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# ESPRIT SUBMISSION



# Clean Clothes Campaign Wage Survey

Response ID:29; esprit Data

## 1. Login/Password Action

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### esprit

Password : esprit

## 2. Introduction

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### 1. Company name:

esprit

### 2. Brands owned by company:

Esprit, edc

### 3. Main contact person:

Name: : Lary Brown

Email: : lary.brown@esprit.com

Contact phone number: : +852-2765-4550

## 3. The living wage standard

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### 4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

Our company is a participant of the Business Social Compliance Initiative, and we implement the BSCI Code of Conduct in our international supply chain. This Code prescribes the payment of the legal minimum wage. This legal minimum wage should be at a level that covers workers basic needs as well as providing some discretionary income. As this is often not the case, we support BSCI work toward the payment of a living wage. We believe it is essential to emphasize the importance of a holistic approach towards the issue of fair remuneration for workers. In this context, it is important to address the quantitative aspects of wages as well as qualitative aspects. Focusing on the quantitative level of the wage earned by workers alone is not enough. In accordance with its cooperation in ILO's Fair Wage Network, BSCI stresses the importance of including qualitative aspects such as the way of payment, timely and formal payment of wages, reflecting skills and education of workers in the level of wages, and equal treatment of full-time employees, part-time, and piece-rates workers.

### 5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

<http://www.bsci-intl.org/resources/code-of-conduct>

### Upload option.

### 6. 1.3 Does your company agree with the definition of a living wage as given [here](#)?

No, our definition differs from the definition given.

**If no, please provide details of how your definition of a living wage is different and give**

**justification.**

Please see the BSCI Code of Conduct, Article 4 for our position on the definition of a living wage.

**4. Respect for freedom of association and collective bargaining, a precondition for a living wage**

**7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?**

Communicating information about the rights and freedoms of workers, including freedom of association, is a requirement of the BSCI Code of Conduct. As stated in the terms of implementation, the Code must be translated into the local language(s) and displayed prominently in a factory in order to be BSCI-compliant.

**Percentage of supplier factories and subcontractors reached by these measures:**

100%

**Please supply an example of materials used:**

**8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:**

n/a

Percentage of supplier factories reached by these measures: : %

**9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?**

This right is covered by the Code of Conduct, which must be displayed prominently in the factory. The topic is also regularly covered in trainings sponsored by the BSCI, trainings conducted by Esprit directly, and in individual meetings and discussions between Esprit staff and factory managers.

**Percentage of supplier factories and subcontractors reached by these measures:**

**10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?**

	Country:	Number of suppliers:	Details:
1:			
2:			
3:			
4.			

**Please provide a sample of materials used in specific countries:**

**11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.**

This is not feasible in some countries where, due to the legal or political circumstances, such an action might be unlawful or otherwise unfeasible. Esprit and the BSCI require that unions be given legal access to workers in factories. So far in 2013 Esprit has intervened twice in factories to ensure such access.

**Number of supplier factories with agreements:**

Please provide a sample of agreements signed:

**12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:**

n/a

**13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?**

Please provide details of your policy and its impacts in relevant countries: : The use of short-term labour or other forms of contracting in order to avoid legally owed benefits to the workers are prohibited by the BSCI Code of Conduct. In B.4.2., the BSCI Questionnaire asks for satisfactory evidence that workers (including those paid based on productivity) are paid benefits at least in conformity with the national law and/or industry standards. Auditors pay special attention to verify that the company does not use labour-only contracting arrangements, consecutive short-term contracts, and/or false apprenticeship schemes to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations. Esprit sourcing policy does not allow factories the use of foreign contract workers.

**14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?**

## 5. Dialogue and negotiation with labour rights organisations

**15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:**

So far in 2013 Esprit has put pressure on two factories where credible allegations were made of management failure to negotiate in good faith with legally constituted unions. In one case, negotiations went forward and an agreement was reached. Negotiations continue in the other.

**16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?**

A previously unimplemented union agreement is being implemented in Cambodia, and negotiations continue in Pakistan.

## 6. 4. Benchmarks for a minimum living wage

**17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?**

No

**If yes, please provide details of how these were developed and how they are used:**

The calculation of the local living wage forms part of the BSCI Audit and is calculated according to the SA 8000 methodology. SA 8000 methods are used for the gap analysis and in the Corrective Action Plans that are issued to factories after each BSCI audit, indicating steps to be taken in order to arrive at the level of the living wage.

**18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.**

	Country/region	Living wage benchmark
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1.	The BSCI follows SA 8000 methodology for calculating the level of living wages.	
2.		
3.		

**19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the Asia Floor Wage.**

	Country/region	Number of supplier factories paying Asia Floor Wage
1.		
2.		
3.		
4.		
5.		

**7. Purchasing practices that make living wages possible**

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**20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:**

Supplier consolidation is an on-going effort for Esprit, with our total number of supplier factories having been reduced by 35% over the last 5 years. Where necessary, suppliers are allowed to use subcontractors, but these subcontractors must be disclosed to Esprit before production begins. The supplier must take concrete steps to assure that BSCI standards are upheld in all subcontractors in accordance with the BSCI Declaration that all suppliers sign upon starting to work with Esprit.

**21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?**

22.

**23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?**

n/a

**24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?**

n/a

**25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.**

n/a

**8. Living wage projects**

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**26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:**

	Project 1	Project 2	Project 3	Project 4
Location:				
Number of factories and workers involved:				
Living wage benchmark used:				
Partnerships:				
Wage increase achieved:				
Details of process:				

**27. Please upload any useful supporting documentation here:**

## 9. New Page

**28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?**

n/a

**29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?**

n/a

## 10. Transparency

**30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?**

Not currently.

**Do you have plans to publish a full list in the future?**

The matter is currently under discussion internally.

**31. 8.2 Does your company publish impact reports on projects related to wages?**

## 11. Collaborative working

**32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:**

Name of MSI: BSCI, Better Work

Details of your involvement in project work on wages: For BSCI, see above. Esprit joined Better Work as a Buyer Partner in August 2013.

**33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:**

**34. Supporting documents:**

## 12. 10. A clear route map for implementing a living wage for all workers

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### 35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?

The payment of a living wage is a long term goal and is pursued on the factory level. Through BSCI we work with each factory individually, because some factories are closer to the living wage and more able to attain this goal than other factories that require different measures and interventions. Overall, the strategy is a step-wise development approach as outlined by BSCI.

### 36. 10.2 Does this strategy have a time scale? If yes, please state.

### 37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?

### 38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?

Esprit has a policy of not using home workers. The complexity of assuring that such workers are treated fairly and in accordance with local law is such that we have made a conscious decision not to allow home-based production until such a time as we are able to assure that it is done responsibly. Migrant workers are common in many parts of the world, and Esprit requires that they receive the same treatment as local workers. Esprit does not allow the use of foreign contract workers in our supply chain.

### 39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?

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## 13. Further questions about your supply base

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### 40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

	Country	Percentage of production	Number of suppliers
1	China	54%	
2	Rest of Asia	9%	
3	Bangladesh	8%	
4	Turkey	8%	
5	Vietnam	6%	
6			
7			
8			
9			
10			

### 41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company: : 999%

Orders placed directly to supplier factories: : 75%  
Orders placed through agencies or intermediates: : 25%  
Other: : 999%

**42. If other, please specify.**

**43. 3. What is the length of time that you have been working with your current suppliers?**

	% of suppliers
More than 5 years:	n/a
2-5 years:	n/a
Less than 2 years:	n/a

**44. 4. How many sites did you use to produce your goods in 2012?**

First tier suppliers: : 455

**45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?**

Number of suppliers: : n/a

Please list suppliers, country and % of product share at the factory: : n/a

**Response Location**

<b>Country:</b>	United Kingdom
<b>Region:</b>	B7
<b>City:</b>	Bristol
<b>Postal Code:</b>	
<b>Long &amp; Lat:</b>	Lat: 51.450001, Long:-2.5833



From : Lary Brown <lary.brown@esprit.com>  
To : <anna@labourbehindthelabel.org>  
Cc : "Hinzmann Berndt" <hinzmann@inkota.de>  
Subject : Re: Esprit Profile  
Date : Thu, 16 Jan 2014 09:42:03 +0000

Dear Anne,

We have reviewed the profile that was generated from our responses to the CCC questionnaire and, as requested, would make some additional comments.

We would also like to iterate that this is an important topic. We look forward to seeing the outcomes of the European Conference on Living Wages, which we attended in Berlin last November, and hope that the conference leads to a broad based effort that Esprit can join, to magnify our voice in this area.

Two paragraphs in the document, both of which are from the "Comments" section at the end, are less than accurate and could be made stronger.

The first is in the paragraph that begins, "Our take on the BSCI...". The paragraph dismisses what are called the "qualitative" aspects of pay to focus exclusively on the "quantitative" aspect, i.e., base wages. While we agree that higher base wages in many parts of the world would be beneficial, overlooking such "qualitative" matters such as on-time payment, overtime wage calculation, production quotas for earning bonuses, provision of social insurance, and fines or deductions as a disciplinary measure, is short sighted. These are serious issues regardless of the base wage level. Raising the base wage will not help if the workers never see the extra money due to these other factors. While we appreciate that the focus of the document is on living wage, minimizing other key aspects of compensation does a disservice to the topic. Both aspects of compensation matter immensely. Even when emphasizing one of the two, it is not helpful to dismiss the other as unimportant.

The following paragraph, which begins, "Esprit gave no evidence..." is inaccurate. While Esprit takes the standards from the BSCI and builds much of our own work around the BSCI program, we certainly do not, "Rely entirely on the statements, standards, activities and audits of the BSCI to preform (*sic*) their company's Human Rights impact due diligence." The BSCI is one part of our program, of which there are several. The form we completed focused on standards, which lead us to discuss our BSCI work without elaborating other work that we do. We can accept criticism, but hope that you will make it based upon full information.

In addition to the BSCI audits that are performed in Esprit supplier factories according to the schedule set by the BSCI, Esprit has a team of 11 people based in China, Hong Kong, Bangladesh, India and Turkey that perform Esprit internal audits, and develop corrective action plans for our supplier factories. The goal is for Esprit auditors to be in each supplier factory no less than once per year, and to maintain contact with each factory between visits to assure continuous progress in all areas covered by the BSCI Code of Conduct. While the individual Corrective Action Plan for any given factory may be based on the results of a BSCI audit, more often it is based upon the results of an Esprit internal audit supplemented by BSCI findings.

In addition, last summer Esprit joined Better Work as a Buyer Partner, and we are currently in the process of requiring all of our supplier factories in Vietnam, Cambodia and Indonesia (our only sourcing countries with Better Work programs) to join this ILO-run program. Factories that participate in Better Work will not have BSCI audits going forward, but rather will be required to show progress according to Better Work. Esprit has utilized Better Factories Cambodia reports instead of BSCI audit reports for over two years.

Finally, Esprit is a Founding Circle member of the Sustainable Apparel Coalition, and we were among the first group of signatories of the Bangladesh Accord on Fire and Building Safety.

Esprit understands that we must join with other stakeholders to maximize our leverage, and we try to participate wherever doing so will strengthen our work. While we admit that our program is not perfect and that we have much work ahead of us, saying that we rely entirely on the BSCI in this area is inaccurate and unfair.

We hope that the wording of the profile can be changed to reflect the entirety of the work that we do, rather than simplistically implying that we somehow subcontract our responsibility for assuring adequate working conditions in our supplier factories to the BSCI. The BSCI has an important role in our efforts, but it is one part of a much larger program.

Thank you for your kind consideration. Please do not hesitate to contact me if I can provide any additional information.

Best regards,

Lary Brown  
Head of Global Sourcing Compliance

Phone +852-2765-4550  
Mobile +852-6685-9015

**E S P R I T**

From: anna <anna@labourbehindthelabel.org>  
To: Lary Brown <lary.brown@esprit.com>,  
Cc: Hinzmann Berndt <hinzmann@inkota.de>  
Date: 01/14/2014 02:00 PM  
Subject: Re: Esprit Profile

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Great. We look forward to receiving your comments.  
Best,  
Anna

----- On Mon, 13 Jan 2014 03:25:49 +0000 **Lary Brown**<lary.brown@esprit.com> wrote -----

Dear Anna and Berndt,

Thank you for sending the profile of Esprit that was extrapolated from the CCC questionnaire. As usual, some of

the criticism is valid, and some is not. In particular, the questionnaire did not ask about Esprit's internal audit program that we run in addition to our BSCI work. We are working on a response, and will get back to you as soon as possible.

Best regards,

Lary Brown  
Head of Global Sourcing Compliance

Phone +852-2765-4550  
Mobile +852-6685-9015

**ESPRIT**

From: anna <[anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org)>  
To: <[lary.brown@esprit.com](mailto:lary.brown@esprit.com)>,  
Cc: Hinzmann Berndt <[hinzmann@inkota.de](mailto:hinzmann@inkota.de)>  
Date: 01/12/2014 07:01 PM  
Subject: Esprit Profile

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Dear Lary,

Please find attached the first draft of your company's profile, which has been put together based on information you submitted to the Clean Clothes Campaign Wage Survey (also attached).

If you would like to correct any factual inaccuracies, or provide CCC with further information to support your submission which clarifies anything we have mentioned, then please send it to us by close of play on 30th January. Please note this profile is subject to change prior to publication, although it will mostly remain the same.

The report timeline going forward from this is that we will need a few more weeks to incorporate comments and finalise details, before the report is published towards the end of March – final date TBC. A finished copy of the report will be sent to you a few days before launch.

Copied in to this email is your CCC contact point person. Please be in touch with this person if you have questions or concerns. However, please do make sure to copy me in ([anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org)) to mails with any additional concise information or factual corrections you wish to make to the text.

Best wishes,  
Anna

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Anna McMullen | Campaigns Director | Labour Behind the Label  
A: 10-12 Picton Street, Bristol BS6 5QA, UK | Tel: +44 (0) 117 9441700 | Mob: +44 (0) 7786 832 035  
E: [anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org) | W: [www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)  
Please note: As of 1st March 2014 we will move offices to Easton Business Centre, Felix Road, Bristol BS50HE

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Labour Behind the Label works to improve conditions and empower workers in the global garment

industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All LBL staff work 3 days a week only. My normal working days are Monday - Wednesday. You can reach me on the mobile number above at other times. [attachment "esprit response.pdf" deleted by Lary Brown/HKGATE] [attachment "Esprit profile.doc" deleted by Lary Brown/HKGATE]

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Anna McMullen | Campaigns Director | Labour Behind the Label

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Please note: As of 1st March 2014 we will move offices to Easton Business Centre, Felix Road, Bristol BS50HE

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Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All LBL staff work 3 days a week only. My normal working days are Monday - Wednesday. You can reach me on the mobile number above at other times.

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