



POLICY
ON RAW MATERIALS AND ANIMAL WELFARE

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1 OBJECTIVE

It is Esprit's aim to work in accordance with the highest ethical standards. Esprit recognizes its corporate responsibility to ensuring that sourcing of the raw materials used in our products is obtained in the most responsible way, always considering social and environmental impact during the sourcing process. Raw material production and sourcing must also comply with local laws as well as international standards and must not lead to degradation or destruction of ecosystems and biodiversity. We want the natural raw materials used in our products to be produced in a way that contribute to sustainable development, respect human rights, preserve natural resources, and helps maintain biodiversity. No vulnerable or endangered species must be used.

This Policy on Raw Material and Animal Welfare has been approved by the Executive Management Committee, including the Group Chief Executive Officer, in September 2019.

2 SCOPE

Esprit has always been committed to social, environmental and ethical responsibility. This document defines Esprit's policies regarding material sustainability, with which all of our suppliers are expected to align.

To reach our aim of ethical and environmentally friendly sourcing, Esprit is committed to working hand in hand with our suppliers to establish a transparent and traceable supply chain; from the fiber to the end-product.

3 COTTON

Esprit has set a target of sourcing 100% sustainable cotton by July 2021. Esprit has identified sustainable sources of cotton as those which have been cultivated in such a way that meets at least one of the following principles:

- Reducing water use
- Reducing the dependency on pesticides and synthetic fertilisers; ideally no use of pesticides and synthetic fertilizers
- Improving social conditions for farmers
- Supporting the economic sustainability of farmers

Esprit is committed to sourcing cotton that is produced through better farming practices which supports the principles described above.

3.1 Pesticide Use

The use of pesticides and herbicides poses risks to the environment and to farmers' health. Organic cotton eliminates the application of synthetic pesticides and fertilizers. To ensure that pesticides are not used in organic cotton farming we follow a zero synthetic pesticides policy for certified organic cotton as defined in the USDA National Organic Programme §205.105, the Indian National Programme for Organic Production (NPOP) section 3 and where applicable, the EU Regulation for Organic Production and Labeling 834/2007. These practices are certified against the OCS or GOTS standard by third party certification bodies. For BCI cotton, we adhere to the Better Cotton Initiative guiding principle of minimizing the harmful impacts of crop protection practices in the Production Principles and Criteria, including the BCI Pesticides List Classification.

3.2 Biodiversity

Biodiversity is an outcome of more sustainable cotton production and the application of the Better Cotton Initiative (BCI) and National production standards at the farm level. To facilitate biodiversity at the farm level our policy is to require that both BCI and National production standards for organic cotton are followed and certified at the farm level. For BCI cotton our policy requires that all farmers abide by Principle 4 of the BCI Principles and Criteria, which are audited by BCI on a periodic basis. For certified organic cotton, we require farmers to comply with the National production standards' (NPOP, NOP and EU) principles of effective management of soil fertility, facilitating wildlife habitats, and maintaining agro-diverse crops at the farm level.



which is in the heart of organic cotton cultivation. Our position on biodiversity in organic cotton production is supported by the National production standards and certified against the OCS and GOTS standards.

3.3 Prohibited countries

There are ongoing concerns about the use of government backed forced labour and child labour during the cotton-picking season in Turkmenistan and Uzbekistan. As a result, Esprit prohibits the use of cotton from Uzbekistan and Turkmenistan. Both countries do not respect or acknowledge the International Labour Organisation (ILO) conventions on labour conditions, in particular, child or forced labour. This ban will be in place until control and transparency can be obtained in the Uzbek and Turkmen supply chain. Esprit requests, with immediate effect, that suppliers declare the Country of Origin (COO) of all cotton fibres used in Esprit products.

Suppliers must declare the cotton country of origin to us. If product is subsequently found to contain cotton originating from Turkmenistan or Uzbekistan we reserve the right to cancel that order or return items to the supplier at their expense.

4 SYNTHETICS

Esprit has set a target of sourcing 30% sustainable synthetics by July 2021. Esprit has identified sustainable sources of synthetics as those which have been cultivated in such a way that meets at least one of the following:

- Raw material coming from post-consumer streams, such as used PET-bottles
- Raw material coming from pre-consumer streams, such as cutting scraps from production
- Synthetics with a reduced carbon footprint, e.g. to an alternative raw material not coming from petro-based sources

Esprit is committed to sourcing synthetic fibers which are produced through better manufacturing processes and which supports the principles described above.

Furthermore Esprit does not allow the use of PVC (Polyvinylchlorid).

5 MAN-MADE CELLULOSE FIBERS

Esprit has set a target of sourcing 30% sustainable man-made cellulose fibers by July 2021. Esprit has signed two commitments on sourcing sustainable fibers:

- [Policy on Protecting Forests through Fabric Choices](#)
Therefore, Esprit requires supply chain partners to eliminate all sourcing from man-made cellulosic fibre producers which present a high level of risk* of sourcing from ancient and endangered forests. By end of 2020, all Esprit's man made cellulosic fibers will be sourced from low risk suppliers** that have attained a green shirt in the Hot Button Report.
- Commitment to Changing Market's Roadmap for responsible viscose and modal fiber manufacturing: Therefore, Esprit will only use viscose and other man-made cellulose fiber producers found to have good environmental practices such as 'closed-loop' processing of water and chemicals aligned with the Roadmap towards responsible viscose and modal fibre manufacturing, by the end of 2025.

* I.e. do not meet minimum requirements in the CanopyStyle verification audit and/or have red shirt in the Hot button report - www.canopystyle.com

** Meaning producers indicating low risk of sourcing from ancient and endangered forests in the CanopyStyle Audits and/or have attained a green shirt in the Hot Button Report.

Esprit is committed to sourcing man-made cellulose fibers which are produced through better sourcing and manufacturing processes and which supports the principles described above.



6 WOOD AND NON-TIMBER FOREST PRODUCTS

Esprit does not allow any wood or non-timber forest products, including materials obtained from forests which do not require harvesting (logging) trees; e.g. rattan, bamboo, plants, nuts and seeds, used in our products to originate from ancient or endangered forests or forests operations damaging high conservation values. Ancient or 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 forests that are ecologically critical for the protection of biological diversity. Furthermore, Esprit does not allow vulnerable or endangered species* of wood or non-timber forest products to be used. It is forbidden to use any wood or non-timber forest products that has been illegally harvested or harvested in violation of traditional and civil rights for our products, as well as any wood or non-timber forest products originating from natural forests cleared for plantation or non-forest use.

*As defined by CITES (Convention on International Trade in Endangered Species), and the IUCN (International Union for Conservation of Nature) Red list of Critically endangered; Endangered; or Vulnerable listed species.

7 ANIMAL WELFARE

It is Esprit's expectation that all our business partners and suppliers meet or exceed the established government regulations, standards and recognized industry guidelines for animal welfare. To safeguard the well-being of the animals, our business partners who have direct control over their care are required to have practices that are based on improving the animal's comfort and health. Esprit does not tolerate ill-treatment, violence, neglect or abuse of any animal. We commit to safeguarding the physical and mental welfare of all animals in our production chain, as well as guaranteeing humane treatment. We strive to source raw materials responsibly, thus all products derived from animals need to be in accordance with our Code of Conduct and the Farm Animal Welfare Council's (FAWC) "Five Freedoms".

7.1 Five Freedoms

The Five Freedoms should apply to an animal's welfare and humane treatment, whether on the farm, in transit, at market or at a place of slaughter.

1. Freedom from Hunger and Thirst – All animals should be provided access to food and water appropriate to their physiological state, thus maintaining health and vigour, and avoiding prolonged hunger, malnutrition and thirst.
2. Freedom from Discomfort – All animals should be kept in an environment that provides the conditions and facilities needed for health, comfort and normal behaviour including movement, rest and socialization. This is usually best achieved in conditions that closely resemble the natural environment, with appropriate shade, shelter and reasonable prevention of predation.
3. Freedom from Pain, Injury or Disease – A positive, proactive, preventative approach to planning of health care should be considered. Where possible, animals should be selected, bred and managed to maintain health and physical fitness, avoiding pain, injury and disease and treated promptly when they occur.



4. Freedom to Express Normal Behaviour - All animals should be able to express innate, non-harmful behaviours, including social behaviour, while conditions that cause harmful or abnormal behaviour should be avoided or corrected.
5. Freedom from Fear and Distress – All animals should be managed to avoid fear and distress, by appropriate design of facilities, careful treatment during handling and transport (where transport is necessary), and use of humane methods for slaughter.

7.2 Wool

With respect to the Five Freedoms, Esprit does not accept wool products, including wool blends, from farms where Surgical Mulesing is practiced. Wool from Low Risk Regions with lower incidence of blowfly attack and where mulesing is not commonly used (New Zealand, South Africa, South America & China), proof of the Country of Origin (COO) and Country of Destination from import/export documentation are required. For all wool sourced from Australia, a region of higher risk for blowfly strike and currently extensive use of surgical mulesing, an Australian Wool Testing Authority (AWTA) certificate is required with each shipment of Esprit products to prove the mulesing status according to the Australian Wool Exchange (AWEX).

AWEX Codes

NM (Non-Mulesed)	Where none of the sheep flock have been mulesed.
CM (Ceased Mulesed)	The farm no longer practices the use of surgical mulesing but part of the flock was previously mulesed (Max seven year period).
PR (Pain Relief)	Pain relief is administered to the sheep by an accredited practitioner after surgical mulesing.

Since the 1st of April 2012 Esprit only accepts shipments with NM or CM status on an official AWTA certification for wool from Australia.

7.3 Down & Feathers

We strongly condemn any form of removal of feathers or down from live birds, and force feeding of animals. To provide a high level of transparency to our customers, Esprit will adopt the Responsible Down Standard (RDS). All suppliers for feather and down styles must undergo the certification process to receive the RDS Scope Certificate and must be able to provide Transaction Certificates approved by an accredited and independent certification body for each final garment.

To support the circular approach, we also accept recycled down which has a significantly lower environmental footprint. All suppliers for feather and down styles must undergo the certification process to receive either the Global Recycling Standard (GRS) or Recycled Claim Standard (RCS) Scope Certificate and must be able to provide Transaction Certificates approved by an accredited and independent certification body for each final garment.

7.4 Angora

Since 2013-11-29 Esprit has, with immediate effect, suspended the use of wool from Angora rabbits. No further development or production may commence until this restriction is lifted. The ban on the sourcing of Angora rabbit wool will be in place until control and transparency can be obtained in the Angora supply chain that assures proper animal husbandry in the production of this fiber and subsequent yarns/product.



7.5 Mohair

Esprit has decided to discontinue selling **conventional** mohair by mid-2019, as the humane treatment of the mohair goats, especially in South Africa can't be assured. We only accept certified mohair fiber to ensure a treatment of the animals in line humane and in line with our animal welfare policy.

7.6 Alpaca

Esprit has decided to discontinue selling alpaca wool by 2023, as the humane treatment of the alpaca can't be assured. We only accept certified mohair fiber to ensure a treatment of the animals in line humane and in line with our animal welfare policy. The ban on the sourcing of alpaca wool will be in place until control and transparency can be obtained in the alpaca supply chain that assures proper animal husbandry in the production of this fiber and subsequent yarns/product.

7.7 Leather

Esprit does not source leather from any endangered or threatened species appearing on either the International Union for the Conservation of Nature (IUCN) or the Convention of International Trade in Endangered Species (CITES) list. In addition, we only accept leather, horn and bone as by-products of the meat industry. Leather or skin must not be obtained while the animal is still alive or from aborted animals. Importantly, suppliers must have the ability to trace raw hides/skins back to their country of origin.

7.8 Real Fur

Esprit is a fur free company. Fur means any animal skin or part thereof with hair or fur fibers attached, either in its raw or processed state, or the pelt of any animal killed solely for its fur. "Animal" includes, but is not limited to, mink, fox, rabbit, and raccoon dog.

"Fur" shall not include

1. Skins are or are to be, converted into leather or which in processing have or shall have, the hair, fleece, or fur fiber completely removed,
2. Materials clipped, shorn, or combed from animals, fleece, sheepskin, shearling,
3. Leather or hair attached to skin that is typically used as leather e.g. cowhide with hair attached,
4. Synthetic materials intended to look like fur.

7.9 Shells, pearls and corals

Esprit does not allow coral to be used in our products and does not allow any shell from vulnerable or endangered species as defined by CITES (Convention on International Trade in Endangered Species), and the IUCN (International Union for Conservation of Nature) Red list of Critically endangered; Endangered; or Vulnerable listed species.. Esprit only allows cultivated pearls.



Ratingen, 11th of March 2021

Mark Daley

Group Chief Executive Officer