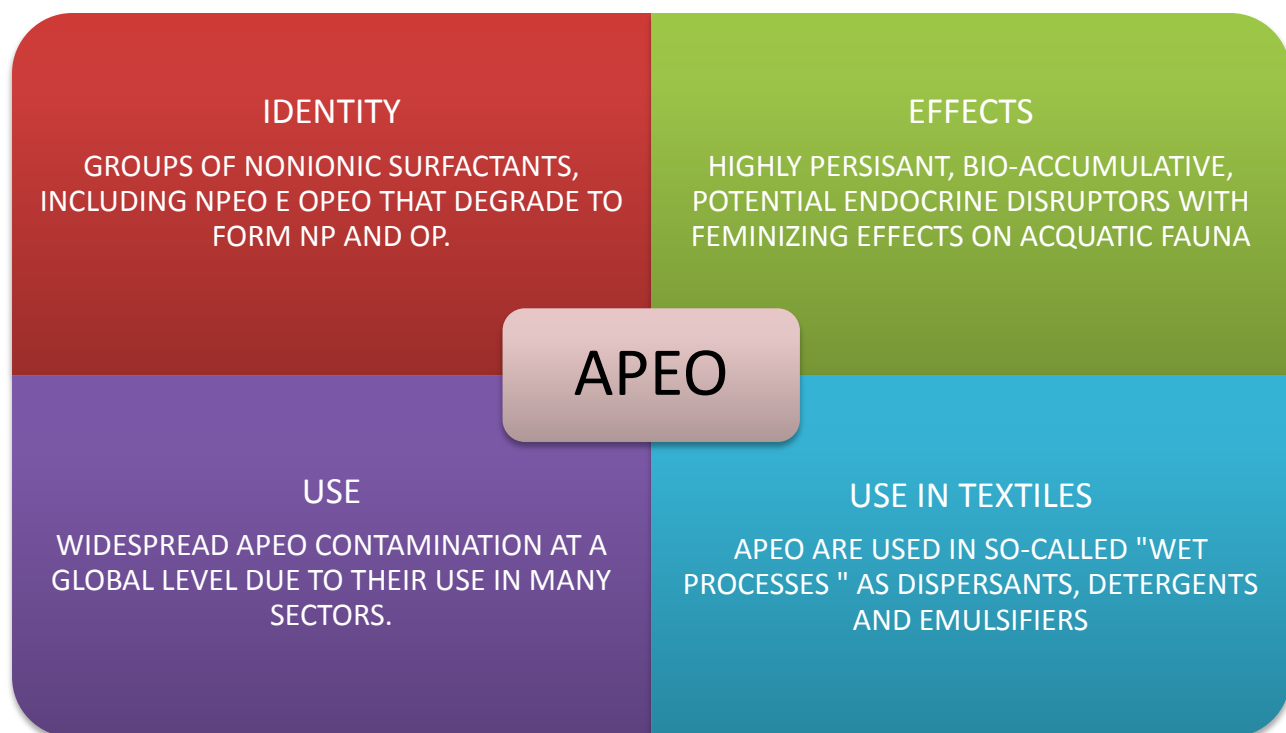


Valentino Fashion Group - APEO INVESTIGATION

Alkylphenol ethoxylates (APEO) are a group of nonionic surfactants, the most commonly used being nonylphenol ethoxylates (NPEO) and octylphenol ethoxylates (OPEO).

The chemical structure of these molecules makes them particularly useful in textile industry wet processes (owing to their dispersant, detergent and emulsifying action), but particularly hazardous for the environment and for aquatic organisms. Discharge of waste water from wet processes without adequate treatment constitutes a major source of environmental pollution, and has become an alarmingly widespread phenomenon.

Recent research confirms that APEO are potential endocrine disruptors, as well as being highly bio-accumulative and persistent. APEO contamination has been detected in river beds, water tables and even in the human food chain.



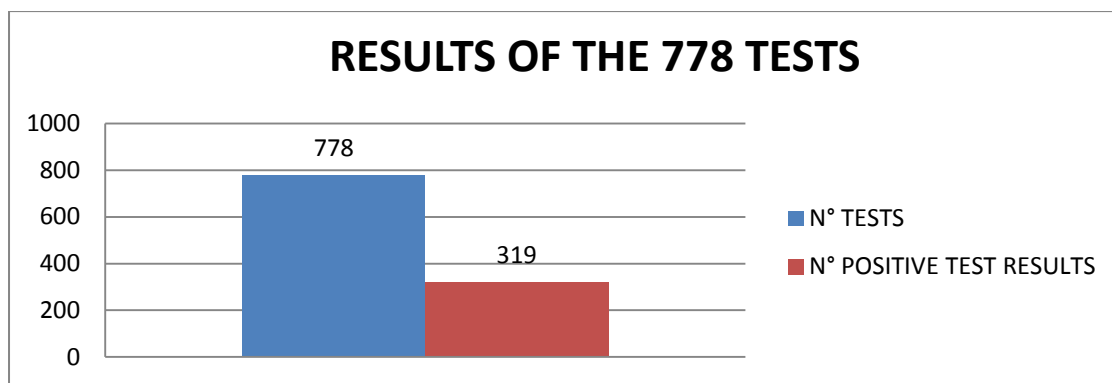
Pursuant to European legislation (Regulation EC 552/2009 amending Regulation EC 1907/2006 REACH), the use of APEO is prohibited in mixtures and processing in concentrations equal to or greater than 0,1 % by weight (1000 ppm). To safeguard the health and safety of consumers, Valentino Fashion Group (VFG) had already introduced limits on concentrations of APEO in finished products, through the Restricted Substances List (RSL) that all suppliers are required to comply with. However, VFG now supports the Greenpeace goal of achieving **total** elimination of this group of substances from all production processes and hence from finished products also.

In line with its Greenpeace Detox Commitment, VFG recently conducted an investigation into APEO usage in products and in supply chain waste water to map the current situation.

APEO INVESTIGATION: USE IN MATERIALS

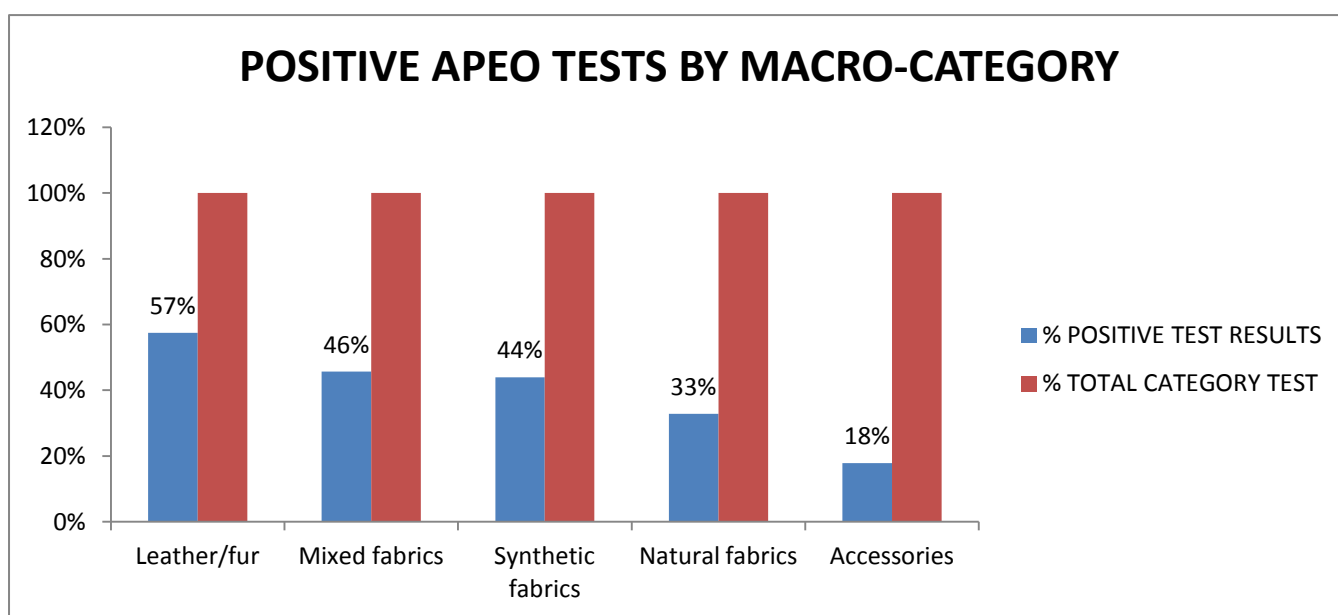
Mapping of APEO use in materials was based on test reports held in company records; the survey included 778 test reports relating to raw materials and finished products.

The test reports referred to legislative limits for APEO, having been conducted before VFG undertook its Greenpeace commitment. Note that all materials and/or products in which APEO were detected in concentrations above legislative limits were excluded from the VFG supply chain.



Of 778 test reports examined, 319 highlighted APEO concentrations ranging from 1 to 1000 ppm.

We deepened the analysis by categorizing test results in macro-categories according to the type of material: synthetic fibers, natural fibers, mixed fibers, leather/fur and accessories (ribbons, binding, trimmings etc.). For each macro-category, details of test results are presented in the following graph:



APEO use was detected in all material types tested, and in leather and fur in particular. In order to fulfil the zero discharge commitment, VFG will conduct in-depth testing specifically on leather and fur materials, as well as materials obtained from mixed, synthetic and natural fibers. .

APEO INVESTIGATION: WATER

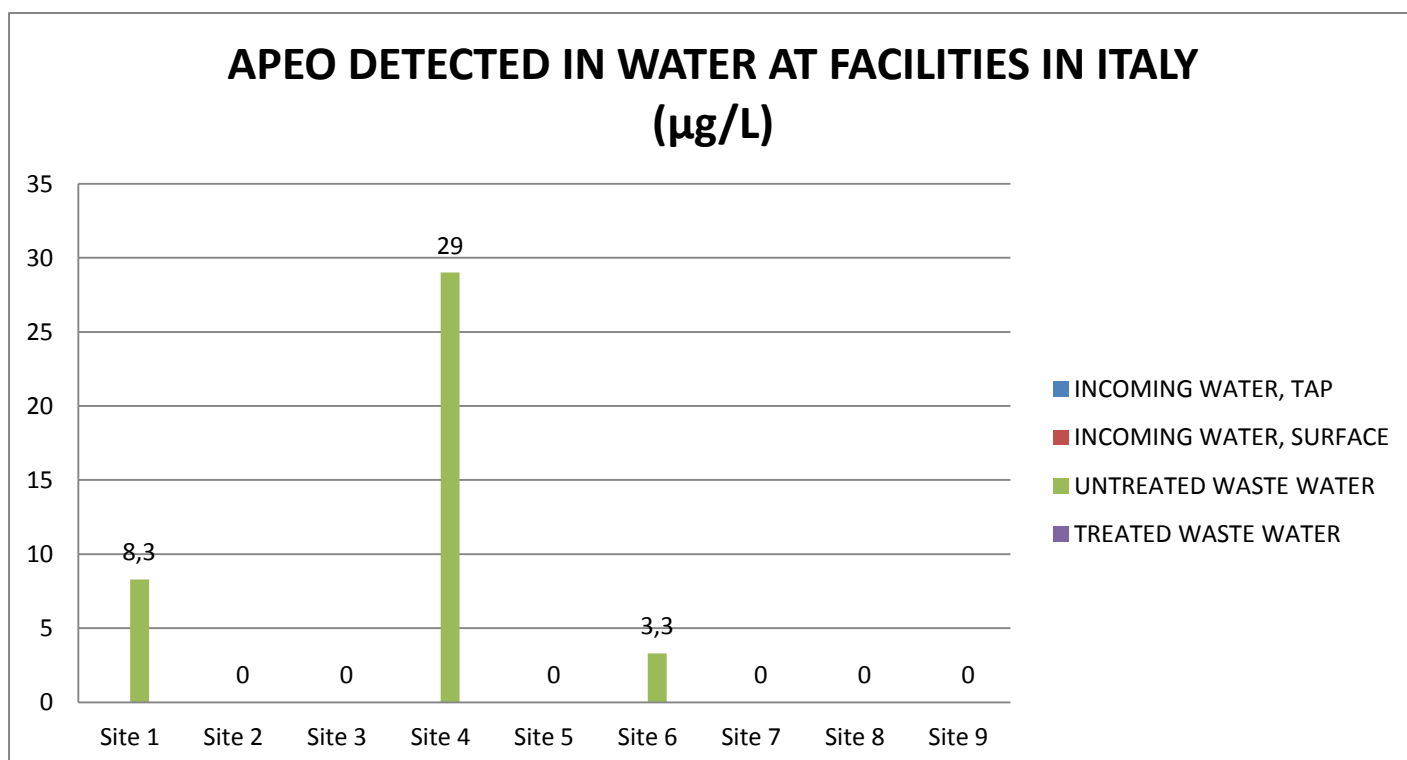
During the course of auditing activities at supply chain facilities, incoming water and waste water was tested for traces of all 11 groups of hazardous chemicals, including APEO.

FACILITIES IN ITALY

The APEO investigation was conducted at the facilities in Italy involved in auditing activities (9 sites). The results confirm that:

- None of the sites reported APEO contamination in incoming water supplies;
- 3 out of 9 facilities reported APEO contamination in untreated waste water ;
- It was not possible to test treated waste water, since all 9 sites transfer waste water to treatment consortia.

The following graph shows APEO concentrations [$\mu\text{g/L}$] detected at the facilities.

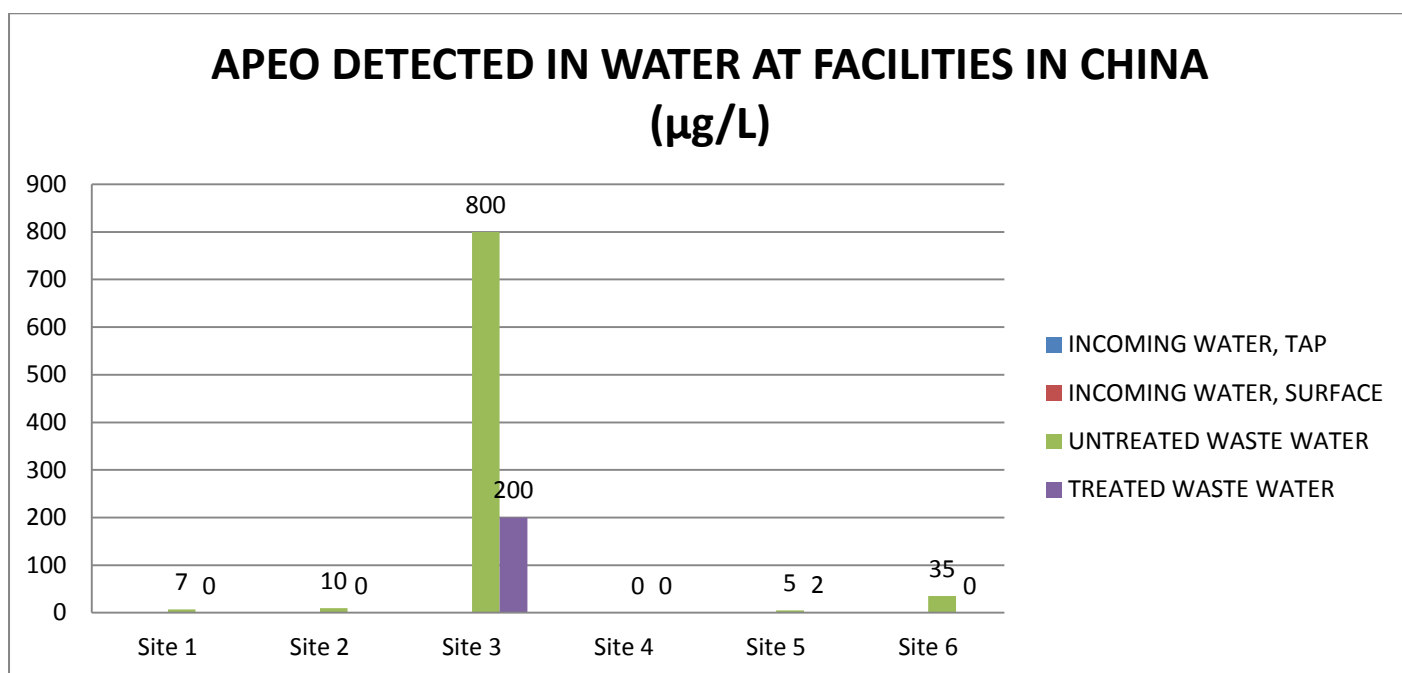


FACILITIES IN CHINA

The APEO investigation was conducted at the facilities in China included in the auditing activities (6 sites). The results confirm that:

- None of the sites reported APEO contamination in incoming water supplies;
- 5 out of 6 sites reported APEO contamination in untreated waste water; only 1 site reported significant concentrations of APEO, confirming widespread use;
- At 2 facilities it was possible to test for APEO in treated waste water. At the remaining facilities, treated waste water testing was not possible since all sites transfer waste water to treatment consortia .

The following graph shows APEO concentrations [$\mu\text{g/L}$] detected at the facilities.



CONCLUSIONS AND NEXT STEPS

The APEO investigation highlighted current APEO use in the supply chain. For a number of years, VFG has imposed restrictions on the presence of APEO in raw materials and finished products, both through the RSL and through the reasonable testing program implemented in line with the corporate product safety procedure and with the specific aim of safeguarding the health and safety of consumers.

The investigation has provided a key tool that enables VFG to prioritize the next steps on the road to achieving the shared goal of total APEO elimination, in line with the Detox Commitment.

A number of significant initiatives are already in progress, including:

- the imposition of detection limits in line with best available technology, both in finished products through the RSL and in processes through the MRSL;
- the reformulation of supply contracts to ensure full supply chain compliance with detection limits;
- the implementation of chemical audits at all facilities in the supply chain where wet processes are carried out.

On the basis of audit results, VFG is working to achieve active involvement across the supply chain in order to:

- identify chemical formulations containing APEO still in use;
- identify alternative formulations or substances that guarantee equivalent results in industrial processing;
- undertake systematic substitution to achieve total elimination across the supply chain.

VFG is fully aware that only with the active participation of the entire fashion industry is it possible to deliver the desired outcomes on a global scale. VFG is closely monitoring initiatives undertaken by other firms within the context of the Fashion Duel, and is willing to take part in all collective efforts and to share its experiences with others.