

The Cotton On Group is committed to improving our Environmental footprint globally. Our team directly influences our environmental impact and we encourage positive action throughout our organisation, both internally and externally. Climate change is a focus of Cotton On and we aim to tackle this directly along with advocating this issue to our customers.

We aim to:

- Exceed regulatory compliance with our Environmental strategies.
- Educate, encourage and empower our employees to be advocates for our policies.
- Identify new and efficient ways of using our key resources including water, energy, transport, raw materials and packaging.
- Jointly improve the policies of our key suppliers both domestically and internationally, to ensure they share our environmental goals.
- Ensure our Environmental Strategy becomes an integral part of our business model and is improved with the growth of the organisation.
- A focus of 'Reduce, Reuse and Recycle' throughout our stores and office locations.



Nigel Austin
Cotton On Group Director

Cotton On continually aims to improve our environmental impact in 4 key areas;

Our Stores / Offices:

Throughout our 500 stores we focus on reducing our environmental impact and educating our staff to be efficient in their practices. Recycling across all our stores is protocol and any product that is unsold is returned to distribution centres for discount sale or given to charity institutions. This reduces our land fill, focusing on our entire product range being put to good use.

Within our offices we measure our carbon footprint annually and use this as a measuring stick to decrease our outputs and increase our positive environmental habits.

Recycling is clearly measured and results conveyed to all staff members.

Our Distribution.

Our DC outlets have a major focus on recycling and reducing their packaging / transport usage by being consciously efficient in these areas.

DC outlets are the central point for our waste control, including the recycling of metals.

Our Key Suppliers.

Via our Ethical Trading Agreements we have asked each of our Key Suppliers to adhere to our Environmental Code and provide us with measurements and feedback on how improvements have taken place. We strongly urge our suppliers to be environmentally conscious and improve their habits on an ongoing basis.

Our staff who visit Key Suppliers routinely complete an evaluation of their ethical and environmental standards and meet with management to discuss procedures and improvements.

Our People.

This is an important component to our Environmental Policy. We focus on providing our employees with information on how to personally improve their environmental impact both at work and at home.

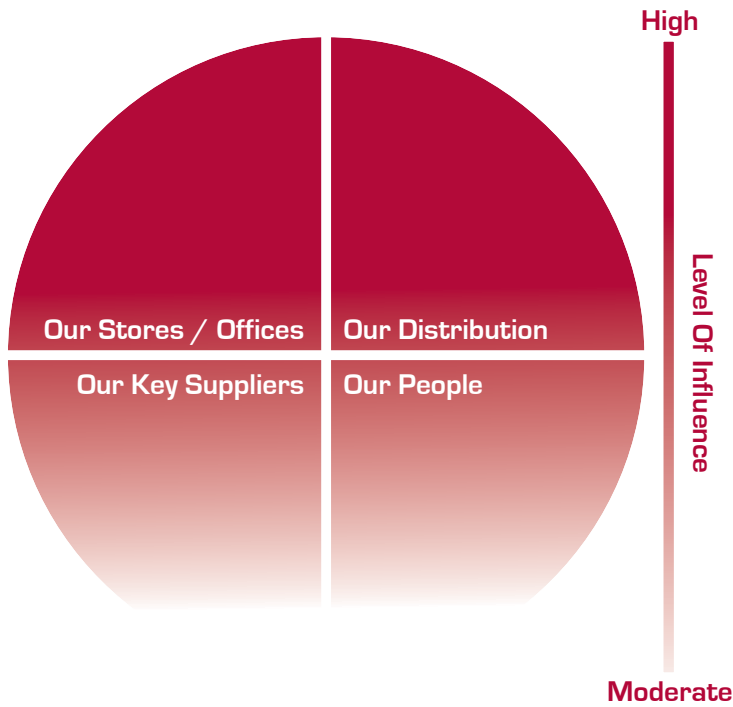
Updates on the businesses environmental initiatives are sent out to all office staff regularly and we provide opportunities for personal involvement with particular projects, examples of these are;

- Tree planting days
- Free Environmental Seminars (i.e. water saver techniques, at home carbon reduction)

We strive to have a major influence in these four areas; we are always looking for new and innovative ideas to improve on our impact across the business as a whole.



COTTON ON GROUP ENVIRONMENTAL FOCUS



OUR MEASUREMENTS AND ACTIONS

Our **Cotton On Group** offices and store locations have a focus to use environmentally-friendly products and reduce our outputs where possible.

Energy / Water Consumption:

Key Indicators from our Head Office in the last 12 months;

2008/2009 Year:

Electricity Usage: 675038.174 kWh

Per staff member: 1480 kWh*

Water Usage: 1055 kL

Per staff member: 2313 liters*

1258.43 Tonnes of co2

Equivalent of 6,292 trees

* Staff member calculations are based on the 456 full-time staff at our head office locations
Emissions calculator from www.carbonconciuous.com.au



Waste and Recycling:

Our Distribution Centres are the central point for our recycling initiatives; they collect all waste and recycling from our office and DC locations.

All our recycling and waste are handled by Transpacific Cleanaway, they provide us with up to date figures on a weekly basis for comparison and improvement.

Our DC staff are continually implementing new and efficient ways to pack and ship our product.

Waste Figures - Last Quarter of 2008/09 (All Sites)

| General Waste Kilos | Recycling Kilos | Total |
|---------------------|-----------------|-------|
| 12595 | 36002 | 48597 |
| General Waste % | Recycling % | |
| 26% | 74% | 100% |

Actions:

Continual monitoring: 'Grow Me The Money' will be reviewing our carbon footprint annually, they will consultant and give ideas as to how we can reduce our impact. Our immediate focus are our office locations / distribution centers and then progressing to assessment of stores and finally key suppliers internationally.

Travel / Transportation: We continually purchase carbon offsets for all flights and encourage car pooling to our office locations.

Office Supplies: All our copier / printer toners are recycled through 'Close The Loop' www.closesthe-loop.com.au

Water Consumption: In 2008/2009 The Cotton On Foundation built water catchments and provided water tanks that will capture over 14 million liters of water annually **

Tree Planting: To date in 2009 The Cotton On Group planted over 7000 trees to offset its Head Office energy usage

Product Innovation: A major priority for 2009/10 is introducing a biodegradable water bottle into all our stores to replace our current plastic water bottles. Our aim is to manufacture and distribute our own eco-friendly product.

** Figures based on catchments capacity and subject to rainfall