solution for recycling used wetsuit neoprene," says Shasta O'Loughlin, Rip Curl Environmental, Social and Governance Manager.

"We are really excited about this partnership and the reach that it can provide across Australia. Once the programme has proven itself here at home, we are excited to explore a global expansion. We want to give all surfers the opportunity to recycle their old wetsuits."

The programme launched in May this year, in 8 core stores throughout Victoria, New South Wales, Queensland and Western Australia. "The response has been overwhelming, and the demand is clearly there," says Shasta.

Next steps will be to expand the programme to include more stores across Australia.

REDUCING PLASTIC PACKAGING
Rip Curl has reduced the use of

plastics in packaging of our wetsuits and accessories and is working on further reducing these in future ranges. Products that do require protective plastic bags are now made with 30% recycled PE material, breakdown plastic (BDP) additive and reduced to 30 microns – a 40% weight reduction from the previous version.

Last year, we began trials reducing protective plastic packaging on select wetsuits by reducing from full length to shoulders only coverage.

NEOPRENE OFFCUT RECYCLING READY TO SCALE

Wetsuit manufacturing invariably has waste. Our neoprene comes in 2 x 3 metre sheets. When we cut out patterns for sewing wetsuits, a minimum of 10% and maximum of 35% of the sheet is waste, these offcuts were then used by other local manufacturers to make products with the balance of neoprene waste ending up in landfill. This waste adds up to hundreds of tonnes each year.

"Neoprene offcuts are one of the largest environmental problems in the wetsuit industry," says Cameron Lamperd, Rip Curl Head of Wetsuits.

For eight years, we've been searching for a solution to this waste problem. "We've worked with a number of different footwear suppliers and tried many different ways to reuse this material, but it's never quite worked."

Now, a partnership with a carpet underlay manufacturer in Australia looks set to change this. The underlay manufacturer can't use end-of-life wetsuits from our take-back programme because of hygiene concerns, but the brand-new neoprene off-cuts from our factory can be

crumbed and used as a spacer in carpet underlay. The impact is doubled by the fact that virgin materials are removed.

"We've tested the programme with one full container of waste material, and we are seeing very promising results. It looks ready to go, and we will commence scaling up in the coming months."

Our Thailand factory has also purchased a baling machine that will condense neoprene offcuts into wool bales for freighting to Australia.

"In terms of sheer volume, this will outperform our take-back programme. It's able to be scaled to the point that we will commence discussion with other wetsuit production facilities to increase the benefits to our industry even further," Cameron says.

"We've tested the programme with one full container of waste material, and we are seeing very promising results."

CAMERON LAMPERD
RIP CURL HEAD OF WETSUITS

Understanding our footprint.

We've made big strides towards understanding our global footprint this year by measuring the carbon emissions of our nine regions for the first time.

We undertook a carbon audit that covers the last two financial years. The aim was to establish a solid baseline measurement, but Covid-19 store closures have meant the past two years are anything but standard.

"In order to meet our objective of becoming a B Corp, we really need to understand our footprint and find ways that we can start to reduce our impact," says Shasta O'Loughlin, Rip Curl Environmental, Social and Governance Manager.

A new environmental, social and governance team was created this year to reflect Rip Curl's increased focus on sustainability as part of the Kathmandu Holdings Group. After 15 years at Rip Curl, Shasta was asked to lead this newly created team.

"I am really passionate about our future and ensuring that businesses have the least amount of impact

possible, so I jumped at the opportunity. It comes with huge learnings for me – especially when it comes to measuring carbon – but it's been really exciting to be able to pull it all together and be able to understand our global impact."

Shasta's role is to lead the new environmental, social and governance strategy for Rip Curl and to get the company to B Corp certification. Shasta led Rip Curl's first entry in the Baptist World Aid's Ethical Fashion Report in 2017 and has been the chair of the company's environmental committee since 2017.

"We're already so far ahead of where we were four years ago," Shasta says. "The environmental committee tackled small projects to reduce our impact at a regional level, but now we have a global strategy to take that work much further."



Brisa Hennessy in Hawaii

Carbon audit no small feat.

Conducting a carbon audit across nine global operations and for a two-year period has been no small feat. Rip Curl's carbon emissions span from staff travel to retail store electricity usage to running our Thailand wetsuit factory.

"The company's global reach and wide scope made this a really big project to coordinate, but it's been a really exciting project to lead. Committing to tracking carbon emissions is a really big step for Rip Curl."

We learned that moving our stock around the globe is our biggest source of emissions and that the growth in our ecommerce business during Covid-19 has increased our road and air freight emissions.

Pre-Covid-19, our global design teams would travel to remote locations to find inspiration for our ranges. Now, this work is being done virtually. Other crew travel has also decreased because of Covid-19 border closures.

"How we manage direct-to-customer sales in a more carbon friendly way is going to be a huge project in itself, and I'm sure there are lots of businesses around the world going through that challenge," Shasta says.

It was interesting to see the difference in carbon emissions for different regions depending on the source of energy generation. Electricity use was higher in our Californian office, than our Victorian head office, however, lower emission electricity generation in California made for a lower overall carbon footprint.

"Tracking individual store's power usage has also given us a better understanding, highlighting stores that could be good candidates for solar," Shasta says. "We have a lot of stand-alone shops near beaches, and these are easier to add solar than shops in malls."

The carbon audit has also given us a better understanding of our waste and the breakdown between cardboard, plastics and mixed commercial waste.

"Waste streams are different in each country – especially when you compare recycling systems in places like Bali and Europe," says Shasta. "We'll need to do a separate waste project in each country to reduce this impact."

With the huge project of defining our carbon footprint completed this year, we'll be able to shift our focus towards solutions.

"This footprint project has brought a much deeper understanding of our global operational reach. This will help us be more strategic in our roll-out of regional and global projects to reduce our impact," Shasta says. "The new ESG team will now focus on educating managers to implement projects that reduce global emissions."

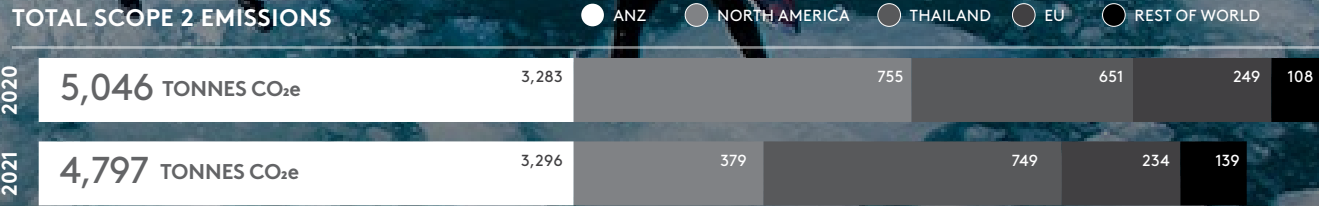


OUR EMISSIONS JOURNEY

TOTAL SCOPE 1 EMISSIONS



TOTAL SCOPE 2 EMISSIONS



MEASURED SCOPE 3 EMISSIONS



SCOPE 3 STOCK TRANSPORT EMISSIONS

AVERAGE EMISSIONS REQUIRED TO ASSEMBLE ONE WETSUIT



2.44*
KGS



3,390 TONNES CO₂e
814 TONNES OF STOCK MOVED



674 TONNES CO₂e
4,065 TONNES OF STOCK MOVED



488 TONNES CO₂e
5,898 TONNES OF STOCK MOVED

*Figure includes emissions related to the operations of our wetsuit facility, not the production of the materials

Figures are pre-certified emissions. Emissions are aligned with the Greenhouse Gas Protocol for Corporate Accounting and Reporting. Scope 1 emissions are our direct emissions. Scope 2 emissions are our indirect purchased electricity emissions. Scope 3 emissions are indirect, from freight movements and waste generated through our supply chain.

New supplier improvement programme brings collaboration.

“This survey gives us a better picture about workers and whether they are being treated fairly as well as how much they understand about fair wages.”

HELEN SHARP
RIP CURL ETHICAL SOURCING
AND COMPLIANCE MANAGER

This year, we put our partnership with our new supply chain advisor Elevate into practice. Elevate carries out supplier improvements, worker surveys and training for all three brands under the Kathmandu Holdings umbrella.

Rip Curl Ethical Sourcing and Compliance Manager Helen Sharp says, “Working with Elevate has been a bit of a mind shift change for us and for all of our suppliers. Having someone that looks after both Kathmandu and Rip Curl is really helpful because it means I can ask for advice when I need it. Elevate’s global indexes on social labour and governance have given us more visibility around risk factors in each country we operate in.”

Through Elevate, our group now has a dedicated resource in Shenzhen – an ex-auditor who has a good understanding of the programme.

At the same time as moving all our suppliers to Elevate, we also introduced the new group Code of Conduct, which prioritises trust and transparency.

This year, we onboarded two new suppliers who were existing suppliers to Kathmandu. Because both brands are on the Elevate platform, we were able to share information and audits, which meant we didn’t have to subject the factory to a separate audit.

“The last 12 months have seen massive collaboration across the brands, and it’s been so beneficial. As we lift our supply chain policies and procedures, we’re helping to lift the social and environmental standards of our suppliers at the same time.”

WORKER VOICE
We’ve always done worker interviews, but these have been taken to a new depth with our Elevate partnership. Our new worker sentiment survey asks workers if they feel they can speak up about working conditions and how comfortable they would feel using our grievance mechanism.

“This survey gives us a better picture about workers and whether they are being treated fairly as well as how much they understand about fair wages,” Helen says.

Workers are able to contact Rip Curl through email or WeChat with any workplace concerns.

LIVING WAGE BASELINE
Kathmandu Holdings’ Fair Labor Association accreditation now covers Rip Curl, and this gives us access to a huge amount of resources, including the tools to define a living wage baseline.

According to the Global Living Wage Coalition, a living wage is defined as remuneration sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing and other essential needs including provision for unexpected events.

“Living wage is a really complex area,” says Helen. “The methodologies for assessing what a living wage should be are limited and don’t cover some of our factory locations, like Chiang Mai, Thailand. We’ve always said we believe our workers in Thailand should be paid a living wage, but we’ve struggled with a methodology for how to determine what that should be.”

The Fair Labor Association has provided us with templates that allow us to benchmark our wages against industry standards and regional data to get a clearer picture on living wages for different parts of our supply chain.

“For many of these issues, we felt siloed before we had these partnerships in place. Now when an issue arises, we have a process to seek answers and understanding, and this helps us to make better decisions faster.”

HIGG INDEX
Rip Curl joined the Sustainable Apparel Coalition this year, and that has given us access to the self-assessment tool known as the Higg Index, which we have been rolling out to our suppliers this year.

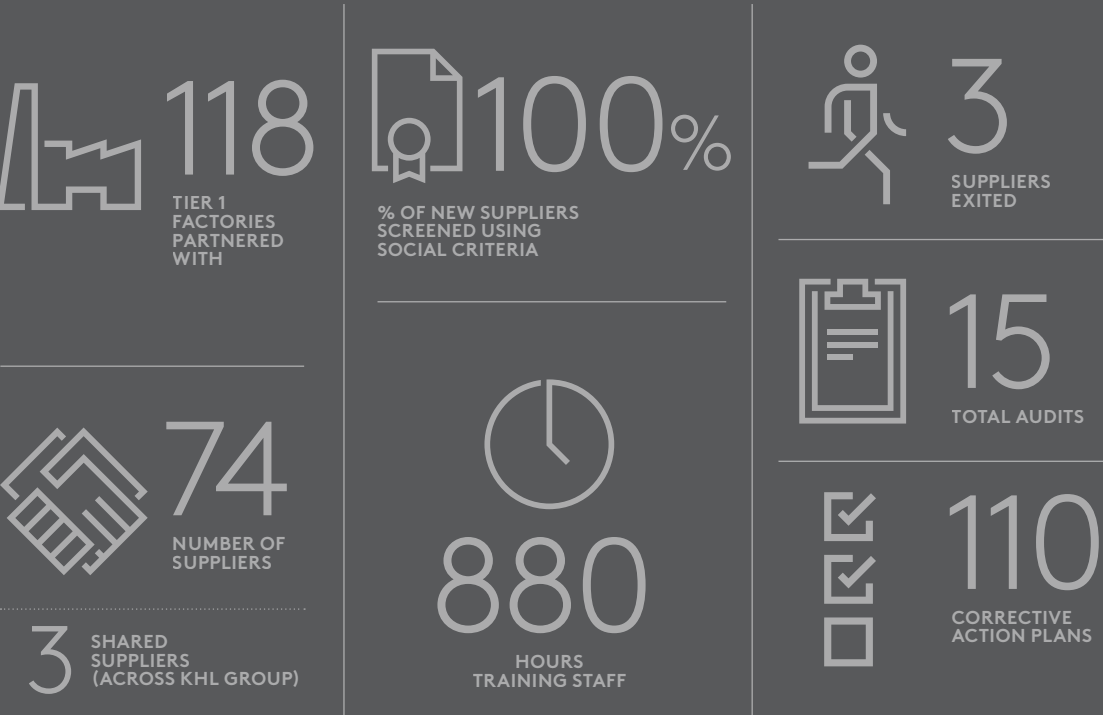
The Higg Index is an apparel and footwear industry self-assessment standard for assessing environmental and social sustainability throughout the supply chain.

CONNECTING WITHOUT TRAVEL
The last 12 months have changed the way we interact with our factories. Normally, we would have Rip Curl staff visiting each factory at least two times per year. Instead, this year, we organised a virtual conference where we were able to introduce suppliers to our new pathway with Elevate and to connect suppliers with group product managers. Our CEO also spoke on the call.

The online conference was followed up with a survey where we asked each of our suppliers how we’ve performed over the year. We asked if they felt we’d done enough to support them through Covid-19 and what we could have done differently.

“It’s crucial that we keep up our contact with suppliers and that they feel they can trust us and can come to us if they have an issue,” Helen says.

OUR SUPPLIERS 2021



Our suppliers.

New fit guide features diverse body shapes.



To help women better visualise themselves in our swimwear, we've created a new bikini fit guide based on some of the women of Rip Curl, that showcases a range of body shapes and sizes.

"We've always worked together with our athletes and models, and now we're bringing more body inclusivity to our marketing through the fit guide," says Brooke Farris, former General Manager, Women's.

Brooke's role was created last year with a goal to grow the women's business for Rip Curl. The role requires working across departments to increase Rip Curl's connection with its female customers and crew.

Rip Curl commissioned research to better understand current and future customers. The research focused on an audience of women aged 16-34 across Australia, New Zealand, the US and France who actively watch, follow or participate in surfing. The research found these women were independent, adventurous, socially aware and environmentally conscious.

From this research, the team defined a three-pillar strategy to connect with this audience, which focuses on being green, showcasing diversity and helping our customers proudly express who they are.

"Part of Rip Curl's women's strategy is to showcase diversity and inclusivity,

making it more accessible to customers across the world," Brooke says.

To increase diversity of body types in the fit guide, Rip Curl crew at head office and around Victoria were given the opportunity to be models for the photoshoot. At a team meeting, senior swimwear designer Natalie Bortolotto made the point, "If we're going to ask others to come forward, why not embrace our own bodies and take up the challenge."

Several women from the design, product and retail teams came forward.

They described it as an empowering experience, although the nerves took

hold at times given the new environment they were in.

"It is so empowering as a team to get in front of the camera and show that we feel good and have confidence in the swimwear we're designing for everyone."

The body-diverse interactive bikini fit guide - featuring real women from the Rip Curl crew - was released in June.

This further complements the new summer swimwear campaign called Summer Looks Good On You.

"The campaign is about inspiring women to have fun and feel good this summer - no matter who they are

and no matter where they are," Brooke says. "Along the way, we are connecting with our customer and learning more about her. This will help us design better products and ensure we're catering to her needs."

CUSTOMER HEALTH AND SAFETY

Rip Curl has practices that safeguard the wellbeing of customers when they are in store and while they are using our products. Any health and safety-related incidents are treated as high priority and investigated. Last year, we had zero customer safety incidents to report as a result of non compliance against voluntary codes.

Making a difference in our communities.

A participant at the Rip Curl Girls Go Surfing day event in Bali lends a hand in the Coral nursery.

CORAL NURSERY INSTALLED AT RIP CURL SCHOOL OF SURF IN BALI

The Indonesian archipelago is home to more than 75% of the world's coral species, but they are under threat from erosion and bleaching as well as pollution and tourism.

According to Bali's Marine and Fisheries Department, only around half of Bali's coral reefs are considered to be in good condition, with 30% in poor condition and the other 15% in very poor condition.

The Rip Curl School of Surf in Bali uses its programme to educate surfers about how they can protect coral reefs, and now it has gone one further – partnering with non-profit Ocean Gardener to help with its work restoring coral.

Geby Putri, Rip Curl Media Communications Assistant/Mangrove

Mob Event and Volunteer Coordinator, says, "We educate surf school participants and volunteers about the important role that coral plays in the ecosystem and also for the livelihoods of local fishermen and communities."

A four-rack coral nursery has been installed in front of the Rip Curl School of Surf. The project aims to replenish the numbers of reef fish and provide protection from high seas and storms that threaten the Sanur beachfronts.

Sustainable coral farming is all about nurturing the right species in the right environment. Ocean Gardener creates commercial coral mariculture farms in Indonesia to allow coastal communities to receive an income from protecting and restoring reefs in their villages.

Some of the coral harvested from coral nurseries is used to restore other

parts of the reef, and other corals are sold as live aquarium specimens.

MANGROVE MOB

Staff, team riders and Indonesian women from our Girls Go Surfing Day have teamed up to clean up rubbish in Bali's ecologically important mangrove forests. The group includes students and professionals, Indonesian celebrities and influencers.

The dense root system of mangrove forests helps stabilise the coastline and prevents erosion. In areas where mangroves have been cleared, coastal damage from hurricanes and typhoons is much more severe.

Indonesia is the second-largest plastic polluter in the world after China. Mangrove forests are at risk from tonnes of plastic and other rubbish that is washed into the forests.



Staff, local government and participants of the Rip Curl Girls Go Surfing event in Bali help to clean plastic from a mangrove forest.

The Mangrove Mob was born out of a collaboration between Rip Curl School of Surf and Plastic Bank. The project focuses on mangrove conservation and protection.

"We always attach an environmental initiative to our Rip Curl Girls Go Surfing event, which is a learn to surf day designed specifically to empower women to get out in the ocean, try surfing for the first time whilst learning about the ocean and beach environment," says James Hendy, GM Rip Curl Indonesia. "Our first mangrove clean-up really opened everyone's eyes to the extent of the problem, so we decided to make clean-ups a regular event with our office and warehouse staff."

"After every clean-up, the waste is sorted and as much sent for recycling as possible" says Geby.

The Mangrove Mob has removed 1.5 tonnes of rubbish from local forests.

"In one spot, the trash was more than a metre deep. It made us all quite sad and depressed. Mangroves drop seeds into the soil to regenerate. If the soil is covered in rubbish, they will just stop growing," Geby says. "Last month, when I went back with another group, it was looking so much better."

In total, more than 400 volunteers have participated in the programme. Regular workshops and clean-ups aim to educate locals and demonstrate the value of these forests.



Gabriel Medina wins at the Rip Curl Rottneest Island Pro



Shasta, Olivia, Katrine, and Samantha teaming up for a round of golf to raise funds for this year's community cup at Torquay RACV

“Our aim is that, when the event is over, we leave the place in a better state than we found it.”

NEIL RIDGWAY
RIP CURL CHIEF BRAND
AND MARKETING OFFICER

WORLD SURF LEAGUE EVENTS RUN WITH LOW IMPACT

This year, we increased our sponsorship of World Surf League World Tour events to four. One of these was held within a highly sensitive ecosystem on Rottneest Island.

The World Surf League manages these events in line with Rip Curl’s values. Event footprints are kept low by sorting rubbish every day and managing what comes onto the beach.

“We try to act in a sustainable way by protecting beaches everywhere we go,” says Rip Curl Chief Brand and

Marketing Officer Neil Ridgway. “It’s even more our responsibility when we put thousands of people into an event scenario. Our aim is that, when the event is over, we leave the place in a better state than we found it.”

RIP CURL COMMUNITY CUP

In 2016, Nathan Swan lost his wife to brain cancer. His colleague, Dave Wall, wanted to do something to help Nathan and his kids so he ran a golf day to raise money to help.

“At first, I felt a bit nervous and embarrassed, but in the end it felt good. It was good to know there were people around me and it was good to know that Rip Curl was behind me,” Nathan says.

The next year, Nathan wanted to give something back, so he approached CEO Michael Daly about making the Rip Curl Community Cup a regular feature in the company’s event calendar.

Reaching into the local community, it wasn’t hard to find people who were doing it tough. Over the years, the cup has raised money for six families, including a family who lost a father, a man who was struggling to provide 24-hour care for his disabled son and other families in similar situations.

“For some people, just having the community rally around them is even more valuable than the money,” Nathan says.

This year’s Rip Curl Community Cup was the biggest event yet. More than 150 people participated in a golf game, dinner and auction that raised AUD \$33,000 for Katrine, a Rip Curl

employee whose daughter had been through two liver transplants, after the first one was rejected, before her second birthday.

Local businesses donate prizes for the raffle, and Nathan says, this year, every single item was sold. “We even sold a slab of beer for AUD \$1,200.”

Nathan knows better than anyone how good it feels to have your community come together to support you. “And now, for me, it feels good to give back.”

Supporting our crew through challenging times.

THAILAND FACTORY STEERS THROUGH COVID

The Onsmooth Thai wetsuit factory in Chiang Mai has been owned and operated by Rip Curl for 20 years. This factory employs 680 people and produces around 95% of all Rip Curl wetsuits.

General Manager Duncan Stewart says Covid-19 saw the factory balancing a huge increase in demand with the challenges of keeping crew safe.

In the early days of Covid-19, the decision was made to shut the factory for all of April 2020.

"We didn't really know what to expect or what infection rates would be like, so we decided to close and make sure that everyone was safe," Duncan says.

In May, workers came back in split shifts, with some working Monday, Tuesday, Wednesday and others working Thursday, Friday, Saturday. Staff received full wages through both the closure and the period of split shifts.

When the factory reopened to full capacity in June, high traffic areas were disinfected hourly and low traffic areas disinfected every two hours.

The company supplied masks, which were mandatory. Temperature checks were conducted at the start of each shift, and hand disinfectant points were available around the factory with hourly reminders to sanitise hands. Lunch times and working hours were staggered to minimise traffic periods and allow for more social distancing.

While all these restrictions were coming into place, demand for wetsuit production skyrocketed. Another 80 staff were hired to increase production by 20%.

"Hiring 80 people requires our HR team to conduct about 350 interviews," Duncan says. "Where possible, interviews were conducted online, and face-to-face interviews were set up in an area with a clear screen and face visors."

New staff were given a Covid-19 test before starting work.

Onsmooth Thai had one Covid-19 case in the factory. The initial response was to close the factory for three days while close contacts were identified, quarantined and tested.

"We ensured that all at-risk staff had two tests, and we paid for all the tests," Duncan says.

Compared to other local companies, Duncan feels Onsmooth has fared well through the pandemic. "Early on, a lot of companies didn't take the pandemic seriously. There are reports of some factories not even ensuring staff had masks. I think we did everything we could do to keep crew safe. In the last 18 months, we've had opportunities to strengthen the processes we put in place so that now we're in a situation where we're feeling quite secure – as secure as you can be."

FLEXIBLE WORK HOURS FORMALISED.

"No one's ever been fired for going surfing" is a common refrain around the Rip Curl offices. In this sense, flexible working time has always been a part of the company's culture. But this year, we formalised our policy on remote working, flexible hours and part-time hours.

Linda Barlow, General Manager Crew, says, "We wanted to support the crew to achieve their personal, family and relationship goals by facilitating flexibility in employment

and working arrangements to achieve the optimal balance between work and personal responsibilities."

The new policy has three areas. Crew can ask their managers to work up to 40% of their time from home. Covid-19 restrictions have seen many staff working from home this year. This policy gives crew the option to carry that arrangement forward if they prefer.

To support working families, long lunchtime surfs and late risers, we've also introduced flexible hours. And for the first time, we've made it possible for crew to ask to move to part-time hours if that fits their circumstances better.

This policy was introduced in May to all Australian and New Zealand permanent staff, with:

- 49% uptake on working from home
- 19% uptake on flexible working hours
- 0% uptake on moving to part-time hours.

"The policy is based on mutual trust and transparency," says Linda, "and I think it makes Rip Curl an even greater place to work."

SUPPORTING WELLBEING

We're lucky to have offices near the coast. For many of our crew, the ocean and the beach are core pillars to their wellbeing – whether it's a long surf or a quick walk on the beach.

With more crew working from home because of Covid-19 restrictions, we expanded our wellbeing offering to include digital resources.

We rolled out the HFG Workplace Wellbeing portal to staff in Australia and New Zealand. The portal offers

access to information on eating well, reducing stress and how to set up healthy work habits at home.

Crew have been engaging with the portal, which shows there is a need for this offering. Now we plan to overhaul our internal health and wellbeing programme to align more closely with Rip Curl values – in particular, our value around community. We are partnering with Mindfull Aus, which will facilitate regular workshops on mental wellbeing.

DEDICATED WELLBEING MANAGER

A new role was developed this year to support crew on their search for health and wellbeing. The Employee Health, Safety and Wellbeing Manager role was established with responsibility for looking out for our crew today and into the future. This role will develop and implement health and safety policies and programmes around injury management and prevention. They will identify and provide training pathways and maintain health and safety metrics and data.

FREE COUNSELLING AVAILABLE

A new, free counselling service was rolled out to crew this year. All permanent employees are entitled to three sessions each year. They are 100% confidential and free of charge.

FIRST FEMALE CEO APPOINTED

Brooke Farris has been appointed CEO of Rip Curl, becoming the first woman to head up the global surf company in its 52-year history. Brooke has been promoted from her current role as general manager of Rip Curl women's.

Farris, who grew up in Perth, is a former junior surfing champion, and

a board member of Surfing Australia and SurfAid. She has previously worked as the women's tour manager at the World Surf League.

Farris has been part of the Rip Curl crew for 11 years, holding positions across events, marketing strategy, retail, wholesale, social media, and as the General Manager of Digital.

"Rip Curl has been threaded throughout my life since I was a teen," Farris said. "I'm honoured to be announced as the new CEO."

"It's an absolute privilege to lead our talented and passionate crew across the world and I'm motivated to build on our esteemed 52-year history and capitalise on our continued market success."

Outgoing CEO Michael Daly said after a thorough internal and external process, Farris was deemed to be the best person for the role.

"Brooke has contributed greatly to Rip Curl's success and growth over the past 11 years with her indisputable commitment to the brand, our product, and our crew," he said.

"I am confident she will bring this same commitment and leadership in her new role."



BROOKE FARRIS
RIP CURL CEO



This report is an excerpt of the [Kathmandu Holdings Limited 2021 Sustainability Report](#) and has been produced in accordance with the Global Reporting Initiative (GRI) Standards core option. To locate our full disclosure please see our Sustainability Report on our [Investor website](#).