

Amsterdam, 7 May 2012

G-Star's Individual Action Plan to help lead our industry to zero discharge of hazardous chemicals

Introduction

The G-Star group of companies issued on 09 March 2012 a press release announcing its commitment to zero discharge of hazardous chemicals. As part of this commitment, G-Star established a series of unilateral obligations, including the issuance of an Individual Action Plan no later than eight weeks after the publication of the press release. This document fulfills such commitment, and is G-Star's individual commitment that will outline the specific actions which G-Star will take, in order to move us towards zero discharge of hazardous chemicals from all of our products by 2020. Our actions will further contribute to, and be guided by the "Joint Roadmap: Toward Zero Discharge of Hazardous Chemicals", an initiative launched by the adidas Group, C&A, H&M, Li Ning, Nike and Puma in November 2011. G-Star is part of this joint effort since January 2012. The Joint Roadmap is an ambitious plan, one that sets a new standard of environmental performance for the global apparel and footwear industry relating to hazardous chemicals.

G-Star recognizes that broad collaboration across all involved sectors of the industry, including Non-Governmental Organizations and other interested stakeholders will be essential in driving the necessary business transformation required to enable reaching this extremely ambitious goal.

Joint Roadmap

The Joint Roadmap includes specific commitments and timelines to realize this shared goal. These commitments include:

- Jointly communicating the mission of zero discharge of hazardous chemicals to all suppliers beginning immediately;
- Conducting pilot projects at major, vertically integrated and materials suppliers between 2011 and 2013 to better understand the scope of use and discharge of hazardous chemicals;
- Verifying that nine classes of hazardous chemicals are not currently used;
- Initiating an inventory of all chemicals used in apparel manufacturing by the end of 2012;
- Disclosing the results of all pilot projects and studies undertaken as part of this commitment;
- Reporting regularly and publicly on our progress against this commitment (quarterly in 2012, annually from 2013 to 2020)

The Joint Roadmap is a living document: it will continue to be refined as the members gain additional intelligence and insights through the initial pilot projects and research, as well as the collaboration with other brands and stakeholders. The group of brands commits to reviewing and updating the Joint Roadmap at least annually and making the results public.

In releasing the Joint Roadmap, the members have asked SustainAbility, a well-known independent sustainability agency, to solicit feedback from a group of key stakeholders. In addition, the members have also accepted comments from the public. Based on the feedback, the members will consider refining the Joint Roadmap in 2012.

As members of the Joint Roadmap, we envision that this collaboration serves as a benchmark and that many more brands will join us in our efforts. Tackling and achieving the goal of zero discharge is a complex challenge – one that our brand collaboration cannot solve alone. Ultimately, we want and need a broad array of participants to partner with us in this endeavor – chemical suppliers, academics, Non-Governmental Organizations, textile experts, entrepreneurs, policy makers and others. We understand

that we are setting out to change the way apparel and footwear is manufactured, globally, and are thus casting our net wide for the best ideas and solutions.

In publishing this Joint Roadmap, adidas Group, C&A, G-Star, H&M, Nike, Li Ning and Puma call on others from the global apparel and footwear industry to join us in this vital undertaking, which has one aim: to safeguard the environment for future generations.

G-Star's Individual Action Plan

In addition to the collaborative approach outlined in the Joint Roadmap, and as a complementary tool to it, G-Star has developed an Individual Action Plan aimed at achieving zero discharge of hazardous chemicals. As part of our commitment to transparency, G-Star will report on progress made through the corporate responsibility section of our corporate website.

The defined actions are well in line with our existing corporate responsibility program and build on an extensive record of experiences and achievements. Accordingly, G-Star can already report on progress on several of these actions points. G-Star Individual Action Plan is therefore composed of the following action points:

- ◊ G-Star started to conduct screening of Substances of Very High Concern (SVHC) linked to the REACH legislation as from 01 January 2009. Furthermore, as outlined in our March release of our commitment to zero discharge of hazardous chemicals, G-Star has already extended its Restricted Substances List (RSL) and made this list publicly available through its website. The RSL will be updated on a regular basis, and at least twice a year.
- ◊ G-Star has updated and extended their environmental and social standards for all suppliers in the beginning of 2011. We have communicated these new standards to all our suppliers and monitor progress continuously.
- ◊ Yearly increase in the percentage of sustainable materials (e.g. organic and recycled cotton, nettle fibre and tencel) in our products. In 2010, G-Star has become an active partner of the Textile Exchange, an industry-led non-profit organization committed to the responsible expansion of textile sustainability across the global textile value chains, to accelerate the use of sustainable materials and environmentally friendly technologies. We are exploring expanding our active memberships in e.g. Taskforce Content Claim Standard and Sustainable Apparel Coalition.
- ◊ Since March 2011 G-Star has entered into a partnership with MADE-BY. This multi-stakeholder organisation supports brands in implementing strategies to improve environmental and social conditions in the fashion industry. MADE-BY verifies the implementation of G-Star's Corporate Responsibility policy and transparently monitors progress on the working conditions in the factories that manufacture our products and the use of sustainable materials in our collections.
- ◊ Acknowledging the 'right to know principle', G-Star is committed to encourage and support selected suppliers in publicly disclosing discharge data. However, the challenge of helping to lead our sector and its global supply chains to improved transparency and disclosure cannot be tackled by an individual brand alone. Therefore, as outlined in the Joint Roadmap, G-Star together with the group of brands will:
 - in 2012, convene a cross-sector group to explore the best ways to encourage sector wide supplier chemical disclosure. We will also deliver a study based on data collection from a selected group of facilities.
 - in 2012 explore platform options for suppliers to disclose their chemical inventory under the assumption that disclosing their inventory will have a positive effect.
 - On an ongoing basis, disclose the results of all studies undertaken as part of this initiative (without reference to specific facilities).

- in 2012, provide joint quarterly updates relating to project pilots/programs, and from 2013 onwards publish annual performance updates on the Joint Roadmap. Each end of the year an update will be open for comment and feedback from key stakeholders.
 - in 2012, publish an updated Joint Roadmap, based on the experience we have gathered throughout 2012 and on the input from all stakeholders.
 - continue to update the individual brands RSL's and associated testing protocols.
- ◊ In cooperation with the wider group of brands, G-Star will conduct a benchmark study on whether the first nine (9) identified priority chemicals are in discharge to water or sludge, via on-site visits and audits, inventories, and other analysis. G-Star has selected a number of manufacturing pilot projects in Bangladesh where this benchmark study will be performed. The study involving pilot projects is to be completed by 31 December 2012 at the latest.
- ◊ As these nine priority chemicals are already restricted in our supply chain through the RSL, we will take immediate and appropriate action to eliminate these chemicals. At the beginning of 2013 we will be able to confirm if a complete elimination is realistic.
- ◊ Regarding the remaining two identified priority chemicals, G-Star has communicated in February 2012 to all its suppliers the need to source APEO/NPE-free preparations. The members of the group of brands will initiate a project to identify a "positive list" of APEO/NPE-free detergents. We also requested our suppliers to further communicate throughout their own supply chains and chemical companies they work with the need to source APEO/NPE-free detergents. Beyond this, the "positives" list referred to above will be developed and circulated in 2012.
- ◊ Eliminate the major uses (scouring, degreasing and detergents) of APEOS by the end of 2013. Depending on the availability of alternatives G-Star aims to phase out the remaining uses within the next year.
- ◊ The use of polyvinyl chloride (PVC) will be phased out of all G-Star products by 01 January 2015.
- ◊ G-Star will continue to assist suppliers to reduce the emissions of dangerous volatile organic compounds (VOC's) and replace solvent-based adhesives with safe alternatives.
- ◊ G-Star will continue to support further development to replace conventional polyurethane (PU) with water based alternatives and thereby provide an alternative to the use of dimethyl formamide (DMF) and ban dangerous emissions resulting from VOCs.
- ◊ G-Star will start to use leather which is certified by the Leather Working Group as of 2014 in order to, amongst others, further limit hazardous chemicals used in production of leather and thereby promote its sustainable processing.
- ◊ Investigate methods to replace chlorine bleaching processes in denim production (e.g. with ozone bleaching, which does not require further chemical treatments or water consumption to achieve desired washing effects).
- ◊ As part of the Joint Roadmap, G-Star will identify and agree on a cross-industry screening tool for chemical hazards. This will require specialist consultant support, and a detailed briefing will take place in 2012 once a suitable partner for this work has been identified.
- ◊ As part of the Joint Roadmap, G-Star will establish a plan to evaluate the chemical inventory by intrinsic hazard and to establish a sector-wide list of hazardous chemicals. Such work can only begin once the generic inventory applicable to this group of brands has been identified, and a cross industry

screening tool for chemical hazards has been agreed on. The likely starting date for this latest phase will therefore begin in early 2013.

- ◊ Continue our programme with Solidaridad, an international non-profit network organisation with more than 20 years of experience in creating fair and sustainable supply chains, aimed to support 6 factories with in-house textile dyeing and finishing activities by implementing environmental improvements. This programme includes cleaner production training, environmental assessments and implementation support.

The commitment of zero discharge represents in itself a significant challenge but offers the opportunity to effect positive change. All of our individual actions together with our collaboration in the Joint Roadmap should lead to zero discharge of hazardous chemicals by 2020.