

GLOBAL FRAMEWORK AGREEMENT

DATE: 13.04.2018

BETWEEN:

1. Esprit Europe Services GmbH, a company registered in Germany under license number AG Düsseldorf, HRB 32901, whose registered office is at Esprit Allee, 40882 Ratingen, Germany ("Esprit"); and
2. IndustriALL, Global Union, an association registered in Switzerland whose registered office is at 54bis, Route des Acacias, 1227 Geneva, Switzerland ("IndustriALL Global Union"). Each a "Party" and together referred to as the "Parties".

1. PREAMBLE

- 1.1 The companies of the ESPRIT group design clothing, shoes, accessories and lifestyle products, manufacture these themselves or have them manufactured by third parties, and market these products worldwide under the ESPRIT brands. The companies of the ESPRIT group are linked by a special image resulting from the ESPRIT brands and by a distinctive corporate culture. Esprit has a presence in a large number of countries with directly managed retail stores and wholesale points of sale, including franchise stores and sales spaces in department stores, which share the company's quality standards and brand essence, with inspiring collections for women, men and kids.
- 1.2 Esprit is committed to respecting, protecting and championing the human rights of workers engaged in the worldwide production of textiles, footwear and apparel. Esprit accepts responsibility to uphold the rights of workers and support transparency of the supply chain.
- 1.3 This Agreement recognises the crucial role that freedom of association and collective bargaining play in developing well-functioning industrial relations. Accordingly, it is appropriate to establish a framework for engagement with trade union organisations, which represent the workers within the textile, footwear and apparel supply chain.
- 1.4 IndustriALL Global Union represents 50 million workers in 140 countries worldwide through more than 600 affiliated trade unions including those organising workers in the textile, garment, footwear and leather industries. It is committed to defending the rights and interests of workers at the global, regional and sub-regional levels including through promoting international labour standards in global supply chains.
- 1.5 Through this Global Framework Agreement (hereinafter "Agreement"), Esprit and IndustriALL Global Union (hereinafter "the Parties") wish to formalise the collaboration that has developed over the recent years and to enter into a strategic partnership. The Parties to this Agreement understand that its primary purpose is to promote strong local governance of industrial relations at the point of production in the Esprit supply chain. They further acknowledge that strong local governance can only be achieved when workers in the supply chain have the right to freely associate and bargain collectively and that this is the only sustainable method by which fundamental workers' rights and decent work can be achieved and maintained.

2. Conventions and Standards

- 2.1 Both Esprit and IndustriALL Global Union shall recognise and undertake to collaborate to ensure the application of International Labour Organisation Standards (hereinafter "ILO") including the 1998 ILO Declaration on Fundamental Principles and Rights at Work, ILO Conventions and recommendations and other internationally recognised standards and conventions as laid out in Annex 1.



2.2 The Parties mutually agree, as stated in the Esprit Supplier Code of Conduct, attached in Annex 2 hereto, that the conventions and standards mentioned in Annex 1 as well as relevant jurisprudence of the ILO shall solely apply vis-a-vis national laws in case these laws are less favourable to employees.

3. Scope

3.1 This Agreement covers workers employed by Suppliers contracted by Esprit to provide Esprit with products in its own label textile, footwear and apparel manufacturing supply chain.

3.2 The purpose of this Agreement is to establish a mutual relationship, which can facilitate freedom of association and collective bargaining as the preferred sustainable mechanism for implementing fundamental employment rights and resolving labour disputes in Supplier factories in the Esprit supply chain. Esprit's products are manufactured by third party suppliers and factories ("Suppliers").

3.3 Under the terms of this Agreement, Esprit recognises its obligations to workers for the conditions under which Esprit's products are manufactured and that these obligations extend to all workers producing products for Esprit, whether or not they are employees of Esprit. In order to meet these obligations, the signatories will observe and require their contractors, subcontractors, and principal Suppliers to observe the internationally recognised standards as set down in Annex 1 and 2 of this Agreement.

3.4 This framework Agreement is intended to facilitate the negotiation of detailed collective Agreements between local trade unions and all Suppliers to Esprit at national or other levels. It should serve as an important basis for developing a mature system of industrial relations within each company and throughout each company's supply chain.

3.5 The terms of this Agreement shall apply equally to those workplaces within the scope of this Agreement where organisations that are not affiliated to IndustriALL Global Union represent the workforce. IndustriALL Global Union and Esprit shall undertake to inform these organisations of the terms of this Agreement.

3.6 This Agreement applies to Suppliers of the Esprit and edc brands, which Esprit owns. Esprit licensed products, which are designed and manufactured under Esprit's name but sold through independent sales channels, shall not be part of this agreement initially, but will be brought into the scope of the agreement at a later date as conditions allow.

4. Implementation / Structure and Organization

4.1 The Parties to this Agreement acknowledge the central importance of freedom of association and collective bargaining as formulated in ILO conventions 87, 98, 135 and Recommendation 143 as essential to developing sustainable compliance in factories supplying Esprit. Freedom of association and collective bargaining provide workers with the tools to monitor and enforce their rights at work, and as such serve as a foundation upon which to build and ensure respect for other labour rights.

4.2 The Parties to this Agreement thus acknowledge that in the case of freedom of association, the task involves not only the creation of an environment in which workers and management understand workers' rights and how to exercise them, but also implement a set of policies and procedures to protect those rights and avoid abuse.

4.3 In conjunction with IndustriALL Esprit commits to:

4.3.1 Developing mechanisms involving IndustriALL Global Union affiliates and Esprit staff at country level to drive implementation of the agreement;

4.3.2 Developing a strategy to develop an enabling environment for freedom of association and collective bargaining;

- 4.3.3 Designing and implementing grievance mechanisms to ensure workers' access to remedy;
- 4.3.4 Implementing a training programme for workers and factory managers, as well as Suppliers, to create an enabling environment for freedom of association and to build sustainable internal dialogue in factories;
- 4.3.5 Jointly develop a methodology to periodically assess the impact of purchasing practices at the worker level of the supply chain;
- 4.3.6 Esprit shall act as enabler of freedom of association through the requirement of its Suppliers to adopt a positive, open and collaborative approach towards the activities of trade unions;
- 4.3.7 To facilitate the implementation of this Agreement Esprit shall disclose on a twice yearly basis the locations of its Suppliers on its web public site to which IndustriALL has free access;
- 4.3.8 Esprit commits to transparency of its sources both publicly and to IndustriALL Global Union;
- 4.3.9 Esprit commits to disclosing any wholly owned subsidiary brands which are covered by the scope of this Agreement.

4.4 IndustriALL Global Union and its affiliates shall use this information solely to promote the terms of this Agreement and the development of social dialogue with those Suppliers in the Esprit manufacturing supply chain.

4.5 Esprit shall secure the translation of the Agreement into all relevant languages mutually agreed with IndustriALL Global Union.

4.6 Where no apparent mechanism for industrial relations is in place within parts of the supply chain, Esprit shall undertake to apprise the management and the employees of the terms of this Agreement. This could take the form of joint briefings and/or training (the providers and contents of which shall be determined by the Parties to this Agreement).

4.7 Esprit shall use its best efforts to grant IndustriALL Global Union and the local, national and regional trade unions affiliated thereto, physical access to Suppliers and factories within the Esprit supply chain. Access shall be provided based upon the mechanisms that both the management of IndustriALL Global Union and Esprit deem necessary. IndustriALL Global Union recognizes and agrees that any union access to the premises of an Esprit Supplier is conditional on the prior consent of the Esprit Supplier. Consequently, the Parties agree that in the event IndustriALL Global Union or its affiliated unions want to meet with workers at the premises of an Esprit Supplier, IndustriALL Global Union or its affiliated unions shall ask Esprit to obtain the requisite consent from the Supplier.

4.8 In situations where it is not clear whether a particular practice constitutes a violation of the Agreement, relevant international labour standards of the ILO shall be used as reference points. When such situations are determined to exist, Esprit agrees to inform and consult IndustriALL Global Union.

4.9 IndustriALL Global Union commits to supporting Esprit in resolving disputes and related problems in its supply chain where such matters are directly related to freedom of association. Such support shall include, *inter alia*, providing advice, contacts, mediation support, and appropriate advocacy for joint positions within the ILO or other fora.

4.10 IndustriALL Global Union shall support Esprit in developing a training program on effective modern industrial relations, which Esprit will deliver to its Suppliers as part of the effort to communicate this Agreement throughout the Esprit supply chain.

5. Information and Access

Roles and Responsibilities of The Parties:

5.1 The Parties to this Agreement shall establish and maintain procedures to communicate data and other information regularly regarding performance against the requirements of this Agreement, including, but not limited to, the results of management reviews and monitoring activities.



- 5.2 A joint group shall meet twice a year, either in person or via teleconference as the Parties deem and agree to be appropriate, to review the implementation of this Agreement and any related issues. The members of this joint group shall consist of representatives of Esprit, IndustriALL Global Union including the Director of Textile, Garment, Leather and Shoe sector and as and when necessary, representatives from the relevant regions of IndustriALL Global Union and Esprit. This group shall, amongst other things:
- 5.2.1 Promote industrial relations best practice within the Esprit supply chain;
 - 5.2.2 Establish reporting mechanisms for violations of the terms of the Agreement as outlined in Annex 1 and 2;
 - 5.2.3 Define and refine methods for intervening and resolving disputes in the sector;
 - 5.2.4 Undertake research into specific issues;
 - 5.2.5 Oversee the development of Supplier policies on freedom of association;
 - 5.2.6 Oversee the development of training programmes;
 - 5.2.7 Define a country specific implementation process for this Agreement.
- 5.3 Both Parties commit to contacting each other directly and immediately in cases where conflicts or violations of the Agreement arise, in order to seek a common solution.
- 5.4 IndustriALL Global Union undertakes to provide all of its relevant affiliates with details of this Agreement, to inform Esprit of the identities of the affiliates with whom it can expect to work, and to encourage its implementation throughout the Esprit supply chain, in conjunction with its affiliates and regional organisations;
- 5.5 IndustriALL Global Union shall conduct an annual impact assessment of the Agreement, and will establish procedures to ensure it brings benefits to the workers concerned, improves communications, helps avoid and resolve conflicts and promotes social dialogue.
- 5.6 The full potential of this Agreement relies on knowledge of its contents at Esprit, and with Suppliers and workers. The communication and training of the terms and meaning of this Agreement amongst these Parties is a joint responsibility of Esprit and IndustriALL Global Union.
- 5.7 Both IndustriALL Global Union and Esprit shall undertake to promote the development of policy and training programmes on freedom of association.
- 5.8 Esprit shall cover the costs for the program implementation and meetings associated with this Agreement in line with an annual budget to be developed jointly with IndustriALL Global Union.

6. Registration and term of the Agreement

- 6.1 This Agreement comes into force from the date of this Agreement and will be reviewed within **2 years** of the date of this Agreement. Both Parties undertake actively to support its implementation, and declare their readiness to co-operate in preventing and remedying any contravention. Should either Party feel the need to terminate the agreement prior to the 2-year review, it must do so in writing with three months' notice.
- 6.2 Questions concerning the interpretation of this Agreement shall be resolved through consultation between the signatories. Every effort will be made to find common agreement but where this is not possible the Parties to this Agreement shall in appropriate instances seek the expert advice of the ILO or other mutually agreed upon neutral party. The Parties shall mutually agree to abide by the final recommendations of the ILO or mutually agreed upon party.

7. Final Provisions

- 7.1 Amendments and supplements to this agreement may only be made upon the parties' mutual consent and in writing.



7.2 Should any clause in this agreement be or become invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of this agreement as such. Any invalid or unenforceable provision shall be replaced by such legally valid and enforceable provision which comes as close as possible to the original intentions of the parties.

7.3 This global framework agreement (GFA) is governed in line with relevant legislation in Germany. In case of any disagreement related to the implementation or interpretation of this agreement, the signatories will have the possibility to bring the case to the competent judiciary body in Germany, notwithstanding the place of execution of the agreement and/or the intercession of a third party.

8. Annexes

- Annex 1 Conventions and Standards
- Annex 2 Esprit Supplier Code of Conduct

Signed for and on behalf of Esprit Europe Services GmbH



Luis Gonzaga Martinez Riesgo

Managing Director



Leif Erichson

Managing Director



Signed for and on behalf of IndustriALL Global Union

Signature

Name & Position

ANNEX 1 – Conventions and Standards

C.087 Freedom of Association and Protection of the Right to Organise Convention

C.098 Right to Organise and Collective Bargaining Convention

C.135 Workers' Representatives Convention

R.143 Workers' Representatives Recommendation

C.183 Maternity Protection Convention

C.100 Equal Remuneration Convention

C.111 Discrimination (Employment and Occupation) Convention

C.159 Vocational Rehabilitation and Employment (Disabled Persons) Convention

C.079 Night Work of Young Persons (Non-Industrial Occupations) Convention

C.138 Minimum Age Convention

C.142 Human Resources Development Convention

C.182 Worst Forms of Child Labour Convention

R.146 Minimum Age Recommendation

C.029 Forced Labour Convention

C.105 Abolition of Forced Labour Convention

C.026 Minimum Wage-Fixing Machinery Convention

C.131 Minimum Wage Fixing Convention

C.001 Hours of Work (Industry) Convention

C.014 Weekly Rest (Industry) Convention

R.116 Reduction of Hours of Work Recommendation

C.155 Occupational Safety and Health Convention

R.164 Occupational Safety and Health Recommendation

Universal Declaration of Human Rights

United Nations (UN) Convention on the Rights of the Child

OECD Guidelines for Multinational Enterprises

ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

UN Guiding Principles on Business and Human Rights

OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

UN Global Compact

UN Sustainable Development Goals

ANNEX 2

Esprit supplier Code of Conduct: <http://www.esprit.com/downloads/supplier-code-of-conduct.pdf>