



GLOBAL | CODE OF CONDUCT



BILLABONG GROUP





Dear Colleague,

The following Code of Conduct ('the Code') provides you with a roadmap for fulfilment of the principles that have defined the Billabong Group since its humble beginnings in 1973. These principles include a commitment to integrity, honesty, trust, teamwork, respect and a desire for excellence in everything we do.

Each of us is accountable for maintaining these high standards every day; however, in a complex business environment, it is not always obvious what the correct course of action is. That is why we have the Code; to be used as a resource on ethical business practices. Together with workplace handbooks, policies, procedures, laws and regulations relevant to our particular roles and regions, the Code is a guide for navigating the various scenarios that arise during the ordinary course of business activities, and arming us with the tools we need to make the best decisions as we execute our duties.

The Code is intended to apply to directors, employees, contractors, consultants and any other individuals representing or engaged by the Billabong Group, irrespective of position, brand or location. The Code reinforces the need for us to always act in good faith and in the Billabong Group's best interests. While we expect to remain competitive within our various markets, we also expect to play by the rules, irrespective of where we operate around the world.

Our reputation relies on the business conduct of every individual representing us. We are responsible for our actions as individuals, as team members and as an organisation. By working together, supporting one another, adhering to this Code, speaking up about any breaches and asking for guidance when we need it, I am confident that we will continue to always act appropriately and that our reputation will endure.

Thank you for joining me in this effort.

NEIL FISKE
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
BILLABONG INTERNATIONAL LIMITED

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What you need to know about The Code: In Brief

At the Billabong Group we play by the rules, no matter where we are in the world. This Code helps us to make the best decisions as we go about our work. Every one of us needs to maintain these standards, and to speak up if we see others at Billabong not playing by the rules. We are all the guardians of the Billabong Group's reputation, individually and together.

It's important that you read and understand all of the Code, but for a summary that's easy to remember, these are the basic principles that make up the Code.

1. We respect and care for our people.

Safety is always a priority. We treat everyone fairly and with respect. At work events we behave responsibly, knowing that our actions impact the Billabong Group's reputation. We respect privacy and the confidentiality of personal and business information, and do not make public comments about the Billabong Group unless approved.

2. We play fair when we deal with others.

If it feels wrong, don't do it. We avoid conflicts of interest so that we can always make clear and fair decisions in the Billabong Group's best interests. Most of the time, we can't accept gifts, hospitality or entertainment but if gifts are important for cultural reasons, there are some rules we have to follow. Our business travel must be approved and we must respect both our travel policies and the culture and customs of our destination. We play fair and compete equitably when we make business decisions, and when we deal with suppliers.

3. We respect and care for our property.

Company resources are for work purposes, and we need to protect them. We keep information confidential that is not publicly available, and we protect the Billabong Group's intellectual property. We follow stock market rules and laws about trading our own shares and releasing business and financial information. We use IT appropriately for work, and always safeguard its security.

4. We do the right thing when we deal with Government. We try to reduce our environmental impact and increase our community impact.

We respect the communities and environment in which we live and work and we think about both when we make decisions. As a rule, we don't make political donations but we do have a voice on policy issues that may affect our business. Payments or bribes for favourable business decisions are never allowed.

You should speak up if you see others not following this Code. You are encouraged to address any concerns with your leader, HR, management or with the Whistleblower Protection and Investigation Committee. Breaches of the Code will be investigated, and there will be consequences.

We are all the guardians of the Billabong Group's reputation!



Contents

- What you need to know about The Code: In Brief..... 3**
- About the Code..... 4**
 - Expectations of our people 4*
 - Expectations of our leaders 4*
 - Reporting concerns..... 5*
 - Whistleblower Protection and Investigation Committee 5*
 - Investigations 6*
 - Consequences 6*
- Our people 7**
 - Health and Safety 7*
 - Equality in employment..... 7*
 - Harassment and bullying 8*
 - Behaviour at work related events 8*
 - Personal information and privacy 9*
 - Making public comment 9*
- Using Company Resources 11**
 - Company assets 11*
 - Confidentiality 11*
 - Intellectual property..... 12*
 - Insider trading 12*
 - Business and financial records 13*
 - Cyber security..... 13*
- Dealing with others 15**
 - Conflicts of interest 15*
 - Gifts, hospitality and entertainment 16*
 - Business travel..... 17*
 - Competition and anti-trust..... 17*
 - Supplier relationships 18*
- Government, environment and community..... 20**
 - Community..... 20*
 - Environment..... 20*
 - Political activity..... 20*
 - Bribes and facilitation payments 21*
- Administration 22**

About the Code

This Code is designed to provide you with a broad and clear understanding of the high standard of conduct expected of all our people everywhere we do business. In short, it guides the way we work.

It applies to our directors, employees, contractors, consultants and any other people representing us, irrespective of position, brand or location, who, throughout this Code, will be jointly referred to as 'our people'.

This Code should help guide your conduct, but it cannot address every circumstance. Instead, it provides you with a set of guiding principles, and a common behavioural framework to work within. For issues pertaining to your particular work area/location, more in-depth guidance is available in the relevant handbooks, policies and procedures.

What you will see on the pages that follow are a series of conduct and ethical guidelines, including examples of what is 'right' and 'wrong' under the Code, where to seek further information and how to report a breach or potential breach.

Expectations of our people

We expect you to read this Code in its entirety, check that you have understood its contents, and comply with the Code, in addition to the law, policies and procedures applicable to your workplace. Always use good judgement and avoid even the appearance of improper behaviour. If you see something that concerns you, raise it promptly. Always consider your actions and, if in doubt, ask yourself:

- Is it consistent with the Code?
- Is it legal?
- Is it in line with our policies and procedures?
- Is it ethical?
- Is it safe?
- If one course of conduct is ethically questionable, is there an alternative course that is ethically sound?
- Will this action reflect well on me and the Billabong Group?
- Would my actions appear to be correct in the eyes of management, shareholders, the media, authorities or anyone else looking at the situation from the outside?

If the answer is 'no' to any of these questions, you must refrain from the intended action.

If you have a query regarding this Code, you can either speak with your leader or Human Resources representative. The Code contains useful examples and provides answers to common questions to help guide you.

Expectations of our leaders

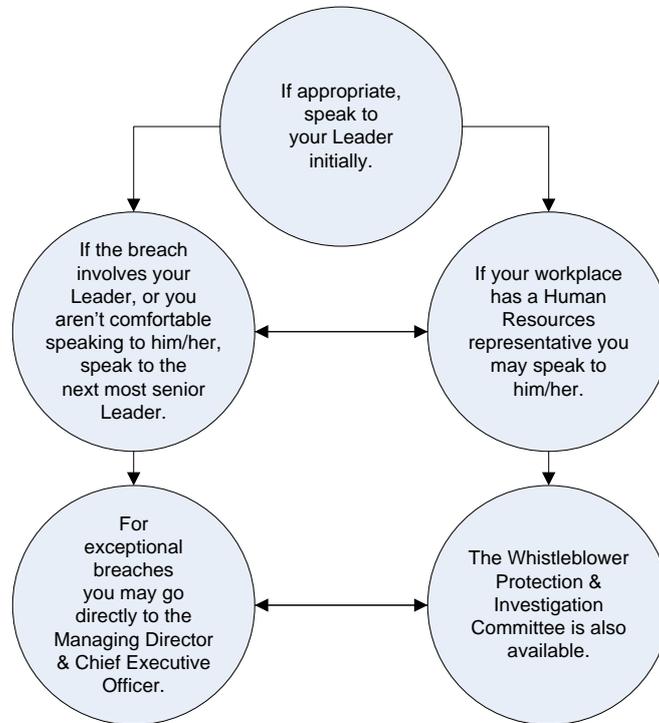
If you are a leader, you have the important responsibility of role modelling appropriate conduct. As a leader, you should:

- create an open and supportive environment where employees feel comfortable asking questions;
- ensure your people are aware of, and comply with, the Code;
- communicate clearly and directly about behavioural expectations;
- create an environment where your people feel comfortable reporting a concern;
- always act to prevent or stop breaches of the Code; and
- if approached with a question or concern, answer questions if you can but seek help if needed. If the concern requires investigation, see the 'Investigations' section below.

Reporting concerns

We all have an obligation to ensure compliance with the Code. If you observe behaviour that concerns you, or that you believe may represent a breach of the Code, raise the issue promptly. Doing so will create an opportunity to deal with the issue and, where possible, correct it.

You are encouraged to report any breach or suspected breach to your leader or, if this is not appropriate - to another leader, Human Resources, the Managing Director and Chief Executive Officer or the Whistleblower Protection and Investigation Committee.



If you raise a concern, be open and honest and provide as much information as possible. You may choose to remain anonymous when reporting a breach. However, it is preferable to provide your contact details to allow clarification and further investigation, if required.

Whistleblower Protection and Investigation Committee

Initially, we encourage our people to talk to their leader or Human Resources. However, in cases where this may not be appropriate or the matter is serious, another alternative is to report the issue to the Whistleblower Protection and Investigation Committee ('the Committee').

If the Committee determines that a breach or potential breach of the Code has taken place, it will appoint an investigator. The investigator will observe the requirements set out below (see 'Investigations') and, following the investigation, will submit a report to the Committee on the outcome of their investigation, including any recommended action. The investigator also provides feedback to the whistleblower.

As noted above, anonymous disclosures can be made to the Committee. However, this can place some limitations on the investigation.

The Committee will take all reasonable steps to ensure that anyone who makes a complaint is protected. However, if a complaint is found to be malicious, slanderous or vexatious, the complainant may be subject to disciplinary action.

The Committee can be contacted via email at whistleblower@billabong.com.au. A detailed Whistleblower Policy can be found at www.billabongbiz.com.

Investigations

All suspected breaches of this Code will be thoroughly investigated and we value the help of anyone who identifies potential problems.

Our people are expected to cooperate with any investigation process and respect the confidentiality of those involved.

Anyone investigating a claim is expected to:

- treat all concerns seriously, and where possible, with confidence;
- follow local grievance procedures (where applicable) to investigate the breach;
- communicate clearly, with sensitivity and respecting confidentiality (where possible) throughout an investigation;
- respond to issues raised promptly, provide timeframes on any next steps, and give feedback where appropriate;
- provide accurate information on the Code, the law and our policies and procedures;
- record the details of any investigations in writing;
- remind those involved in the investigation of the requirement for confidentiality; and
- remain objective.

Consequences

The course of action taken will depend on the nature and severity of the issue. Decisions made on any disciplinary action will comply with local laws and relevant policies and procedures (e.g. Misconduct, Performance Management or Disciplinary Action policies or procedures).

In addition to failing to comply with the Code directly, disciplinary action may result from:

- retaliating against another person for reporting a concern or breach;
- requesting others to breach the Code;
- failing to raise a breach or suspected breach promptly;
- raising a false, malicious, slanderous or vexatious complaint;
- failing to promptly deal with any concerns or breaches raised;
- failing to follow the investigation process (see ['Investigations'](#)) for any concerns or breaches raised; and
- in the case of our leadership team, failing to lead by example in observing the Code and/or failing to address any breaches of the Code by your team.

Compliance with this Code is essential to maintaining the good reputation of the Billabong Group. Breaches by individuals or groups may place our integrity and reputation at risk, which can have adverse consequences for all.

Our people

Health and Safety

The Billabong Group conducts its business activities in a manner consistent with applicable health, safety, and environmental laws and regulations.

We are committed to ensuring the health, safety and well-being of our people by having mechanisms, resources and processes in place to monitor safety performance, identify hazards and minimise risks.

Further, we are committed to a healthy and productive workplace free from substance abuse. Therefore, the use of illegal drugs, the misuse of legal drugs or other substances and the abuse of alcohol is prohibited.

Our people are expected to:

- be fit and ready to carry out their work duties at all times while at work or on Billabong business;
- not attend work or Billabong business while impaired by drugs or alcohol or with illegal drugs present in their systems;
- not use, possess, sell or distribute illegal drugs;
- report anyone who appears to be under the influence of drugs or alcohol or you suspect is distributing or selling illegal drugs;
- report potential safety issues and hazards;
- report any accidents, incidents or near misses;
- ask questions if unsure about safety procedures or rules;
- contribute to improving the safety system in the workplace;
- take responsibility for their own safety and the safety of others; and
- ask their leader, if unsure.

Example:

Q. *With so much pressure on my team to meet targets, I have no choice but to compromise safety procedures. Is it okay to compromise safety procedures to achieve business goals.*

A. *Safety should never be compromised, and should always be our number one priority. You should discuss the situation with your leader, the next level of management or Human Resources.*

Q. *I was offered illegal drugs by a colleague. The same colleague often looks a little disoriented. What should I do?*

A. *You should speak to your Manager or Human Resources immediately. The distribution of illegal drugs is prohibited in the workplace. Further, your colleague may be putting themselves and others at risk if they are attending work under the influence of drugs.*

Equality in employment

At the Billabong Group, our diversity is shaped by the skills, experiences, perspectives, styles and characteristics (including but not limited to gender, gender identity, gender expression age, ethnicity, cultural background, disability, marital status, medical condition, sexuality and religion) of our people.

We recognise that these differences contribute to innovation, change and the long-term growth of our business. We also recognise that embracing diversity creates value for our customers and shareholders, and offers benefits such as improved efficiency and retention, a broader collection of skills and an increased talent pool.

For all of these reasons, we are committed to providing an inclusive, equitable and non-discriminatory workplace that values and respects the diverse backgrounds, perspectives and experiences of our people.

Our people are expected to:

- treat everyone fairly, with respect and dignity;
- ensure employment related decisions (e.g. recruitment, promotions) are based on merit; and
- understand and act with consideration to local laws and cultural considerations.

Example:

Q. *I believe I did not receive a promotion for which I am qualified because my leader prefers to promote employees who do not have children. Is there anything I can do?*

A. *All employment related decisions must be based entirely on merit. Decisions based on attributes rather than job performance and qualifications may constitute discrimination.*

Harassment and bullying

Harassment is an action, conduct or behaviour that is viewed as unwelcome, humiliating, intimidating or offensive by the recipient. Bullying is verbal, physical, social or psychological abuse by a person or group of people at work.

Harassment and bullying are illegal in many countries, and may lead to penalties for individuals and for the Billabong Group. We are committed to providing a workplace free from all forms of harassment, bullying and workplace violence.

Should a person reasonably feel offended, humiliated, intimidated, undermined or threatened due to another person's behaviour, harassment and/or bullying has taken place. Any person found to have behaved inappropriately will be subject to disciplinary action and possible dismissal.

Our people are expected to:

- treat everyone with respect and dignity;
- be inclusive, collaborative and supportive;
- consider the implications of their behaviour towards others;
- be aware of cultural considerations when travelling or working in another country;
- speak up about inappropriate behaviour, regardless of whether it is directed at them; and
- encourage a workplace free from harassment and bullying.

Example:

Q. *A colleague has sent me a few emails which I believe are inappropriate and make me feel uncomfortable. Is this ok?*

A. *No. You need to speak to the colleague sending you the emails or speak to your leader or Human Resources representative.*

Behaviour at work related events

As ambassadors for the Billabong Group, our people must ensure that their behaviour always reflects positively on their own reputation and that of the Billabong Group.

Whether it's an employee event, industry event, brand event, dinner, lunch, BBQ, supplier or client event or the annual Christmas Party, it is the Billabong Group's aim to make sure that these types of events are enjoyed in a manner that promotes the safety and wellbeing of all attending.

When it comes to behaviour at work related events our people are expected to:

- respect themselves, their co-workers and people running the event;
- drink responsibly and not excessively;
- not partake in the consumption of illegal drugs;
- behave in an appropriate and respectful manner which is not offensive or causes disturbance or annoyance;

- report any risks to people's health to a manager; and
- plan how to get home safely.

Unacceptable behaviour, which may be subject to disciplinary action in accordance with Company policy, includes physical or verbal abuse, harassment (including sexual harassment), damage to property, and the posting of inappropriate material on social media.

Personal information and privacy

Personal information is any information or opinion about an identifiable person. The Billabong Group is committed to ensuring the privacy of individuals and safeguarding the personal information of our people, potential employees, customers, suppliers, contractors and anyone else with whom we interact, including in regard to any personal information gathered through online activities. We will not collect, use or disclose information for anything other than the purpose for which it is required.

Specific privacy laws differ country by country and management in each region is responsible for familiarising themselves with the privacy legislation and requirements in their respective regions and ensuring compliance by all of our people.

A copy of our Privacy Policy can be found at www.billabongbiz.com.

Our people are expected to:

- respect and maintain the privacy of personal information;
- ensure confidentiality is maintained;
- collect, retain and dispose of personal information of other people in an appropriate manner; and
- release employment information (e.g. contact information, salaries, position information) only with the prior written consent of the employee concerned (unless required by local law).

Examples:

Q. *The Billabong Group recently ran a competition and now that it has closed, I have the contact details of thousands of people. Can I contact these people for my next marketing campaign?*

A. *No, not unless the competition applicants have given their authorisation to be contacted for future marketing campaigns. If they have not, their contact details need to be securely destroyed.*

Q. *A customer has asked for the personal mobile number of one of our Sales Managers. As it is a customer requesting the information, can I release it?*

A. *No. As we have a responsibility to protect information, you should not release the Sales Manager's personal number without their consent. You could instead give the customer's number to the Sales Manager.*

Making public comment

The Billabong Group has a responsibility to its shareholders to operate with honesty, integrity and transparency. Public comment regarding our business and its performance is the responsibility of the Chairman, the Managing Director and Chief Executive Officer, and the Chief Financial Officer, and should generally only come from them. Senior executives will be responsible from time to time for public comment in respect of areas of their responsibility under guidelines specific to the individual and spelled out by the Chief Executive and Managing Director.

Public comment can include public speaking engagements, comments on radio and television, and expressing views via print and electronic media where it might be expected that the publication or circulation of the comment will spread to the community at large.

As members of the community, our people have the right to make public comment and enter into public debate on political and social issues. However, it is important that our business activities are not

discussed, and that all reasonable steps are taken to ensure that any public comment made is clearly seen and understood to be made in a private capacity, representing personal views only.

When it comes to making public comment our people are expected to:

- ensure that only the correct nominated representative makes any public comment relating to the Billabong Group;
- escalate any requests for information from the media to the senior management team in their location; and
- obtain authorisation before representing the Billabong Group publicly.

Where social media (including blogging) comments or user details can identify an individual as an employee of the Billabong Group, our people must:

- not disclose or discuss information about our business;
- ensure that all content published is accurate and not misleading;
- complies with all laws including those concerning copyright, privacy, defamation, discrimination, harassment and other applicable laws; and
- not post material which is offensive, obscene, defamatory, threatening, harassing, bullying, discriminatory, hateful, racist, sexist, infringes copyright, or is otherwise unlawful.

Examples:

Q. *I have been asked to speak about my job at the Billabong Group at a University Career Fair, can I do this?*

A. *You will need to get authorisation from your Leader to speak at the Career Fair. If authorisation is granted, it is important that you do not divulge any confidential information about our business, and that you represent the Billabong Group in a professional manner.*

Q. *I attended a protest on the weekend regarding dredging at my local beach. Whilst there, I was photographed by a news reporter. The reporter has contacted me for an interview, I think it would really help our cause if I can say in the interview that I work for the Billabong Group and that they are also against the dredging. Can I make this comment?*

A. *Although you have the right to enter into public debate, and the Billabong Group may also be against the dredging, you must first obtain authorisation to publicly represent the Billabong Group's views.*

Using Company Resources

Company assets

The Billabong Group's assets and resources must only be used for authorised, legitimate business purposes. Our people are also responsible for keeping our assets and resources secure and protected at all times.

Our assets and resources include, but are not limited to, funds, plant and equipment, stationery, stock and merchandise, software, records and any other Billabong Group information.

Our people are expected to:

- use assets for their intended purpose;
- follow any local policies or procedures in relation to the Billabong Group's assets;
- protect our assets from waste, damage, misuse, loss or fraud;
- ensure third parties follow our procedures with regard to assets, including safety procedures; and
- prevent breaches of security.

Some use of the Billabong Group's property for private purposes (e.g. telephone calls and internet) is permitted on the basis that such use is limited and does not interfere with an individual's employment obligations to the Billabong Group.

Example:

Q. *I have access to one of the Billabong Group's jet skis and would really like to use it over the weekend. I know the jet ski will not be required over this time. Can I use it?*

A. *Unless you are using the jet ski for authorised, legitimate business purposes, the answer is 'no', unless specifically authorised by your leader.*

Confidentiality

Confidential information is information which is not publicly available and relates to the business affairs of the Billabong Group, its clients, customers and suppliers. It could be anything from business strategies, product designs, marketing and sales plans, financial plans and forecasts, trade secrets, customer or employee information, sales or margin performance and supplier information and pricing.

Our people are expected to:

- take the utmost care to ensure the integrity and security of confidential information;
- release confidential information to external parties only with the approval of their leader and if required, a non-disclosure or confidentiality agreement signed by the external party; and
- observe the requirement for confidentiality even after their employment ceases.

Examples:

Q. *I work in Marketing and I'm aware of the details of some of our athletes' sponsorship deals. A family friend wants to be sponsored by the Billabong Group and has asked for advice. Can I generally discuss details of some of our sponsorship deals with him?*

A. *No, you should not disclose confidential Billabong Group information to friends, family members or anyone else. This policy applies regardless of how you obtained the information (e.g. whether it was through a conversation you overheard, or it was information that you obtained directly) and whether you disclose the information in general or specific terms.*

Q. *A consultant has requested confidential information from me. I am not sure that the consultant requires this information as part of her duties. Should I hand over the information?*

A. *No, you should seek more information from the consultant as to why she needs the information. If you do not think the request for information is justified, you should speak to your leader. All consultants should sign a Confidentiality Agreement before they commence their engagement.*

Intellectual property

Intellectual property ('IP') can be an invention, trademark, original design or the practical application or expression of an idea that has commercial value.

Our people are expected to:

- protect the Billabong Group's IP in the same way that the Billabong Group's resources are protected, both during their employment and after their employment ends;
- obtain permission from their leader before sharing any IP with any third party, as a signed confidentiality or non-disclosure agreement may be required; and
- respect the IP of previous employers and competitors by observing these same guidelines.

Example:

Q. *I used to work for the Billabong Group as a designer and used some of my designs in my portfolio when I secured my new job. My new employer really liked some of the designs and has asked me to create the same designs for his brand. As I no longer work for the Billabong Group and I created the designs anyway, can I do what my new employer has asked?*

A. *No. As you created the designs as part of your role at the Billabong Group, the designs are considered the IP of the Billabong Group, and therefore do not belong to you. Same applies for designs you created at a previous employer – they belong to that employer and should not be replicated in anyway during your employment at the Billabong Group.*

Insider trading

Insider trading is illegal and attracts severe penalties. In summary, it is illegal for anybody to deal in Billabong Group shares when in possession of information that is not generally available and, if the information were generally available, a reasonable person would expect that information to have a material effect on the price or value of the Billabong Group's shares (in other words, 'inside' information).

Our people are expected to keep any inside information about the Billabong Group confidential (e.g. do not tip a person to buy or sell our shares). It is also illegal to get another person (such as family members or business associates) to trade your shares or their shares based on inside information provided by you.

Employees with access to information of a sensitive nature that may affect our share price, and employees who participate in our long term incentive plan, may not trade in Billabong Group securities unless prior clearance is obtained from the Chair of the Board. If you are unsure if you are subject to this policy, please check with the Legal Department.

The Billabong Group's Securities Trading Policy can be found at www.billabongbiz.com

Examples:

Q. *Friends often ask if they should buy shares in the Billabong Group. Can I tell them what I know about the business and recommend them to buy shares?*

A. *You should not divulge any inside information to your friends, nor make recommendations based on such information. Buying or selling shares on the basis of inside information could make you and the recipient of the information liable to prosecution. Also, you are not trained or licensed to give financial advice (it is a criminal offence in some countries to give financial advice if not licensed). Markets move up and down, and often reflect broader factors beyond the actual health, position and performance of the Billabong Group. The best way to deal with this situation is to tell your friends they should speak to a qualified professional investment advisor.*

Q. *I work in product development and heard a rumour that the Billabong Group was about to acquire another business. I think the acquisition will increase our share price. Is it okay for me to purchase shares now?*

A. *No; insider trading rules prohibit anyone from dealing in shares when in possession of information that is not generally available and may affect the share price.*

Business and financial records

The Billabong Group is committed to delivering good financial returns for its shareholders, and ensuring that accurate information about our affairs are made available to shareholders and the market in a timely way. In particular, we are committed to making sure that the market is properly informed of any information that a reasonable person would expect to have a material effect on our share price.

We release information to the market in accordance with our Continuous Disclosure Policy, which sets out our commitment to providing accurate and timely information about our activities and our compliance with any continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange (ASX) Listing Rules. The policy also outlines the process our people must take to report any potentially material price sensitive information or proposal. All information disclosed to the ASX in compliance with this policy is promptly placed on the Billabong Group's website www.billabongbiz.com. The website also contains ASX and media releases, annual reports, general communications and responses to frequently asked questions.

Our people are expected to:

- operate with honesty, integrity and transparency within any legislative and regulatory requirements;
- ensure accurate recordkeeping;
- comply with accounting rules and internal controls, and operate within generally accepted accounting practices;
- review and monitor controls and procedures for the preparation of accounting records and financial statements with guidance from auditors; and
- always cooperate fully with auditors without concealing any relevant information.

Examples:

Q. *My department has already exceeded its annual budget. Can I ask some of our suppliers to delay sending invoices for goods or services already received until next year?*

A. *No; if the goods or services have already been received, they should be recorded and classified this year, it being the proper accounting period.*

Q. *A financial analyst has contacted me asking for information. Can I give him the information he has requested?*

A. *As financial analysts play an important role in influencing investor decisions, they need to communicate with the most informed people in our business regarding our financial performance. Therefore, financial analysts should speak only with the Chief Financial Officer or the Managing Director and Chief Executive Officer or their nominated proxy.*

Cyber security

Computer hardware and any software, as well as the data stored on any devices, are considered Billabong Group assets and are the property of the Billabong Group. Like all company assets, the Billabong Group reserves the right to access, review and disclose data stored on its systems for the purposes of maintenance, business needs or to meet legal or policy requirements.

Our people are expected to:

- safeguard our IT resources and data, including protecting passwords and keeping resources secure when travelling;

- use IT resources appropriately. Although some personal use is permitted, these resources are provided primarily for work purposes;
- protect our IT resources from damage, theft or unauthorised access; and
- use IT resources in line with this Code and local laws and policies (e.g. we do not tolerate materials that discriminate, harass or bully).

Dealing with others

Conflicts of interest

A conflict of interest generally arises when an individual's personal or commercial interests actually or potentially conflict with the interests of the Billabong Group.

Typical and common conflict of interest situations arise when an individual has an association, personal relationship or financial involvement with a third party. Such a relationship may result in the individual obtaining a personal benefit, which may be detrimental to the business interests of the Billabong Group. Some specific examples include:

- making business decisions based on opportunities for personal gain or that of close family or friends;
- holding outside jobs and affiliations (for example, working for a competitor);
- offering jobs or affiliations to relatives or friends;
- offering or accepting gifts, hospitality or entertainment (see '[Gifts, hospitality and entertainment](#)' below); and
- receiving money or any other form of financial personal benefit directly or indirectly from suppliers or other third parties proposing to do business with, or doing business with, the Billabong Group.

Such circumstances could compromise or appear to compromise the individual's ability to make impartial business decisions.

Our people are expected to:

- conduct all business relationships in a professional, ethical and responsible manner;
- make every effort to avoid conflict of interest situations from arising;
- avoid any business dealings and personal relationships that may cause a conflict or create the appearance of a conflict;
- use good judgement before accepting gifts, hospitality and entertainment;
- excuse themselves from any decision making process where they have an interest that may influence their ability to make an objective decision; and
- if and when a conflict of interest does occur, disclose it immediately to their leader in writing before making a decision on a course of action.

Examples:

Q. *I have been offered a part-time position with another company, working mainly weekends, which will not interfere with my work. Can I accept?*

A. *Generally speaking, it is okay for you to accept outside employment as long as it does not impact on your work at the Billabong Group, and does not create a potential or actual conflict of interest. Employment with a competitor of the Billabong Group is not permitted. By being upfront and discussing the situation with your leader, you can prevent a potential or actual conflict of interest from occurring. Additionally, you must not disclose to your second employer any Billabong Group information or work processes.*

Q. *My department is in the process of sourcing new suppliers and my partner manages one of the businesses being considered. Can I play a part in deciding which business to use?*

A. *You should avoid being involved in the decision-making process in any way and advise your leader of the situation. Having a personal relationship with a manager of one of the businesses being considered, and being part of the decision-making process, potentially affects your ability to make an impartial decision, and therefore represents a conflict of interest.*

Q. *I am an Account Manager and my cousin recently purchased a store I normally service. Can I continue to service his store?*

A. All of our customers must be treated fairly, honestly and at arm's length. Even if your cousin's store will not receive preferential treatment, the relationship could give the appearance of such treatment. Given that, it is unlikely that you will be able to continue to service the store, and you need to speak to your leader about the situation.

Gifts, hospitality and entertainment

Our people are responsible for behaving ethically, morally and legally at all times. This includes never using their positions, Billabong Group property or information to improperly gain benefits for themselves or anyone else.

The Billabong Group does, however, recognise the need from time to time to give or accept customary business courtesies in accordance with ethical business practices. Particularly in some countries, it is recognised that the giving of gifts is part of the business and social culture of that particular country.

Our people are expected to:

- disclose any gifts they plan to offer, or have received, to their leader;
- ensure (in the situation where a gift is required and appropriate) that the value of the gift is moderate (i.e. up to the value of AU\$200) and the recipient is not expected to reciprocate;
- ensure gifts are not offered or received secretly;
- avoid any situation in which the giving or receiving of gifts causes a conflict of interest (see '[Conflicts of interest](#)' above);
- not give or accept any gifts offered or received at a time when they could be considered to influence a business decision; and
- offer or accept a gift only if it is of moderate value (i.e. up to the value of AU\$200).

Examples:

Q. I am meeting with a new customer in Japan next week. It is customary to exchange gifts in Japan when meeting for the first time. What should I do?

A. As it is customary and appropriate to give and receive gifts in order to build business relationships in Japan, the exchange of gifts is acceptable. However, you should be careful that the gift you give is not extravagant. If you are presented with an expensive gift, you may accept it to avoid offending the provider, but you should report it to your leader. Your leader will then decide whether you may keep the gift, or whether it becomes Billabong Group property or is returned to the customer.

Q. I have been negotiating a contract with a supplier and they have invited me to a conference. The conference is being held at a resort and the supplier has offered to pay all of my expenses, in addition to a three night stay, when the duration of the conference is only one day. Should I attend?

A. No. You must avoid even the appearance that your contract negotiations might be improperly influenced. If there is a business need to attend the conference, the Billabong Group will pay for you to attend.

Q. I work in Marketing and one of our athletes says the snowboard company he is sponsored by will give me free snowboards if I increase his advertising profile. Can I do this and accept the free snowboards?

A. No; you should not accept free gifts by placing preferred advertising.

Q. I work in Sales, and one of the companies we associate with has a staff / friends' price available on their products. Can I accept this purchase price if offered?

A. You should not accept the special purchase price unless it is an offer generally made available to all staff, and could not be considered to influence a business decision.

Business travel

The Billabong Group aims to provide any of our people required to travel for business reasons with a reasonable level of comfort and service that is cost-effective and convenient, and that protects the health and safety of the traveller.

Our people are expected to:

- observe their location's Travel Policy and Procedures;
- ensure they have approval for any business related travel prior to booking;
- make any travel bookings through the designated travel provider or a nominated person at their location;
- if travelling overseas, act on any safety advice including vaccinations, travel medicine and destination security advice;
- provide proof of any travel related expenses for reimbursement (e.g. invoices, receipts);
- ensure any expenses presented for reimbursement are business related;
- comply with immigration laws when travelling internationally; and
- acquaint themselves with the local culture and customs of the destination, and be aware of behaviours that may or may not be acceptable.

Example:

Q. *I am on a business trip overseas. As I'm walking back to my hotel after a morning meeting, I pass a shop-window and see a bag that one of my team members would love. After some deliberation, I decide to purchase the bag for her. I receive a receipt for the purchase. Can I obtain reimbursement from Billabong for this purchase?*

A. *No. The bag is not a business related expense. Reimbursement will only be given for business related expenses. If in doubt as to whether an expense is business related, refer to your location's Travel and Expenses Policy.*

Competition and anti-trust

As a global company, the Billabong Group operates in a number of countries in which Competition, Fair Dealing or Anti-trust Laws exist. These laws aim to prohibit practices that restrain trade or free and fair competition, for example, market sharing, bid rigging or price fixing.

In all business dealings, we are committed to competing vigorously as well as equitably.

Our people are expected to:

- ensure that the Billabong Group makes objective and independent decisions on pricing, marketing and selling of our products;
- be aware of any contact or activities undertaken with competitors, and avoid any action which could imply illegal coordination with them; and
- if in a leadership role, ensure they are familiar with their location's competition laws, comply with these laws and ensure that their team observes them.

Examples:

Q. *A sales representative who works for a competitor has asked me to 'share' my territory with him so we each only service certain accounts. He claims that by doing so, we will both benefit as the accounts we do service will have no choice but to increase their orders. What should I do?*

A. *The sales representative is asking you to market share, which is considered illegal and can attract severe penalties. Market sharing arrangements do not promote healthy competition, and are in breach of trade practices/anti-trust laws. You should not enter into such an agreement, and you should not discuss the matter with the sales representative any further. You should also notify your leader and the Legal Department.*

Q. *An athlete sponsored by a competitor is unhappy and wants to leave the competitor and ride for us. The athlete has told me that there is one year left on her contract. Can I offer her a contract with us?*

A. *Signing a new athlete typically involves three stages:*

1. **Making an offer:** *We can make an offer at any time to any athlete, even if they are already contracted to a competitor, but only if it is very clear that our offer for her to ride for us starts only after her existing contract has expired. It is illegal to induce a person to break her contractual obligations;*
2. **Negotiations:** *If the athlete is contracted to a competitor, then her existing contract may restrict the athlete from negotiating with competitors. The contract may also contain first and/or last right of refusal provisions that operate during the life of the contract, and for some time after its expiry. Therefore, prior to entering into negotiations with the athlete, you should be satisfied that her existing contract allows such negotiations (and do not just take the athlete's word for it - ask to see the relevant clauses). If there is a clause in her existing contract that restricts negotiations with competitors, then no such negotiations should occur until the end of her existing contract; and*
3. **Signing a contract:** *Prior to signing a concluded agreement be satisfied that the athlete's existing contract has expired, or will expire prior to our contract starting. In addition, ensure that any first and last rights of refusal in her existing contract have been complied with, or expired (again, do not just take the athlete's word for it - ask to see the relevant clauses).*

Q. *Can I request a retailer to stop selling Billabong Group's products below the recommended retail price?*

A. *No, we cannot force retailers to sell our products at a fixed price; doing so would be considered resale price maintenance, which is illegal.*

Q. *My role includes having some say in the setting of prices for our products. At an industry function, a manager for one of our major competitors starts a conversation to discuss pricing to the market. How should I handle this situation?*

A. *You should immediately inform the person this is not a conversation you want to be any part of, and avoid any further discussion of the issue as it would constitute illegal behaviour. Contact the Legal Department if you require further assistance.*

Supplier relationships

The Billabong Group is committed to treating suppliers honestly, fairly and objectively, and will avoid any practice which may be seen as deceptive or unfair. We also expect our suppliers to operate in an honest and fair manner.

We require our suppliers to work within our Supplier Code of Conduct, and our supplier factories are audited to ensure compliance with our corporate social responsibility program which operates under the principles of Worldwide Responsible Accredited Production ('WRAP').

Suppliers are expected to take necessary corrective actions to promptly remediate any identified non-compliance with the Supplier Code of Conduct, and the Billabong Group reserves the right to terminate its business relationship with any supplier who is unwilling to comply with the Supplier Code of Conduct.

Our people are expected to:

- communicate clearly with potential suppliers about the Billabong Group's expectations via the Supplier Code of Conduct, the relevant supplier agreement, and, for factory manufacturers, principles of WRAP;
- make any decisions about awarding a contract to a supplier on the basis of merit;
- ensure that potential suppliers comply with the Supplier Code of Conduct, the relevant supplier agreement and, for manufacturers, principles of WRAP;
- avoid any conflict of interest in dealing with suppliers (see '[Conflicts of interest](#)' above);
- respect the rights, including contractual and property (including IP) rights of suppliers; and

- never engage in the offering or receipt of bribes or facilitation payments with or from suppliers (see 'Bribes and Facilitation Payments' below).

Example:

Q. *I am interested in signing a contract with a new supplier, but the manager of the factory has made comments about the way they treat their staff that concern me. What should I do?*

A. *Speak with your leader before signing any agreement. The Billabong Group's suppliers need to comply with our Supplier Code of Conduct, the relevant supplier agreement and principles of WRAP.*

Government, environment and community

Community

Along with our commitment to lawful behaviour comes a commitment to ethical behaviour in the wider community. We are aware that our business impacts the communities within which we operate, therefore we do our utmost to ensure that our business practices result in positive social outcomes.

Our people are expected to:

- respect the culture and business customs of communities and countries in which we operate;
- consider the social impact of business decisions; and
- ensure that approval is sought before committing to any investment in community programs.

Environment

When it comes to the environment, we are continually striving to reduce the impact of the work we do and the products we create, and our people are expected to play a part in reducing our environmental impact.

Much of our community support activities are based around the conservation of the world's ocean environments. We pursue this objective through support of various third-party organisations. This support extends across multiple international territories including Australia, Europe and North America.

Our people are expected to:

- take steps to minimise the environmental impacts of their work, including identifying and assessing risks;
- cease any work that may result in a negative environmental impact;
- report it to their leader if any of the Billabong Group's activities are impacting negatively on the environment; and
- encourage suppliers, customers and other third parties in responsible practices to minimise environmental impact.

Example:

Q. *On a recent visit to a supplier, some of the factory workers told me that excess water from their dyeing operations was pumped into a nearby creek. I'm not sure what to do with this information. The supplier's products, prices and delivery timeframes have always been good. Should I just ignore what the factory workers told me?*

A. *No. You should report this information to your Manager. Billabong Group requires its suppliers to work within our Supplier Code of Conduct, the relevant supplier agreement and WRAP principles. Each of these standards requires suppliers to comply with local laws and regulations.*

Political activity

The law about company contributions to political activities is complex and varies across the globe. In many countries, it is unlawful for companies to incur political expenditure whilst in others, contributions to the political process are lawful and expected as a matter of good corporate citizenship.

As a general rule, the Billabong Group does not make contributions to political parties or their affiliates or politicians (whether elected or candidates). This includes things like cash donations, buying tickets to political dinners and donations of Billabong Group property. Any exceptions to this must be approved by the Board.

The Billabong Group does, however, contribute to public debate on policy issues that may affect our business in the countries within which we operate. For example, authorised people (see '[Making public comment](#)') may discuss relevant issues with government officials, or provide advice about the likely impact of proposed policies on our business.

Our people are expected to:

- conduct any dealings with government representatives ethically and in accordance with local laws and regulations, including anti-corruption laws;
- seek Board approval for involvement in any business related political event;
- be mindful of their conduct when dealing with any government officials; and
- not allow the allocation of the Billabong Group's resources (including funds, time, equipment, supplies and facilities) to a political party or government representative.

Examples:

Q. *Can I make a personal donation to a political party?*

A. *Personal political contributions are not prohibited by the Billabong Group. This is entirely a matter of personal choice. If you do make political contributions, you may not refer in any way to your employment or use the Billabong Group's assets, including its name, in connection with your contributions.*

Q. *Can I participate in political activities?*

A. *You may participate in political activities as an individual, provided that they do not involve the use of the Billabong Group's resources, including funds, time, equipment, supplies and facilities. You must also ensure that it is clear that you are not representing the views of the Billabong Group (see '[Making public comment](#)').*

Bribes and facilitation payments

The Billabong Group does not, and will not, allow the making of payments or payments in kind to induce others (including government officials) to make favourable business decisions.

Therefore, bribes, 'kick-backs', secret commissions and similar payments are strictly prohibited and are unlawful in most countries (such as Australia and the US, and for many countries, unlawful for their citizens to do so whilst abroad). They may expose us and our people to criminal prosecution, and serious penalties (including jail). Failure to account properly for payments can also give rise to penalties.

Facilitation payments (relatively minor payments often sought by individuals to expedite routine government services or administrative actions, e.g. quicker return of a passport) are illegal in virtually every country. If a government department allows for an additional fee to fast track a process, with the

fee officially recognised and payable to the department, then paying this additional fee is appropriate and is not a facilitation payment. Before any such payments are made, advice from the Billabong Group's legal team must be obtained.

Bribery by third parties is also illegal in many places (and it is a criminal offence to fail to prevent associated persons from committing bribery). Bribery occurs where a third party is engaged to provide a service (such as a customs clearance agent) and that person pays a bribe.

Our people are expected to:

- never authorise, undertake or participate in schemes which give a kickback or secret commission to anyone;
- ensure the level of remuneration paid to all suppliers or third party service providers is at arm's length and reasonable; and
- not engage a third party supplier or service provider if you know or suspect they operate by paying bribes.

Examples:

Q. *We are opening a new retail store, and I have been asked to make an 'extra payment' to ensure the fast connection of a telephone service. Should I make it?*

A. *In the case of a telephone connection, if this is a legitimate offer provided by the service provider to facilitate a fast connection, then you are legally entitled to make the payment. For as long as the amount is minor and is made to the appropriate organisation rather than an individual, this would be considered an acceptable facilitation payment. Before making the payment, you should discuss the situation with your leader.*

Q. *The Billabong Group would like to open a store in a major shopping centre in a foreign country. A number of other retailers would like to do the same. The shopping centre landlord has asked for a payment to ensure the Billabong Group is offered the lease on the next vacant retail space. Should the payment be made?*

A. *No, as such a payment could be considered a bribe and may be illegal. You should report the matter to your Leader.*

Administration

The content of this Code may change from time to time, as approved by the Board. Because we want our shareholders, employees, customers, suppliers, creditors, consumers and the broader community to understand how we do business and what they can expect of us, this Code is publicly available at www.billabongbiz.com.