

2010 SUSTAINABILITY REPORT

Sustainability is our responsibility



recycled

565

tonnes of waste

reused

1.7

million cubic meters
of water

invested

€6.3

million on environment
protection measures

“ We are committed to continuously seeking ways to reduce the impact of our own operations. We do this by taking initiatives that reduce carbon emissions, shrink water footprint, minimize waste and wastewater, and improve occupational health and safety at our plants. ”

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Twofold strategy:

Reduce our own impact

Help our customers to reduce their impact

Our vision:

To become the world's **most sustainable supplier** of colors and chemicals to the global textile industry. We believe companies that put **sustainability at the centre of their business** will be **more successful** and have **competitive edge**.



Dear Valued Stakeholder,

You are reading the DyStar Group's first Annual Sustainability Report. We have followed the Global Reporting Initiative (GRI) framework in developing the report. The report also includes our first Carbon Footprint Report, which was prepared using the Global Greenhouse Gas (GHG) Protocol standards.

The report builds on decades of hard work by the DyStar Group companies to establish a responsible, sustainable and ethical business. Commitment to the principles of ethics and social and environmental responsibility has helped DyStar become a leading and trusted brand in the global textiles and leather dyestuff industry.

Since early last year, our Group has undergone a significant restructuring following change in ownership. What has not changed is our commitment to sustainability.

Our vision is to become the world's most sustainable supplier of colors and chemicals to the global textile industry. We believe companies that put sustainability at the centre of their business will be more successful and have competitive edge.

Our sustainability strategy is twofold. One, reduce our own impact. Two, help our customers to reduce their impact. The former makes our operations safer, cleaner and more efficient. The latter wins customers' confidence, and helps them in their drive for efficient manufacturing.

We are committed to continuously seeking ways to reduce the impact of our own operations. We do this by taking initiatives that reduce carbon emissions, shrink water footprint, minimize waste and wastewater, and improve occupational health and safety at our plants.

On the other hand, we are committed to helping our customers to minimize their environmental impact. We do this by developing and introducing innovative products and application techniques that reduce energy and water use for our customers. A number of ecological dyestuffs that we offer help our customers to produce sustainable apparel and textiles such as organic clothing.

Our focus on developing innovating ecological solutions and reducing our own environmental impact helps our customers and us to address global warming concerns.

This year's report contains several examples of how we implement our twin sustainability strategy.

Going forward, we have committed to closely monitoring the way we use resources including raw materials and packaging in order to identify potential opportunities to optimize resource consumption or find more sustainable substitutes.

Our plans include progressively aligning our sustainability approach with the principles of ISO 26000 Guidance on Social Responsibility

and the United Nations Global Compact Principles. We remain fully committed to the principles of Responsible Care, the chemical industry's initiative to improve health, safety and environmental performance that we signed early on.

In terms of the GRI framework, we are working toward expanding the numbers of performance indicators that we report on in the coming years.

This report documents our sustainability initiatives, performance and progress in 2010. Performance data in this report will serve as a base benchmark against which we will measure and report progress in the coming years.

I invite you to explore this report to learn more about how our products and expertise reduce the impact of the textile and leather industry and what we are doing to make our own operations safer, cleaner, greener and better. I hope you enjoy reading the report and find the information useful.

We are committed to an open and transparent dialogue with all our stakeholders to harness all ideas and suggestions to improve our sustainability performance. We also look forward to receiving your feedback on this report at sustainability@dystar.com.

Regards,
Steve Barron



Chief Executive Officer
DyStar Group





About **this** report



This is DyStar's first annual sustainability report. The report covers our operations in calendar year 2010. The current entity of the DyStar Group came into being in February 2010. Therefore, the economic data covered in the report pertains to the 11-month period (1st February to the 31st December). However, social and environmental performance data is for the full calendar year (Jan-Dec) as we were able to gather data for the entire year. This report has been prepared using the Global Reporting Initiative (GRI) G3.1 Guidelines. Based on the GRI Application Level Criteria, we self-declare this report to be a Level C report.

The report includes social, environmental and economic performance data for all facilities, business units and subsidiaries that are under the operational and financial control of the DyStar Group. It excludes third party warehouses and agents. All financial figures are reported in Euro (€) unless otherwise noted.

The report was prepared under the direction of the DyStar Sustainability Committee, which has representation from the senior executive management. The report encompasses information relating to all DyStar activities that have a material impact on society and the environment. DyStar Sustainability Committee assessed and determined the materiality, and prioritization, of the content included in this report. DyStar aims to annually report on its sustainability performance.

A summarized GRI Content Index is included at the end of this report to identify the location of the standard disclosures.

Audience

This report's intended audience includes a broad range of our stakeholders. Stakeholders are individuals or groups who have the ability to influence, may have an interest in, or may be affected by a company's operations. Our main stakeholders include our employees, customers, suppliers and contractors, shareholders, regulatory authorities, academics, industry associations, non-governmental organizations, peers in the industry, and local communities.

Assurance

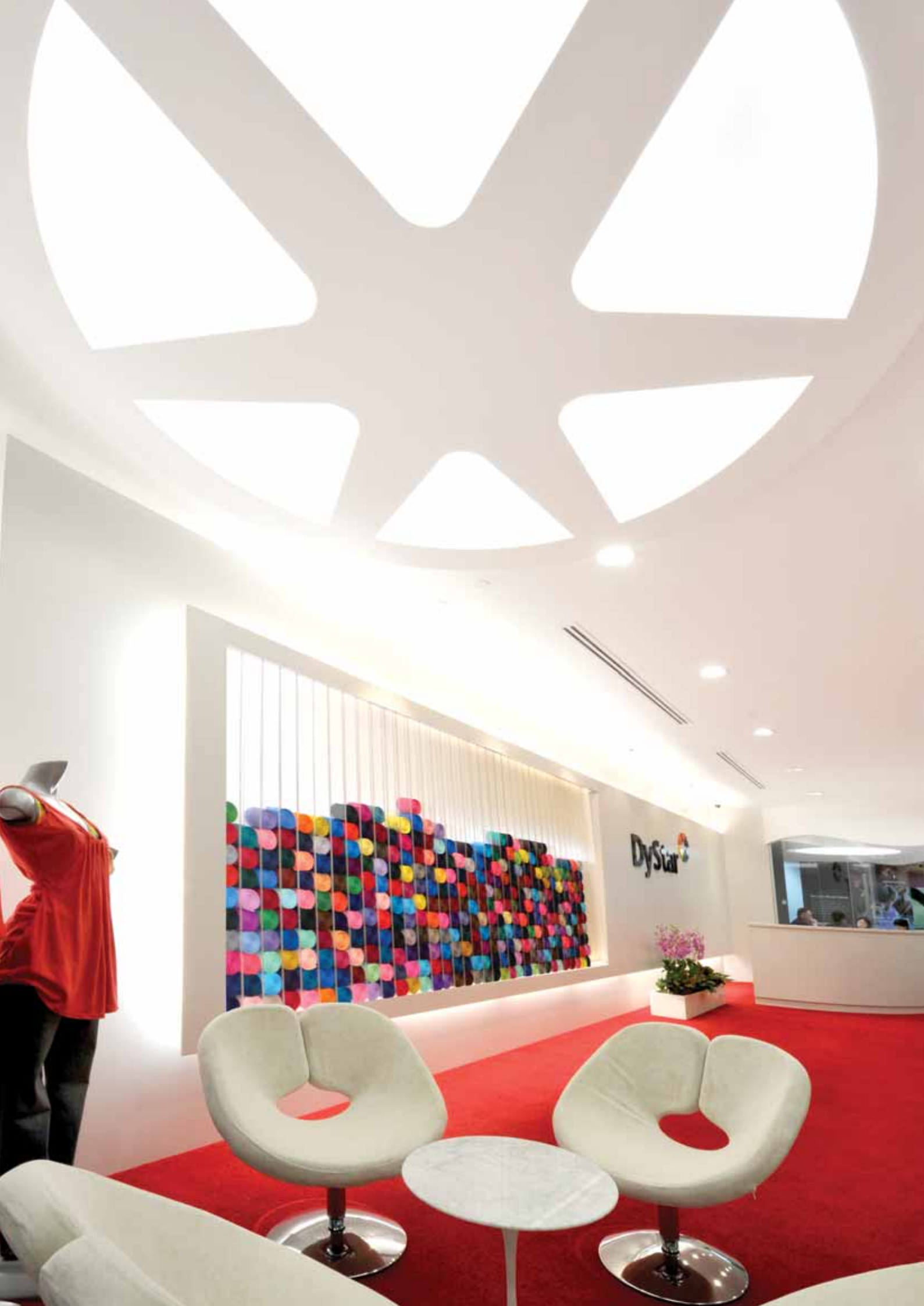
For this report, we did not seek external assurance. However, a sustainability expert from CSRWorks International, the consulting firm that we hired to assist in preparing this report, visited four of our major production plants and verified the data gathered and reported by the respective sites.

Availability

In line with our environmental policy, we have printed a limited number of copies of this report. A PDF version of the printed report is available online at www.dystar.com

Contacts

For any questions, comments or feedback on this report please email sustainability@dystar.com



DyStar Group corporate profile

“ Building on a heritage of more than 150 years of experience of textile dyes, DyStar offers customers a full range of dyes, auxiliaries and services around the world. ”

DyStar Group, a privately held company, is the global market leader in dyes, dye solutions, performance chemicals, new technologies and custom-manufacturer of special dyes & pigments. It provides products and services across the whole value chain in numerous industrial sectors including apparel, hosiery, automotive, carpets, leather, home upholstery, industrial fabrics, etc.

Building on a heritage of more than 150 years of experience of textile dyes, DyStar offers customers a full range of dyes, auxiliaries and services around the world.

DyStar started as a joint venture in 1995 between two leading textiles dyes companies Bayer AG Textile dyes division and Hoechst AG Textile dyes division. In 2000, BASF AG Textile Dyes merged into DyStar.

The Group then embarked on an impressive expansion by strategic acquisitions. In 2002, DyStar acquired Color Solutions Inc. followed by the acquisition of Yorkshire America Inc. in 2004. DyStar continued to acquire more companies to grow in strategic market segments. These included acquisitions of Rotta Group in 2005, Boehme Group in 2006 and Texanlab in 2007.

In February 2010, India-based Kiri Dyes and Chemicals Limited and China-based Longsheng Group jointly acquired assets of DyStar Group out of insolvency. With this acquisition, DyStar Group shifted its business focus towards Asia and established itself in Singapore.

The acquisition also saw changes in top management team at DyStar. Steve Barron, formerly vice president-strategic marketing, was appointed the new CEO for DyStar Group.

Mr Weixiang Ruan, Chairman and Chief Executive Officer of the Longsheng Group became the Chairman of the DyStar Group.

Kiri Holding Singapore Private Limited now owns DyStar Group. Kiri Holding Singapore Pte Ltd is a special purpose vehicle company jointly owned by India's Kiri Industries Limited, and Well Prospering Limited, a subsidiary of Zhejiang Longsheng Co. Ltd., a leading manufacturer of dyes in China.

In 2010, DyStar Group operated 16 production plants in 14 countries including Germany, Turkey, Portugal, USA, Mexico, Brazil, South Africa, Japan, Thailand, Indonesia, China, and India. With 38 offices around the world, DyStar employs over 2713 people. DyStar has a marketing network in over 50 countries.

Since DyStar Group is a privately held company, it is not required to publicly disclose its financial figures.

DyStar business units

DyStar Group has a strong presence across textile and leather supply chain. Our products, services and expertise cover dyestuff, raw materials sourcing, color development, sustainable textile processing, textile testing, compliance with Restricted Substance List (RSL) requirements of various brands and retailers as well as compliance with a number of eco-labelling and certification schemes.

DyStar's main business divisions are as follows:

1. Dyes

DyStar is the world's leading supplier of textile dyes. We have by far the broadest product range on the market, covering almost all fibres and quality specifications.

DyStar offers a wide range of dyes for cellulosic, acrylics, polyamide, wool and silk, polyester, and textile printing.

Reactive dyes

DyStar is a global leader in Reactive Dyes and we take our responsibility for people and the environment very seriously. As a member of The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD), we apply the same high standards of safety and ecology worldwide and are committed to the chemical industry's Responsible Care principles.

Our well-known reactive dyes brands include Levafix®, Procion® and Remazol®.



Levafix® Dyes are versatile, high performance dyes with excellent reproducibility and fastness properties in pale and very pale shades.

Procion® dyes guarantee maximum reproducibility and level dyeing in difficult dyeing conditions.

Remazol® dyes offer an extensive range of economical dyes for cellulosic fibers with very good buildup in deep shades.

Procion PX are a full range of powder and liquid dyes for reactive two-phase printing of cellulosic fibers meeting increasing quality and ecology demands for apparel and home textiles.

The Status L sub range meets the high light fast requirements for furnishing fabrics and home textiles.

Vat dyes

Indanthren dyes are products for cellulosic fibers. The main use of Indanthren dyes is in the areas where high fastness and technical properties are specifically required. Increased fastness requirements by retailers and brand textile companies support demand for Indanthren dyes, such as leisure and sportswear, home decoration articles. DyStar has recently introduced an Indanthren hand tag to emphasize on its high fastness and ecological properties.

Acid dyes

Telon and Isolan dyes are for application on wool and polyamide. For wool, DyStar's focus is on differentiated products to meet the rising demand for high fastness dyes.

For polyamide, DyStar offers a full product range and has an outstanding position in the carpet industry and growing sportswear sector.

Disperse dyes

Disperse dyes are used for polyester dyeing which may include apparel, sportswear, automotive textiles, carpets and upholstery.

Our disperse dyes brands include Dianix® and Palanil® which fulfill the

“ Together with our high-quality products, our expertise helps partners in the industry work without banned substances, and meet the wide range of test specifications and declarations required. ”

complicated technical requirements for polyester dyeing market. The “Dianix Green Range” of DyStar complies with the strictest Restricted Substances List (RSL) requirements of the market.

2. Auxiliaries

DyStar offers an extensive range of textile auxiliaries grouped under the following three categories:

- a. SERA® process chemicals which are used in all textile preparation, pretreatment and dyeing processes
- b. EVO® finishing and effects chemicals, consisting of functional effects chemicals, water-based coating products as well as sizing and yarn lubricants for all kinds of fibers
- c. LAVA® denim laundry chemicals & effects products to create today's and tomorrow's denim jeans fashion

3. Services

- a. **Ecology Solutions:** DyStar Ecology Solutions package is designed to help textile producers meet demand for responsible and sustainable production. As part of its econfidence® program, DyStar advises customers on issues relating to ecology and recommends suitable products to meet ecological specifications.
- b. **Testing Solutions:** DyStar service centers offer customers eco, physical, chemical and color fastness testing using international test methods. DyStar subsidiary Texanlab is a leading partner in eco testing, certified to ISO 17025 and an accredited partner for international brands and retailers. Our service lab in Frankfurt, Germany is also certified to ISO 17025 and offers a wide range of analytical and eco testing.
- c. **Color Solutions:** Color Solutions International, a DyStar group company, is a market leader in providing a variety of color solutions to retailers and brands. CSI's offerings include readymade colors, custom color matching, design tools and certified color standards for textiles, paper, plastics and packaging.

4. Leather

DyStar makes a compact range of dyes for a wide variety of applications for the coloration of leather and fur. Our homogeneous dyes can be combined with each other to give level dyeing from pale pastels to deep, brilliant hues.

As one of the world's leading suppliers of processing chemicals and dyes, we also offer our customers advice on how to optimize the ecological profile of leather production and the application of our products.

Together with our high-quality products, our expertise helps partners in the industry work without banned substances, and meet the wide range of test specifications and declarations required. Examples include the SG label for leather produced without toxic chemicals, Oeko-Tex Standard 100 and the restricted substance lists issued by various brands.

Awards and recognitions

Our sustainability efforts have received recognition from stakeholders. For example, two of our plants in China have received awards for their environmental excellence. The plant in Wuxi continued to enjoy the Green Level Enterprise status in 2010, the highest level awarded by the Wuxi Environmental Protection Bureau. DyStar plant in Nanjing received the Blue Level Enterprise award in 2010 from the Nanjing Environmental Protection Bureau.

Associations

DyStar is a member of a number of industry associations and initiatives to promote sustainability. Some of these include:

- **International Council of Chemical Associations' Responsible Care Programme**
- **The Ecological and Toxicological Association of Dyes Organic Pigments Manufacturers (ETAD)**
- **Textile Exchange (formerly known as Organic Exchange)**



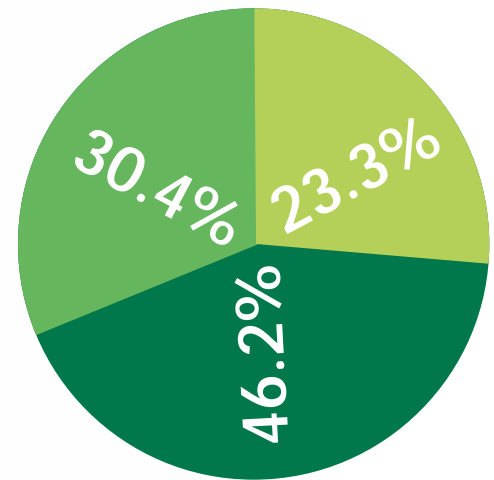
“ We believe that investing in developing innovative ecological products and solutions reduces our market risk and places us on a stronger footing as demand for such products and services increases. ”



DyStar Group at a glance

<p>revenues</p> <hr/> <p>€468</p> <hr/> <p>million</p>	<p>No. of employees worldwide</p> <hr/> <p>2713</p> <hr/> <p>74% male 26% female</p>
<p>No. of offices worldwide</p> <hr/> <p>38</p>	<p>No. of production plants worldwide</p> <hr/> <p>16</p>
<p>No. of countries in our marketing network</p> <hr/> <p>50</p>	<p>main products and services</p> <hr/> <p>Textile and leather Dyes, Auxiliaries, Ecology solutions, Testing solutions, and Color solutions</p>

Revenues By Region: 2010



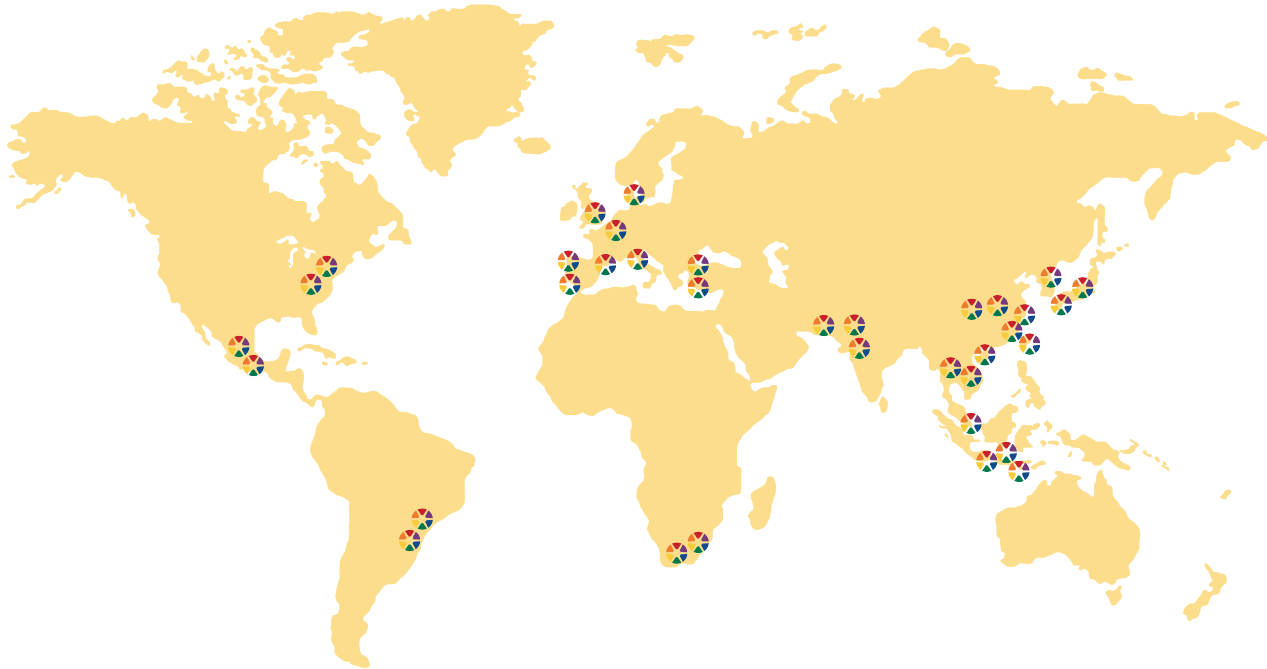
Asia	46.2%
Europe	30.4%
Americas	23.3%

Note: The revenue figures are for the 11 month period (Jan-Dec 2010), and include two months figures for DyStar LP.

Percentage may not add up to 100% due to rounding.



DyStar worldwide locations



“ Sustainability is our responsibility. At DyStar, our products and services help customers worldwide reduce costs, shorten lead times and meet stringent quality and ecological specifications. ”

- Bangladesh
- Brazil
- China/Hong Kong
- China/Shanghai
- Egypt
- France
- Germany
- India
- Indonesia
- Italy
- Japan
- Korea
- Mexico
- Pakistan
- Portugal
- South Africa
- Spain
- Taiwan
- Thailand
- Turkey
- United Kingdom
- USA

Global Headquarters

DyStar Singapore Pte Ltd
1A International Business Park, #10-01
Singapore 609933
+65 6671 2800
dystar.singapore@dystar.com
www.dystar.com

DyStar brand values



“ A learning environment with extraordinary potential for innovation. Constantly challenging conventional ideas to remain at the leading edge of the industry. ”

DyStar Group is guided by a set of seven core values. These values are:

Innovation

A learning environment with extraordinary potential for innovation. Constantly challenging conventional ideas to remain at the leading edge of the industry.

Expertise in application

We continuously look for new ways to improve our products, services and processes. We strive for flawless execution.

Leadership in ecology and environment

Dedicated to lead with effective ecological and environmental management solutions designed to reduce and limit the impact of our operations and our customers have on the environment.

Integrity

We simply do not compromise on integrity. We do what is ethically and morally correct.

Product quality

We work together to produce a superior product, to provide superior service, and to maximise the mutual growth of our customers and our company.

People excellence

Our success is dependent upon the collective energy and intelligence of our people. We strive to create a work environment where they can flourish and succeed to their highest potential. We appreciate efforts and reward results.

Knowing the brands and retailers

We are creative in delivering value into the total supply chain from concept to consumer. We anticipate change and capitalise on the many opportunities that arise.



Corporate governance

DyStar is a privately held company. DyStar's Board of Directors is responsible for setting broad policies and objectives, long-term business strategy and plans, risk management, ensuring that adequate financial resources are available, appointment and compensation of senior management, and legal and ethical compliance.

Our Board consists of five members including the Chairman. Each board member offers a combination of strong industry expertise, corporate experience and deep knowledge of corporate governance issues.

The Board's Audit Committee helps the Board by providing an independent review of the effectiveness of the DyStar Group's accounting and financial reporting process and internal controls.

The Board's Remuneration Committee assists the Board in the review and recommendation of a remuneration framework and specific remuneration packages for each Director and the CEO.

The Remuneration Committee ensures that remuneration policies of the company support the strategic objectives of the business and enable the recruitment, motivation and retention of senior executives.

The Board meets on a quarterly basis to review business and operational plans and strategic business decisions.

The Board works closely with the CEO who has the responsibility for the executive management with the help of a senior management team.

“ DyStar follows an Open Door Policy that allows employees free access directly to senior management to address concerns or make suggestions for improvement. ”

The CEO is responsible for developing strategic plans and policies for approval by the Board of Directors, implementing and monitoring business strategy across business divisions, financial and operational management, ensuring organizational efficiency, legal compliance, internal and external communications, and promoting a corporate culture that facilitates achieving business goals.

CEO communicates ethical business practices and expectations to all employees through regular communications and through periodic company meetings.

Employees can communicate to senior management on ethical issues either through contacts points provided by the global compliance officer or by directly approaching the senior management.

DyStar follows an Open Door Policy that allows employees free access directly to senior management to address concerns or make suggestions for improvement.





Sustainability structure

At DyStar, commitment to sustainability begins at the very top. A sustainability committee headed by the CEO has the overall responsibility for directing Group's sustainability strategy. The sustainability committee includes chief marketing officer and vice president of global production.

The sustainability committee is responsible for setting broad sustainability agenda, identifying sustainability goals and objectives, reviewing incoming sustainability data and performance.

The committee meets regularly to review the progress on selected sustainability performance indicators across company operations. Our CEO Steve Barron chairs these meetings.

In addition, Mr Barron periodically reviews the principles and performance relating to sustainability including occupational health and safety, environmental management system, commitment to Responsible Care, and ethical code of conduct.

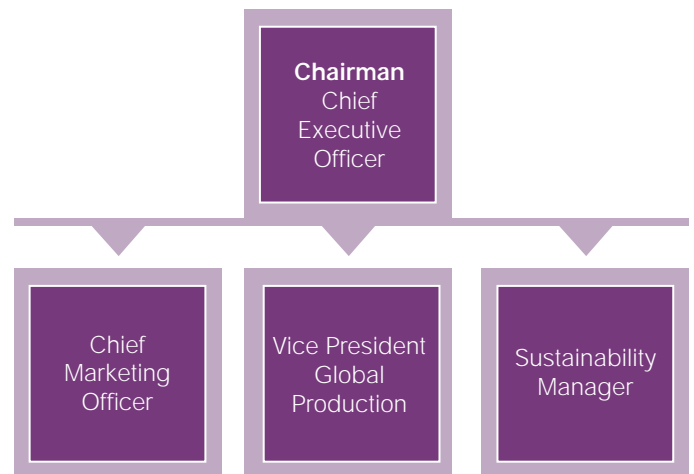
Production plants' heads and heads of key offices worldwide act as local sustainability champions. Sustainability champions in turn are part of a global sustainability project team.

The global sustainability project team has the responsibility for gathering relevant data for sustainability reporting, reviewing sustainability performance and for implementing sustainability initiatives at the site level.

A sustainability project manager works closely with the committee and with the global project team to coordinate group-wide data gathering and launching initiatives for improving performance.

“ At DyStar, commitment to sustainability begins at the very top. A sustainability committee headed by the CEO has the overall responsibility for directing Group's sustainability strategy. ”

In addition, each production site has an HSE Committee tasked with managing environmental health and safety issues. EMS Committees at the site level are responsible for ensuring continuous improvement in environmental performance.





Materiality analysis

For the purpose of this report, our sustainability project team undertook a materiality analysis to identify and prioritize issues. The analysis helped us better understand key impacts of DyStar business operations and potential risks and opportunities.

While carrying out the materiality analysis, we took into account the feedback received from our customers, global trends in sustainability, sustainability issues in the chemicals industry, issues discussed at various corporate responsibility and industry forums, emerging issues in the textile, apparel and leather supply chain and input by external consultants and academics.

Being a dyestuff manufacturer, DyStar is part of the chemicals industry. Chemicals are also the main raw materials for DyStar products. Dyestuff manufacturing processes consume water and energy and generate wastewater and waste. Reducing water-use, cutting carbon emissions and treatment and safe disposal of waste are the key environmental areas of concern for our stakeholders and us.

Apart from the environment, workplace health and safety are the other important areas as our production plants involve the transport, storage, handling and processing of a wide variety of chemicals.

Safety of employees as well as the neighbouring communities from a potential spill or accident is another area of concern.

Appropriate labelling of products, meeting regulatory requirements on restrictive substances and providing complete product safety information in the form of Material Safety Data Sheets (MSDS) are important to ensure health and safety of the users of DyStar products.

“ Reducing water-use, cutting carbon emissions and treatment and safe disposal of waste are the key environmental areas of concern for our stakeholders and us. ”

Our customers have growing interest in understanding the carbon footprint of our products. They also expect us to be able to innovate and offer products, which has lower environmental impact.

Social and environmental issues material to business operations have actually helped DyStar develop a wholesome sustainability strategy. See the section on Our Sustainability Strategy.



Our stakeholders

“ We take our responsibility toward stakeholders very seriously and strive to be a responsible corporate citizen by placing sustainability at the core of our business. ”

As a multinational company, DyStar is accountable to a number of stakeholders globally as well as in local countries where we operate.

DyStar believes in an open dialogue and creating multiple channels of communications with a range of stakeholders in order to develop sound basis for making business decisions.

We take our responsibility toward stakeholders very seriously and strive to be a responsible corporate citizen by placing sustainability at the core of our business.

An overview of our engagement with key stakeholders is as following:

Customers

Their expectations

Deliver high quality products that meet various compliance requirements, provide product integrity information, and introduce sustainable solutions that reduce their environmental impacts.

Our responsibility

Continuously improve our quality, invest in research and development facilities to develop more ecological products and services, promptly provide information on products' compliance with various standards and regulations.

How we engage

Organize seminars for customers on ecology and sustainability, regular meetings with customers, attending industry forums and conferences and provide information through various channels such as our website, product brochures, and updates.

A key initiative in 2010 was publishing a collection of features on sustainable textile processing, made freely available to our customers, partners and anyone interested.

Suppliers

Their expectations

Establishing long-term relationships, collaborating to supply quality products and services, fair selection, and respect for contractual obligations.

Our responsibility

Develop a network of trustworthy suppliers, work closely with them to source high quality products and services, and influence them to improve their social and environmental performance continuously.

How we engage

On going dialogue with our key suppliers to better understand and explain issues relating to quality, social, and environmental performance.

Employees

Their expectations

Safe workplace where employees are valued and respected, opportunities for growth and fair treatment of all.

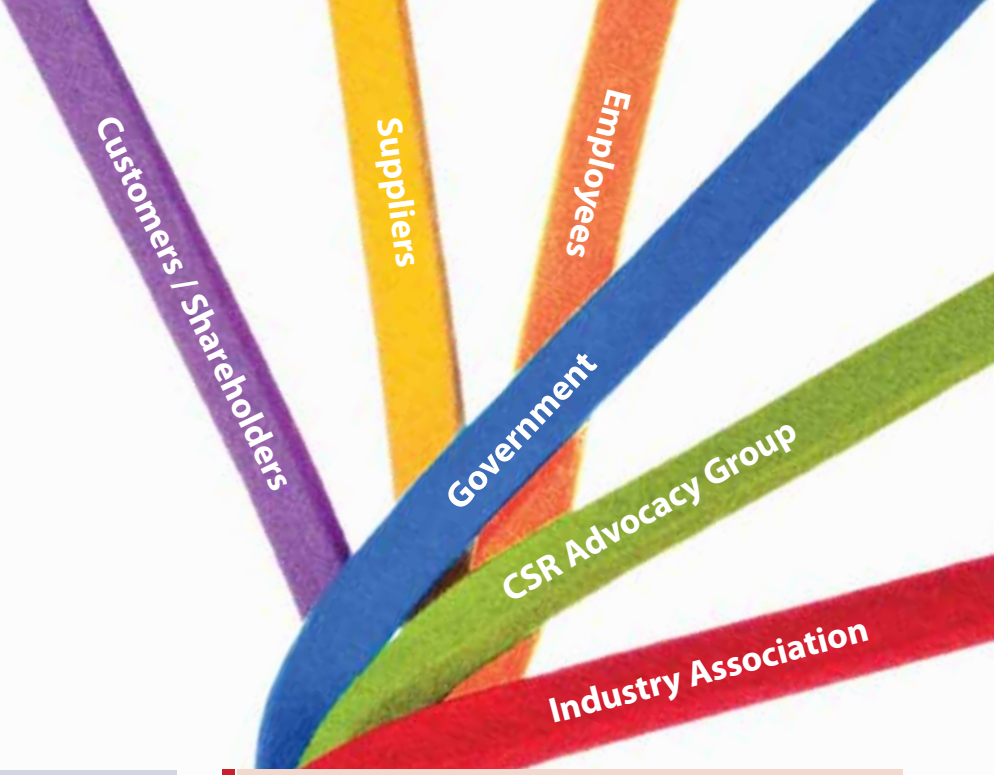
Our responsibility

Encourage open-door policy to provide employees at all levels access to management for sharing views and offering feedback, emphasis on workplace health and safety at our production plants, ensure ethical and fair employment practices, and reward performance.

How we engage

We interact with our employees in a number of ways on daily basis. Employees receive all relevant information through the company's intranet, newsletters, and updates from senior executives including the CEO.

We encourage an open climate of trust where employees can feel comfortable to express their views and share ideas for making DyStar a better workplace.



Government

Their expectations

Comply with local, state and federal regulations.

Our responsibility

Commitment to operate our business in ethical and responsible manner, providing resources and tools to local management to ensure compliance with labor, environmental, health and safety and business regulations.

How we engage

We work with government agencies wherever possible to promote environmental health and safety practices, and we promptly respond to government requests.

Corporate Social Responsibility Advocacy Groups

Their expectations

Operate business with social and environmental responsibility, and disclose material information.

Our responsibility

Communicate our sustainability strategies and programs, and report on our impacts and actions being taken.

How we engage

Attend corporate social responsibility seminars and conferences to meet interest groups. This report is a key initiative to report on our social and environmental performance and invite feedback from interested groups.

Industry Associations

Their expectations

Contribute to addressing issues facing the industry

Our responsibility

Share necessary information and experiences to help articulate industry response to social, environmental and economic issues.

How we engage

DyStar is a member of several national and international chemicals and dyestuff industry associations worldwide and our local managers actively participate in these groups.

We are signatory of Responsible Care, a chemical industry-led initiative to drive continuous improvement in health, safety and environmental performance.

Shareholders

Their expectations

Ensure reasonable return on investment, and sustainable and long-term growth of business.

Our responsibility

Well informed business strategies, effective implementation, and building long lasting brand equity.

How we engage

Periodic meetings with key shareholders to update on the company performance including our sustainability initiatives.

Our sustainability strategy

“ Overall, DyStar’s sustainability strategy is strongly embedded with the company’s business strategy. We look at sustainability as a win-win solution. Good for DyStar. Good for the environment. And good for society. ”



At DyStar, we believe that creating societal and environmental value is integral to sustaining long-term shareholder value. We therefore place sustainability at the core of our business strategy.

DyStar is in the middle of the global textile, apparel and leather supply chain. DyStar produces and markets dyes, colors and chemicals needed by the textile, apparel and leather industry for processing. DyStar in turn needs chemicals as raw materials to produce dyes and colors.

Production of dyestuff and colors consumes water, a crucial natural resource, and energy, a key source of greenhouse gas emissions. The production processes also generate wastewater and solid waste.

The textile, apparel and leather industry, the main consumer of dyes and colors, also uses significant amount of water and energy while using these products to process fibers and fabrics.

We therefore see twin opportunities, and motivations, to reduce energy and water consumption in our own operations as well as for our customers.

Reducing consumption of water and energy in own processes not only minimizes impact on environment but also saves costs for the company and makes our operations more efficient.

On the other hand, introducing innovative products and services that help our customers to reduce their water and energy consumption helps us to grow our market share of ecological dyes and colors and places us favorably in a market where apparel and textile brands are continuously looking for ways to make their supply chain more sustainable.

As a chemicals company, managing environmental impacts is material to our sustainability strategy. Continuously improving environmental performance is a key sustainability goal at DyStar. DyStar facilities have adopted Environment Management System (EMS) approach to progressively minimize the impact of business operations on the environment. Three DyStar plants have obtained ISO14001 certification and plans for other plants are underway.

Our strategic approach to sustainability and focus on ecological solutions also helps us meet emerging regulatory requirements and increasingly stricter product compliance criteria set by customers, and thereby expanding our market. Product responsibility therefore is a key piece of our sustainability strategy.

We do not yet have the required data and acceptable methodologies to reliably estimate the financial implications of climate change on our business. However, we believe that investing in developing innovative ecological products and solutions reduces our market risk and places us on a stronger footing as demand for such products and services increases. Efforts to reduce our own carbon footprint, water consumption and waste would better prepare us to meet potentially more stringent environmental regulations that countries around the world may adopt to address global warming concerns.

However, our sustainability strategy goes beyond environmental responsibility, ecological solutions and product responsibility. Our operations involve handling and processing of chemicals, many of them considered hazardous. Therefore, safety at our production plants is of paramount importance.

Workplace accidents can not only cause potentially serious injuries but may also result in lost workdays, increased medical and compensation costs, lower employee morale and poor corporate image.

Minimizing occupational hazards is therefore crucial for keeping our employees safe and for ensuring uninterrupted production operations. Stringent safety measures therefore are central to our plant management system. All DyStar production sites regularly monitor and review occupational health and safety procedures and adherence to these procedures.

We operate, and compete, globally with more than 35 offices around the world. Our workforce is equally diverse. We rely on our people to champion our products and services in the marketplace with passion, we depend on our talented scientists to develop innovative products in our laboratories, and we bank on our production and quality staff to produce high quality products and a host of other employees to



provide critical support to run business.

Nurturing people and promoting a workplace where people feel safe, valued and respected form the foundation of our sustainability strategy. In 2010, DyStar's new management publicly reiterated commitment to the principles of SA8000 and aligning workplace policies and practices to those principles. The commitment signed by DyStar chief executive Steve Barron is available on the company's website www.dystar.com.

For more on SA8000, see <http://www.sa-intl.org/>

Overall, DyStar's sustainability strategy is strongly embedded with the company's business strategy. We look at sustainability as a win-win solution. Good for DyStar. Good for the environment. And good for society.

Our guiding principles

“ DyStar applies the same environmental protection and safety principles worldwide. ”

DyStar values, policies and practices are guided by international standards and principles, which include:

- The International Labour Organization's (ILO) core labor standards and Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The Universal Declaration of Human Rights
- The OECD Guidelines for Multinational Enterprises
- SA8000® Standards
- The Responsible Care® Global Charter





Responsible Care®

Responsible Care® is the chemical industry's global initiative that drives continuous improvement in health, safety and environmental (HSE) performance, together with open and transparent communication with stakeholders. DyStar fully supports and endorses Responsible Care Global Charter.

DyStar has implemented a detailed program in line with the principles of Responsible Care®. That means:

- Safe production, handling, transport, application and disposal of our products
- A responsible attitude to the environment and natural resources
- Protecting our employees from accidents and health hazards
- Treating employees, customers and suppliers fairly, respecting people and avoiding discrimination.

DyStar Guidelines for Responsible Care in environmental protection and safety

Dialogue

Responsible Care is intended to generate trust. A clear and open dialogue therefore should be initiated with all parties involved including customers, consumers, employees, neighbors, and other members of society.

The concerns and suggestions of all stakeholders should form part of this dialogue. Customers, employees and members of public must be kept informed about current trends and developments in environment protection and safety at DyStar.

Product stewardship

DyStar products must be safe for humans and the environment during manufacture, correct use, transport and storage, and disposal.

The products are constantly monitored to identify any hazards that they might potentially cause. Preventive measures must be planned to

limit or avoid any hazard.

DyStar advises customers, distributors and freight companies on how to handle, store, transport, use and dispose of the products safely.

Environmental protection

DyStar management and employees are responsible for ensuring necessary resources, action, information, and organization to ensure environmental protection.

Initiatives for environmental protection would include:

- Complying with laws and regulations in operating production facilities in a manner that ensures safe handling of products and waste.
- Using environmentally compatible methods for disposal of waste
- Reviewing production processes and reviewing them where possible to reduce raw material and energy input
- Reducing emissions
- Reducing, and where possible, recycling waste
- Developing in-process measures to replace end-of-pipe environmental technologies

Occupational health and safety

The company must protect its employees from direct and long-term health risks by identifying health hazards, and providing information, training, and suitable protection.

With the active assistance of its employees, DyStar implements an occupational health and safety policy covering:

- Operating procedures
- Occupational safety
- Preventive health care
- Safety technology
- Hazardous substances
- Production processes



Plant safety and hazard prevention

Plants must be designed for safe operation. The hazard potential and risks associated with processes must be identified, assessed and kept to a minimum by selecting suitable processes.

Subcontractors working on DyStar sites are chosen based on their performance with respect to safety, health and environmental protection. Systematic methods must be used to develop safety concepts.

- Plant safety must be the subject of continual improvement.
- Technical standards in plants must be adapted in line with technological advancements.
- Technical equipment must be inspected regularly and systematically.
- Effective measures must be planned to deal with incidents and limit their impact.
- Detailed hazard prevention plan must be drawn up for all plants.
- Employees must be trained to handle plant and equipment.
- The action to be taken in the event of emergencies and hazardous situations must be practiced.

Technology transfer

DyStar applies the same environmental protection and safety principles worldwide. The transfer of technology and knowledge within the Group ensures that all DyStar companies are in a position to implement the same environmental protection and safety principles and standards.

For more information on Responsible Care, see www.responsiblecare.org

DyStar Compliance Management

Compliance is an essential element of a good management practice with the aim to reduce risks and increase efficiency. DyStar has a comprehensive structure and mechanism in place to ensure compliance.

Global Compliance & Quality Management (GCQM) is globally responsible for the organisation and coordination of the compliance tasks. GCQM conducts periodic compliance audits to identify areas for improvement. Audit reports are reviewed by the senior management.

Compliance management includes all measures to support the adherence of processes, rules of actions, laws and standards, social accountability guidelines, code of conduct, company guidelines and management directives by DyStar staff.

We believe that effective compliance can result in positive performance, improvement of processes, a higher motivation and reduced cost for the company.

DyStar Compliance Management aims to achieve the following objectives:

I. Minimizing risk

- Prevention of breaches of regulations
- Avoidance of legal sanctions
- Avoidance of possible claims for damages
- Loss of image for the company
- Avoidance of customer losses
- Avoidance of violation of safety regulations (e. g. products, plants, procedures)
- Improvement of the rating of the company

II. Raising the awareness of employees for the adherence of regulations through regular training

III. Public image

- Building reputation of the company
- Gaining the trust of customers and authorities in the company

IV. Control of the applicable regulations and standards in the company

DyStar has adopted management system approach to managing quality across the Group. All 38 DyStar sites worldwide are ISO 9001 certified.

DyStar Code of Conduct

Our principles of ethics

DyStar operates worldwide so we need to respect a wide range of different legal requirements and cultural backgrounds. For this purpose, DyStar has introduced a comprehensive code of conduct that is binding on all employees and Group companies.

DyStar's Code of Conduct sets out our legal and ethical principles. It is designed to be a guide for our daily work and to help us uphold DyStar's reputation.

DyStar Code of Conduct, signed by CEO, has been made available to all employees and is also available on the company intranet. All employees are required to consult the Code of Conduct regularly to ensure that their conduct is in compliance with it.

A Compliance Officer, with direct access to the CEO, is available for employees to consult and support with regard to the application of DyStar Code of Conduct.

“ We believe that effective compliance can result in positive performance, improvement of processes, a higher motivation and reduced cost for the company. ”

Key elements of DyStar Code of Conduct are as follows:

1. **Compliance with laws:** requires compliance with prevailing country law as well as compliance with international public law and international trade law.
2. **Intellectual property protection:** sets out rules for protecting intellectual property of the company as well as that of customers and others.
3. **Fair competition:** sets out commitment to responsible competition, and compliance with anti-trust regulations.
4. **Separation of private and company affairs:** deals with issues relating to conflict of interest.
5. **Safety, health and environmental protection:** includes commitment to set clear corporate goals, promotion of open dialogue, product responsibility, environmental protection, health and safety at work, plant safety and prevention of accidents and using the same safety and environmental standards for technology transfer.
6. **Product and service quality:** includes commitment to high standards of quality in products and services offered.
7. **Relationships with employees:** sets out the company's commitment to respect rights of employees including policies of non-discrimination, no child labor and no forced labor.
8. **Cooperation with authorities:** describes the company's commitment to maintain a cooperative relationship with all competent legal authorities while safeguarding rights of the company and those of DyStar employees.

Detailed DyStar Code of Conduct is available on www.dystar.com

Product stewardship

“ DyStar’s strategic planning of new and on going activities also considers the REACH impact. DyStar proactively contacts the European Chemical Agency to submit all relevant information ensuring REACH compliance. ”

REACH Implementation

DyStar successfully completes Phase-I

DyStar’s long held policy of producing safe and sustainable dyes and chemicals has helped the company to meet emerging legislative demands with relative ease and gain an edge in the marketplace.

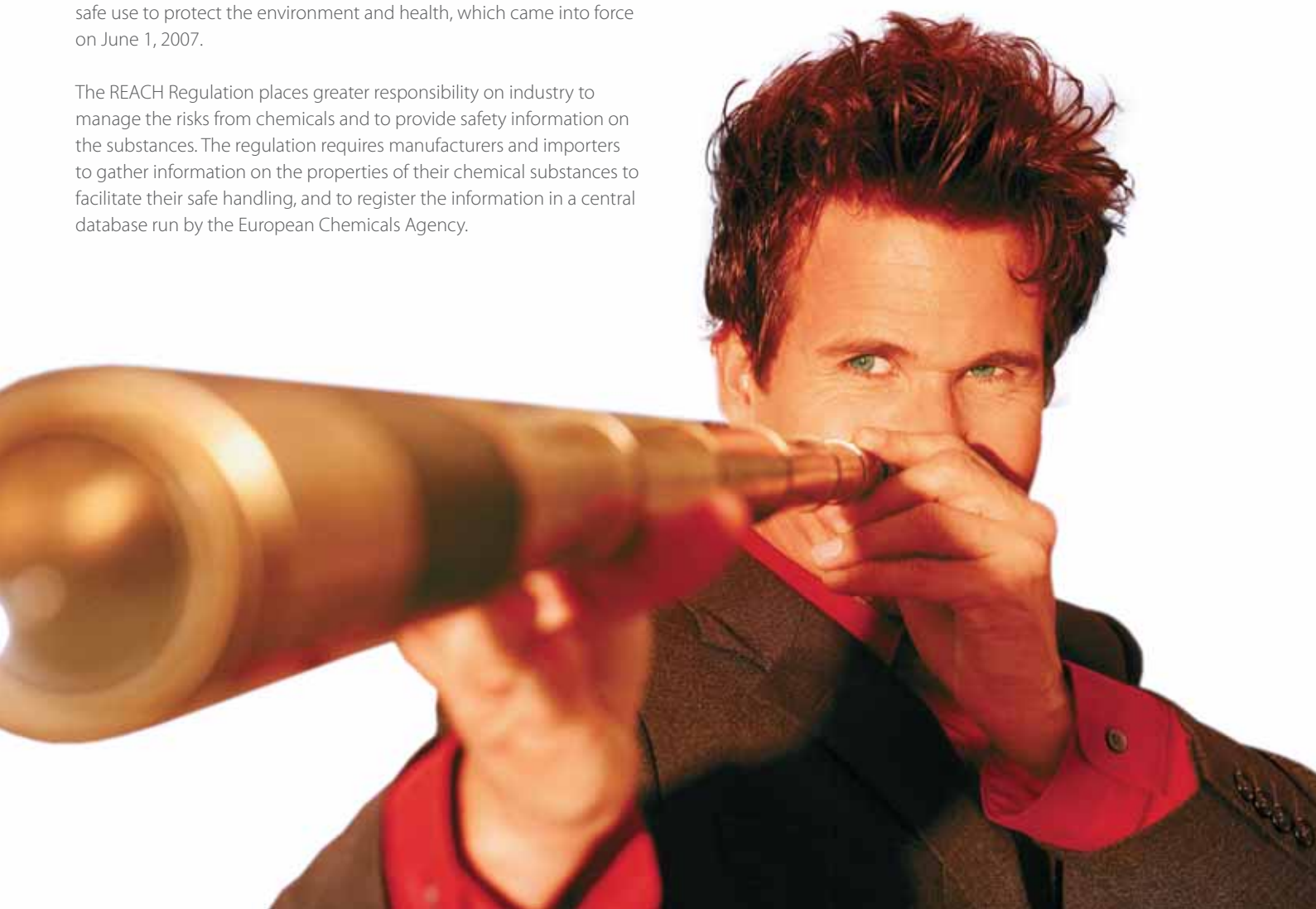
For example, DyStar successfully submitted relevant products for full registration under the REACH (the Registration, Evaluation, Authorization and Restriction of Chemicals) requirements within the deadline in 2010.

REACH is the European Community Regulation on chemicals and their safe use to protect the environment and health, which came into force on June 1, 2007.

The REACH Regulation places greater responsibility on industry to manage the risks from chemicals and to provide safety information on the substances. The regulation requires manufacturers and importers to gather information on the properties of their chemical substances to facilitate their safe handling, and to register the information in a central database run by the European Chemicals Agency.

Dyes and chemical suppliers face an enormous task in complying with REACH. The legislation requires all suppliers of dyes and chemicals who produce inside the European Economic Area or import into Europe to pre-register and then to register the substances within the deadlines laid down in the Regulation for the various tonnage thresholds.

REACH compliance has been a top priority at DyStar for substances both manufactured in and imported into the European Economic Area (i.e. the EU member states including Norway, Iceland and Liechtenstein)



ever since the first drafts of the Regulation were discussed.

Therefore, DyStar was well prepared for the REACH Regulation when it came into force.

For instance, in October 2008, the European Chemical Agency published for the first time a Candidate List of Substances of Very High Concern for Consultation under REACH. By December 2008, DyStar was able to declare that DyStar products did not intentionally contain any of the 15 substance groups that were proposed in the ECHA Candidate List of Substances.

Under Phase-I of the REACH regulation, the deadline for full registration under REACH - December 1st, 2010 - has passed. DyStar has already submitted the registration dossiers for high-volume substances (> 1,000 tons p.a.). DyStar Colors as a leading producer and importer of textile dyes has registered successfully C.I. Reactive Black 5 and Indigo as well as several other substances used within the manufacturing processes of its dyestuff and auxiliary products.

DyStar is now concentrating on the next tonnage band 100 – 1000 t/a, a range where the registration of a significantly higher number of dyes will have to be managed before mid-2013 under Phase-II of REACH.

In Phase-III, registration deadline for produced or traded substances in quantities of one tonne or more per year is June 1, 2018.

DyStar's strategic planning of new and on going activities also considers the REACH impact. DyStar proactively contacts the European Chemical Agency to submit all relevant information ensuring REACH compliance.

DyStar intends to register all individual substances contained in its products within the respective deadlines set. DyStar has successfully completed many registrations of new chemical substances according to chemical regulations worldwide. We are proud to be the owners of a comprehensive archive of toxicological testing reports on a large number of dyes.



DyStar's R&D and REACH

As a leading producer and importer of textile dyes and auxiliaries DyStar has also an active Research & Development Department inventing new dyestuffs and new processes for synthesis and application.

DyStar intends to register new substances to guarantee a supply of innovative products to meet customer demands as well as the requirements under REACH. The first registrations of such substances are already planned for 2011.

REACH and DyStar customers

REACH means that textile producers have far greater responsibility for all stages in their supply chain. Non-European manufacturers and their importers who export to the EU have to comply with REACH if they do not wish to put their business at risk.

Supply chain communication is one of the major challenges of REACH. DyStar has taken steps to strengthen communication with customers and offer necessary support.

For example, DyStar provides an online service portal to customers where they can inform the company of their intended uses, and to enable them to report on applications currently not covered. This use mapping is intended to consider all our customers' uses for inclusion in our registration dossiers.

By using DyStar products, customers can have confidence that textiles imported into Europe are REACH-compliant.

For more information on DyStar's REACH compliance, **visit www.dystar.com**

For more information on the REACH regulation, **visit www.echa.europa.eu**

“We believe **our commitment to sustainability** has played an important role in making DyStar a dominant player in the market. **DyStar pioneered offering eco-friendly dyes and services** for the textile and leather industry ahead of competition. **Eco-friendly products and ecology services** continue to be a key growth driver for DyStar.”



Sustainable Products and Services

DyStar is a market leader in the textile dyes, colors and auxiliaries sector with an estimated global market share of 20% in dyes.

We believe our commitment to sustainability has played an important role in making DyStar a dominant player in the market. DyStar pioneered offering eco-friendly dyes and services for the textile and leather industry ahead of competition. Eco-friendly products and ecology services continue to be a key growth driver for DyStar.

Environmental damage caused by reckless and irresponsible use of low quality dyes by some of the textile mills has recently attracted negative media coverage and criticism by campaigners. Such reports can destroy reputation of suppliers and brands.

Leading fashion brands and retailers have already committed to ensuring safe and responsible use of dyes and chemicals in their supply chain. We, at DyStar, take it as our key responsibility to market safe and sustainable dyes and services.

To us, sustainability means being able to continuously innovate and introduce eco-friendly dyes, services and solutions in the market. This translates into working closely with brands, retailers and their suppliers to develop solutions that help them reduce their environmental impact.

Creating awareness about eco-friendly products and solutions and educating the supply chain in the use of such products is also an important part of our shared responsibility. We do so by organizing seminars, regular meetings with customers and by offering information through a variety of communication channels.

A report by international market research firm Global Industry Analysts, Inc. in January 2011 said that the global market for textile dyes was projected to reach US\$5.5 billion by the year 2015, driven by innovative eco-friendly dyes and chemicals, and resurgence in post-recession demands.

We believe our strategy of ceaselessly building and expanding portfolios of sustainable products, services and solutions places DyStar in an excellent position to benefit from market growth.

This report presents an account of how some of our products and services help our customers to drive sustainability in their business.

Regards,

Bart van Kuijk



Chief Marketing Officer
DyStar Group

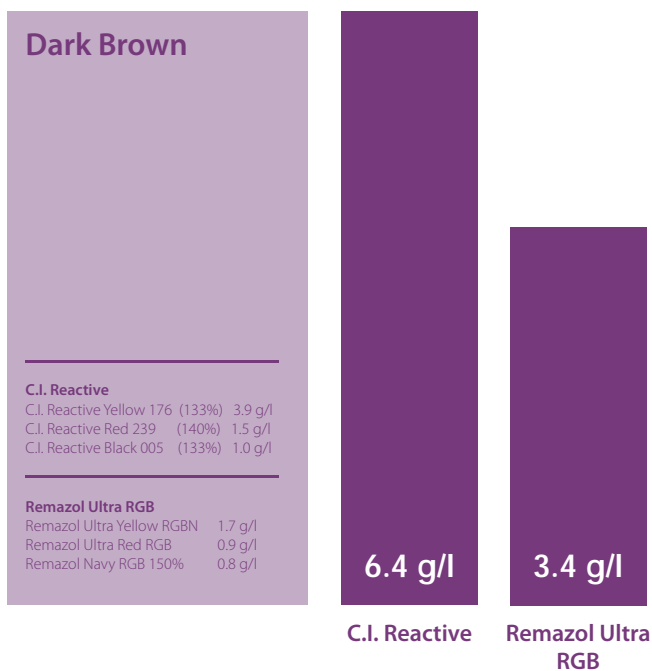


Sustainable products and services

“ DyStar was one of the first companies to have its dyestuffs approved by GOTS for organic textiles. ”

Significant less dye is needed to achieve the required depth of shade

-47%



Save dyes, save water

Sustainable Products from DyStar

DyStar offers a range of sustainable products for the textile industry, which help promote sustainability across the supply chain.

GOTS Products for Organic from DyStar

For example, DyStar offers a wide range of colorants and auxiliaries that have been specifically approved for use on organic textiles by certification organizations such as Control Union Certifications (CU) and the Institute for Marketecology (IMO), the first approved body to offer certification under the Global Organic Textile Standard (GOTS).

DyStar was one of the first companies to have its dyestuffs approved by GOTS for organic textiles. DyStar now offers an extensive range of dyes and auxiliaries, which are approved under GOTS.

DyStar experts in cotton processing have defined how to use GOTS-approved products to achieve sustainable and optimized results in organic cotton processing using Best Available Technology in pre-treatment, dyeing and finishing.

Low impact dyes

Remazol Ultra RGB reactive dye technology is particularly designed for the problematic deep shades on cotton. This latest innovation from DyStar represents the Best Available Technology for dyeing of deep shades by reducing the impact on the effluent load whilst supporting the higher productivity requirement for short lead times demanded by the textile supply chain.

High Fixation – save dye and save costs

Achieving deepest shades on cellulosic fabrics like cotton can sometimes take a big toll on the environment. Because certain reactive dyes in yellow, red, and black shades can interact and “block” each other from fixing onto the fabric, it can take a lot of dye to attain darker shades like brown and black – and much of that dye is wasted because it doesn’t fix to the fabric, but washes down the drain.

With DyStar’s newly developed Remazol® Ultra RGB reactive dye technology for example, dyers can achieve substantially higher levels of fixation. High fixation keeps the dye on the fabric, where it belongs, instead of in the wastewater.

More dye on the fabric instead of down the drain also means savings of dye, chemicals, water, and energy for production – which translate easily into greater cost savings.

Save water - use less and keep it cleaner

Because of Remazol Ultra RGB's efficiency and high fixation, a lower salt concentration in the dye bath is required and less water is needed to wash off the fabric as well. Less salt in wastewater means less pollution to worry about.

The principle environmental concerns with textile dye house's wastewater include volume, total dissolved solids (TDS), chemical oxygen demand (COD), biological oxygen demand (BOD), color, and pH. For deep shades on cellulosic fibers, the use of Remazol Ultra RGB dyes can significantly reduce these parameters, e.g. TDS can be reduced by 40% compared to commodity dyes.

DyStar's Sera Zyme C-PE

Save Water and Energy

Conventional scouring process used by the textile industry to remove natural fats, waxes, inorganic salts and heavy metals from the cotton greige is a typical pre-treatment process when deep shades are dyed on cotton. The process uses significant amount of water, electricity and steam.

DyStar has introduced Sera Zyme C-PE, which substitutes the conventional scouring with bio-scouring process.

Bio scouring, using the enzyme pectinase to remove waxes and oils from cotton fabrics, ensures good fiber wet-ability and can therefore promote consistent dye penetration and diffusion. Sera® Zyme C-PE also works well for knitted polyester-cotton blend fabrics.

In all applications, bio scouring has the added advantage of eliminating the need for the large quantities of caustic soda and acid based rinsing agents essential for traditional scouring methods. It thus significantly reduces the chemical loading of effluent discharged at the end of the scouring process.

Tests have demonstrated that the use of Sera Zyme C-PE in bio



scouring can provide the following savings and resource efficiencies compared with traditional methods:

- 7.3% less process time
- 15.9% less water use
- 11.3% less electricity consumption
- 19.6% less steam consumption

Sera Gal G-RFX and Remazol Ultra RGB

Further reductions in resource consumption

DyStar's innovative products Sera Gal G-RFX and Remazol Ultra RGB allow combining Scouring and Dyeing processes, which can reduce consumption of water and energy and improve productivity by reducing processing time.

If we compare the resource consumption of our combined Scour Dyeing with the traditional production route, we can achieve the following savings:

- 38% less process time
- 24% less water
- 28% less electricity
- 38% less steam

“ DyStar shares its expertise in sustainable color communication and development, sustainable textile processing and expertise services, guidance and testing into ecological parameters and their testing with their stakeholders on regular basis. ”

Sustainability Services from DyStar

Ecological aspects of textile production have become increasingly significant concerns for retailers and brands as they seek to protect their brand integrity and minimize the environmental impact of their supply chains. Combined with consumer demand for greener products, demand for greener processes means that brands, retailers and mills need a reliable and trustworthy partner with ecology expertise and ability to innovate.

As an acknowledged leader in ecological expertise for the textile coloration sector, DyStar is therefore the ideal partner for managing environmental issues for the entire textile supply chain. DyStar products and technologies not only make textiles more colorful and attractive, but also support the sustainability initiatives of the textile and apparel industry.

DyStar shares its expertise in sustainable color communication and development, sustainable textile processing and expertise services, guidance and testing into ecological parameters and their testing with their stakeholders on regular basis. All sustainable products and services are covered under DyStar's brand name econfidence® from DyStar.

econfidence® from DyStar

In 2003, DyStar created its econfidence program to cover the product safety and ecology issues associated with the manufacture and marketing of its products. The econfidence program now plays an important role in driving sustainability in the textile supply chain.

The econfidence® program is designed to provide assurance to our textile customers that the dyes and chemicals we supply comply with legal and retailer RSL (Restrictive Substance List) requirements. It is an assurance that our products are in full compliance with chemical and environmental legislation in every market in which they are sold.

The econfidence® program allows DyStar to build partnerships with the textile supply chain to foster more sustainable textile production.

The econfidence® program now comprises several interconnected elements:



econfidence[®]

from DyStar[®] 

1. The econfidence[®] commitment for our products

The econfidence[®] commitment assures customers of the highest possible levels of product quality and environmental responsibility and is backed up by the most extensive eco testing program of any textile chemical supplier.

All DyStar products are marketed in full compliance with worldwide chemical legislation. For example, all DyStar product components (over 5000 individual chemicals had to be considered) have been pre-registered under the EU REACH Regulation.

2. The econfidence[®] partnership process

The econfidence[®] partnership with retailers and brands enables collaborative communication on Restricted Substance Lists and ecology issues in manufacturing. DyStar gives advice on coloristic consequences of eco restrictions and detailed product selection guidance e.g. via its well-known econfidence brochures. (add picture of brochures)

3. econfidence[®] in processing

DyStar offers Best Available Technology to reduce resource consumption and effluent loadings.

For many years, the DyStar innovation processes have addressed both environmental concerns and economic realities – such as saving resources, saving costs and meeting the short lead times demanded from the textile supply chain.

In the area of organic cotton, DyStar was one of the first companies to get its products accredited for use on GOTS–approved cotton and has recently updated its list of approved products to Version 2.0.

DyStar has also recently published guidelines on reducing resource use in the exhaust dyeing of cotton and polyester, the two fibers that dominate the textile industry.

4. econfidence branding programs

For those mills and retailers wishing to differentiate their products in the market, DyStar offers a range of branding or labeling materials to suit particular fiber processing scenarios. The licensing agreement for these materials includes a requirement for ecological testing to ensure

that the required eco standards are met.

This is how econfidence partnership works

DyStar works with textile retailers and brands to develop tailored econfidence program in the following steps:

1. The customer (retailer or brand) defines its specifications. We evaluate whether our products meet customer's requirements.
2. We prepare a list of products that meet customer's specific requirements.
3. Both parties sign off the product list.
4. The product list is promoted to customer's suppliers.

Product classification

The econfidence program classifies products using a traffic light system:



Green

Recommended for use, move ahead with confidence

Amber

Suitable for use - with some limitations

Red

Products meet all legal requirements but do not meet customer's eco-specifications – these products will not be marketed to the brand's suppliers.

Benefits to retailers and brands

- Confidence about the eco-performance of their textiles
- Their suppliers understand how to meet their eco-specifications
- Shorter lead-times and more reliable supply
- Support for retailer's reputation and brand integrity

For more information on econfidence, visit www.dystar.com

“ DyStar has always taken the environmental impacts of its products very seriously and understands the requirements of testing the restricted substances in textiles and their raw materials before they reach the end consumer. ”





Facilitating sustainability through eco-testing

DyStar has always taken the environmental impacts of its products very seriously and understands the requirements of testing the restricted substances in textiles and their raw materials before they reach the end consumer. With the acquisition of Texanlab Laboratories Pvt. Ltd in India, DyStar has taken a strong step in demonstrating its commitment towards environmental compliance through testing for eco parameters in textiles.

Texanlab, a fully owned but independently run DyStar subsidiary in India, is an example of how sustainability is at the center of our business strategy. Texanlab plays an important role in promoting ecology and sustainability in the textile industry by offering cutting-edge testing services for the presence of restricted chemicals.

Texanlab is ISO 17025 certified and has built an immense expertise in the areas of routine and eco testing for textiles.

Set up in April 1984, Texanlab was the first laboratory in India to offer testing service for the Detection of Banned Amines as specified in the German regulation. Texanlab worked closely with leading institutes in Germany during the development of the test method for banned amines, which was subsequently standardized and published. Texanlab now has an accumulated experience of over 100,000 samples tested for eco parameters.

Texanlab has conducted numerous seminars for customers to educate their staff, their dyers, printers and processors on eco-parameters. The seminars help them to implement definitive strategies to conform to new regulations and requirements of ecology and sustainability.

Using internationally accepted testing procedures and those recommended by buyers, Texanlab offers tests for a number of eco-parameters required by eco-textile regulations and standards.

For more information on Texanlab, see www.texanlab.com

Texanlab's main testing services include the following:

1. Testing for GOTS – Organic Textiles

Texanlab is one of the few laboratories that has capabilities of testing dyes, chemicals and auxiliaries for the Textile Chemicals, Auxiliary and Dyes industry as well as for the Processing Industry to GOTS Standards. Since 2007, Texanlab has tested over 2800 samples for compliance to GOTS standards.

Texanlab works closely with leading certification agencies to organize seminars to build awareness about GOTS standards and organic cotton.

2. RSL (Restricted Substances List) Testing

RSL testing is probably one of the most complex fields of analytical chemistry because of the need for isolation and determination of substances at parts per million levels.

3. REACH testing

Our fully equipped Texanlab testing laboratory understands the testing requirements arising from textile manufacturers and exporters to fulfill the REACH requirements as per EU legislations and offers testing facilities for the relevant SVHC's considered restricted as per REACH legislations. Texanlab is continuously working on increasing their capability and facility to test other SVHC'S mentioned in REACH.

4. CPSIA (Consumer Product Safety Improvement act)

Texanlab is a CPSC approved laboratory for the testing of Lead and Phthalates as per the CPSIA 2008. Texanlab helps the textile industry to comply with US legislations by providing complete testing solutions.

5. EU Ecolabel - Flower

The voluntary EU Ecolabel is applicable to all textile products including textile clothing and accessories fibers, yarns and fabrics and interior textiles except wall and floor coverings. The EU Flower has detailed criteria for all the textile products to be tested at various stages of the textile manufacturing. Texanlab is one of those few laboratories, which have the capability to test for requirements of the EU Ecolabel. In addition to testing, Texanlab can offer customers advice and guidance on the application procedures and detailed requirements for the Flower.

“ In today’s ecologically driven market, all management systems must be evaluated for sustainable practices. DyStar identifies the opportunities to optimize exist in the areas of color creation and communication for the textile supply chain. ”





Sustainable color communication services

Specifying a desired color for a textile article represents one of the greatest challenges for the management systems to respond to these challenges. In today's ecologically driven market, all management systems must be evaluated for sustainable practices. DyStar identifies the opportunities to optimize exist in the areas of color creation and communication for the textile supply chain.

Inspiration for color comes from many sources. Most designers consult with professional trend services when designing color palettes. Once the correct colors are chosen, it is the job of the color standard provider to translate these inspirations into standards and communicate them to the market. However, there is potential to reduce the environmental impact of even this seemingly inert process.

Color Solutions International produces trend inspirations in the form of regular updates to its customers. These trend inspirations are the result of our own evaluation of color trends in the market based on the professional trend services and the input of our customer's desires. The designer can simply specify the color required by referencing the desired trend inspiration color and color standards can be produced from the fabric already prepared. This reduces the costly and wasteful process of lab dipping and color approval for each new color.

During the design process, there is often the need to reproduce palettes or display groups of colors. Working with color often results in a lot of printed-paper. Working with color in a virtual environment can result in less waste due to printed materials. There are many software programs when used with color management practices allow the designer to visualize color without printing. In addition to these commercial software programs, CSI offers its clients a web based virtual interface to allow color searching and display.

To complement the virtual use of color, CSI provides fabric based design tools. These design tools can be used to be display palettes during the design process, but are a reusable option to printing on paper.



Certified Color Standards

One of the most critical elements of a state of the art color communication system is the design, creation, and communication of a certified color standard. DyStar through its Color Solutions International business provides certified color standard programs along with communication tools and services to its many retail and brand customers.

Brands and retailers can work with their color standard provider to ensure that the dyes used to create the standard comply with their ecology policy. For example, CSI color standards carry the econfidence logo from DyStar to assure that responsible dyes are used in the creation of the color standard.

For more information on our Color Communication services, please visit: csicolorworld.com

“We are not perfect. However, we are committed to driving sustainability excellence across production facilities. We have started this journey by scientifically measuring our impacts and by taking a stock of previous initiatives. Setting practical, but ambitious, goals is our next step.”



Sustainable Production

We operate a number of production plants in 14 countries. In these plants, we manufacture cutting-edge dyestuff and other chemicals for the textile industry that meet stringent quality standards, regulatory requirements, customers' specifications and demanding delivery schedules.

The products such as dyestuffs that we make are critical for the textile industry for processing and producing beautiful clothing and textiles that consumers want. A number of eco-friendly dyestuffs that we produce help leading fashion brands to offer sustainable apparel to consumers.

However, manufacturing processes of these products are not without impacts. For example, our production plants consume energy, water and chemical resources and generate waste in the process. We also handle a number of chemicals, some of them classified as hazardous.

Therefore, sustainability for us means continuously improving our ability to reduce the impact of our production processes-both on the environment and on the people while delivering products that meet strictest quality criteria.

We have taken a number of initiatives that will help us progressively reduce use of energy, water and other resources, and find ways to minimize waste and wastewater.

On the health and safety front, our programs aim at making production facilities free from health hazards and accidents to ensure safety of employees and neighborhood communities.

We believe that these initiatives also help us meet our business goals. Reducing use of resources lowers cost of production. Making our facilities safer boosts employee loyalty, builds company image as a responsible employer and lowers health costs and compensations.

We are not perfect. However, we are committed to driving sustainability excellence across production facilities. We have started this journey by scientifically measuring our impacts and by taking a stock of previous initiatives. Setting practical, but ambitious, goals is our next step.

This report presents an account of how we are working toward making our production operations safer, healthier and more sustainable.

Regards,
Gerald Talhoff



Vice President-Global Manufacturing
DyStar Group



Occupational health and safety



Employee safety is a top priority at DyStar. Employees at our production plants handle a number of chemicals, which poses potential safety and health hazards. Therefore, we have put in place a risk-based stringent health and safety process aimed at preventing workplace injuries and occupational diseases.

Across 16 production plants worldwide, there were only 13 recordable incidents of workplace injuries in 2010. Only 10 of these resulted in lost time. In total, 490 days were lost on account of workplace injuries. Out of the 16 production plants covered, there were no recordable incidents in 10 plants.

There was no incident involving fatality. Only three incidents of occupational disease were recorded.

DyStar's recordable occupational injury and illness incidence rate in 2010 was 0.67. This compares well with the 0.93 rate reported by Responsible Care Companies in the US in 2010 and significantly lower than the rate of 4.3 for the US manufacturing sector as a whole in the same year.¹

Globally, our lost workday case rate in 2010 was 0.52, significantly lower than 4.57 reported by the global chemical industry through International Council of Chemical Associations (ICCA) in 2008, the latest available benchmark data at the time of writing this report.²

Our zero fatality rate, based on the number of cases per 100,000 employees, in 2010 compares favorably with 1.74 reported by The European Chemical Industry Council for the year 2008 based on data from 21 countries (the latest available data at the time of writing this report).³

1. American Chemistry Council, Performance Results, Worker Safety, 2010 (<http://responsiblecare.americanchemistry.com/Performance-Results/Safety>), accessed on 23 Aug 2011.

2. ICCA Review 2010

3. The European Chemical Industry Council, (<http://www.cefic.org/Responsible-Care/Performance/Health-and-Safety-at-Work>), accessed on 23 Aug 2011

“ Employees at our production plants handle a number of chemicals, which poses potential safety and health hazards. Therefore, we have put in place a risk-based stringent health and safety process aimed at preventing workplace injuries and occupational diseases. ”

A careful analysis of the nature of occupational injuries and diseases has helped DyStar production plants to take effective measures to reduce the rate of incidence. Most common incidents included injuries resulting from handling of corrosive substances, chemical burns, upper respiratory infections, slipping hazards and musculoskeletal disorders.

Strict rules governing the mandatory use of personal protective equipment (PPE) such as safety shoes, gloves, safety eye glasses, respiratory masks and hard-top hats have been introduced to ensure safety of our employees at work. Lifting equipment has been installed to prevent musculoskeletal disorders on account of lifting weights.

On going safety training is a key piece of our plant safety program.

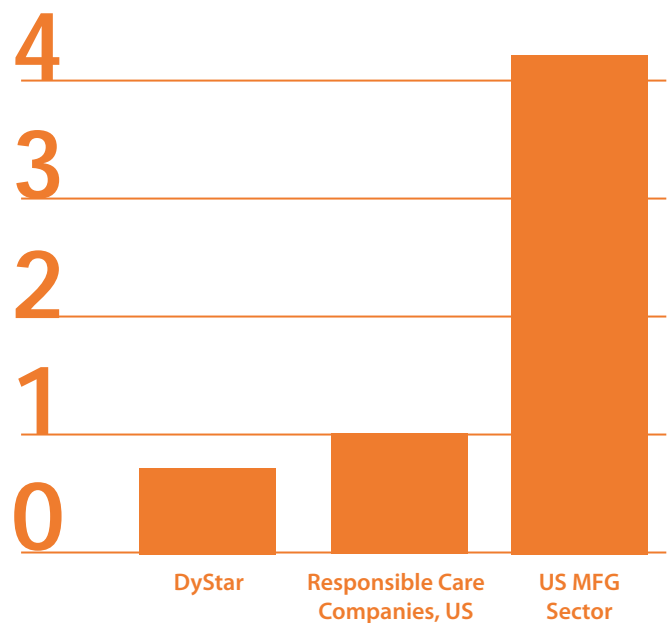
Measures to improve plant safety

- Safety risk assessment to identify and address potential risks
- Detailed safety instructions and procedures
- Regular safety training
- Periodic safety campaigns
- Monthly review of safety by safety committees
- Analysis of each incident to take measures to prevent recurrence
- Requiring mandatory use of appropriate personal protective equipment (PPE)
- Improving housekeeping to prevent slips and falls
- Regular safety inspections
- Periodic employee health check ups

Employee safety is top priority at DyStar

0 fatality rate

Occupational Injury & Illness Incidence Rate 2010



Environmental performance

“ While this approach has helped DyStar Group facilities reduce energy use in own operations, DyStar customers have benefited from a number of innovative energy-saving products and services that the company has launched. ”



DyStar is a major supplier of a variety of specialty chemical products, serving the textile and leather industries.

DyStar recognizes that its products, whilst leading to an improved quality of life, do have an impact on the environment during manufacture, use and disposal and we are committed to minimizing their impact throughout their life cycle by pursuing best environmental practices.

DyStar therefore has pursued an active environmental management program at all production plants.

DyStar environment management system includes the following elements:

- Set objectives and, wherever possible, quantitative targets to determine continual improvement in environmental performance and prevention of pollution.
- Communicate environmental performance with employees and other parties.
- Review the objectives and the progress towards their achievement on an annual basis.
- Provide training for our employees in order that they understand the policy and objectives and can perform safely, efficiently and with minimum harm to the environment.
- Ensure all sub-contractors operate in line with the principles of our environmental policy.
- Meet all legislative and other relevant requirements and, wherever possible, go beyond these requirements.
- Co-operate and communicate with our neighbors, the public, government, regulatory authorities and other interested parties towards the shared goal of improving the environment.
- Conduct regular monitoring and auditing programs to ensure compliance with continual environmental improvement.

In line with these principles, the DyStar has established the following objectives:

- Reduce waste.
- Reduce energy and water usage.
- Design all new products/ processes to minimize their environmental impact in use.

- Modify existing products and processes wherever possible to reduce their environmental impact in use.
- Provide advice/ information to all its customers on its products to ensure safe use and disposal.

Currently, three DyStar production plants are certified to ISO 14001 standards. These include production plants in Pietermaritzburg (South Africa), and Nanjing and Wuxi (both in China). Nanjing and Wuxi facilities obtained their ISO 14001 certification in 2008. We aim to progressively obtain ISO 14001 certification for other plants as well.

Environmental protection cost

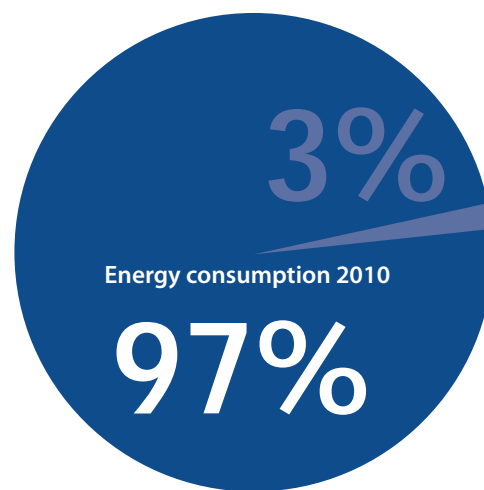
In 2010, DyStar Group spent €6.3 million on environment protection measures. Treatment of waste and wastewater accounted for 88% of the environmental expenses while 8% was spent on various initiatives to reduce emissions. Other expenses included 0.90% on environmental research and development and 1% on environment management personnel and employee training.

Amount spent on spill clean up and remediation accounted for only 0.25% of environmental expenses as good environment management practices kept the incidents of spills very low.

Energy

Energy efficiency is one of the key pieces of DyStar's sustainability strategy. Using less energy not only reduces greenhouse gas emissions but also saves significant costs making our business more competitive. At the same time, DyStar has been investing in developing products and services that save energy for our customers.

While this approach has helped DyStar Group facilities reduce energy use in own operations, DyStar customers have benefited from a number of innovative energy-saving products and services that the company has launched. **DyStar's Sera Eco Wash process, for example, helps customers save energy and water. (See the report section on sustainable products)**



We continue to look for opportunities to make our operations and products increasingly more energy-efficient.

Energy is mainly used at our production sites. We need electricity, steam and natural gas to run processing equipment such as mixers, reactors, pumps, dispersers, spray dryers, milling lines, blenders, and incinerators and wastewater treatment plants. Electricity is also used for general lighting and air-conditioning in production plants, laboratories, the corporate headquarters and our offices around the world.

As dyes manufacturers, we face challenges arising from a complex product mix that we produce to meet needs of our customers. The amount of energy required to produce different dyes may significantly vary from product to product. Fluctuations in market demand cycles for some of these products can therefore affect the overall amount of energy consumed in the production stage.

Notwithstanding these challenges, individual production plants and offices have been implementing their own energy efficiency programs. Going forward, DyStar has now started group wide recording and in-depth analysis of energy data to identify best practices and opportunities for improvement. We expect that the initiative will help us to further improve energy efficiency of our operations worldwide.

Globally, DyStar consumed 252 million kilowatt hours (kWh) energy in 2010. Energy consumption per tonne of product was 2600 kWh. Production facilities accounted for 97% of the total use of energy. Our goal is to progressively reduce energy use per tonne of product.

Currently, we do not generate energy. We therefore rely on utility operators to meet our energy needs.

“ We intend to continue collecting relevant data across the company to be able to report our greenhouse gas emissions annually. One of the key aims of tracking our carbon emissions is to identify opportunities, and act on them, to reduce emissions by deploying reduction strategies in line with our unequivocal commitment to sustainability. ”

Greenhouse Gas Emissions

DyStar undertook an extensive, company-wide global exercise to identify the main sources of greenhouse gas emissions using activity data for 2010. The study calculated DyStar Group's global carbon footprint at 164,035 tonnes of CO₂e. The study helped the company produce its first carbon footprint report this year. DyStar Carbon Report can be downloaded from www.dystar.com

DyStar followed the Greenhouse Gas Protocol (GHG Protocol), a global reporting framework jointly developed by the World Resource Institute and the World Business Council for Sustainable Development to report carbon emissions.

Emissions data was collected from DyStar production sites, laboratories, and offices worldwide including the DyStar Group headquarters in Singapore.

We intend to continue collecting relevant data across the company to be able to report our greenhouse gas emissions annually. One of the key aims of tracking our carbon emissions is to identify opportunities, and act on them, to reduce emissions by deploying reduction strategies in line with our unequivocal commitment to sustainability.

Our carbon emissions can be mainly attributed to the use of purchased electricity and steam, natural gas, CNG, LPG, diesel and petrol.

Most of our direct emissions (scope 1 emissions) come from emission sources at DyStar production facilities. Our indirect emissions (scope 2 emissions) are based on purchased electricity and steam. Production facilities account for 97% of the total emissions.



Key emissions figures are presented in the tables below.

Summary for the year ended 31st December 2010

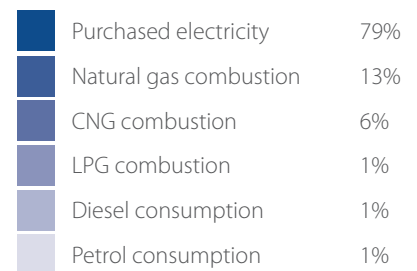
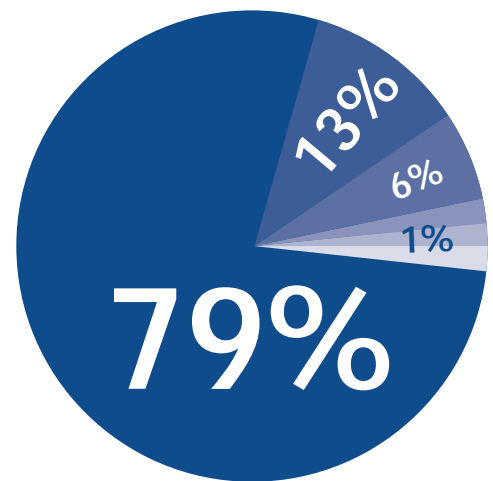
Overall summary of emissions

Table 1 - Emissions Summary		
	CO ₂ e tonnes	
Emission Sources	2010	%
Scope 1	33,762	21%
Scope 2	130,273	79%
Total emissions	164,035	100%

Summary of emissions from production and non-production activities

Table 2 - Break up of emission		
	CO ₂ e tonnes	
Emission Sources	2010	%
Total emissions from production sites	158,477	97%
Scope 2	5,558	3%
Total emissions	164,035	100%

Emissions sources 2010



Note: Percentage may not add up to 100% due to rounding.



“ DyStar undertook an extensive, company-wide global exercise to identify the main sources of greenhouse gas emissions using activity data for 2010. The study calculated DyStar Group’s global carbon footprint at 164,035 tonnes of CO₂e. ”

CO₂e emissions intensity

Carbon intensity is a measure of carbon usage by a company in relation to business performance during the same year.

Based on the emissions, production figures, and sales turnover during the same period, we calculated carbon intensity of our operations.

Carbon emissions intensity figures are presented in Table 3.

CO₂e emissions intensity per tonne of production and per €million turnover

Table 3 – CO₂e emissions intensity statement

tCO ₂ e per tonne of production	1.69
tCO ₂ e per €million turnover	296

Notes

1. Greenhouse gases

All greenhouse gas (GHG) emissions figures are in tonnes of carbon dioxide equivalents (CO₂e) and include all six greenhouse gases covered by the Kyoto protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and sulphur hexafluoride (SF₆) emissions.

2. Base year

In view of gathering consistent and reliable data for previous years owing to several changes in the organization in recent years, 2010 has been determined to be our base year for reporting GHG emissions.

3. Reporting Principles

Our carbon footprint report is based on the below-mentioned Reporting Principles advocated by the GHG Protocol Initiative. The GHG accounting and reporting shall be based on the following principles:

- **Relevance:** Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of

users — both internal and external to the company.

- **Completeness:** Account for and report all GHG emissions sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusion.
- **Consistency:** Use consistent methodologies to allow meaningful comparison of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
- **Transparency:** Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
- **Accuracy:** Ensure that the quantification of GHG emissions is systematically neither over nor under true emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information. (Source: GHG Protocol)

4. Organizational boundary

GHG Protocol allows a company to define the organizational boundaries for carbon reporting according to definitions of 'equity share', 'financial control' or 'operational control'.

To give the most representative footprint, DyStar group defines its organizational boundaries using the operational control approach as defined in the GHG Protocol. The emissions of all operations over which the company has operational control and all owned and leased facilities and vehicles that the company occupies or operates are included in the report. Emissions are based on measurements or on estimations or extrapolations where no measured data is available.

We have reported on the emissions associated with energy that we buy or generate worldwide.

We have not reported for offices with less than 20 employees as emissions from these offices is estimated to be insignificant while data gathering would have required significant administrative and financial resources.



5. Operational boundary

Our report this year includes direct emissions under scope 1 and indirect emissions under scope 2.

Direct emissions under scope 1 include:

- Emissions from combustion of fuel in stationary sources
- Emissions from combustion of fuel in company-owned mobile combustion sources

Indirect emissions under scope 2 include:

- All purchased electricity, heat and steam at grid average carbon intensity

6. Geographic scope

CO₂e emissions that fall within the organizational and operational boundaries have been reported for all worldwide operations.

7. Conversion factors

As electricity fuel mix and associated carbon intensity differs from one country to another we have used the Greenhouse Gas Protocol and International Energy Agency (IEA) conversion factors. National or plant specific emissions factors have been used wherever available.

For fuel use, we have used the most recent conversion factors published by the UK Department for Environment Food and Rural Affairs.



Water

Water is a necessary resource for producing dyestuff and colors. Water is also a significant input for textile, apparel and leather manufacturers, the main consumers of dyestuff and colors that we produce. We therefore recognize our responsibility to reduce our own water use and at the same time help our customers to reduce their water consumption.

Sustainable management of water resources has been an important component of our environmental program for many years. A number of initiatives have been launched at our various production sites to save water. At the same time, we have heavily invested in research over the years to develop innovative products that save water for our customers and improve the quality of their wastewater.

This year, we undertook a company-wide exercise to map our global water footprint to develop an integrated water management strategy that will seek continuous reduction of our water-use and emissions to water and identify opportunities for water reuse, recycling and conservation. The water footprint presented here takes into account water used at our 16 production sites and 24 office locations worldwide. Our direct water footprint was measured to be 9 million cubic meters in 2010. About 99% of this was used at the production sites. Surface water accounted for 62% of the total water drawn followed by 35% water purchased from utilities. Ground water contributed just 2% of the total.

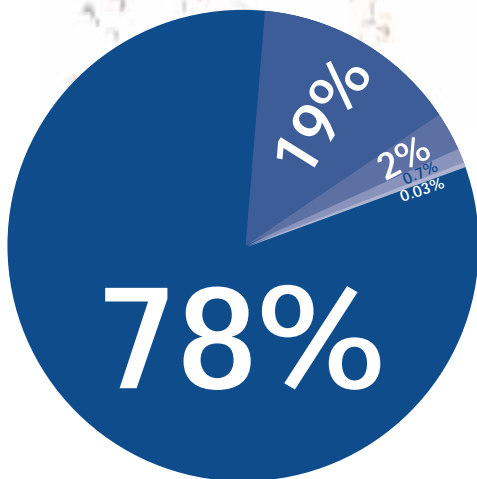
Water used for cooling accounted for 78% of the consumption while 19% of the total water was used in production processes. The remainder was used for domestic purposes such as drinking, washing, gardening etc.






Water intensity or water consumption per ton of production was calculated to be 92.92 cubic meters.

In 2010, various production sites recycled over 1.7 million cubic meters of water. This mainly included water recovered from steam condensate, wastewater, and equipment washings. Recycled water was used for cooling, equipment washing, production processes and gardening

Our production sites continue to find creative ways to save water. For

Water use in 2010



	Cooling	78%
	Production	19%
	Domestic	2%
	Drinking	0.7%
	Others	0.03%

Note: Percentage may not add up to 100% due to rounding.

example, DyStar site in Gabus, Indonesia introduced recycling of wash water in the finishing department in 2009, which has reduced water consumption by 25,000 cubic meters a year or about 20% of the total water used previously.

DyStar site in Wuxi, China collects steam condensate from the heat exchanger in the spray drying operation, which is then treated, by filtration and regeneration. The treated water is reused by the plant's laboratory.

Actions taken by various sites include employee training in efficient use of water, promptly detecting and plugging water leaks and installing flow meters to monitor use of water actively.

Currently, we do not calculate water demand satisfied by the reused or recycled water. The actual volume of freshwater consumption avoided because of recycling and reuse would be higher than the 1.7 million cubic meters reported here. We are in the midst of developing a methodology that will help us reliably estimate the water demand satisfied by recycled and reused water.

We are also aware that recycling of water often involves increased use of energy. We therefore need to examine carefully the extent to which water can be reused or recycled without disproportional jump in energy consumption. Using more energy would result in increased greenhouse gas emissions and higher costs.

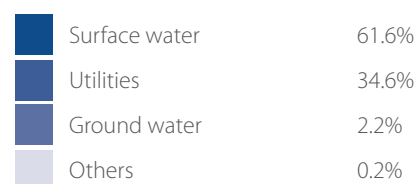
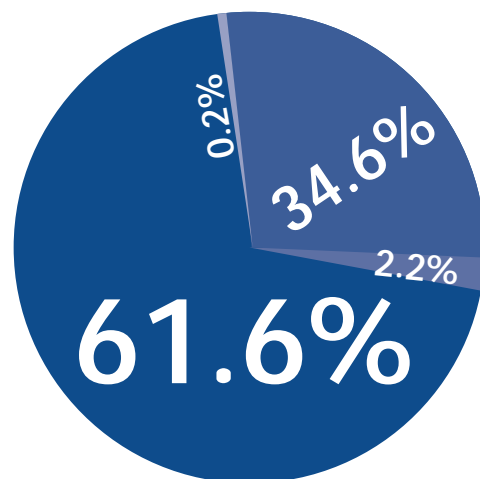
Our aim therefore is to progressively reduce our water intensity on the one hand and increase the amount of water recycled and reused to the extent possible and pragmatic.

The water footprint figures for 2010 will serve as a baseline for measuring our future progress.

Table 4 – Water intensity		2010
Total water consumption (m ³)		9,007,209
Water consumption per tonne of production (M ³)		92.92

“ Our production sites continue to find creative ways to save water. For example, DyStar site in Gabus, Indonesia introduced recycling of wash water in the finishing department in 2009, which has reduced water consumption by 25,000 cubic meters a year or about 20% of the total water used previously. ”

Water drawn from sources: 2010



Note: Percentage may not add up to 100% due to rounding.



Wastewater

Wastewater is generated at our production sites when the water is used in production processes and for washing equipment. Bulk of the water (78%) used by our production sites is for cooling purpose which does not pollute water as this water does not come into direct contact with chemicals.

However, DyStar sites continue to find innovative ways to reduce wastewater to minimize impact on environment.

DyStar facility in Ankleshwar, India is a zero discharge plant meaning no wastewater is released into the environment. A Reverse Osmosis (R.O.) plant was added to the facility in 2008, which treats wastewater for reuse. At this facility, water use has also been reduced by introducing use of water jet pump for cleaning of equipment, which results in less water being used.

In 2010, wastewater discharged from our all production plants amounted to 1.75 million cubic meters or 18.05 cubic meters per tonnes of production. Emissions of organic substances to water measured as the chemical oxygen demand (COD) were 3,038 tonnes. This translates into 0.0313 tonnes of COD per tonne of production.

We measure wastewater and COD levels at the discharge point from our plants before it is sent to third party treatment plants. While we do some pre-treatment of wastewater at some of the sites, most of our wastewater is channeled into licensed third party licensed wastewater treatment plants for further treatment.

Some of our sites have developed creative methods to reduce wastewater such as by changing the process of washing vessels. For example, DyStar site in Brazil decreased the amount of wastewater from 255 litres per tonne of production in 2009 to 204 litres per tonne in 2010, and continues to reduce it further.

DyStar facility in Hangzhou, China reduced 60 cubic meters of wastewater in 2010 by recycling vessel-cleaning water. Another site in Nanjing, China started recycling high concentration mother liquid for the next batch of production thereby reducing the level of contaminants in the wastewater. The facility in Wuxi, China reduced wastewater per tonne of production in 2010 by 21% compared with 2008 by improving methods for filter bag cleaning and better production planning.

At the Wuxi site, we have been successfully reusing dyestuff recovered from the wastewater. The innovative method developed by our site engineers not only saves valuable resource in the form of recovered dyestuff but also reduces the levels of emissions in the wastewater discharged. The site recovered 2,555 kg of dyestuff in 2008, 7,574 kg in 2009 and 8,668 kg in 2010.

We are now looking into replicating some of these success stories at other sites in 2011.

Table 5 – Wastewater discharge data 2010

Total wastewater discharged (m³)	1,749,333
Wastewater intensity per tonne of production (M³)	18.05
COD discharged (tonnes)	3038
COD intensity per tonne of production	0.0313



DyStar Facility, Wuxi

DyStar facility in Wuxi, China has reduced the amount of wastewater and emissions to wastewater by deploying creative and innovative methods.

Large vessels are used in the manufacturing of dyestuff and colors. The vessel has to be washed and cleaned after every production cycle. The Wuxi site saw an opportunity to reduce wastewater here.

The site engineers worked with the supply chain management and sales departments to improve production planning. Through improved planning, now the site processes larger batch size for each production cycle and thereby reduces the number of cleaning cycles.

As a result, the site uses less water, generates less wastewater, and has more vessel time for actual production.

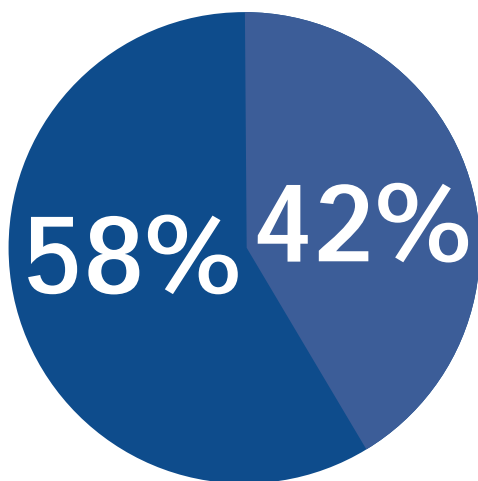
The site did not however stop there. It developed a method to recover dyestuff from the wastewater by improving the process of cleaning filter bags. While the recovered dyestuff can be reused in the next production cycles, less of it going the wastewater means lower emissions to water.



Reduce, Reuse, Recycle

recycled

565 tonnes of waste

Total waste generated: 2010



	Hazardous waste	58%
	Non-hazardous waste	42%

Waste

Reducing waste and identifying opportunities for recycling waste is an integral part of our environmental management program. We believe reducing and recycling waste is not only reduces impact on environment, but also reduces costs. Generating less waste means resources are being used more efficiently.

Over the years, various production sites have progressively reduced the amount of waste by implementing a number of initiatives including employee training. Quality improvement initiatives have helped reduce waste at various sites. For example, improved quality processes have resulted in reduced off-spec products effectively minimizing waste. Sites also try to reduce waste by reworking off-spec products wherever possible to avoid waste.

DyStar production sites generated 4,805 tonnes of hazardous waste in 2010, which amounted to 0.050 tonnes per tonne of production. Non-hazardous waste was 3,534 tonnes or 0.036 tonnes per tonne of production.

Stringent measures have been implemented at production sites for the identification, classification, transport and environmentally safe disposal of hazardous waste in compliance with local regulations. Only licensed contractors are engaged to transport and dispose the waste.

Our sites do not have hazardous waste treatment facility. Therefore, hazardous waste needs to be transported to the third-party treatment plants. In total, 4,805 tonnes of hazardous waste was transported out of our sites worldwide in 2010 for treatment and disposal.

Currently, licensed contractors incinerate the hazardous waste generated by our sites. Non-hazardous waste goes to designated landfills.

Recycling waste is an important aspect of our waste management program. DyStar sites recycled or reused 565 tonnes of waste in 2010.

“ Our waste management philosophy is guided by reduce, reuse and recycle to minimize impact on the environment. While our production sites recycle waste whenever possible, some of our waste is reused by other industries as input. ”

DyStar Facility, Gabus

Our waste management philosophy is guided by reduce, reuse and recycle to minimize impact on the environment. While our production sites recycle waste whenever possible, some of our waste is reused by other industries as input. For example, DyStar facility in Gabus, Indonesia sends its waste to two cement manufacturers who reuse the waste. In this way, 1,320 tonnes of waste from the site got second life.

The initiative also helps the cement manufacturers meet their own sustainability goals.

DyStar Facility, Nanjing

DyStar facility in China, Nanjing has succeeded in reducing the amount of wood pallets used at the site.

The site previously used wood pallets on the ground to unload heavy bags of materials from trucks.

The site managers noticed that wood pallets used to get damaged under the impact after some time resulting in waste.

The site then decided to install a crane to lift indigo bags from the truck to the ground. The initiative has saved wood pallets and reduced waste.

Significant spills

There were no significant spills recorded in 2010. There were though 19 minor incidents of escapes from primary containment. Out of 16 production sites that we operated, there were no incidents of any spills on 12 sites.

Each incident of spill was thoroughly investigated to identify the root cause and assess the impact. Measures were taken to prevent recurrence. Steps included re-training of operators, changes in standard operating procedures, more rigorous plant maintenance, and installing monitoring devices to prevent overflow of material.



Employees

“ Our people are our core strength. We continue to employ a significant number of highly qualified scientists, chemists and functional experts and managers. We operate internationally and our workforce reflects that as well. Globally we employ staff from 35 nationalities. ”

DyStar is a knowledge-driven company. People are at the center of our business model. We rely on our people to drive product innovation, to produce cutting edge products that meet stringent quality and safety standards, to develop and deliver services worldwide that exceed customers' expectations, and above all, to keep DyStar stay ahead of competition by achieving excellence across functions.

Our people are our core strength. We continue to employ a significant number of highly qualified scientists, chemists and functional experts and managers. We operate internationally and our workforce reflects that as well. Globally we employ staff from 35 nationalities.

At the end of 2010, DyStar employed 2713 employees worldwide. Production facilities employed 57% of DyStar staff. The head office and other sales and marketing offices accounted for the remaining 43% of the headcount. Of all the employees, 87% were in permanent positions. Contract workers, temporary workers and part-time workers constituted the rest. Managers and supervisors constitute 25% of our workforce. Number of supervised workers was 655 at production facilities or 53% of the production department headcount

Human Rights

We are committed to providing a safe and fair workplace where internationally agreed human rights are respected and employees are treated with dignity. DyStar Code of Conduct and DyStar Social Accountability Principles prohibit child labor, discrimination and forced labor. DyStar respects the rights of all personnel to form and join trade unions and to bargain collectively.

Employees are made aware of these principles through the company intranet and other communication channels. DyStar company policy requires all employees worldwide to abide by the DyStar Code of Conduct and DyStar Social Accountability Principles in their dealing with colleagues, suppliers, customers and business partners.

Social Accountability at DyStar

DyStar's social accountability principles are inspired by the International Labour Organization core standards and SA8000, the international standard on social accountability.

DyStar applies the following principles in its operations worldwide:

A. Child Labor

- I. DyStar does not support or tolerate child labor within its area of responsibility.
- II. DyStar does not expose children or young workers to situations in or outside of the workplace that are hazardous, unsafe or unhealthy.

B. Forced Labor

DyStar does not engage in or support the use of forced labor. Personnel are not required to lodge deposits or identity papers upon commencing employment with the company.

C. Health and Safety

- I. Bearing in mind the prevailing knowledge of the industry and of any specific hazards, DyStar does everything it can to provide a safe and healthy working environment. DyStar makes every endeavor to prevent accidents and injury to health. DyStar has appointed qualified staffs who are accountable for the health and safety of all personnel.
- II. DyStar ensures employees receive regular health and safety training.
- III. DyStar provides clean bathrooms, appropriate staff rooms and access to potable water.

D. Freedom of Association, Right to Collective Bargaining

- I. DyStar respects the right of all personnel to form and join trade unions and to bargain collectively.
- II. DyStar ensures that the representatives of trade unions are not the subject of discrimination and that they have access to their members in the workplace.

E. Discrimination

DyStar does not tolerate discrimination based on race, ethnic origin, gender, religion, philosophy, political or union membership,



disability, age or sexual orientation. DyStar does not tolerate behavior that is sexually coercive or threatening.

F. Disciplinary Practices

DyStar does not engage in or support the use of corporal punishment, mental or physical coercion and verbal abuse of its employees.

G. Working Hours

DyStar complies with applicable laws and standards relating to working hours.

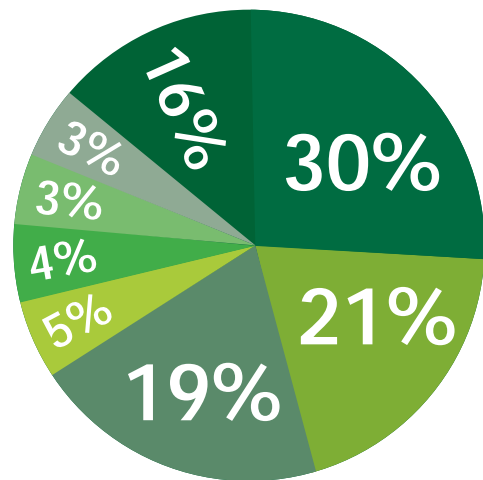
H. Remuneration

- I. DyStar ensures that the wages paid always meet at least legal or industry minimum standards.
- II. DyStar does not tolerate labor-only contracting arrangements and false apprenticeship schemes.

I. Management Systems

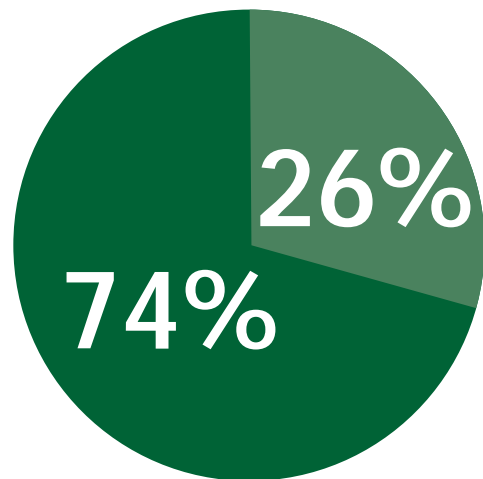
- I. The commitment to conform to this declaration is set out in a directive in the company's Management System. DyStar regularly reviews and checks the adequacy and effectiveness of this directive and strives to improve the contents.
- II. DyStar works to ensure that suppliers and sub-contractors also act according to this declaration insofar as it is within its power to do so.
- III. DyStar analyses and responds to every infringement of this formal obligation in the company.
- IV. DyStar complies with national and other applicable laws.

Employees by country



Note: Percentage may not add up to 100% due to rounding.

Employees by gender: 2010



GRI index

We self-declare this report to be a GRI G3.1 Application Level C report.
For more information on GRI, visit www.globalreporting.org

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HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	57, 58

Sustainability is our responsibility. At DyStar, our products and services help customers worldwide reduce costs, shorten lead times and meet stringent quality and ecological specifications.



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