

April 2016

PROTECTING FORESTS THROUGH FABRIC CHOICES

At Esprit, social and environmental commitments are part of our DNA. Esprit recognizes that we can be at the forefront of the latest trends while demonstrating a responsible attitude towards people and the environment. Therefore, we are committed to exploring and supporting the ethical use and development of fabrics that safeguard the world's forests.

Conservation of Ancient and Endangered Forests and Ecosystems

Esprit supports a future that does not use ancient and endangered forests in man-made cellulosic fabrics, such as rayon/viscose, lyocell and modal.

With an increase in the use of forests in fabrics, Esprit is committed to using reasonable efforts to influence our fabric supply chain in order to protect the world's remaining ancient and endangered forestsⁱ and endangered speciesⁱⁱ habitat.

To do this, Esprit will:

- Assess our existing use of cellulose-sourced fabrics and work to eliminate by 2017 sourcing fabrics made of dissolving pulp from endangered species habitat and ancient and endangered forests areas such as the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests; tropical forests and peatlands of Indonesia, the Amazon and West Africa.
- Work to eliminate, by the end of 2017, sourcing fabric made with dissolving pulp from companies that are logging forests illegallyⁱⁱⁱ, from tree plantations established after 1994 through the conversion or simplification of natural forests, from areas being logged in contravention of indigenous peoples' rights, or from other controversial suppliers.
- Work with Canopy and our suppliers to support collaborative and visionary solutions that protect remaining ancient and endangered forests in the Coastal Temperate Rainforests of North America's Vancouver Island and Great Bear Rainforest^{iv}, Canada's Boreal Forests^v, and Indonesia's Rainforests.^{vi}
- Should we find that any of our fibers are being sourced from ancient and endangered forests, endangered species habitat or illegal logging, we will engage our suppliers to change practices and/or re-evaluate our relationship with them.

Shift to More Environmentally and Socially Beneficial Fabrics

Esprit will collaborate with Canopy, innovative companies and suppliers to encourage the development of fibre sources that reduce environmental and social impacts, such as agricultural residues^{vii} or recycled fabrics.

Forest Certification for Fabrics

Recognizing that a transition time may be required to fully implement our commitments, in the interim Esprit will request that all fabric sourced from forests are from responsibly managed forests, certified to the Forest Stewardship Council (FSC) certification system, and where FSC certified plantations^{viii} are part of the solution.

Recognizing, respecting and upholding human rights and the rights of communities

Esprit will request that our suppliers respect the Universal Declaration of Human Rights and acknowledge indigenous and rural communities legal, customary or user rights to their territories, land, and resources.^{ix} To do so, we request that our suppliers acknowledge the right of Indigenous People and rural communities to give or withhold their Free, Prior and Informed Consent before new logging rights are allocated or plantations are developed. We request that our suppliers resolve complaints and conflicts, and remediate human rights violations through a transparent, accountable, and agreeable dispute resolution process.

Reduce Greenhouse Gas Footprint

Recognizing the importance of forests as carbon storehouses, Esprit will support initiatives that advance forest conservation to reduce the loss of high carbon value forests, by encouraging suppliers to avoid harvest in these areas, and by giving preference to those that use effective strategies to actively reduce their greenhouse gas footprint.

Promote Industry Leadership

Esprit recognizes the benefit of creating environmental awareness among its customers, employees and peers. We will work to highlight our environmental efforts on our website and in public communications. As implementation progresses, Esprit will work with suppliers, non-governmental organizations, brands that are part of the [CanopyStyle](#), and other stakeholders in supporting the protection of endangered and ancient forests and focusing on solutions to reduce demand on our forests.

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ⁱAncient and endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. As a starting point to geographically locate ancient and endangered forests, maps of High Conservation Value Forests (HCVF), as defined by the Forest Stewardship Council (FSC), and of intact forest landscapes (IFL), can be used and paired with maps of other key ecological values like the habitat range of key endangered species and forests containing high concentrations of terrestrial carbon and High Carbon Stocks (HCS). (The Wye River Coalition's Endangered Forests: High Conservation Value Forests Protection – Guidance for Corporate Commitments. This has been reviewed by conservation groups, corporations, and scientists such as Dr. Jim Stritholt, President and Executive Director of the Conservation Biology Institute, and has been adopted by corporations for their forest sourcing policies). Key endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical

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forests and peat lands of Indonesia, the Amazon and West Africa. For more information on the definitions of ancient and endangered forests, please go to: <http://canopyplanet.org/index.php?page=science-behind-the-brand>.

ⁱⁱA good source to identify endangered, threatened and imperiled species is NatureServe's Conservation Status rankings for imperiled species that are at high risk of extinction due to very restricted range, very few populations (often 20 or fewer), steep declines in populations, or other factors.

ⁱⁱⁱLegal forest management is management that complies with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties.

^{iv}Conservation solutions are now finalized in the Great Bear Rainforest, located in coastal temperate rainforests that originally covered 0.2% of the planet, and where now less than 25% of the original forests remain. On February 1st, 2016 the Government of British Columbia, First Nations, environmental organizations and the forest industry announced 38% protection in the Great Bear Rainforest and an ecosystem-based management approach that will see 85% of this region off limits to logging. Provided these agreements hold - sustainable sourcing has been accomplished in this ancient and endangered forest. We encourage ongoing verification of this through renewal of Forest Stewardship Council certification.

^vCanopy is actively working for protection of the Boreal forests where the largest remaining tracts of forests are located worldwide and dissolving pulp is becoming an increasing threat. Canada's Boreal Forest contain the largest source of unfrozen freshwater world wide and are part of the world's largest terrestrial carbon sink - equivalent to 26 years worth of global fossil fuel use. Canopy is committed to working collaboratively on the establishment of new protected areas, the protection of endangered species and the implementation of sustainable harvesting in Canada's Boreal Forest.

^{vi}Indonesia experiences the second highest rate of deforestation among tropical countries, with Sumatra Island standing out due to the intensive forest clearing that has resulted in the conversion of 70% of the island's forested area (FAO Forest Assessment 2010; Margono, B.A. et al. 2012). Asia Pulp & Paper (APP) and Asia Pacific Resources International Ltd. (APRIL) have been identified as the primary cause and are criticized by local and international groups for being implicated in deforesting important carbon rich peat lands, destroying the habitat for critically endangered species and traditional lands of indigenous communities, corruption, and human rights abuses (Eyes on the Forest. 2011. <http://www.eyesontheforest.or.id/>). APP has put in place a promising forest policy, tracking its implementation will be key to understanding if it offers lasting solutions for Indonesia's Rainforests and also if APRIL (a key producer of dissolving pulp for fabrics) will follow suit. Cellulosic fibre producer Sateri, part of the Royal Golden Eagle Group along with APRIL, has developed a forest sourcing commitment and we look forward to its implementation.

^{vii}Agricultural Residues are residues left over from food production or other processes and using them maximizes the lifecycle of the fiber. Fibers used for paper products include cereal straws like wheat straw, rice straw, seed flax straw, corn stalks, sorghum stalks, sugar cane bagasse, and rye seed grass straw. Where the LCA (life cycle analysis) shows environmental benefits and conversion of forest land to on purpose crops is not an issue, kenaf can also be included here. Depending on how they are harvested, fibers for fabrics may include flax, soy, bagasse, and hemp. (Agricultural residues are not from on purpose crops that replace forest stands or food crops.)

^{viii}Plantations are areas that have been "established by planting or sowing using either alien or native species, often with few species, regular spacing and even ages, and which lack most of the principal characteristics and key elements of natural forests". Plantations prior to 1994 are often FSC certified. Source FSC: <http://www.fsc.org/download.plantations.441.htm>

About Esprit

Founded in 1968, Esprit is an international fashion brand that pays homage to its roots and expresses a relaxed, sunny Californian attitude towards life. Esprit creates inspiring collections for women, men and kids made from high-quality materials paying great attention to detail. All of Esprit's products demonstrate the Group's commitment to make consumers "feel good to look good". The company's "esprit de corps" reflects a positive and caring attitude towards life that embraces community, family and friends - in that casual, laid-back California style. The Esprit style.

Esprit's collections are available in over 40 countries worldwide, in over 870 directly managed retail stores and through over 7,500 wholesale points of sales including franchise partners and sales space in department stores. The Group markets its products under two brands, namely the Esprit brand and the edc brand. Listed on the Hong Kong Stock Exchange since 1993, Esprit has headquarters in Germany and Hong Kong.

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About Canopy

Around the world, old growth forests are still being logged at an alarming rate. Depending on the region, 35 to 60 per cent of the world's forests continue to be felled to manufacture the products we consume, from tee shirts to toilet paper. The loss of these critical forests puts species, communities and our climate at risk.

Recognizing the business adage that "the customer is always right", Canopy secures large-scale forest conservation and transforms unsustainable forest product supply chains by engaging business executives as champions for conservation and sustainability. Best known for greening the Harry Potter book series globally, Canopy catalyzes the development of tangible alternatives and is a key player behind some of the world's most innovative conservation initiatives. Canopy works with over 750 of the forest industry's largest customers, from book publishers and printers to leading clothing brands and fashion designers, to help shape their purchasing practices and create permanent solutions for the world's threatened forests. Canopy's brand partners include H&M, Sprint, Penguin-Random House, Zara/Inditex, TC Transcontinental, Levi Strauss & Co., Stella McCartney, The Globe and Mail and Guardian Media Group. Canopy's work is global - through both the ecosystems we work to protect as well as the companies we engage to achieve these conservation goals. As a small and nimble organization, Canopy brings an entrepreneurial spirit to its work. We are guided by the philosophy of "ask for what you want, you just might get it!" The world's forests deserve nothing less.

www.canopyplanet.org