

Roadmap 2018

Esprit Europe Services GmbH has set a total of 19 targets for the year 2018.

Mandatory targets

Esprit Europe Services GmbH has already met 6 mandatory targets for 2018.

Goal for 2018	Statement on baseline
<p>Good Housekeeping Support of producers to improve proper and environmentally sound business management in their supply chain</p> <p>We continue our capacity assessments in 2018, with the goal of reaching 100 % by 2021. In addition, in 2018, we plan to pilot with some Tier 2 suppliers the adoption of the ZDHC Gateway "Incheck". This is a tool which supports suppliers to build a 100 % compliant chemical inventory.</p>	<p>On an ongoing basis, we assess and support our Tier 2 suppliers with wet processes regarding chemical and environmental management as well as process control (capacity assessment visits; find more here: https://www.esprit.com/sustainability, case study capacity assessment). Building a chemical inventory is one major part. Already today, our suppliers must have warranty letters from their chemical suppliers that prove the compliance of the chemicals used with our MRSL. Additionally, we have a RSL in FY2017/18 we have reached 73 % of annual target by 1st April 2018.</p>
<p>New wool policy Publication of a written policy for new wool, incl. positioning against mulesing</p> <p>In 2018 we update our existing Animal Welfare policy by adding a mohair ban. We are starting to work on the mohair ban in 2018 to make it come into effect in 2019.</p>	<p>Esprit has a comprehensive Animal Welfare Policy in place, covering wool and mulesing, down, mohair, angora and general requirements. Our policy is regularly updated, available on our website: https://www.esprit.com/sustainability</p>
<p>Increased share of sustainable cotton Increased share of sustainable cotton, procured by my organization to 25 %</p> <p>Including organic cotton (as a share of the total amount of cotton) 5 %</p>	<p>Esprit is striving to gradually increase the share of sustainable and organic Cotton. We are a member of the Better Cotton Initiative and certified according to the Organic Content Standard (OCS) since 2017. Our products containing organic Cotton are labeled with an "Organic" tag. In Addition, we are driving the transition to circular Fashion, using recycled materials. Since 2017, Esprit has also been certified according to the Recycled Claim Standard (RCS). Products containing recycled materials are labeled with a "Recycled" hangtag.</p>

Raising awareness

Implementation of measures to raise awareness about sustainable textile production in the following topics:

We are planning to scale up info tags on garments to inform consumers on styles with sustainable, organic and recycled materials. We will scale up awareness raising with circular fashion in mind, e.g. Clevercare and information on how to take care of clothes, packmee (recycling of old clothes).

We have established comprehensive internal and external awareness raising channels, covering our own internal divisions, our suppliers, our consumers, our customers. Our main internal awareness raising channels for our staff and our suppliers are workshops, trainings, our vendor portal and newsletters. Our main channels for external awareness raising towards stakeholders (including consumers, customers, NGOs) are our sustainability website, (<https://www.esprit.com/sustainability>) our sustainability Report (<https://www.esprit.com/sustainability/report/>), social media (Facebook, Instagram), responses to consumer inquiries via online shop, sustainability Website etc.

Recommended targets

Esprit Europe Services GmbH has already met 2 recommended targets for 2018.

Goal for 2018	Statement on baseline
<p>MRSL Increase in the percentage of producers that only use ZDHC-compliant chemical products to 100%</p> <p>By piloting with some of our Tier 2 suppliers the adoption of the ZDHC Gateway "Incheck", we work to gradually increase the percentage of our producers that have a 100 % compliant chemical inventory and only use ZDHC-compliant chemicals products.</p>	<p>On an ongoing basis, we assess and support our Tier 2 suppliers with wet processes regarding chemical and environmental management as well as process control (capacity assessment visits; find more here: https://www.esprit.com/sustainability, case study capacity assessment). Building a chemical inventory is one major part. Already today, our suppliers must have warranty letters from their chemical suppliers that prove the compliance of the chemicals used with our MRSL. Additionally, we have a RSL in FY2017/18 we have reached 73 % of annual target by 1st April 2018.</p>
<p>Effective complaints mechanisms Establishment of an effective complaints mechanism</p> <p>This target is ongoing: We evaluate the calls in the whistleblower helpline or the calls/ emails that come in directly and start immediate investigations to improve the situation.</p>	<p>Esprit regularly conducts our own Social compliance Audits. Functional grievance procedures are part of our basic Audit requirements, 100% of our suppliers are required to meet (ongoing).</p>

<p>Supply chain transparency (deeper supply chain) Identification of additional actors in the deeper supply chain</p> <p>In our public suppliers list we already publish Tier 1 and Tier 2 suppliers. For 2018, we will start publishing viscose fiber producers (Tier 3) in the context of our commitment with changing markets.</p>	<p>Esprit publishes a complete supplier list (Tier 1 and Tier 2) on our website: https://www.esprit.com/sustainability/overview/where-esprit-is-made/. The list is in line with the Human Right Watch Transparency Pledge and Greenpeace Detox requirements. According to our internal SOP for supplier onboarding and approval, vendor management tracks and monitors every 6 months our Tier 1 and Tier 2 suppliers and updates them into the supplier list.</p>
<p>Partnership Initiative Participation in a Partnership Initiative to promote social and environmental Partnership goals in production countries</p> <p>In view of an upcoming strategic partnership between ACT and the Textilbündnis, Esprit is working to fulfill the Textilbündnis Living wage criteria through our membership and work in ACT.</p>	<p>https://www.esprit.com/sustainability/people/living-wage/</p>

Voluntary targets

Goal for 2018	Statement on baseline
<p>Commitment to Partnership Goals Formulating long-term strategic goals consistent with our policy</p> <p>Our strategic Goals are outlined in our sustainability Report on pages 18 and 24. https://www.esprit.com/press/sustainabilityreport/ESP_Sustainability-Report_FY1617_EN.pdf</p>	
<p>Supply chain transparency Expanding the systematic collection of information on our supply chain up to stage:</p> <p>Yarn production (incl. production of man-made fibres)</p> <p>Starting 2018, we are increasing our supply chain mapping and capacity assessments to Tier 3 (Viscose yarn Producers). We will publish Tier 3 in our supplier list on our Website.</p>	<p>According to our internal SOP for supplier onboarding and approval, vendor management tracks and monitors every 6 months our Tier 1 and Tier 2 suppliers and updates them into the supplier list. The list is in line with the Human Right Watch Transparency Pledge and published on our website: https://www.esprit.com/sustainability</p>
<p>Mitigating identified risks Introducing a cost model for price quotes and the formulation of agreements with producers that ensures that price negotiations are not at the expense of wage costs</p> <p>We will continue to assure that labor costs are a specific item on Esprit's open costing sheet and that the labor costs are ring-fenced to assure that the prices paid to factories allow adequate wages to be paid to workers.</p>	

Mitigating identified risks

Integrating sustainability aspects into product development by:

Choice of raw materials (renewable resources)
Recyclability

We have signed the Circular Fashion commitment by the Global Fashion Agenda. To integrate recyclability in product developments we will train Design teams in circular design (at least 3 trainings). Our detailed targets are published on our Website: <https://www.esprit.com/sustainability/product/>

We want to embark on the journey of changing our linear approach to a circular Approach. This is why in 2018, we signed the 2020 commitment to Circular Fashion proposed by the Global Fashion Agenda. From 2018 we will start to change processes in our supply chain to become more sustainable and reuse our resources. These are our commitments: Action Point 1 By 2020, everyone in our product teams will have gone through training in circular design. AND By 2020, we will establish a strategic plan to scale the cyclablity of our product lines. Action Point 2 By 2020, Esprit will in collaboration with Packmee collect 50.000 kg via an e-tail garment collection program, with donation of 50% of the turnover to charity. Action Point 3 By 2020, Esprit will increase the amount of garments resold by 40,000kg. Action Point 4 By 2020, Esprit will produce at least 150,000 pieces of garments including at least 20% recycled post-consumer textile fibres.

Supply chain requirements

Defining a format for producing an inventory of chemical inputs and communicating this format to the supply chain

In 2018, we will pilot with selected Tier 2 suppliers the adoption of the ZDHC Gateway "Incheck" (tool to build a 100 % compliant chemical inventory). In addition, we will update the existing template for a chemical inventory within our RSL&MRSL Guideline according to SAC+ZDHC templates.

On an ongoing basis, we assess and support our Tier 2 suppliers with wet processes regarding chemical and environmental management as well as process control (capacity assessment visits; find more here: <https://www.esprit.com/sustainability, case study capacity assessment>). Building a chemical inventory is one major part. Already today, our suppliers must have warranty letters from their chemical suppliers that prove the compliance of the chemicals used with our MRSL. Additionally, we have a RSL in FY2017/18 we have reached 73 % of annual target by 1st April 2018.

<p>Supply chain requirements 2.1.5 Communicating the following wastewater guidelines/standards to our supply chain:</p> <p>ZDHC Waste Water Guideline</p> <p>We will communicate the Guidelines to all new suppliers in 2018.</p>	<p>The ZDHC waste water guideline is part of our MRSL which is part of the contractual agreements with our suppliers. The ZDHC Waste water Guideline is communicated to all new suppliers via vendor portal and is also published on our Website: https://www.esprit.com/sustainability/planet/detox/ We implement Waste water testing of our Tier 2 suppliers with wet processes since 2016. In May 2018, 58 % of our wet process mills tested and uploaded their waste water data on either the ZDHC chemical gateway or the IPE platform. By 2021, we want 100 % of our wet process mills to have conducted testing and uploaded result on a public platform.</p>
<p>Supply chain requirements External notification of our requirements for the supply chain via:</p> <p>Website Data platform (B2B)</p> <p>In 2018, we'll continue to update + publish minimum requirements in social and environmental sustainability, RSL&MRSL and Quality on our Sustainability Website and communicate the updates to our Suppliers via the Vendor Portal. The sustainability Website will be redesigned acc. to circular Fashion.</p>	<p>All minimum requirements in social and environmental sustainability, RSL&MRSL and Quality are regularly updated and published on our Sustainability Website and communicated to our Suppliers via the Vendor Portal. In Addition, our local staff is contact point for our suppliers in production countries to explain our requirements and support implementation.</p>
<p>Supporting suppliers Supporting training measures in connection with:</p> <p>Discrimination</p> <p>In 2018, we will launch a program (India, Bangladesh) to bring the number of women in supervisory positions in the factories in line with the percentage of women in the workforce overall. This program also builds on Trainings.</p>	<p>Detailed Information can be found on our sustainability website: https://www.esprit.com/sustainability/people/womens-empowerment/</p>
<p>Tracking results in your supply chain Strengthening/improving our inspecting and monitoring system with the help of:</p> <p>Self-reporting by our suppliers</p> <p>We work to continuously increase the amount of our suppliers using the HIGG-Index. Using the Higg Index (FEM) is one of the pre-requisites to work with us. By 2021, we aim that 100 % of our Tier 1 and Tier 2 use the HIGG FEM. By end 2018: +5% of our suppliers (vgl. status quo) are using HIGG.</p>	<p>As part of our onboarding procedure, we encourage our suppliers to use the HIGG Index. Self-assessments build capacity and responsibility of suppliers to increase their sustainability Performance. We are verifying the self-assessments by our capacity assessments visits.</p>

Communication on activities and results

Introducing/extending the communication of information on activities and results related to the Partnership's goals in connection with the following topics:

Use of safe chemicals

 MRSL (chemical inputs at stages of processing)

 RSL (chemical residues on textile product)

Good housekeeping

Environmental management system

Water and wastewater management

Resource efficiency

Recycling

In 2018, rework sustainability website to align it with circular fashion, add new case studies on waste water testing, capacity assessment visits, achievements (Chrome free leather, water based PU). Amend information in Chemical Corner (for suppliers) by new learnings from root cause analyses.

We publish and regularly update full information (including requirements, guidelines, case studies, achievements, new developments) about our activities, commitments and achievements in the field of sustainability on our website at www.esprit.com/sustainability. We also publish our annual sustainability report (according to GRI), in accordance with the rules for companies listed on the Hong Kong Stock Exchange. In order to foster learning of our suppliers, we publish on our vendor Portal all results of root cause analyses triggered as a result of found non-compliances. For chemical management, we have an encompassing Chemical Corner on our vendor Portal including learnings from root cause analyses, e.g. on how to avoid occurrence of hazardous chemicals during production.

Continued targets

Goal for 2018	Statement on baseline
<p>Verification and monitoring processes Identify percentage of the audited producers where audit reports are available</p> <p>By end of 2017 we will finish a strategic plan to improve all our suppliers in the BSCI system to at least a C-Rating.</p>	