Consumption: Retail, Apparel and Household

Sustainable Development Analysis Framework

Author: Francesca Suarez

Sectors: Apparel accessories and luxury goods, apparel retail, catalogue retail, department stores, footwear, general merchandise stores, home improvement retail, home furnishing retail, household appliances, internet retail, leisure products, specialty stores and textiles

Written: April 2018

Companies in these industries are exposed to a wide set of issues ranging from social issues in the supply chain to environmental issues linked to the manufacturing processes and the sourcing of their raw materials. While the social risks have been known for quite some time (such as labour and human rights violations in manufacturing plants and on cotton farms), there is an increasing awareness for the environmental impacts, most particularly with regard to water use: the chemicals used and the improper disposal of wastewater into local sources of water. The growing demand for these products, a consequence of the rising middle class, further magnifies these impacts. The frequency at which consumers dispose of products to buy new ones is also creating environmental problems at the end of life phase of these products. Conscious of these impacts, consumers are increasingly demanding from these companies to provide products that minimize negative environmental and social impacts. Unlike most of Mirova's sectors where products and services have a direct contribution to the Sustainable Development Goals, there are limited opportunities as to what the companies in this sector can offer with regards to the direct impacts of the products. Nevertheless, companies can still capture opportunities by offering products that are eco-friendly (e.g. organic cotton certified, eco-design, eco-efficient for appliances) or certified fair trade and by transforming their business models into a more circular one.

Major Sustainability Challenges for the Sector

		Environmental impacts			Social impacts			Financial Materiality
		Climate stability	Healthy ecosystems	Resource security	Basic needs	Wellbeing	Decent work	
Products (Sources of opportunity)	Sustainably certified and/or designed products		14 15	12	1		8	
	Circular business model		14 15	12				
Processes (Sources of risk)	Labour rights in the supply chain				1 10		8 10	
	Environmental management		14 15	12				
	Human resources					5 10	8	
	Business ethics	Governance matters have a potential impact on all sustainability issues						
	Sustainability governance							

High Moderate Low

1 Sustainable Develoment Goal corresponding to opportunity or risk (detailed in the annex)

Table of Contents

Sustainability Opportunities

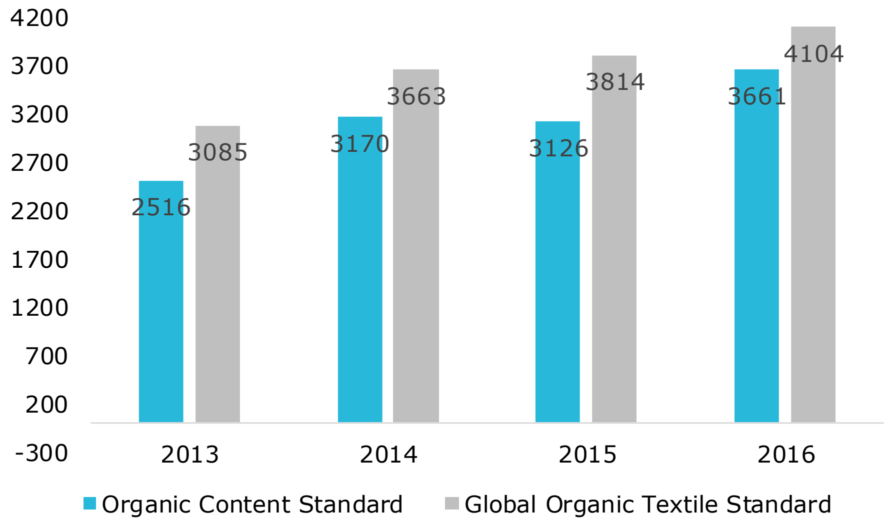
E/S Sustainably certified and/or designed products

The majority of the negative social and environmental impacts of Retail & Apparel companies are found in their supply chains - deforestation, impacts on biodiversity, impacts on the rights of smallholder farmers and local communities, water pollution, and poor labour conditions. Consumers' awareness of such impacts is gradually increasing, partly due to campaigns held by concerned non-profit organizations and the increasingly common media reports on these issues. The best-known examples are the impacts of cotton harvesting on droughts in certain areas such as Uzbekistan and the poor working conditions and human rights violations of different garment manufacturing companies in various developing markets. Furthermore, using a lifecycle analysis, part of the environmental impacts are during the consumer use-phase of certain products such as the energy use of home appliances. Companies can appeal to the growing population of conscious consumers by increasing transparency on how their products are sourced and produced to ensure that they are done so in a responsible and sustainable matter. Companies that sell electrical appliances can enhance their sustainability offerings by producing appliances that are more energy and water efficient than the market average.

8.8% growth of USA Organic Non-Food Sales (including textile and apparel) in 2016

(TextileExchange, 2017)

Figure 1 : Number of Certification Units for Organic Content Standard[1] and Global Organic Textile Standard[2]



Source: Mirova / (TextileExchange, 2017)

The best and the most credible way for companies to assure their consumers and other stakeholders that they adhere to certain standards is through third-party certifications. Third-party certifications provide consumers with the transparency and credibility required in order to ensure that their purchasing decisions do not negatively impact the environment and/or society. These certification processes are nevertheless not perfect. Companies would thus need to work collaboratively with the certification organisations and other relevant third parties to improve the processes and maintain its integrity. Third-party certifications vary depending on the

[1] *Certification whereby 95% of raw material is organic material*
[2] *Certification whereby 70% of fibre is organic material*

underlying theme (e.g. social certifications, such as the Fair Trade certification, would have a stronger focus on the social aspects of the supply chain, or Certified Organic, would focus more on the use of pesticides and fertilizers), but all of them have minimal social and environmental standards that must be respected.

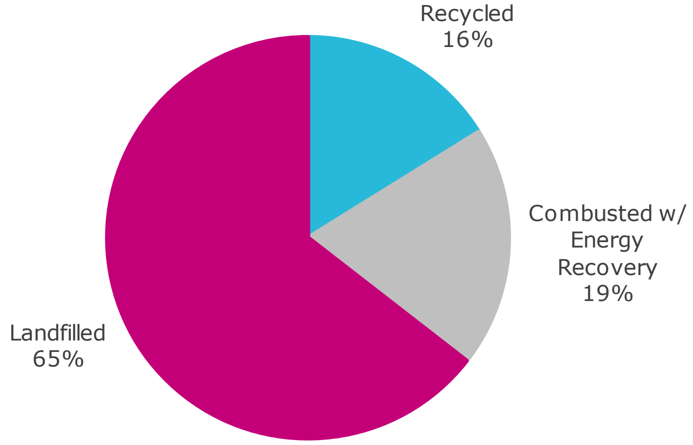
Eco-design and the Circular Economy

Today's retail and apparel industry is a linear one whereby non-renewable and renewable resources are turned into products that are mainly sent to landfill or incinerated after their use. Additionally, the increase in globalization has caused the prices of these products to decrease. That these products are now more affordable has then increased the rate of which they are renewed and disposed of. For example, clothing utilization in China has decreased by 70% over the past 15 years (Ellen MacArthur Foundation, 2017). This decrease in clothing utilization not only multiplies the negative impacts incurred during their production but also increases the amount of undervalued and underutilised products in landfills. As such, if companies are to be sustainable and to survive, they would need to reconsider the current linear system and transform it into a circular one through innovation and collaboration.

16.22 million of tons of textile waste was generated in the USA in 2014

(EPA, 2016)

Figure 2 : Textile Waste Management in the USA (2014)



Source: Mirova, (EPA, 2016)

Companies can start in the design phase of their products by integrating eco-design principles. Intergating eco-design principles could increase the recyclability and the durability of their products while at the same time minimize the environmental and social risks linked to the product. Companies can also increase the circularity of their products by increasing the use of recycled materials. While this is currently in its infantile stages, several companies have started integrating recycled materials into their production lines.

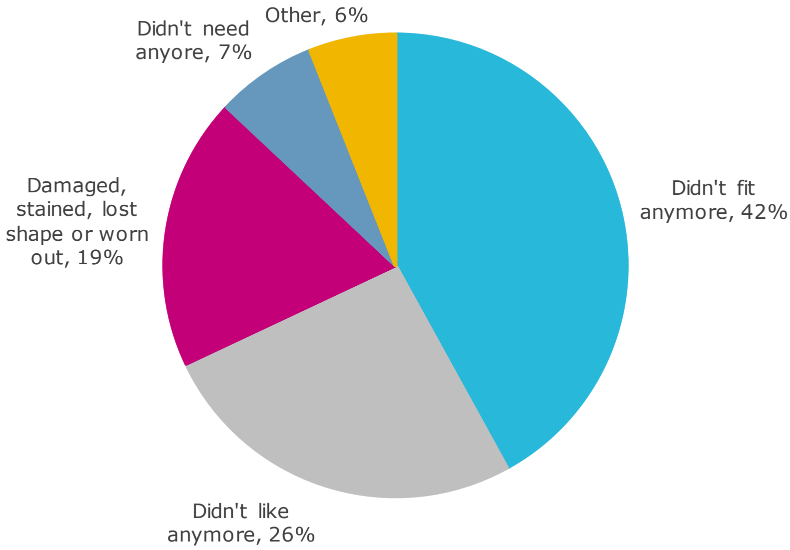
Companies can also make their business models more circular first by increasing the amount of time their products are being used through different marketing strategies. Solutions to this are short-term rentals, and making durability aspirational through advertising campaigns. Companies can also play role in setting up the infrastructure necessary to recycle their products and increase awareness amongst their consumers on the importance of recycling their unwanted products.

$500 billion

worth of value is lost yearly due to clothing underutilisation and lack of recycling

(Ellen MacArthur Foundation, 2017)

Figure 3 : Reasons for Disposal/Donation/Sale of Clothing in the UK



Source: Mirova, (WRAP, 2016)

The solutions outlined have yet to be tried and tested in the real world. Yet the adoption of these solutions is important for the future of the industry. No company under Mirova's universe can be considered as fully circular. Nevertheless, with the help of organizations focused on the circular economy, companies have been making steps towards circularity and these actions will be closely followed.

We see third-party certifications as a good indicator of a commitment to sustainability and transparency. We therefore look for companies that are certified for their environmental and social behaviours beyond local legal requirements. We also see a sustainability opportunity in educating consumers on the most environmentally-sound way of using a company's products.

Companies' initiatives towards transforming to a more circular model will be analyzed. These initiatives include increasing the amount of time their products are used, ensuring the recyclability of its products and contributing to the recycling infrastructures in markets where present. As most of these initiatives are still in their nascent stages and their contribution to business growth is yet to be quantified, it will be rare that companies are deemed significanty exposed to this theme.

Key indicators

- % of products with a third-party sustainably sourced certification
- % of product lines or brands that take into consideration sustainable design
- % of recycled material found in products
- % of products that are recyclable
- Indicators on product utilization such as amount of time products are used before disposed, frequency that products are re-used before disposed

Exposure to Opportunities

	Indicators considered : - % of products with a third-party sustainably sourced certification - % of product lines or brands that take into consideration sustainable design - % of recycled material found in products - % of products with high recycled material	
High exposure	>50%	The analysis of the company's overall strategy together with its R&D focus would complement the quantitative indicators.
Significant exposure	Between 10% and 50%	
Low or no exposure	<10%	
Negative exposure	No companies are currently rated at this level.	

View on Active and Healthy lifestyles

The increasing number of obese and overweight people is causing a global health epidemic. Addressing this issue involves two aspects: 1) changing eating behaviours towards food with a more nutritious and healthy profile at moderate amounts and 2) increasing the amount of physical activity. While stronger focus should be given to the first aspect, the importance of an active lifestyle must not be overlooked in the fight against an increasingly heavier global population. Through the marketing and use of their products, companies can promote and further encourage physical activity within their customers, thereby participating in the push for healthier and more active lifestyles. In this sense, sports companies are well positioned in doing so, as the primary use and main marketing angle of their products is in the context of sports and physical activity. However, the increasing presence of activewear in fashion trends is blurring the lines, thereby creating a need to emphasize the company's proactive role in encouraging an active lifestyle through its marketing practices to ensure that the sport in question plays the main role in its advertising campaigns. Exposure to sportswear is taken with great caution. While this will be given a positive consideration, the opportunities rating will still be rated as Low or No exposure.

Environmental and Social Risk

36% of global clothing exports came from China in 2016, the world's biggest exporter. The European Union came second with 26% and Bangladesh is third with 6% of share.

(WTO, 2017)

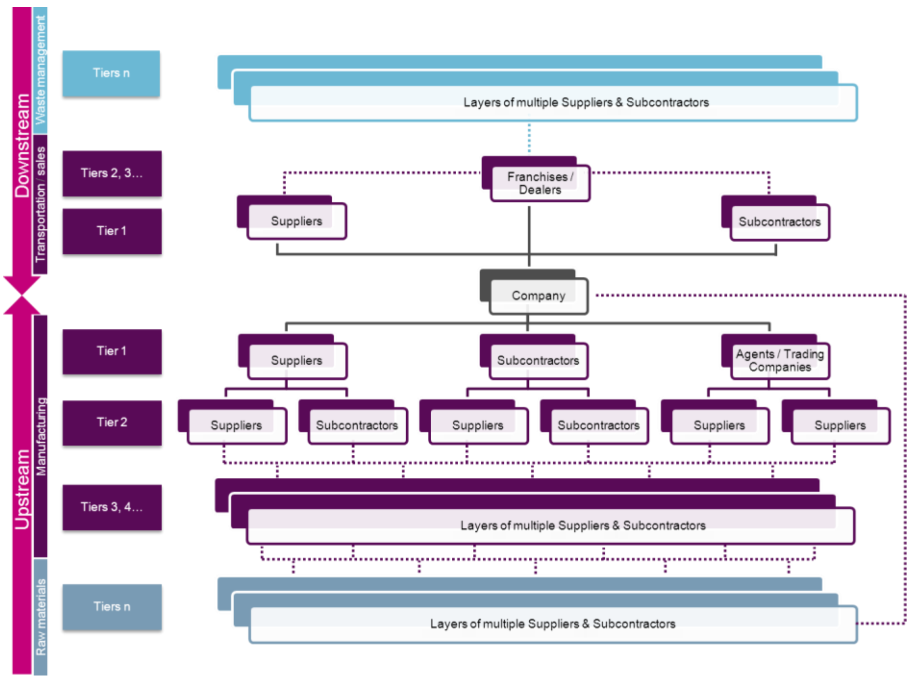
37% of clothing were imported by the European Union in 2016. The United States was the second biggest importer (19.5%)

(WTO, 2017)

S Labour rights in the supply chain

It is common practice in the industry for companies to outsource production to markets where labour costs are lower. This is particularly beneficial for the industry where the manufacturing of their products is known to be labour intensive. However, markets where labour costs are low are also markets where labour standards and rights are not well implemented or often respected and where infrastructure is not adapted to larger scale industries. Since the 1990s, various controversies have risen with regard to labour conditions where garment and footwear products are being made. The controversies are quite common in most locations of where these factories are based: poor or even dangerous working environments, incidences of child and/or forced labour, unpaid overtime, excessive overtime and no respect for the workers' freedom of association and right to collective bargaining. Some suppliers are also known to subcontract certain orders without consent from their clients to factories where conditions could be even poorer. Additionally, further up the supply chain, cotton harvesting also has its own social implications. Due to the high need for labour for harvesting and picking, forced and child labour is frequently found on cotton farms. Furthermore, the excessive use of pesticides in cotton harvesting is hazardous to the health of the farmers.

Figure 4 : Typical Chain of Suppliers and Subcontractors



Source: Mirova

While these controversies happen outside the companies' direct operations, through their commercial relations with their suppliers, they still have some responsibility to ensure that these controversies do not happen in the factories where their products are manufactured. Today's global supply chains are complex (see Figure 4) and as such having proper oversight and transparency over one's supply chain is a challenging task. In order Governments are also taking part by implementing laws that require companies to have a better oversight over their supply chain. Examples of such laws are the UK's Modern Slavery Act, France's *Devoir de Vigilance*[3] and California State's Transparency in Supply Chains Act.

As such, the company needs to perform adequate due diligence to ensure that different actors in their supply chain respect their employees' rights and provide them with adequate working terms and conditions. This includes companies working together with different their suppliers and relevant third-party organizations to ensure that the human and labour rights are not being violated throughout their supply chain. Furthermore, companies should equally ensure that their commercial terms and relationships with their suppliers do not encourage their suppliers to cut corners to fulfil companies' orders to the detriment of their workers.

We ask companies in this sector to show measures taken to ensure adequate working conditions throughout the production process. This is usually done through self-answered questionnaires and/or on-site audits in-house or by third parties. We also encourage companies to be transparent when it comes to the supplier code of conduct, the list of suppliers and the different initiatives to promote fair working terms and conditions at the factory level. We ask companies to take part in multi-stakeholder collaborations to address these issues that are not isolated to one company.

Companies should ensure that their own practices do not push supplier factories beyond their limits. This includes aggressive negotiation tactics, placing last minute changes to orders and giving orders above factories' physical capabilities. Employees who regularly work with suppliers should be aware of the social challenges companies face at the factory level. We encourage the application of a responsible purchasing charter to the company's employees, increased traceability throughout the supply chain, and increased awareness of the social violations found at the supplier level amongst its buyers.

Key indicators

- Publication of key elements to mitigate social risk at the supplier level such as the supplier code of conduct, their list of suppliers, and their audit methodology, scores and results
- % of suppliers that are considered key suppliers
- % of purchases from certified Fair Trade organizations
- % of purchasers that are trained on sustainable development issues at their supply chain
- % of suppliers that are audited for social risks
- % of traceability along the supply chain
- % of cotton procured directly from the farmers and/or cooperatives
- Level of company participation in mutli-stakeholder initiatives

43 million tonnes of chemicals are used to produce textiles

(Ellen MacArthur Foundation, 2017)

E Environmental Management

The Retail & Apparel sector covers a variety of diverse companies with various environmental impacts at different levels of gravity. Companies in this sector include clothing companies where their main impacts are in the earth's waterways, home furnishing companies where deforestation is more

[3] *Duty of Care*

of a concern, home appliances companies and retailers where energy and water efficiency is most important.

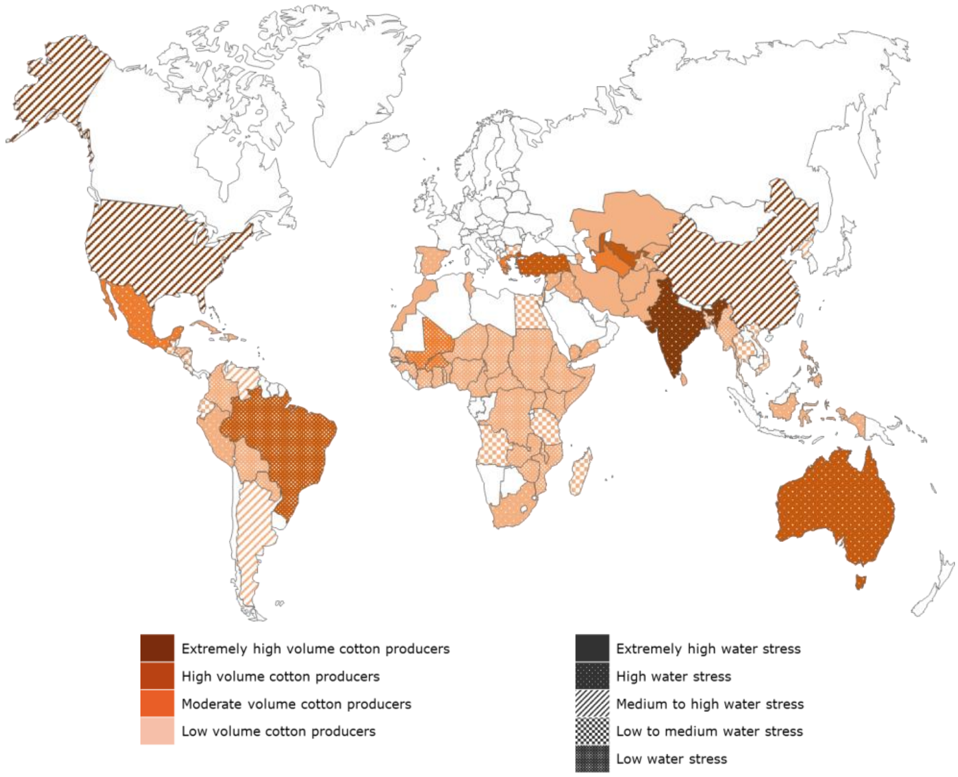
Of the companies in the sector, the environmental impacts of textile and garment companies are potentially the most significant and urgent. The industry has one of the largest water footprints globally. The cultivation and harvesting of cotton is very water intensive and their negative environmental impacts are already being experienced. The unsustainable farming of cotton (the excessive use of water and pesticides) has led to the complete drying up of the Aral Sea in Central Asia. This is further highlighted in the graph below whereby that area is in extremely high water stress and yet continues to be a major cotton producing region.

Currently, cotton is one of the most water thirsty crops in several other large River Basins such as the Indus River in Pakistan, and the Rio Grande in the United States and Mexico.

20,000+ liters of water are needed to produce 1kg of cotton (equivalent to one t-shirt and a pair of jeans)

(WWF)

Figure 5: World Cotton Producers vs. Water Stress



Source: Mirova, (USDA Foreign Agricultural Service, 2018), (Gassert, Reig, Luo, & Maddocks, 2013)

In the production phase, the World Bank estimates that roughly 20% of global industrial water pollution is a result of the treatment and dyeing of textiles (Kant, 2012). The dyeing, rinsing, and treatment of textiles require a large amount of fresh water. If the water is not properly treated prior to release, these toxic chemicals used for the treatment of textiles reach our water supply and some of these chemicals cannot be filtered or removed. The same problems are also found in leather tanneries and their high use of chemicals. These substances used in different stages of the manufacturing process remain with the product, raising concerns on how this would affect people and the environment. Furthermore, clothes made of from plastic-based textile (e.g. nylon and polyester) release microfibres while they are washed that are then leaked into the ocean, polluting the water ecosystem and going into the food chain.

For home furnishing companies, their impacts are mainly found in the sourcing of their wood, as it is the main material for the majority of the industry's products. While wood is a renewable resource, unsustainable and illegal logging can lead to detrimental environmental consequences such as deforestation and adverse effects on biodiversity. The WWF estimates that logging in violation of national laws accounts for 8-10% of global production and trade, and 40-50% of logging in some of the most important forests on earth.

For the remaining sectors, household appliances and retailers, their main impacts are linked with the energy and water use and waste production of their operations and manufacturing sites. While there is no data on the collective environmental impact of these industries, it is nevertheless important to increase the water and energy efficiency of one's operations and ensure that manufacturing waste is recycled as much as possible.

As outlined, the environmental impacts of the Retail & Apparel sector are found in different parts of its supply chain, from the sourcing of raw materials to the manufacturing of the finished goods, and its direct operations. Companies then have a role to play by using their commercial leverage to encourage more sustainable practices in their suppliers. First would be by sourcing responsibly. This includes sourcing through certified processes such as organic, Better Cotton and FSC when possible. Another would be by eliminating the use of materials that have negative impacts on the environment throughout the use of the product. In the manufacturing phase, companies would need to reduce the use of chemicals and to phase out the use of substances of concern (e.g. perfluorinated chemicals, PFCs). Furthermore, companies also need to ensure that their business relationships with their suppliers are healthy enough to better encourage more environmental practices in their factories and suppliers' operations. Solutions are the same as those presented in the previous section on labour rights.

Companies that implement strict environmental standards with a strong focus on their supply chain can better mitigate the environmental risks linked to their products. We encourage companies to eliminate the use of pollutant raw materials, to reduce the amount of chemicals used and to phase out the number of hazardous chemicals from their treatment process. Collaboration with third-party organisations can help accelerate the process. While this is mainly targeted towards textile companies, it is also true for home furnishing and household appliances companies. Furthermore, the application of technology that makes their processes more environmentally friendly is a proactive way for companies to address this issue. An example of this is the no water or less water dyeing technology that is currently gaining momentum in the textile industry. In

Key indicators

- Environmental protection in the supplier code of conduct that is mandatory
- % of suppliers that are considered key suppliers and/or audited for environmental risks
- % of cotton sourced from areas of high water stress
- % of timber that is sourced from highly valuable and threatened forests
- % of dyeing factories and/or tanneries located in areas of high water stress

terms of the sustainable procurement of cotton and timber, companies should prioritize the purchase of sustainably certified materials whenever possible and should encourage the use of more sustainable practices amongst their cotton farmers and forest managers.

- % of purchases bought from sustainably certified organisations
- % of water treated and/or recycled
- % of chemicals used that are deemed hazardous by third-party organizations
- % of raw materials that are renewable and sustainably sourced

S Human Resources

Most companies in these sectors sell their products directly in their stores. These stores usually have a significant employment base with store hours being more than the regular 8 hours. Furthermore, these types of jobs tend to be physically demanding, low-paying and low-skilled thereby attracting the lesser educated and more vulnerable population in any labour force. Additionally, research has shown that retail companies investing in their labour force can bring about operational benefits to the company as well. Such examples of these are higher labour productivity and increased customer satisfaction (Ton, 2012). Consequently, it is also to the benefit of the company to invest in proper management.

We expect companies to have a labour management policy that is at least in line with the International Labour Organisation's 8 Fundamental Conventions addressing the following underlying issues: freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced and compulsory labour, effective abolition of child labour and elimination of discrimination in respect of employment and occupation. We give a particular importance to the freedom of association and collective bargaining as this freedom is not always respected in several labour markets.

Key indicators

- Presence of a labour management policy
- Scope and coverage of labour management policy
- Performance indicators: % of global workforce that is covered by collective bargaining agreements
- Absenteeism
- Employee turnover

G Business Ethics

While companies in these sectors are not the most exposed or the most likely to be found engaging in controversial practices from a business ethics point of view, it is nevertheless important that companies be transparent with regard to their lobbying practices and anti-corruption and bribery policies and initiatives.

Furthermore, considering that companies in this industry are global organisations, we would also appreciate more transparency with regard to their tax optimization strategy.

Beyond having the necessary policies in place (business ethics, lobbying and donations, etc.), we would appreciate more information as to how the company ensures that these policies are implemented throughout the entirety of its operations.

Furthermore, we encourage companies to have in place a transparency policy with regard to their lobbying efforts, donations made to third-party organisations, and country-by-country reporting on taxes in countries with operations.

Key indicators

- Presence of the following policies: business ethics, lobbying and donations
- On-going business ethics litigations and company response
- Lobbying and donation report
- Ethical controversies around the company and their response
- Effective tax rate
- Tax country by country reporting

G Sustainability Governance

As a whole, it is important to understand how the company integrates sustainability into its core strategy and how it is implemented in its operations. The good governance of sustainability, with support from top management, is more likely to have a sustainable strategy that is credible and robust.

We encourage companies to have both a top-down and bottom-up approach when it comes to sustainability: top-down in the sense that there is support from the CEO and Chairman to effectively put into place a sustainability strategy that is in line with the company's overall strategy, and bottom-up where employees are encouraged to use their creativity and experience to better integrate sustainability into their everyday working life.

Key indicators

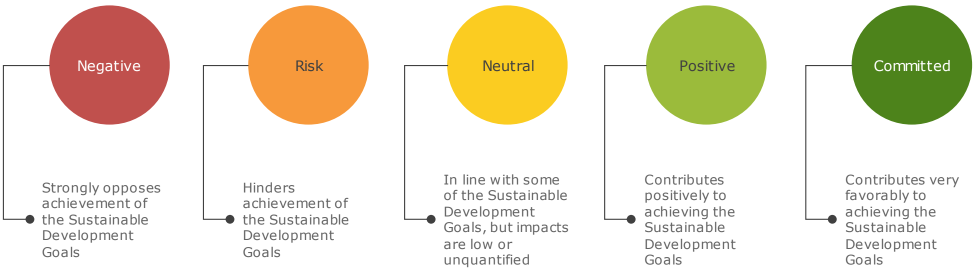
- Management to whom the director of sustainability reports to
- Presence of sustainability targets into the variable compensation of the executive committee
- Presence of an externally audited and certified sustainability report

Risk Assessment

	Criteria
Positive	Not be eligible for a Risk rating AND - Evidence of robust environmental and/or social management systems that effectively address the company's environmental and social issues in the entirety of its operations and include a majority of its supply chain - Productive responses to ethical controversies with evidence towards improvement OR - Absence of ethical controversies
Neutral	All other cases
Risk	- Responses to repeated ethical controversies that are deemed as insufficient or inappropriate or - Company practices and/or environment that go against any of the issues outlined above or - Weak governance structure of sustainability to allow for sustainability practices to flourish

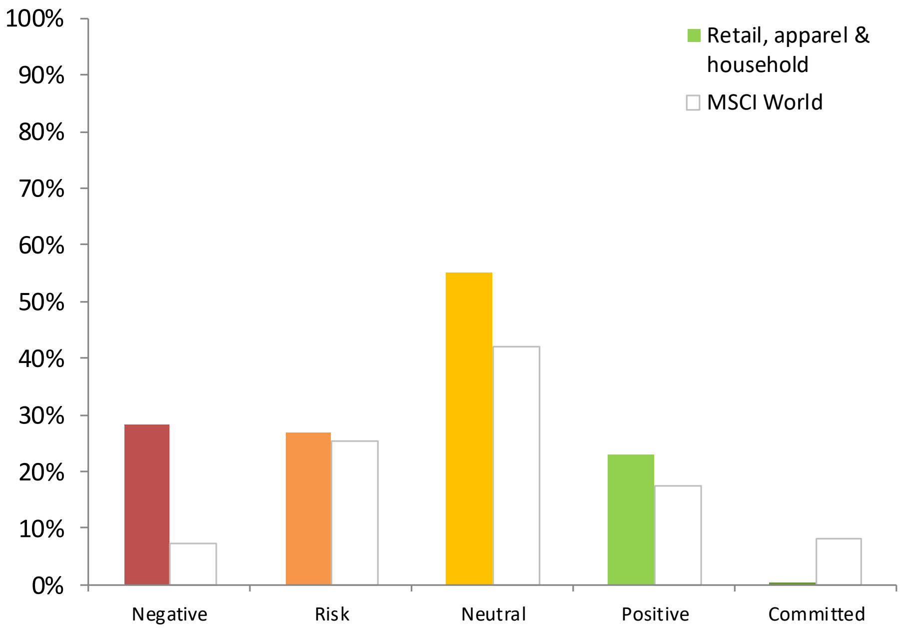
Opinion Breakdown

Based on this framework of analysis, a "sustainability opinion" is defined for each issuer on a scale of five levels.



The following figure illustrates the distribution of Mirova's sustainability opinions for the companies in this sector found in the MSCI World index, compared to the index as a whole.

Figure 6 : Sustainability Opinions of the Retail, Apparel and Household Sector vs. the MSCI World Index



Source: Mirova, 2017

Companies in this sector tend to have a "Neutral" Sustainability Opinion as these companies in these sectors tend to not be exposed to the sustainability opportunities as identified and have sustainability practices that are within industry standards and not proactive enough to be considered positive. Positive companies are those that have put in place initiatives that have helped them better mitigate their environmental and social risks such as increased traceability of their supply chain and raw materials and better relationships with their suppliers that would allow to better encourage sustainability practices throughout their supply chain. Positively rated companies are also those that offer energy efficient products that would help their customers consume less energy during the use phase. Companies rated committed are those who produce sports equipment (e.g. bicycles) that are necessary for a more active lifestyle.

Conclusion

The retail and apparel industry is different in the sense that the industry as a whole is less prone to offering products and services that provide sustainable development solutions. The few opportunities identified are either not very straightforward (healthy lifestyles through sporting companies) or still represent only a small part of their overall revenues (sustainably certified products). Furthermore, the rise in demand for the sector's products will put even more pressure on the environment. A particular concern is the rise of fast fashion and whether such a business model can fully be sustainable. Nevertheless, companies are making an effort to ensure the sustainability of their products (e.g. increasing use of sustainably sourced raw materials, increasing recycled content in and the recyclability of their products) and have shown small signs of the willingness to transform their business model into a more circular one.

In terms of environmental and social risks, the two main risks of the industry are human rights and working conditions in the supply chain and the various environmental impacts, most particularly on water and forests. As they are mainly found within the supply chain, the proper mitigation and avoidance of these risks requires a comprehensive supply chain management program that includes the following aspects: enhanced relationships with key suppliers, increased traceability from the raw materials phase to the production and manufacturing phase, inclusion of social and environmental clauses in their contracts, the formalization and implementation of environmental and social audits at the supplier level and the inclusion of sustainability criteria in the overall supplier selection process. Furthermore, companies can also tackle these issues by introducing more water and/or energy efficient technology, such as waterless dyeing for companies in the textile sector. Proper labour management is also required with their direct employees, particularly those working in their retail shops. Along with comprehensive policies and best practices, a stable and robust governance structure overlooking these measures is needed to ensure its effectiveness.

The level of transparency is very important when it comes to determining the sustainability of the company. As such, even if the products of the company clearly provide opportunities for sustainable development, a company can be excluded from the investable universe due to the lack of transparency in their environmental and social risk management. This can happen with repeated controversies and responses deemed inadequate given the scale, or if risk management is not deemed sufficient considering the level of exposure. This is usually determined after regular discussions with companies on certain issues that pose a serious concern. If after multiple discussions with the company, the practices in place are not considered sufficient with regard to the risks at hand, then the company can be rated as not investible from an ESG standpoint. When possible, discussion with the company is established before giving the company in question a risk rating.

Sustainable Development Goals

1. End poverty in all its forms everywhere

2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

3. Ensure healthy lives and promote well-being for all at all ages

4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

5. Achieve gender equality and empower all women and girls

6. Ensure availability and sustainable management of water and sanitation for all

7. Ensure access to affordable, reliable, sustainable and modern energy for all

8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

10. Reduce inequality within and among countries

11. Make cities and human settlements inclusive, safe, resilient and sustainable

12. Ensure sustainable consumption and production patterns

13. Take urgent action to combat climate change and its impacts

14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

http://www.un.org/sustainabledevelopment/sustainable-development-goals/

Sources

Ellen MacArthur Foundation. (2017). *A New Textiles Economy: Redesigning Fashion's Future.*

EPA. (2016). *Advancing Sustainable Materials Management: 2014 Fact Sheet.* United States Environmental Protection Agency.

Gassert, F., Reig, P., Luo, T., & Maddocks, A. (2013). *Aqueduct country and river basin rankings: a weighted aggregation of spatially distinct hydrological indicators. .* Washington D.C.: World Resources Institute.

Kant, R. (2012). *Textile dyeing industry an environmental hazard.* Natural Science.

TextileExchange. (2017). *Organic Cotton Market Report.*

Ton, Z. (2012). *Why "Good Jobs" are Good for Retailers".* Harvard Business Review. Récupéré sur https://hbr.org/2012/01/why-good-jobs-are-good-for-retailers

USDA Foreign Agricultural Service. (2018, April 13). *Custom Query*. Récupéré sur United States Department of Agriculture Foreign Agricultural Service: https://apps.fas.usda.gov/psdonline/app/index.html#/app/advQuery

WRAP. (2016). *SCAP textiles tracker survey.*

Disclaimer

This document is intended for professional clients only in accordance with MIFID. If no and you receive this document sent in error, please destroy it and indicate this breach to Mirova.

Products and services do not take into account any particular investment objectives, financial situation nor specific need. Mirova will not be held liable for any financial loss or decision taken or not taken on the basis of the information disclosed in this document, nor for any use that a third party might make of this information. This document in no way constitutes an advice service, in particular an investment advice.

This document is a non-contractual document and serves for information purpose only. This document is strictly confidential and it may not be used for any purpose other than that for which it was conceived and may not be copied, distributed or communicated to third parties, in part or in whole, without the prior written consent of Mirova. This document may not be used in some jurisdictions where such offers or promotions have not been authorized by the competent authorities. Each investor must ensure he complies with these requirements and prohibitions.

No information contained in this document may be interpreted as being contractual in any way. Information contained in this document is based on present circumstances, intentions and beliefs and may require subsequent modifications. No responsibility or liability is accepted by Mirova towards any person for errors, misstatements or omissions in this document or, concerning any other such information or materials, for the adequacy, accuracy, completeness or reasonableness of such information. While the information contained in this document is believed to be accurate, Mirova expressly disclaims any and all liability for any representations, expressed or implied, with respect to this document. Prices, margins and fees are deemed to be indicative only and are subject to changes at any time depending on, inter alia, market conditions. Mirova reserves the right to modify any information contained in this document at any time without notice. More generally, Mirova, its parents, its subsidiaries, its reference shareholders, the funds Mirova manages and its directors, its officers and partners, its employees, its representative, its agents or its relevant boards will not be held liable on the basis of the information disclosed in this document, nor for any use that a third party might make of this information. This document has been created and prepared by Mirova based on sources it considers to be reliable. However, Mirova does not guarantee the accuracy, adequacy or completeness of information obtained from external sources included in this document.

Additional notes

This material has been provided for information purposes only to investment service providers or other Professional Clients, Qualified or Institutional Investors and, when required by local regulation, only at their written request. This material must not be used with Retail Investors.

In the E.U. (outside of the UK): Provided by Natixis Investment Managers S.A. or one of its branch offices listed below. Natixis Investment Managers S.A. is a Luxembourg management company that is authorized by the Commission de Surveillance du Secteur Financier and is incorporated under Luxembourg laws and registered under n. B 115843. Registered office of Natixis Investment Managers S.A.: 2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. France: Natixis Investment Managers Distribution (n.509 471 173 RCS Paris). Registered office: 43 avenue Pierre Mendès France, 75013 Paris. Italy: Natixis Investment Managers S.A., Succursale Italiana (Bank of Italy Register of Italian Asset Management Companies no 23458.3). Registered office: Via Larga, 2 - 20122, Milan, Italy. Germany: Natixis Investment Managers S.A., Zweigniederlassung Deutschland (Registration number: HRB 88541). Registered office: Im Trutz Frankfurt 55, Westend Carrée, 7. Floor, Frankfurt am Main 60322, Germany. Netherlands: Natixis Investment Managers, Nederlands (Registration number 50774670). Registered office: World Trade Center Amsterdam, Strawinskylaan 1259, D-Tower, Floor 12, 1077 XX Amsterdam, the Netherlands. Sweden: Natixis Investment Managers, Nordics Filial (Registration number 516405-9601 - Swedish Companies Registration Office). Registered office: Kungsgatan 48 5tr, Stockholm 111 35, Sweden. Spain: Natixis Investment Managers, Sucursal en España. Serrano n°90, 6th Floor, 28006, Madrid, Spain.

In Switzerland: Provided for information purposes only by Natixis Investment Managers, Switzerland Sàrl, Rue du Vieux Collège 10, 1204 Geneva, Switzerland or its representative office in Zurich, Schweizergasse 6, 8001 Zürich.

In the U.K.: Provided by Natixis Investment Managers UK Limited which is authorised and regulated by the UK Financial Conduct Authority (register no. 190258). This material is intended to be communicated to and/or directed at persons (1) in the United Kingdom, and should not to be regarded as an offer to buy or sell, or the solicitation of any offer to buy or sell securities in any other jurisdiction than the United Kingdom; and (2) who are authorised under the Financial Services and Markets Act 2000 (FSMA 2000); or are high net worth businesses with called up share capital or net assets of at least £5 million or in the case of a trust assets of at least £10 million; or any other person to whom the material may otherwise lawfully be distributed in accordance with the FSMA 2000 (Financial Promotion) Order 2005 or the FSMA 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "Intended Recipients"). The fund, services or opinions referred to in this material are only available to the Intended Recipients and this material must not be relied nor acted upon by any other persons. Registered Office: Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER.

In the DIFC: Provided in and from the DIFC financial district by Natixis Investment Managers Middle East (DIFC Branch) which is regulated by the DFSA. Related financial products or services are only available to persons who have sufficient financial experience and understanding to participate in financial markets within the DIFC, and qualify as Professional Clients as defined by the DFSA. Registered office: Office 603 - Level 6, Currency House Tower 2, PO Box 118257, DIFC, Dubai, United Arab Emirates.

In Japan: Provided by Natixis Investment Managers Japan Co., Ltd., Registration No.: Director-General of the Kanto Local Financial Bureau (kinsho) No. 425. Content of Business: The Company conducts discretionary asset management business and investment advisory and agency business as a Financial Instruments Business Operator. Registered address: 1-4-5, Roppongi, Minato-ku, Tokyo.

In Taiwan: Provided by Natixis Investment Managers Securities Investment Consulting (Taipei) Co., Ltd., a Securities Investment Consulting Enterprise regulated by the Financial Supervisory Commission of the R.O.C . Registered address: 16F-1, No. 76, Section 2, Tun Hwa South Road, Taipei, Taiwan, Da-An District, 106 (Ruentex Financial Building I), R.O.C., license number 2017 FSC SICE No. 018, Tel. +886 2 2784 5777.

In Singapore: Provided by Natixis Investment Managers Singapore (name registration no. 53102724D) to distributors and institutional investors for informational purposes only. Natixis Investment Managers Singapore is a division of Ostrum Asset Management Asia Limited (company registration no. 199801044D). Registered address of Natixis Investment Managers Singapore: 5 Shenton Way, #22-05 UIC Building, Singapore 068808.

In Hong Kong: Provided by Natixis Investment Managers Hong Kong Limited to institutional/ corporate professional investors only.

In Australia: Provided by Natixis Investment Managers Australia Pty Limited (ABN 60 088 786 289) (AFSL No. 246830) and is intended for the general information of financial advisers and wholesale clients only .

In New Zealand: This document is intended for the general information of New Zealand wholesale investors only and does not constitute financial advice. This is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and is only available to New Zealand investors who have certified that they meet the requirements in the FMCA for wholesale investors. Natixis Investment Managers Australia Pty Limited is not a registered financial service provider in New Zealand.

In Latin America: Provided by Natixis Investment Managers S.A.

In Uruguay: Provided by Natixis Investment Managers Uruguay S.A., a duly registered investment advisor, authorised and supervised by the Central Bank of Uruguay. Office: San Lucar 1491, oficina 102B, Montevideo, Uruguay, CP 11500. The sale or offer of any units of a fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627.

In Colombia: Provided by Natixis Investment Managers S.A. Oficina de Representación (Colombia) to professional clients for informational purposes only as permitted under Decree 2555 of 2010. Any products, services or investments referred to herein are rendered exclusively outside of Colombia. This material does not constitute a public offering in Colombia and is addressed to less than 100 specifically identified investors.

In Mexico: Provided by Natixis IM Mexico, S. de R.L. de C.V., which is not a regulated financial entity or an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores) and is not registered with the Comisión Nacional Bancaria y de Valores (CNBV) or any other Mexican authority. Any products, services or investments referred to herein that require authorization or license are rendered exclusively outside of Mexico. Natixis Investment Managers is an entity organized under the laws of France and is not authorized by or registered with the CNBV or any other Mexican authority to operate within Mexico as an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores). Any use of the expression or reference contained herein to "Investment Managers" is made to Natixis Investment Managers and/or any of the investment management subsidiaries of Natixis Investment Managers, which are also not authorized by or registered with the CNBV or any other Mexican authority to operate within Mexico as investment managers.

The above referenced entities are business development units of Natixis Investment Managers, the holding company of a diverse line-up of specialised investment management and distribution entities worldwide. The investment management subsidiaries of Natixis Investment Managers conduct any regulated activities only in and from the jurisdictions in which they are licensed or authorized. Their services and the products they manage are not available to all investors in all jurisdictions. It is the responsibility of each investment service provider to ensure that the offering or sale of fund shares or third party investment services to its clients complies with the relevant national law.

The provision of this material and/or reference to specific securities, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any security, or an offer of any regulated financial activity. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. The analyses, opinions, and certain of the investment themes and processes referenced herein represent the views of the portfolio manager(s) as of the date indicated. These, as well as the portfolio holdings and characteristics shown, are subject to change. There can be no assurance that developments will transpire as may be forecasted in this material. Past performance information presented is not indicative of future performance.

Although Natixis Investment Managers believes the information provided in this material to be reliable, including that from third party sources, it does not guarantee the accuracy, adequacy, or completeness of such information. This material may not be distributed, published, or reproduced, in whole or in part.

All amounts shown are expressed in USD unless otherwise indicated.

MIROVA
French Public Limited liability company with board of Directors
Regulated by AMF under n°GP 02-014
RCS Paris n°394 648 216
Registered Office: 59, Avenue Pierre Mendes France – 75013 – Paris
Mirova is a subsidiary of Ostrum Asset Management.

OSTRUM ASSET MANAGEMENT, S.A.
Limited liability company
Regulated by AMF under n° GP 90-009
RCS Paris n°329 450 738
Registered Office: 43, Avenue Pierre Mendes France – 75013 - Paris

GROUPE BPCE