



G-STAR RAW

G-STAR SUPPLIER CODE OF CONDUCT MARCH 2014

G-Star RAW Supplier Code of Conduct

G-Star is committed to producing high quality and ethically manufactured products at a good value to its consumers. The G-Star Supplier Code of Conduct outlines G-Star's expectations regarding the conditions under which its products should be manufactured.

G-Star's commitment is to only do business with suppliers that share its commitment to fair and safe labour practices and observe environmental conscious practices in the locations where they operate.

This Code of Conduct applies to all suppliers and/or sub-contractors providing products to G-Star Raw C.V. or any of G-Star Raw C.V. affiliated companies.

This Code of Conduct clarifies and elevates the expectations we have of suppliers we work with and lays down the minimum social and environmental standards we expect each factory to meet.

It will be subject to regular improvements and G-Star encourages all suppliers to improve their fair and safe labour and environmental practices continuously. Since no code can be all inclusive, suppliers must ensure that no abusive,

exploitative conditions and environmentally unfriendly practices or unsafe working conditions exist at the facilities where G-Star products are manufactured.

Our general rule is that all our suppliers, their sub-contractors and other business partners must, in all the activities follow the national laws in the countries in which they operate. Should any requirements in this Code conflict with the national law in any country the law must always be followed. In such cases the supplier must notify G-Star immediately before signing this Code.

The supplier is responsible to ensure that this Supplier Code of Conduct is implemented and adhered to by its sub-contractors and business partners.

It is our intention to only work with suppliers that share our values and does not wish to work with any supplier that directly or indirectly through its (approved) sub-contractors or business partners, violates the laws of the country where the products are manufactured or knowingly violates these standards. G-Star will take immediate and appropriate action upon notification of such violation.

1. Employment is freely chosen

1.1 There are commonly 3 forms of forced labour:

- Prison Labour refers to the work performed by prisoners that is part of their sentence and usually not compensated.
- Indentured Labour refers to the work performed by a worker who is bound to an employer for a certain period of time through a contract.
- Bonded Labour refers to an illegal practice in which employers give high-interest loans to workers who then have to work at low wages to pay off their debt.

G-Star does not tolerate the use of any form of forced labour.

1.2 Employees are not required to lodge any type of deposits or hand over government-issued identification, passports or work permits as a condition of employment.

1.3 Employees must be free to leave the factory at all times and the freedom of movement of those who live in employer controlled residences are not restricted.

2. Freedom of association and collective bargaining are respected

- 2.1 In order for employees to be able to voice their comments/concerns, suppliers should encourage open communication between workers and management, while respecting the right of employees to associate, organise and bargain collectively.
- 2.2 Suppliers must not threaten, penalize, restrict or interfere with employees' lawful efforts to join associations.
- 2.3 Workers representatives should not be discriminated against and should be able to carry out their representative functions in the workplace.
- 2.4 Where the right of freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. Working conditions are healthy and safe

- 3.1 Suppliers must provide a safe and hygienic working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of suppliers' facilities.
- 3.2 Suppliers will also ensure these same standards apply to any dormitory or canteen facilities.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.5 Suppliers shall assign responsibility for health and safety to a senior management representative.

4. Child Labour is not used

- 4.1 Suppliers must not engage in or support the use of child labour as defined in ILO Convention C138 and/or C182.
- 4.2 Factories must only employ workers who meet the applicable minimum legal age requirement or at least 15 years of age, whichever is greater, or as an exception, 14 years in countries covered by article 2.4 of the ILO Convention 138. This specified age shall not be less than the age of completion of compulsory schooling.
- 4.3 All official documentation stating each worker's age must be available for review. In those countries where official documents are not available to confirm exact date of birth, factories must confirm age using appropriate and reliable assessment methods.
- 4.4 Young workers under 18 shall not be employed at night or in hazardous conditions.
- 4.5 Suppliers shall develop or participate in and contribute to policies and programme which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

5. Wages and benefits are provided to all workers

- 5.1 Suppliers must pay employees at least the minimum wage required by local law or the prevailing local industry wage (whichever is higher) based on the work performed. Wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 Suppliers must provide to employees all legally mandated benefits inclusive of annual leave and holidays as stipulated by law.
- 5.3 All employees must be paid regularly and on time. In addition to their compensation for regular hours of work, employees must be compensated for overtime at a premium rate. Piece rate workers shall not be exempt from the right to overtime compensation.
- 5.4 All workers shall be provided with written and understandable Information about their employment conditions, including wages and benefits, before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.5 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. Working hours are not excessive

- 6.1 Suppliers must ensure that regular working hours or overtime do not exceed the legal maximum according to local law or industry standards, whichever affords greater protection. In any event, workers shall not, on a regular basis, be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average.
- 6.2 While it is understood that overtime is required from time to time in the garment sector, overtime shall be voluntary and based on mutual agreement with workers. In any event, overtime shall not exceed 12 hours per week and shall not be demanded on a regular basis.
- 6.3 Suppliers must record all employees' working hours completely and accurately and time records for all workers must be available for review.

7. No discrimination is practiced

- 7.1 Factories should only employ workers on the basis of their ability to do the job, not on the basis of their personal characteristics or beliefs.
- 7.2 No person must be subject to any discrimination in employment, including hiring, salary, benefits, access to training, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social or ethnic origin, maternity or marital status.
- 7.3 Women and men shall receive equal remuneration for work of equal value, equal evaluation of the quality of their work and equal opportunities to fill all positions open.
- 7.4 Factories shall provide appropriate services and accommodation to women workers in connection with pregnancy, child birth and nursing.

8. Regular employment is provided

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. No harassment or abuse is allowed

- 9.1 Employees must be treated with respect and dignity.
- 9.2 Factories must not engage in or permit physical acts to punish or coerce workers, nor should they engage in or permit psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment, screaming or other verbal abuse.

10. Environment

- 10.1 Suppliers, their subcontractors and business partners must comply with environmental rules, regulations and standards applicable to the workplace, the products produced, and the methods of manufacture and must observe environmental conscious practices in the locations where they operate and in the materials they use.
Suppliers, their subcontractors and business partners are also expected to treat the land they use for whatever purpose in a respectful way that does no long term damage to it and to be respectful of the diversity of the plant and animal life with which they share it.
- 10.2 The environmental standards are outlined on the following pages of this document.
- 10.3 Our environmental and social criteria are equally important and therefore the environmental criteria will be assessed in the same way as the social standards; see 11.3 Code and System Implementation.

11. Code and System implementation

- 11.1 Suppliers are expected to implement and maintain the necessary systems in order to ensure compliance to this code. Suppliers should appoint one contact person of the management per factory who shall be responsible for implementing this Code of Conduct and communicating the code and its implications to all the factory employees. Suppliers should, where reasonably practicable, extend the code principles through their own supply chain. This implementation system is a necessary and integral part of this G-Star Supplier Code of Conduct.
The implementation system at supplier and all sub-contractors should include the commitment to this G-Star Supplier Code of Conduct, a management system, an internal monitoring system, worker training and education and a worker-complaints mechanism.
- 11.2 Suppliers must maintain on file all documentation needed to demonstrate compliance with this Code of Conduct and required social and environmental laws. Suppliers shall agree to make these documents available for G-Star or designated auditors and submit to audits with or without prior notice.
- 11.3 Suppliers must not assign any work to parties other than those contracted by G-Star, unless prior written approval is given by G-Star and a written commitment to this Code has been received from the party concerned.
- 11.4 As a condition of doing business with G-Star, each and every factory involved in manufacturing of G-Star products must comply with the G-Star Supplier Code of Conduct. In order to verify this, suppliers must permit audits at any time of all the factories involved in the manufacturing of G-Star products by G-Star employees and / or accredited auditors. As part of the monitoring process, accredited auditors must be allowed to conduct interviews with workers on a confidential basis and inspect premises.
- 11.5 Should we find that a supplier does not comply with our Code of Conduct, we will ask him to take corrective actions in an agreed time frame and if not taken, we will seriously reconsider the business relationship with the supplier, including the termination thereof.
- 11.6 A copy of this G-Star Supplier Code of Conduct, translated into all the native languages of the employees, must be notified and displayed in a prominent place accessible to all employees, within each facility where G-Star products are being manufactured.

G-Star Environmental Standards

1. Commitment and responsibility

- 1.1 Supplier must have a written declaration stating the importance of care for the environment, signed by the director.
- 1.2 Supplier must have formally assigned the responsibility for environmental performance to a member of the management team and/or board member.
- 1.3 Supplier should have a form stating the functions, responsibilities and names with regard to environmental issues.

2. Environmental management

- 2.1 Supplier should have a written environmental policy, signed by the director.
- 2.2 Supplier must have an overview and copies of applicable local and national environmental laws and regulations and other (clients) requirements covering environment.
- 2.3 Supplier must have all environmental permits required by local laws and regulations available on site.
- 2.4 Supplier must be aware of its most important environmental aspects. Supplier should keep an up to date overview of the environmental aspects at its site (both for regular work as well as any additional aspects that apply during maintenance and/or incidents).
- 2.5 Supplier should have a basic management control in place to periodically review and prioritize its environmental aspects and performance, and set targets for reduction of its top priority environmental aspects.
- 2.6 Supplier must have any local inspection documents and/or communications from authorities and/or complaints as well as documentation of the supplier's response to these available for review.
- 2.7 Supplier must train workers on relevant environmental matters (including temporary employees, and management) at least on an annual basis.
- 2.8 Supplier should strive towards implementing best available technology.

3. Energy Usage

- 3.1 Supplier must record energy usage (including electricity, gas, fuel use, and if applicable steam and compressed air) and monitor trends in energy usage against the output (for example number of products and/or the kgs of material processed).
- 3.2 Supplier should set targets to reduce energy usage per unit of output.
- 3.3 Supplier should investigate opportunities to use renewable energy (such as solar, wind turbines, geothermals, hydroelectric energy, or energy from biomass).
- 3.4 Investigate opportunities to implement of best practice technologies for energy use and reuse.

4. Water Usage

- 4.1 Supplier must have an overview of sources from which water is used (purified drinking water, municipal mains, wells, surface water, collected rainwater, recycled grey water).
- 4.2 Supplier must keep records of the water usage per source and monitor trends in water usage against the output (for example number of products and/or the kgs of material processed).
- 4.3 Supplier should set targets to reduce water usage per unit of output.
- 4.4 Supplier should investigate any opportunities for using 'fit for quality' water instead of 'highest quality' water, such as opportunities for recycling water and re-using grey water for other processes, or use collected rain water or surface water instead of purified drinking water when possible.

5. Use of raw materials

- 5.1 Supplier must comply with the G-Star Materials policy for the use of raw materials in G-Star products.
- 5.2 Supplier should keep records of the mainstream amount of raw materials used (covering approximately 80% of their total purchasing).
- 5.3 Supplier should monitor the usage of raw materials per unit of output.
- 5.4 Investigate the possibilities of reducing the amounts of raw materials used.
- 5.5 Investigate the possibilities of using recycled materials as raw material.

6. Use of hazardous substances

- 6.1 Supplier must comply with the G-Star restricted substances list.
- 6.2 Supplier must keep a register of all hazardous substances
- 6.3 Supplier must keep records of the amount and type of hazardous substances used on site by having an MSDS available. The supplier should strive towards implementing an annual chemical risk assessment to be aware of the hazards the substances pose to the factory site.
- 6.4 Hazardous substances must be stored and handled in accordance with local and national laws and regulations.
- 6.5 Hazardous substances must be clearly marked and stored on second containment and where possible handled only above an impermeable floor.

- 6.6 Supplier must have a list of all above ground and underground storage tanks. Tanks should be inspected and maintained on a regular basis to avoid leakage.
- 6.7 Supplier should investigate the possibilities to replace hazardous substances by more environmentally friendly alternatives.
- 6.8 Supplier should set targets to improve chemical management.
- 6.9 Employees must have appropriate training at least annually in handling chemicals in case of normal activities and in case of calamities, including use of personal protection equipment.
- 6.10 Supplier must have spill kits readily available in case of a spill. Employees must be trained regularly in the use of the spill kits.
- 6.11 Supplier must enforce proper handling of hazardous substances and use of personal protection equipment at all times.

7. Waste water discharge

- 7.1 Supplier must keep records of quality and quantity of wastewater discharged, their sources, contaminants and flow direction on site.
- 7.2 Supplier must ensure the quality of the discharged water meets the parameters as stipulated in local and national regulations and/or in the water discharge permit. To achieve this, the quality of the discharged water must be monitored through periodic testing. The frequency of testing must at a minimum meet the legal requirements.
- 7.3 Supplier should set targets to improve the quality and reduce the quantities of discharged water.
- 7.4 Supplier must have a procedure in place for how to handle in case the discharged water does not meet the quality requirements. The relevant employees must be trained in this procedure.
- 7.5 Supplier should investigate and implement best practice technologies for wastewater treatment.

8. Soil and ground water contamination

- 8.1 Supplier must identify and monitor potential pollutants that might cause contamination of soil and ground water.
- 8.2 Supplier shall investigate the possibilities to reduce contamination of soil and ground water.

9. Waste

- 9.1 Supplier must keep records of the volumes and types of wastes produced on site and handed over to contractors. Where possible supplier will record and monitor the methods of disposal.
- 9.2 Supplier should set targets to reduce the amount of wastes produced and/or set targets to recycle waste internally.
- 9.3 Supplier must segregate different waste streams (textile, paper, glass, plastic, metals, wood/pallets, and hazardous waste) at a minimum in accordance with local and national regulations. If the local infrastructure allows a further segregation, then required by regulations, supplier will endeavour to improve its waste segregation to make use of the additional possibilities.
- 9.4 For waste collection, transport, treatment and disposal, supplier must use contractors with the required licenses as stipulated by law.
- 9.5 Supplier should stimulate the contractor to find recycling opportunities for the waste streams.
- 9.6 Supplier will ensure that empty packaging which contained hazardous substances are properly disposed of and are not being re-used as containers for other substances (especially not for foodstuffs or drinks).

10. Nuisance

- 10.1 Supplier must identify any sources of nuisance (noise from machines and/or transport, odor, light, heat, vibrations (from machines) and ensure to conduct periodical noise monitoring on site and at the facility boundary.
- 10.2 Supplier must keep records of any complaints and of the corrective actions.
- 10.3 Supplier should implement best practice technologies to avoid and reduce nuisance.

11. Emissions to air

- 11.1 Supplier should keep and update an overview of (greenhouse) gases purchased and occurring in processes and other air emissions.
- 11.2 Supplier must have the necessary permits for air emissions and/or report its air emissions to the relevant authorities as required by law.
- 11.3 Supplier should keep records of the volumes and types of air emissions
- 11.4 Supplier should have an action plan to control and reduce air emissions.
- 11.5 Supplier should implement best practice technologies to avoid and reduce the air emissions.

If you have any comments on this Code of Conduct or you would like to report a violation of this Code of Conduct, please do not hesitate to contact:

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The following reference material was used for the writing of the G-Star Code of Conduct:

- United Nations Universal Declaration of Human Rights (<http://www.un.org/Overview/rights.html>)
- International Labour Organisation Core Conventions and their relevant Recommendations (http://www.ilo.org/dyn/natlex/natlex_browse.home?p_lang=en)
- Ethical Trading Initiative Base Code (<http://www.ethicaltrade.org>)

