

Water is fundamental to life.

As a global lifestyle brand with a heritage of a strong bond with the water, Nautica continually strives to show our respect for water as a natural and life-sustaining resource by working to minimize the environmental impacts of our products and operations.

Water is core to the Nautica brand and, as such, we have a clear responsibility to address increasingly scarce water resources and lack of access to clean water for more than 1 billion people. As a natural extension of that responsibility, we are committed to reducing our water footprint throughout our supply chain, protecting our oceans and increasing water availability for global communities and partnering with our consumers on water conservation. We strongly believe that we need to work together with others in the apparel industry, as well as other industry sectors and leading non-governmental organizations to most effectively address the global water crisis. In March 2011, we joined the CEO Water Mandate, a public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability practices. The following report details ways in which we are taking action to implement the CEO Water Mandate elements since joining the initiative.

1. Direct Operations

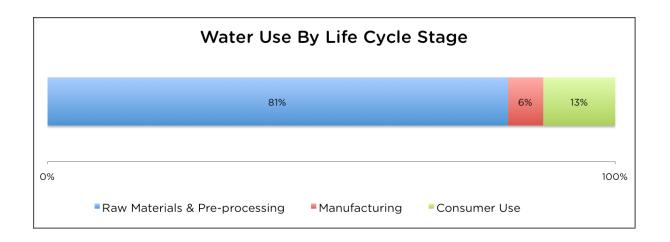
In an effort to reduce the water use of our direct operations, we installed low-flow water fixtures in bathrooms and kitchens in our headquarter offices, as well as our distribution center. In addition to making these physical changes, we have launched educational initiatives to inform our employees about ways to reduce water in their daily work and home lives. In our new full-price retail store scheduled to open in Fall 2014, we plan to include sustainable elements in the design and are working with a design firm to determine the best options.

2. Supply Chain and Watershed Management

Our commitment to water stewardship extends throughout our supply chain. The first step in developing a water management plan is to set a baseline from which progress can be measured.

Water Footprint

To understand our biggest water impacts in the product life-cycle as well as opportunities to reduce them, we identified the water footprint of an anchor Nautica product – the Nautica Deck shirt. We found that the cotton production accounted for 81% of the water footprint of the product, followed by consumer use at 13%, which is the result of washing the garment. Manufacturing had a lower impact in terms of water use, as it only accounted for 6% of water use.



The results of the water footprint allowed us to identify our two highest areas of impact (cotton production & consumer use) and begin reduction efforts focused in these two areas.

VF Corporation, the parent company of Nautica, joined the Better Cotton Initiative (BCI) in 2012. BCI (www.bettercotton.org) works in many of the world's largest cotton producing countries to improve farming practices with special focus on reducing water consumption, reducing chemical consumption, and increasing economic livelihood at the farm-level. In the past few years, BCI has made significant progress with measurable results. VF Corporation and Nautica are now working to source Better Cotton for our products, and are additionally working to increase supply of Better Cotton globally through investments in BCI farm projects. In addition to taking action to reduce the water impact of the cotton that goes into our product, Nautica is also developing communication to help consumers use water more wisely in conjunction with the use of our products.

Wet-Process Survey

In addition to the deck shirt water footprint, we also conducted a survey of all our wetprocess vendors (23 total, 22 responded). Wet process vendors are any suppliers that use water in their processes. Our findings are detailed below.

- 1/3rd of Vendors Partially Re-Use Water
- Water Re-Use Varies from 3 30%
- 14 Vendors have some sort of water management program
 - Most common forms of water management include:
 - Employee Awareness/Water conservation
 - Fixed Leaks
 - Dye Batch Scheduling
- 11 report water reductions (5 40%)
- 11 have Waste-Water treatment plants on-site

We are currently determining next steps to enable us to use the information we gathered. One option we are considering is to create an addendum to our vendor manual in order to share best practices with all vendors.

Wastewater

VF Corporation, the parent company of Nautica, has implemented global corporate wastewater standards for all suppliers supplying products or materials directly to us. We are using the BSR wastewater standards, which are an industry standard for responsible discharge of wastewater. All Nautica suppliers will be required to follow the VF standards.

3. Collective Action

SEAAWA - Southeast Asia Apparel Water Action

In collaboration with UNEP, H&M, Levi, and Nike, Nautica worked on a project to improve corporate water management within the supply chain in Cambodia and Vietnam.

The objectives of the project were to drive operational water use efficiency and improved wastewater discharge among apparel companies' supplier facilities; facilitate better communication among companies and their suppliers; and foster cooperative relationships among apparel companies and their stakeholders in the region to address shared water risks.

Workshops were held in Vietnam and Cambodia. There was broad interest by supplier facilities to better understand water management practices that can reduce the resulting impact on society and the environment, as well as save money. There are also many national and international organizations working to promote better water management practices in the industry. Many apparel suppliers in Vietnam and Cambodia are only beginning down the path of sustainable water management. Due to this early stage, there are many easy and simple solutions that require little up-front investment from suppliers while saving both water and money.

In Vietnam, the workshop was followed by technical assistance for our supply chain partner. An assessment of their facility was conducted, and recommendations were made for practices that can improve water management. The recommendations included fixing leaks, cleaning and maintenance of the air cooling system, and establishing a condensed water-recycling system. The Vietnam Cleaner Production Center is working to ensure the recommendations are followed.

4. Public Policy

In 2009 Nautica launched a corporate partnership with Oceana, the largest international organization dedicated solely to ocean preservation. Nautica has since become increasingly involved in efforts to support Oceana's mission of reversing the declining health of marine ecosystems.

5. Community Engagement

charity: water partnership

On World Water Day 2012, Nautica launched the 'Give Change to Make Change' fundraising campaign in Nautica Factory Stores and on Nautica.com, helping support charity: water's mission of bringing clean, safe water to people in developing countries. In less than 4 months, more than \$150,000 had been raised and the first project of the campaign was fully funded. To date Nautica has now raised over \$500,000 via loyal customer donations and has funded several additional water projects in the countries of Nepal and India.

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Nautica's O2O project features the people, places and stories of coastal regions that inspire us, and highlights those who share our deep passion and commitment to the water. Each region is highlighted with videos and articles on our dedicated micro site: www.nauticaocean2ocean.com

Volunteer Days

On May 4^{th} 2011, Nautica celebrated Earth Day by participating in Tree Stewardship Day. Employees from Nautica headquarters teamed up with students from a local Brooklyn high school to tend to street trees surrounding the school. Street trees benefit the urban environment by absorbing CO_2 (a greenhouse gas) and soaking up rainwater runoff, mitigating pollution in New York waterways.

Commencing in 2009, every year Nautica organizes a Hudson River Clean-up on World Oceans Day. Teams of Nautica employees clean up plastic debris and other rubbish from the rocky outcroppings off the piers along the Gansevoort Peninsula. Employees collect an average of 35-40 bags of trash each year. This trash could otherwise be ingested by sealife as it leaves the Hudson emptying into the Atlantic Ocean.

6. Transparency

As a company, we recognize that we have a responsibility to make water resource management a priority and to work with outside stakeholders, such as governments, UN Agencies and non-governmental organizations, to address the global water challenge. We are committed to disclosing our progress annually through the "Communication on Progress."

