

CH-Rotkreuz, 09th of January 2025

To whom it may concern,

On 7<sup>th</sup> of January 2025, Transparentem, an NGO based in the U.S., published a report on *Enhancing Due Diligence in Cotton Supply Chains*.

Remei was first contacted by the NGO, in November 2023, when the NGO submitted to Remei a confidential report claiming to have identified individual cases of child and forced labour in an investigation between June 2022 and March 2023 in Madhya Pradesh, India. Despite the fact that the information did not include any evidence nor any detail substantiating the anonymised allegations, Remei took the indications very seriously and we tried to enter into a constructive dialogue with the NGO. The same way, as we are doing with other NGOs, that contacted Remei.

**We, on our part, have been conducting the exchange with Transparentem in a transparent manner. However, to date, the NGO has been unable to provide Remei with specific details or evidence of alleged cases that would allow us to understand the allegations of the report, establish a concrete link to our supply chain or analyse appropriate remediation for alleged cases dating back up to two years. For this reason, it is impossible for Remei to comment on the allegations and anonymised accusations in the report.**

As Remei does not tolerate statements that are misleading or defamatory, we have asked Transparentem to be very transparent about this aspect. However, we note that this fact is not adequately reflected in the NGO's report.

Transparentem states in their report, that they "*did not identify the specific locations of investigated farms*" to Remei, so that Remei was "*unable to verify the specific connections identified by Transparentem during the investigation between cotton farms and the companies' supply chains*" and that Remei was "*also not able to verify independently that the conditions Transparentem reported were present at those farms*", but leaves the report's allegations uncommented standing.

We criticize Transparentem's lack of transparency in their investigation and in relation to alleged human rights risks, as transparency is an essential element of due diligence.

Remei recognized smallholders as a vulnerable group in the textile supply chain early on and therefore began working on changing the system decades ago. We are still pursuing this goal today. The area in the cotton sector of Madhya Pradesh/India is classified as a high-risk area for due diligence, also according to India's national risk assessment studies and the activities of the local government. The risks are closely linked to poverty and illiteracy.

This is no news, but it is the reason why Remei and our business model exist.

Since 1991, we have developed practices to identify, address and prevent human rights risks by consciously investing in direct cooperation with our registered organic cotton smallholders, building own organizations on the ground to reach farmers and to involve smallholders as entrepreneurs and vital stakeholders in our transparent supply chain.

And last but not least, we have achieved transparency up to the level of organic cotton cultivation and sourcing in order to be able to implement effective human rights practices.

With our business model, we want to actively contribute to reducing the risks for smallholders. Remei therefore gives farmers a reliable purchasing guarantee for five years and secures direct payments and a 15% premium for organic cotton to ensure predictable and reliable market access for organic cotton for the smallholders we work with. It is essential for Remei to be aware of where, and in which conditions, our organic cotton is grown. Since 2013, our traceability tool *my trace by Remei* has combined our promise of transparency along the supply chain with a technological solution. Every finished textile can be traced back to the seed. For Remei. For our B2B partners. For consumers. For NGOs.

**Remei does not tolerate child labour or forced labour.** We work to identify and address human rights risks, to develop fair working conditions from the earliest stages of the textile process and to promote organic farming and the integrity of organic cotton in India. A direct exchange with smallholders and training for them in the fields of organic farming practices and prevention of structural risks such as child or forced labour, working conditions, pay, health and safety issues for farmers and workers etc., are essential components of our work on site. Regular audits of our processes are conducted by third party control bodies. Corrective action plans are used by Remei in view of root cause analysis and the implementation of remediation systems, so that risks can be identified and appropriate measures are taken, if deviations can be found.

In cooperation with the bioRe Association, an association of local farmers established in 2003, we supported the development of successful local infrastructure and institutions, promoting the areas of education, health and hygiene etc. On the basis of an early risk analysis, already conducted in 2005/06, the Association today runs 18 animation schools in farming villages, for example. These schools are providing access to free primary education to ca. 780 children, i.e. 129 children of registered organic farmers, 116 children from farm workers families and 535 children from other farmer families, like conventional farmers. (This information was shared with Transparentem in November 2023.)

It's not "*in response to the investigation*", but as a part of Remei's risk analyses in our transparent value chain, that we initiated a further baseline study in 2024, in which all (ca. a total of) 1.800 smallholders, with whom we currently work contractually on site, are participating.

Remei is a pioneer in organic cotton and of how best-practice in transparency and due diligence can built a positive impact in the textile value chain. For decades, we have been working to transform the organic cotton supply chain into a good system by allying with smallholders and their communities, with our supply chain partners and with our B2B partners. The fact that organic cotton production has always been classified as a risk area is the reason for Remei's business model and for our drive to improve systems with foresight and responsibility. This is exactly what we have been doing successfully in Madhya Pradesh for decades in collaboration with smallholders. And it is a task that is never completed.

Remei is not an example of a “system failure” in the cotton sector. The fact that the report exposes Remei to the risk of being placed under a general suspicion focused on a sector or country and attempts to link Remei to *specific* cases of human rights violations, that can neither be proven nor remedied, is an approach that we have encountered in this form for the first time in our long journey. We consider this to be unethical practice and not in line with the goal of establish human rights due diligence.

By keeping the information on the alleged accusations under wraps for two years, Transparentem has made it impossible for Remei to respond. To this day, we cannot analyze details of the investigation, we cannot establish a connection to our supply chain and we cannot use our installed systems in place or take any appropriate action.

For the past year, Remei has replied to all questions from Transparentem with comprehensive information and documents about our activities in India and our procedures for due diligence and transparency in organic cotton farming in Remei's supply chain.

We have also presented Remei's smallholder-inclusive economic model to the NGO and other participants of their investigation in a peer learning session, organized by the NGO in April 2024. As the session was organized in an anonymous setting by the NGO, Remei does not know who else we shared our information about our systems with.

At the very beginning of the exchange with the NGO, Transparentem asked whether Remei would be willing to pay into a remediation fund. We did not comply with this request, as Remei has been investing in direct collaboration and due diligence processes in Madhya Pradesh since 1991 and we have successfully established and finance own local structures and resources on the ground in which our direct trading relations with our contracted smallholders are firmly anchored.

Obviously, transparency is Remei's top priority.

We consider transparency to include the sharing and passing on of truthful and verifiable information. We are open to an honest and transparent dialog aimed at further strengthening our direct cooperation with smallholders in India and driving meaningful improvements in human rights practices in our installed systems of our transparent value chain.

You are welcome to contact us.

With best regards,  
Remei AG