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Investor support for the collaborative efforts to work towards increased alignment of due diligence frameworks with the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

To: The European Commission, The Dutch Agreement on Sustainable Garments and Textiles, The German Partnership for Sustainable Textiles, The Sustainable Apparel Coalition

The undersigned institutional investors, whose assets under management and advice of total over EUR 3.77 trillion, applaud the efforts of the Dutch Agreement on Sustainable Garments and Textiles and the German Partnership for Sustainable Textiles for a common reporting framework, greater transparency in the textile supply chain and harmonized sustainability requirements that would lead to stronger protection on workers and on the environment throughout the supply chain of the industry.

The supply chains of companies in the textile, apparel and footwear industry have been repeatedly brought to the public's attention due to the human rights violations and poor working conditions taking place in the assembly and manufacturing factories of some suppliers and/or subcontractors. Additionally, issues related to water and chemicals management in the supply chain also pose certain environmental risks and impacts to the surrounding ecosystems. As shareholders, we urge textile, apparel and footwear companies to implement robust due diligence practices, to ensure that their purchasing practices and supply chain management systems don't have a negative impact on workers, communities and the environment. We also urge the companies to be transparent on their efforts to help external stakeholders better understand the complexity of the problem and the various solutions in place.

As responsible shareholders who have engaged with companies in the textile, apparel and footwear industry for a more sustainable supply chain, we are strongly convinced of the need for the alignment of national textile initiatives within the European Union. We thus support a harmonized framework of sustainability guidelines at the European level and increased transparency, factors vital to addressing the urgent systemic challenges the sector is facing.

Having followed the developments in the sector for several years, we have observed that the various programs with different sustainability requirements and standards have led to an audit fatigue amongst different actors throughout the supply chain and have made it difficult to determine the efficiency of such programs in ensuring the respect of human and labour rights while having minimal harm to the environment. We have also noticed an increasing number of initiatives aimed at tackling these issues as a response to this. We thus welcome the launch of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector in 2017, a necessary reference for the industry. It is important that fashion brands, retailers, civil society and other multi-stakeholder initiatives collaborate to address these issues for a more sustainable textile industry following this guidance.

By focusing efforts and pooling resources, a harmonized framework for sustainability reporting and guidelines at the European level would strengthen the impact of the measures being done towards a more sustainable textile industry. The use of a common transparency tool such as the Sustainable Apparel Coalition's updated Higg Index would additionally free up resources that could be used to improve social and environmental conditions on the ground and provide external stakeholders, such as investors, with an industry accepted reference to which the supply chain practices and programs of

textile, apparel and footwear companies can be measured and held accountable for. An alignment, at the European level, of sustainability requirements based on the OECD Due Diligence Guidance would be an important step towards achieving long-lasting changes to addressing systemic issues in the textile industry.

We are therefore in support of the efforts undertaken by the Dutch Agreement on Sustainable Garments and Textiles, the German Partnership for Sustainable Textiles, and the Sustainable Apparel Coalition in consultation with the European Commission to use their leading roles to push the textile, apparel and footwear industry towards the following:

- Develop harmonized sustainability requirements and standards at a European level that are based on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
- Promote greater transparency through already existing tools such as the Sustainable Apparel Coalition's Higg Index.

In turn, when applicable, investor signatories also commit to engaging with companies in our portfolios to adhere to the OECD Due Diligence Guidance through tools such as the Higg Index and for companies who have operations in the German and/or Dutch market(s) to adhere to the respective national initiatives.

We believe that the sustainability of the global textile, apparel and footwear industry is a shared responsibility and as such requires the participation of governments, corporations, and civil society. We reiterate our conviction that greater transparency and harmonized sustainability requirements is instrumental in addressing the challenging task of protecting the rights of workers and the environment throughout the supply chain. These actions will pave the way to a sustainable future for the industry and the livelihoods that depend on it.

Signed:



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We are Sustainability Investing.