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About the Brooklyn Pledge to Accelerate Change

In September 2018, forty apparel industry stakeholders gathered at an event hosted by APG and the Brooklyn Fashion + Design Accelerator (BF+DA) entitled, *Connecting Finance and Sustainability: A dialogue towards action on human rights in the apparel sector*. The half-day event resulted in the framing of the **Brooklyn Pledge to Accelerate Change**.

The purpose of the gathering was to address human rights within the supply chain at the intersection of apparel and finance sectors. The conversation was deeply insightful and invigorating. The attendees comprising of selected apparel companies, investors and industry stakeholders distilled the discussion into six high-level recommendations that we are pleased to present to you. As outlined in this white paper, each recommendation is underpinned by specific actions that can be taken by investors, apparel companies, and social stakeholders.

Our organization has committed to taking the **Brooklyn Pledge to Accelerate Change** and hope you will consider joining us in adopting one action from the 57 recommendations categorized within the six themes listed below.

Categories for actions:

1. Clarify reporting and priorities
2. Incentivize best practices and empower employees
3. Keep sustainability front of mind for leadership
4. Build consumer awareness and demand
5. Empower suppliers
6. Model and encourage transparency

Below you will find two sections. Section one has the full list of recommendations for action and the *Brooklyn Pledge to Accelerate Change*. Section two is a summary of the event itself and a list of participants to give some background and context for the recommendations. Please review and share the pledge with your networks. Thank you for your engagement and look forward to our continued conversation.

Sincerely,

[ADD YOUR NAME AND ORGANIZATION HERE]

SECTION ONE: RECOMMENDATIONS

I: Clarify reporting and priorities

INVESTORS

- 1) Agree on common reporting requirements with peers to ensure consistent message from investors.
- 2) Prioritize the indicators upon which apparel companies report.
- 3) Make your questions/requests to apparel companies clear and specific: what do you want them to DO?
- 4) Be vocal about your priorities.
- 5) Find ways to align/collaborate with other investors on standards, indicators, reporting and requests for action.

APPAREL COMPANIES

- 6) Advise your investors and stakeholders: what is realistic and meaningful to report/act on?
- 7) Be clear on which benchmark you use and why.
- 8) Provide data on factory turnover.
- 9) Ensure credible monitoring.

STAKEHOLDERS

- 10) Advise on/contribute to aligning standards and research on benchmarks.
- 11) Be explicit about best practices: which initiatives do you support? Which not?

Investors use:

- [Corporate Human Rights Benchmark \(CHRB\)](#)
- [Global Reporting Initiative \(GRI\)](#)
- [Know the Chain](#)
- [Sustainable Development Goals \(SDGs\)](#)
- [Sustainability Accounting Standards Board \(SASB\)](#)
- [UN Guiding Principles](#)

[MSCI ESG Index](#)

[RepRisk](#)

[Sustainalytics](#)

[VIGGEO-Eiris](#)

Stakeholders mentioned:

- [Fair Labor Association \(FLA\)](#)
- [Ethical Trading Initiative \(ETI\)](#)

II. Incentivize best practices and empower employees

INVESTORS

- 1) Company leadership on sustainability should be part of the capital allocation decisions.
- 2) Walk the talk: look at long-term results of companies rather than just quarterly earnings.
- 4) Ensure that investment analysis of long-term performance of companies is rewarded. Meeting short-term targets should not be at the cost of the long term approach.
- 5) Include the design of compensation packages as a topic on your engagement agenda.

APPAREL COMPANIES

- 6) Show conviction not just compliance.
- 7) Reward management and employees for progress on the company sustainability agenda.
- 8) Empower individual employees and teams to steer on sustainability.

STAKEHOLDERS

- 9) Publically highlight best practices.
- 10) Raise the profiles of leaders.
- 11) Go behind the scenes: who is not at the table, but doing good work or raising the bar?
- 12) Work with policy makers to develop regulations or create tax advantages for leading companies.

Initiatives and resources on capacity building & supplier development

- [Accord on Fire and Building Safety in Bangladesh](#)
- [Alliance for Bangladesh Worker Safety](#)
- [Better Buying](#)
- [Fair Labor Association \(FLA\)](#)
- [Impactt](#)
- [SA8000 Standard](#)

III. Keep sustainability front of mind for leadership

INVESTORS

- 1) Engage senior management and board on demonstrating commitment to the company's sustainability agenda. Include compliance and risk officers to these conversations.
- 2) Use mainstream C-Level occasions to raise ESG issues.
- 3) Speak at mainstream investor conferences about sustainability.
- 4) Promote availability of high quality ESG data through various channels including those used by mainstream investors.
- 5) Ask sustainability related questions during regular calls with the company, and put on the agenda as appropriate.

APPAREL COMPANIES

- 6) Have management address sustainability topics in regular calls and at annual meetings.
- 7) Bring CFOs and risk officers to Responsible Investment events and train IR-teams on ESG.
- 8) Include sustainability in regular investor presentation and have sustainability experts join investor roadshows and other presentations to investors.
- 9) Have sustainable fashion brands collaborate with larger existing brands already established in the market to benefit from knowledge and capacity of smaller brands while building on scale of the large players.

STAKEHOLDERS

- 10) Ensure ESG is embedded in business school curriculums.
- 11) Educate young professionals by supporting/aligning with certification programs (e.g. CFA).
- 12) Train Investor Relations staff and Boards on the sustainability agenda.

IV. Build consumer awareness and demand

APPAREL COMPANIES

- 1) Give customers information on the sustainability profile of your products (e.g. where & how they are sourced and made).
- 2) Use effective marketing techniques to build consumer awareness and demand for sustainability.
- 3) Build effective collaborations with fellow civil society organizations.
- 4) Learn from/borrow from effective marketing campaigns (e.g. no plastic straws, UNICEF campaigns).
- 5) Leverage the current momentum around social causes.

V: Empower suppliers

INVESTORS

- 1) Ask companies how they are building capacity in their supply chain to realize their sustainability ambitions.
- 2) Ask companies what their supplier engagement strategy is around sustainability topics.
- 3) Ask companies about their buying, cost & incentive programs.
- 4) Ask companies how they use the results of purchasing maps to drive improvements.

APPAREL COMPANIES

- 5) Discuss sustainability with your suppliers to drive awareness down the supply chain.
- 6) Work with suppliers on improving and upgrading their processes (e.g. digitizing information & lessons learned).
- 7) Know your supplier – no program is “one size fits all”.
- 8) Map purchasing practices and use results to drive improvements.
- 9) Develop costing transparency for suppliers' wages.
- 10) Ensure workers in supply chain earn a decent/living wage.

VI: Model and encourage transparency

INVESTORS

- 1) Press companies on meaningful disclosure and accountability.
- 2) Refer to third-party monitoring reports to understand and address issues with companies.

Initiatives in support of tools to disclose factory performance

[Fair Labor Association \(FLA\)](#)
[Sustainable Apparel Coalition's Higg Index](#)

APPAREL COMPANIES

- 3) Build/expand Open Source Databases and benchmarks on factory performance and involve SMEs to contribute and have access to the database for their sourcing decisions.
- 4) Use third-party monitoring to understand and address issues with suppliers.
- 5) Map and disclose your supply chain.
- 6) Create tools for workers in your supply chain companies to report on working conditions.

STAKEHOLDERS

- 7) Encourage initiatives/fellow civil society stakeholders to build open source tools.
- 8) Advocate for/support transparency regulation (e.g. California's Supply Chains Act, Dutch Ministry considering transparency law).

Please review the recommendations above. Which one will your organization pledge to work on in 2019? Feel free to use the language of the pledge below or adapt it for distribution among your network and communication channels.

The Brooklyn Pledge to Accelerate Change

As an [investor/apparel company/social stakeholder], [NAME of ORGANIZATION] commits to taking action that improves the sustainability performance of the apparel sector.

In 2019 we pledge to [ADD RECOMMENDATION FROM BELOW] by [ADD SPECIFIC ACTION(s)].

We encourage our peers to review the recommendations and also pledge their commitment to action.

Signed,

[NAME, TITLE]

[NAME of ORGANIZATION]

SECTION TWO: EVENT SUMMARY

Framing the dialogue

Prior to the meeting, invitees considered a set of objectives and proposed topics to prepare for the workshop discussions in the second half:

Proposed topics:

- What metrics and other information are apparel companies already tracking/capable of tracking? Is supply chain transparency (publishing supplier information) sufficient?
- What are the investors' strategies regarding ethical labor practices in apparel company supply chains? Are certification programs sufficient for providing desired information to investors? Given the multiple perspectives on KPI's, are they useful to investors?
- How can investors assist apparel companies in improving ethical labor practices in their supply chains? Are there resources, other than financing, that investors can provide? Should investors be more vocal about the need for data from apparel companies?

Desired outcomes

Establish a clearer understanding among companies WHY investors want to be assured about safe working conditions in apparel production and WHAT information they want to see.

Establish a clearer understanding among investors WHAT they can expect from companies and HOW investors can spur a more sustainable apparel sector.

Connecting Finance & Sustainability: A dialogue towards action on human rights in the apparel sector

Participants were invited to participate from three key constituencies: large, long-term institutional investors, public and private apparel companies, and social stakeholders. Representatives from some of the largest and most influential responsible investors attended. Many of them already engage companies on social/human rights issues. The apparel companies in the room offered a diverse mix in terms of size, business model, and the stage their organizations are in towards implementing social and environmental sustainability models. Social and academic stakeholders also added their perspectives in the dialogue. A list of attendees is attached.

Keynote

Arvind Ganesan, Human Rights Watch addressed trends in identifying human rights issues in the apparel sector and beyond. He noted increased transparency on the horizon for companies, including global laws mandating supplier disclosure. Companies that can demonstrate accountability in their policies and procedures are ahead of the compliance curve. Arvind suggested that investors incentivize compliance by lowering the cost of capital for responsible companies and identified a role for governments in creating tax benefits for these companies. The expectation of transparency and the evolving regulatory requirements are connected to improving human rights outcomes.

Investor & company panel

BF+DA's Executive Director, **Deb Johnson**, moderated a discussion between representatives from APG, BlackRock, and Boston Common Asset Management and sustainability leaders from the apparel companies, Gap Inc., Eileen Fisher, and Li & Fung.

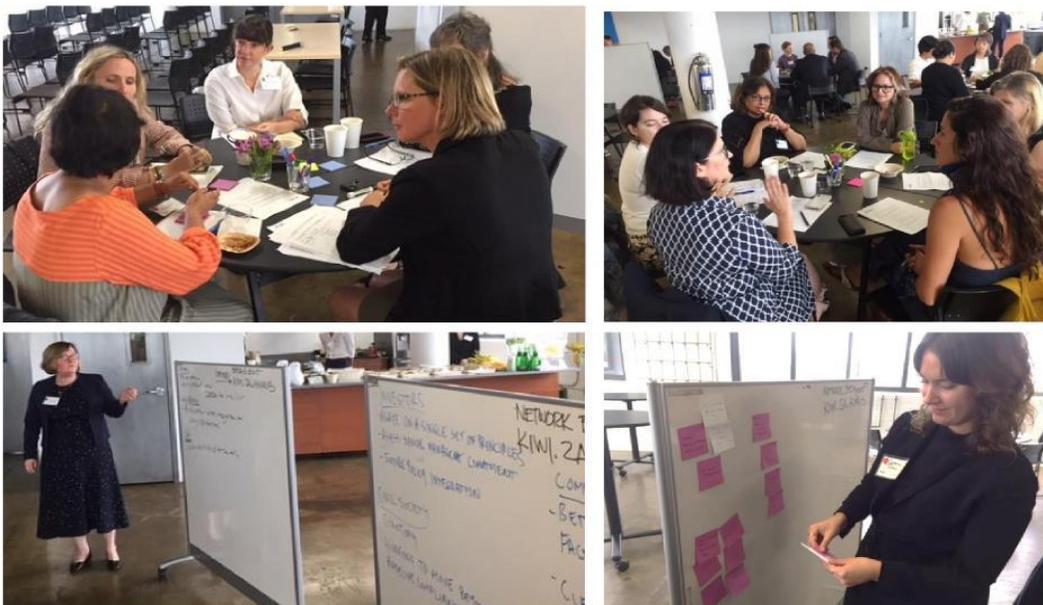
A common thread through the investor comments was to see companies regard responsible social and environmental practices as integral to the long-term strategy and health of the business and fundamental to their corporate citizenship. The pressure to disclose human rights policies and practices has gone beyond social activism. Long-term investors now consider these issues to be critical to making investment decisions. They want management teams to drive long-term value by integrating social and environmental sustainability into their core business.



The company panelists agreed that leadership is the key to driving engagement on these issues. They voiced a shared concern that the proliferation of benchmarks and reporting requests creates survey fatigue and are inefficient for their business. Their organizations are looking for a demonstrated holistic approach and clearer standards on what investors consider material. Lastly, they encouraged investors to raise concerns in forums where company CEOs and CFIs are in attendance.

Breakout discussion tables

After the keynote and panel, small groups were tasked with generating recommendations on concrete actions to make the apparel industry more sustainable. Each table generated a landscape of relevant data requests and requirements for corporate reporting. Participants listed actions that could be taken in the short and long term, asking: what can we do today, in the next three months, and in the coming years. These recommendations were sorted into six over-arching categories.



Attendees

Company participants

Amy Hall, Eileen Fisher* *Speaker*
Anna Chiu, PVH Corp.
Celine DeCarlo, Mara Hoffman
Dana Davis, Mara Hoffman
Dan Fibiger, Gap Inc.* *Speaker*
Elizabeth Pulos, Macy's Inc
Harsh Saini, Li & Fung Ltd.* *Speaker*
Joy Echer, Foot Locker
Lily Oswald, PVH Corp.
Neva Sutrisno, Global Brands Group
Nina Dornheim, Hechoxnosotros and Animaná
Pamela Mar, Fung Group
Teddy S. Tawil, Global Brands Group
Vivian Tai, Global Brands Group

Investor participants

Anna Pot, APG* *Speaker*
Clarele Mortimer, Morgan Stanley
Heather Courtney, Alwyn Capital
John Adler, New York Mayor's Office
Lauren Compere, Boston Common Asset Management* *Speaker*
Melanie Brooks, NBIM
Yumi Narita, BlackRock* *Speaker*

Stakeholder participants

Arvind Ganesan, Human Rights Watch* *Speaker (Keynote)*
David Schilling, ICCR
Celeste Lilore, Textile Exchange
Babbie Jacobs, The Triskeles Foundation
Catherine Harris, Acre
Casey O'Connor-Willis, NYU Stern Center for Business and Human Rights
Debera Johnson, Brooklyn Fashion + Design Accelerator* *Moderator*
Esther Pang, Columbia Sustainable Finance Professional Network
Frances Bronet, Pratt Institute* *Speaker*
Jane Hwang, Social Accountability International (SAI)
Joanne Bauer, Business and Human Rights Institute for the Study of Human Rights, Columbia University
Katie Schmitz Eulitt, Sustainability Accounting Standards Board
Ramona Moorhead, Social Accountability International (SAI)
Rene Blank, Columbia Sustainable Finance Professional Network
Richa Agarwal, Brooklyn Fashion + Design Accelerator, Pratt Institute
Sarah Jacobstein, UNICEF USA



Connecting Finance and Sustainability: A dialogue towards action on human rights was hosted by APG and the Brooklyn Fashion + Design Accelerator (BF+DA).

About APG

APG is a financial services provider offering pension administration, communication, employer services and asset management to pension funds in the Netherlands. APG invests €482 billion (July 2018) for pension funds with the greatest possible care, so that our clients and their participants can realize a good, affordable pension in a sustainable world. As a leading global, long-term, responsible investor, we balance risk, return, and cost with environmental, social, and governance concerns. The result: an average return of approximately 7 percent for the past 20 years. APG works for over 25,000 Dutch employers and provides retirement income for 4.5 million pension participants in the Netherlands.

About BF+DA

BF+DA, a Pratt Institute initiative, is a hub for ethical fashion and design that provides design entrepreneurs, creative technologists and industry professionals with the resources they need to transform their ideas into successful, triple bottom line businesses. The BF+DA provides 21,000 square feet of apparel production, research, and work space, with services that include business mentorship, sustainable strategies consulting, materials sourcing, small-run apparel production, computerized knitting services, and digital fabrication services. Sustainable emerging design businesses are selected to work from the BF+DA, either as Venture Fellows (mentorship program) or Research Fellows. The BF+DA also serves digital fabrication clients, and over 8,000 event, tour, and educational program attendees. The BF+DA Membership program offerings further its mission and reach.

For more information about [The Brooklyn Pledge to Accelerate Change](#) contact:

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