



POLICY
ON RAW MATERIALS AND ANIMAL WELFARE

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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 March 2024.

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 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 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 fertilizers; 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.

3.2 Biodiversity

Biodiversity is an outcome of more sustainable cotton production and National production standards at the farm level. To facilitate biodiversity at the farm level our policy is to require National production standards for organic cotton are followed and certified at the farm level. 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 and regions

There are ongoing concerns about the use of government backed forced labour and child labour during the cotton-picking season in Turkmenistan. As a result, Esprit prohibits the use of cotton from Turkmenistan as this country does 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 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, we reserve the right to cancel that order or return items to the supplier at their expense.

Below are all related restrictions:

- No production and/or raw material sourcing any factory or supplier related to business in and region where state enforced forced labor programs are prevalent, such as but not limited to poverty alleviation programs or work through rehabilitation programs.
- No production or sourcing from Myanmar
- Production only allowed with suppliers or POF's that has a 100% AACORD completion rate in Bangladesh
- Production only allowed with suppliers that have traceability audits in Liaoning
- Production only allowed with suppliers that have a clear evidence on workforce profile in Italy

4 SYNTHETICS

LESS IS BETTER. Synthetic fibers are one of the main reasons for microplastic pollution, including the sustainable synthetic options. Whenever possible, synthetic fibers should be avoided, especially for products which tends to get washed rather often.

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.

5 MAN-MADE CELLULOSE FIBERS

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 fiber producers which present a high level of risk* of sourcing from ancient and endangered forests
- 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 fiber 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.

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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 Conventional Alpaca

Esprit has discontinued sourcing conventional alpaca wool since 2023, as the humane treatment of the alpaca can't be assured. 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/ products.

7.3 Angora

Since 2013-11-29 Esprit has 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.

7.4 Conventional Mohair

Esprit has discontinued sourcing conventional mohair, as the humane treatment of the mohair goats, especially in South Africa can't be assured. We now only accept mohair fibers which are certified with the Responsible Mohair Standard (RMS). This standard certifies the respectful and humane treatment of Mohair goats in line with our animal welfare policy.

7.5 Cupro

Cuprammonium rayon production involves large quantities of copper, ammonia, and caustic soda, all of which are toxic. Therefore, Esprit has banned the use of cupro.

7.6 Down & Feathers

We strongly condemn any form of removal of feathers or down from live birds, and force feeding of animals.

To support the circular approach, we only 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.

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7.7 Leather

Esprit's suppliers must be able to trace back raw hides and skins to their country of origin and the leather must be a by-product from the food industry. Esprit does not source leather from endangered or threatened species that appear on lists from the [International Union for the Conservation of Nature](#) or the [Convention of International Trade in Endangered Species of Wild Fauna and Flora](#). Furthermore, Esprit is a member of the [Leather Working Group \(LWG\)](#). Therefore, Esprit's leather products support responsible manufacturing via the LWG. Additionally, Esprit tries to use recycled leather wherever possible.

7.8 PVC

Esprit has banned the use of Polyvinylchloride.

7.9 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.

7.10 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.

7.11 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).

AWEXCodes

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.

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