

PATAGONIA WORKS
GLOBAL CODE OF EMPLOYEE CONDUCT



Photo: Mikey Schaefer

Introduction

Patagonia Works and all of its operating companies intend to be in business for a long time and operate in a way that is consistent with our core values. We also want to make sure our operations are in line with local law, respectful of regional customs and standards, and always transparent. This Global Code of Employee Conduct – or the GCEC – is intended as resource for Patagonia Works employees around the world to reinforce our commitment to our core values and lay out some of the key principles and guidelines that underpin our operations. It will not cover every ethical or legal challenge we face in our business but is an effort to bring together in one place many of the key issues that arise and that we will continue to face as we grow. The GCEC works together with localized policies and procedures maintained and administered by our human resources department and local laws specific to the region in which you represent Patagonia Works as an employee. If you have any questions about any of the policies described in the GCEC, or if you see a conflict between the GCEC and your local policies or laws, please consult your manager, human resources or the legal department.

Compliance with Regulations, Laws and Rules

Patagonia Works is committed to complying with the law. As a global company, this means complying with local laws in the countries where we operate. These laws affect all aspects of our business, including how we make, market, promote and sell our products, how we treat each other, and how we communicate about our operations. These laws are not always consistent with one another but usually are based on key principles, which we attempt to outline here. If a law conflicts with these guidelines or a company policy, you must comply with the law. Although you are not expected to know the details of every law, it is important to know enough to know when you should ask questions.

Bribery of Government Personnel and Private Individuals

Patagonia Works is committed to fair and ethical business practices. We will not authorize, pay, promise or offer to give anything to a government official or to a private individual in order to improperly influence favorable treatment towards us. We will also not request or authorize any third party to do so. This behavior constitutes bribery and is unacceptable business conduct wherever the company operates or wherever our products are sold or sourced – and is generally against the law. It is prohibited to give a bribe on behalf of the company to a government official or a private person, or for that matter, to receive a bribe from any source. Failure to comply with any provision of this policy or other related company policy is a serious violation, and may result in disciplinary action, up to and including termination, and could result in civil or criminal charges.

While this seems obvious, it often may not be. In certain countries, for example, it may be commonplace to offer payments to low-level government officials to expedite or “facilitate”

routine government actions over which that person has no discretion. These “facilitation” payments are also considered a form of bribery and are prohibited.

Conflicts of Interest / Gifts

A "conflict of interest" exists when a person's private interest interferes in any way with the interests of the company. A conflict situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest may also arise when an employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the company. Accepting a gift, favor or any other benefit could result in a conflict of interest. In addition, it is a conflict of interest for a company employee to work simultaneously for a competitor, customer, supplier, lender or adviser. Other examples of potential conflicts would include working part time or full time as an employee for oneself or for another, or acting as a consultant or board member for a competitor.

Interpersonal Relationships

The company is committed to a work environment where everyone is treated fairly and equally. We also recognize and value the personal connection that develops among employees when we work together closely and for a common cause. However, intimate personal relationships between supervisors and subordinates can be problematic and result in an actual, potential, or perceived conflicts of interest leading to problems at work, such as a lack of objectivity when supervising and evaluating employees, the perception of favoritism by other employees (whether justified or not), and the potential for sexual harassment claims when a relationship ends. Romantic relationships can also be disruptive to the work environment and can be distracting for the individuals involved, as well as for their co-workers.

In an effort to avoid these issues, you must notify your supervisor or human resources if you are, or become, related to or romantically involved with another employee in the workplace over whom you have the authority to impose or recommend an employment action. You are also reminded that the company maintains a strict policy against unlawful harassment of any kind, including sexual harassment.

Consultants and Other Third Parties

The company often engages consultants, independent contractors and other third parties to provide services and to act on its behalf. Our relationships with them must always be proper, lawful and documented. Commissions, fees and discounts must always be set out in a written agreement and reflect the value to us of the service being provided. They should never exceed amounts that are reasonable and customary in our industry. This is, in part, to avoid creating a conflict of interest or inadvertently violating the anti-bribery guidelines and policies. When the

company engages consultants, independent contractors and third parties, they must be required to comply with these principles.

Before entering into any relationship with a consultant, independent contractor or other third party, you must engage their services in accordance with current legal department procedures.

Fair Dealing

We seek to outperform our competition fairly and honestly and in compliance with the law. We seek competitive advantage through superior performance and products, not through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. You should respect the rights of and deal fairly with our customers, suppliers, competitors and employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, bribery or any other intentional unfair business practice or assist others at the company or its consultants, independent contractors and other third parties in doing so.

Free & Fair Competition

Most countries have well-developed bodies of "antitrust," "competition," or "consumer protection" laws designed to encourage and protect free and fair competition. These laws often regulate the company's relationships with its retailers, including pricing practices, discounting, credit terms, promotional allowances, exclusive distributorships, franchisee relationships, licensee relationships, restrictions on carrying competing products, termination and many other practices. They also govern, usually quite strictly, relationships between the company and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers and suppliers.

The company is committed to obeying these laws and the consequences of not doing so can be severe. The application of these laws to particular situations can be quite complex; you should involve the legal department early on when questions arise.

Discrimination and Harassment

Our policies prohibit discrimination and harassment of any kind by any employee. Discrimination, harassment, slurs or jokes based on a person's race, color, creed, religion, national origin, citizenship, age, sex, sexual orientation, marital status or mental or physical disability, as well as other individual attributes or statuses that may be protected by law, will not be tolerated.

This policy applies to all agents and employees of the company, including supervisors/managers and non-supervisory employees, and prohibits harassment of employees in the workplace by any

person, including nonemployees. It also extends to harassment of or by vendors, independent contractors, and others doing business with us. Furthermore, this policy prohibits unlawful harassment in any form, including verbal, physical and visual harassment. It also prohibits retaliation of any kind against individuals who file complaints in good faith or who assist in an investigation.

Any employee or other person who believes he or she has been harassed by a co-worker, supervisor/manager, agent of the company or other individual covered by this policy should promptly report the facts of the incident or incidents and the names of the individuals involved to the human resources department. It is the responsibility of each employee to immediately report any violation or suspected violation of this policy.

Supervisors/managers are also responsible for immediately reporting any incidents of harassment to the human resources department. The human resources department will investigate all such claims and take appropriate corrective action, including disciplinary action, when it is warranted. Employees should feel free to report valid claims without fear of retaliation of any kind. Employees will not be subject to retaliation for registering any complaint of unlawful harassment in good faith.

Accounting Practices

It is company policy to fully and fairly disclose our financial condition in compliance with applicable accounting principles, laws, rules and regulations. Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. The company's accounting records are relied upon to produce reports for the shareholders, management, governmental agencies and other stakeholders. Our financial statements and books and records must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

Travel & Entertainment

The company reimburses employees for necessary business travel and reasonable entertainment expenses. Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your manager or finance before incurring the expense. All travel and entertainment transactions requiring reimbursement or payment by the company must contain documentation that fully and accurately describes the nature of the transaction. You should process expense reports in a timely manner.

Internal Approvals

Employees at various levels of the organization are authorized to make certain external commitments and expenditures on behalf of the company. You are responsible for

understanding and complying with the relevant policies in this regard. If you have any questions about your authority to bind the company or commit to paying a third party on behalf of the company, contact finance or the legal department.

Trade Secrets/Confidential Information Policy

Innovating is a core aspect of our daily work and we want to protect the property we develop. In many cases, this may also be a contractual requirement or a requirement based on intellectual property rights. So it follows that employees may not disclose or use any confidential business or technical information of the company, except as required in the course of their employment. Examples of such information include, but are not limited to, patterns, specifications, procedures, techniques, plans, formulas, customer lists, supplier lists, compilations of data, financing and production methods, personnel files, processes and inventions whether or not created or prepared by you or other employees.

Safety

Patagonia is vitally concerned with the safety and well-being of all employees. Every employee is responsible for safety. It is only through employees' help that accidents can be prevented and a safe working environment maintained. If you find any unsafe working conditions in any company work location, please notify your supervisor/manager and the human resources department. If an accident involves a personal injury, regardless of how minor it may seem, please notify your supervisor/manager and human resources immediately.

Workplace Security Policy

Patagonia is committed to providing a workplace that is free from acts of violence or threats of violence. Although some kinds of violence result from societal problems that are beyond our control, we believe that measures can be adopted to increase protection for employees and to provide a secure workplace. In keeping with this commitment, we have established a strict policy that prohibits any employee from threatening or committing any act of violence in the workplace, while on duty, while on company-related business, or while operating any vehicle or equipment owned or leased by the company. This policy applies to all employees, including supervisors/managers, and non-supervisory employees.

In order to achieve our goal of providing a workplace that is secure and free from violence, we must enlist the support of all employees. Compliance with this policy and the company's commitment to a "zero tolerance" policy with respect to workplace violence is every employee's responsibility. You are required to report any incident involving a threat of violence or act of violence immediately to your location's security phone number, supervisor/manager or, if you prefer, human resources. Supervisors/managers must report such matters immediately to human resources, who will investigate and take appropriate corrective action. This may include the

imposition of disciplinary action upon any employee who violates this policy, up to and possibly including immediate termination.

If you become aware of any workplace security hazards, or identify any method to increase workplace security, you should report this information to your supervisor/manager or human resources as well. You are required to report violations of this policy, including any incidents involving actual or threatened violence. You may do so without fear of retaliation of any kind.

Reporting Violations

You are encouraged to talk to your manager, director, human resources or the legal department about observed illegal or unethical behavior, violations of the policies described in the GCEC, questionable accounting, internal controls or auditing matters or when you have doubts about the best course of action in a particular situation. Note that you will be expected to cooperate in internal investigations of misconduct. Please also note that the company does not allow or condone retaliation for reports of misconduct by others based on your belief of illegal behavior or policy violations.

Disciplinary Action

Our employees have considerable personal freedom in managing their own performance and behavior. This freedom requires responsibility – much more responsibility than working in a place where every move an employee makes is dictated by rules and regulations. The Company will take appropriate action against any employee whose conduct violates the GCEC or other company policies. Disciplinary actions may include termination of employment as appropriate and where permitted by local law.

Changes and Updates

Policies and procedures described in the GCEC may be changed as necessary or may have changed since the date of publication. We will keep you posted with any changes or additions as they occur and will update or reaffirm the content of the GCEC – together with your acknowledgment and certification of compliance with it.

Acknowledgment Form

This acknowledges that I have received a copy of the Patagonia Works Global Code of Employee Conduct (the “GCEC”) and understand that it contains important information on many of Patagonia Works’ key principles and guidelines that underpin our operations. I acknowledge that I am expected to read and adhere to the GCEC. I understand that Patagonia Works may have other policies or practices not contained in this GCEC. Furthermore, Patagonia Works may change, rescind or add from time to time at its sole and absolute discretion to any policies or practices described in the GCEC. Patagonia Works will advise employees of material changes within a reasonable time.

Employee's Signature

Date

Employee's name (typed or printed)