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In January 2012, G-Star committed to reach zero discharge of hazardous chemicals (ZDHC) from all our products and production processes by 2020.

G-Star published an action plan that includes all measures necessary to integrate this commitment into our business activities. Each year, we will give an overview of the progress made towards our zero discharge goal. This first report shows all action points that are listed in our action plan with the corresponding progress over 2012.

Based on the progress over 2012, an updated action plan will be published on g-star.com no later than the end of March.

1. Restricted Substances List

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 (red. 2012) 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.

Progress:
- We strengthened our strict RSL & testing policy for G-Star products. An updated version of the RSL was published in the first quarter of 2012. A second update has been published in the third quarter of 2012 and the next update will be published in the first quarter of 2013.
- The RSL & testing policy is managed by an internal team of chemists & chemical experts.
- Continuous testing of G-Star products on hazardous chemicals from the RSL.
- A clear roadmap has been made together with our suppliers to ban the use of hazardous chemicals and work towards Zero Discharge of Hazardous Chemicals (ZDHC) by 2020.

2. G-Star Supplier Code of Conduct

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.

Progress:
- G-Star Supplier Code of Conduct (CoC) has been updated and the environmental standards have been extended in the Environment Health & Safety (EHS) part of our CoC.
- Our suppliers are informed and trained on the updated CoC, followed by a signed declaration of all suppliers that they will comply fully and unconditionally with the updated CoC.
- Regular audits are conducted at our suppliers according to the SMETA methodology for our social standards. Currently we are piloting several methods including ISO 14001, GSCP and the SMETA 4 pillar method for the auditing of our EHS standards. At around 40% of our volume at suppliers an environmental audit was conducted by specialised third party auditors.
- In 2013 we will increase the percentage of EHS auditing, including chemicals, at four of our biggest suppliers based on production volume and, subsequently, we will extend our environmental audit policy to the rest of our supplier base.

3. Textile Exchange

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.

Progress:
- As part of G-Star’s partnership with Textile Exchange, G-Star visited the Textile Exchange Sustainable Textile Conference and the Textile Exchange Organic Cotton Roundtable in October 2012. Textile Exchange supports us in our ambition to increase the use of sustainable materials in our collection with its knowledge base, trainings and workshops.
- We continued our dialogue within our current supply base to find more sustainable fibre alternatives.
- Internal team of fabric developers works on and looks for new sustainable innovative fabrics.
4. **MADE-BY**
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.

Progress:
- Our social and environmental progress is published year-on-year by way of a Scorecard that will appear on the website of MADE-BY as of mid-2013. The scorecard system measures, benchmarks and tracks G-Star’s year-on-year progress on social standards in the supply chain and on the environmental impact of materials used in their products.
- We continued our search for sustainable suppliers in collaboration with Made-By.

5. **Right to know principle**
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.

Progress:
**Joint Roadmap:**
- First and foremost, the ZDHC members have published joint quarterly updates relating to all projects that are executed together. The first quarter report has been published in April, the second in July and the third in October.
- Mid 2013 an updated Joint Roadmap will be published. An extensive stakeholder consultation will precede this.

**Supplier chemical disclosure:**
- ZDHC members have evaluated several possibilities on the complex issue of supplier chemical disclosure, such as the disclosure of used chemicals, discharged chemicals, potential stakeholder and their feasibility;
- The research performed on incentives and barriers for disclosure will be revised to reflect the above discussions;
- A revised project plan will be generated;
- ZDHC members are currently mapping China regulatory requirements for disclosure. China has been selected as a pilot geographical area;
- ZDHC members are also looking forward to be part of any discussions related to disclosure, to better understand the benefits/drawbacks and give the ZDHC members’ views on the subject.

**RSL:**
- See progress under action point 1.
6. **Benchmark study**

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.

**Progress:**
- The ZDHC members created two benchmarking teams (sports and fashion) to reflect differences in manufacturing processes;
- The ZDHC members completed pilot project at suppliers in Bangladesh and China. More pilot projects are planned in China, Vietnam, Taiwan and India;
- The ZDHC members have discussed the results from all pilot studies completed so far;
- The ZDHC members plan to publish a report of the 2012 results.

7. **Elimination priority chemicals**

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.

**Progress:**
- We have developed a G-Star Garment Chemical Phase-Out Plan that shows the phase-out deadlines for the nine priority chemicals.
- Early 2013 we have become a system partner of bluesign technologies ag, The declared objective of the independent bluesign® standard is to put a reliable and proactive tool at the disposal of the entire textile production chain – from raw material and component suppliers who manufacture e.g. yarns, dyes and additives, to textile manufacturers, to retailer and brand companies, to consumers. bluesign technologies has a database of several thousand dyes and chemicals that are controlled regarding hazardous chemicals, and can be used by G-Star and our suppliers to eliminate the nine priority chemicals. In addition, bluesign technologies has a database of bluesign partner facilities with bluesign certified products, to identify reliable partners in our supply chain.

8. **APEO/NPE**

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 “positive” list referred to above will be developed and circulated in 2012.

**Progress:**
- A letter has been sent to all our suppliers in February 2012, to request them to source APEO/NPE-free preparations, and to inform their own supply chains about this;
- In January 2013, all our suppliers have received an email reminding them about G-Star’s commitment to phase out APEOs/NPEs from our garments by end of 2013. We also asked them which steps they and/or their material and wet processing suppliers have taken to find alternative chemical substances for APEOs/NPEs. As of January 2013 G-Star strengthened the testing program on this specific chemical group;
- In addition, a ‘positive list’ of APEO/NPE-free detergents has been sent to all our suppliers.
- During supplier visits and further correspondence with suppliers, internal chemical experts give tailor made advice to suppliers on topics including the phasing out of APEOs/NPEs.
- In a later stage we will conduct a follow up study at a selection of production facilities that have converted to APEO/NPE free detergents to identify remaining sources.
9. **Phase out APEO**  
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.

Progress:
- See progress under action point 8.

10. **Phase out PVC**  
The use of polyvinyl chloride (PVC) will be phased out of all G-Star products by 01 January 2015.

Progress:
- In case PVC is detected in garments during our testing process that is within our RSL limits, we inform the supplier concerned about our commitment to phase out PVC and we offer them a ‘positive ink list’ since most PVC is used in prints and ask them to use these inks instead;
- During supplier visits, internal chemical experts give tailor made advice to suppliers on how to work PVC free and how to do a simple in-house test on their garments for traces of PVC.

11. **Volatile Organic Compounds (VOCs)**  
G-Star will continue to assist suppliers to reduce the emissions of dangerous volatile organic compounds (VOC, or solvent) and replace solvent-based adhesives with safe alternatives.

Progress:
- During supplier visits or in email contact with suppliers, internal chemical experts give tailor made advice to suppliers on topics including solvents;
- An example is the G-Star Matrix set up to give suppliers more information about the chemicals in G-Star’s RSL. The matrix displays in which type of garments and which parts of the garment the risk of detecting these chemicals is the biggest; in fabrics (divided in synthetic or blended fibers, natural & regenerated fibres, coated fibres and leather), lining & pocketing (divided in synthetic or blended fibers and natural & regenerated fibres), trims & accessories (divided in synthetic or blended fibers and natural & regenerated fibres, leather, metal and wood) and prints and embroideries. This way it is easier for suppliers to prevent the use of hazardous chemicals in their production process.

12. **Polyurethane (PU)**  
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 this specific solvent (VOC).

Progress:
- We have researched and mapped the current availability of water based alternatives for PU;
- Together with our suppliers we are looking for suitable alternatives with appropriate quality for our products.

13. **Leather**  
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.

Progress:
- Leather is yearly only 3% of our collection, therefore we reviewed this approach and conclude we will work with our two leather suppliers directly on this topic.
- Further our internal chemical experts have given tailor made advice to these suppliers on sustainable processing of leather (mapping where leather comes from, discuss with leather suppliers what alternatives exist, which possible hazardous chemicals are used for leather and how these can be replaced).
14. **Bleaching**

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).

**Progress:**
- At the moment we are using Ozone treatment as a finishing on the garments. Together with our suppliers we are exploring possibilities to use Ozone as bleaching agent to replace wet processing;
- Together with our suppliers we are trying new bleaching possibilities that are Potassium permanganate free and bleach chlorine free;
- Suppliers continue to work on improving these bleaching possibilities and to reduce water consumption in this process;
- Colour fading with enzymes is also used in the G-Star collection to replace bleaching.

15. **Chemical hazard screening tool**

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.

**Progress:**
- Together with the ZDHC members a draft chemical hazard screening tool approach guidance has been developed in conjunction with input from the industry, government and NGO technical representatives;
- This guidance was in turn used to create a request for proposal (RFP) which will be used to secure services to rank approximately 50 chemicals in a pilot scale test of guidance.

16. **Chemical inventory by intrinsic hazard**

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.

**Progress:**
- Early 2013 we have become a system partner of bluesign technologies ag, The declared objective of the independent bluesign® standard is to put a reliable and proactive tool at the disposal of the entire textile production chain – from raw material and component suppliers who manufacture e.g. yarns, dyes and additives, to textile manufacturers, to retailer and brand companies, to consumers. bluesign technologies has a database of several thousand dyes and chemicals that are controlled regarding hazardous chemicals, and can be used by G-Star and our suppliers to eliminate the nine priority chemicals.
- The ZDHC members have researched a number of existing chemical inventories (Oekopro database, BAT REF document, KEMI commodity guide) and we are currently analysing if they provide the required information to support meeting our goals
- The ZDHC members are working in collaboration with the chemical industry and other organisations in developing a list of chemical substances as well as chemical “commercial” products. Finding existing information is proving to be a challenge and one the ZDHC members hope to achieve working together with the chemical industry.
17. **Solidaridad cleaner production programme**

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.

**Progress:**
- The cleaner production programme has started in 2012 at three of our biggest suppliers in China;
- In 2013, the programme will be expanded to one of our biggest suppliers in Bangladesh.

**Additional Action Points**

During 2012 we have done an internal study based on the results of the testing of G-Star products on hazardous chemicals from the RSL. Based on this study we have determined the following priority areas:

1. **Chemicals**

APEO/NPE and long-chain PFC are identified as priority chemicals during our internal study. Based on this outcome we have set the following deadlines in addition to our action points as described above:
   1. Phase out phenolic compounds (including APEO/NPE) by the end of 2013.
   2. Phase out long-chain PFCs by the end of 2014.

2. **Countries**

China has been identified as priority country during our internal study. Based on this outcome we have visited China in 2012 to discuss our RSL and testing methods and to give tailor made advice to suppliers. Based on the visits, an action plan is being made together with our suppliers. In 2013 we will visit our Chinese suppliers again for follow-up and progress on the implementation of the action plan.

In 2013, we will start working with bluesign® and our suppliers on our EHS standards which include environmental and chemical management.

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1 Relevant documents to this progress report are available for review on request