



# SUSTAINABILITY IMPACT AND TRANSPARENCY REPORT





## ABOUT ETIKO

Founded in 2005, Etiko produces apparel and footwear under the brand Etiko Pty Ltd and sports balls under the brand Jinta Sports. Both entities have always had human rights at the centre of their mission. Founder, Nick Savaidis, wanted to be confident that the apparel and footwear he was buying for his family wasn't being made at the expense of other people's human rights. This led to him starting Etiko.

Etiko is derived from the Greek word for 'ethical' and was the first fashion brand in the Southern Hemisphere to become Fairtrade Certified. In 2017, Etiko became a Certified B Corporation due to the brand's focus on social and environmental performance, transparency and accountability. Etiko is also a member of Social Traders which recognises Etiko as a social enterprise.

# FAIRTRADE, B CORP AND SOCIAL TRADERS

Upon inception, Etiko was proud to be the first Fair Trade Clothing and Textiles brand in the Southern Hemisphere. Today Etiko is not only Fairtrade Certified but also a certified B Corporation and member of Social Traders.

## **Fairtrade:**

In being Fairtrade Certified, Etiko and its certified suppliers must adhere to the Fairtrade Minimum Price, Fairtrade Premium Price and Fairtrade Standards set by Fairtrade International.

The Fairtrade Minimum Price is the selling price paid to producers and acts as a safeguard against falling prices, allowing farmers and workers to plan for their future. The Fairtrade Premium Price is a fixed additional amount of money paid to producers which they can invest into their community or business. How the premium is used is decided upon democratically. Finally, the Fairtrade Standards outline terms of trade between farmers and buyers to protect worker rights and include social, economic and environmental criteria.

## **B Corporation:**

As of 2017, Etiko was a Certified B Corporation. B Corp™ are leaders of a global movement of people using business as a force for good™. We meet the highest standards of overall social and environmental performance, transparency and accountability and aspire to use the power of our business to solve social and environmental problems. We are apart of more than 1,400 Certified B Corporations in over 120 industries and 40 countries with 1 unifying goal – to redefine success in business.

## **Social Traders:**

Being a member of Social Traders, means that Etiko are recognised as a social enterprise. The value of being accredited by Social Traders is connected to their diligence in defining what qualities make a social enterprise as well as their mission. Social Traders foster growth of businesses across Australia who use profits for social causes ultimately to improve the lives of people, community, animals and the environment. They also foster social enterprise growth by connecting them to the buying power of the Government and the private sector. Increasing the engagement of big business can only help normalise our organic, Fairtrade and sustainable agenda.

## 2020 AND 2021 HIGHLIGHTS

# New Store

In March 2021, Etiko relocated from their store in Boronia to 536 Sydney Road, Brunswick, in order to place itself within the hub of artistic, sustainable and local culture of Brunswick and surrounding suburbs. Whilst moving during a pandemic and numerous lockdowns provided a challenge, Etiko loves their new home and enjoys welcoming old and new faces into the store!





### **A + in the Ethical Fashion Report:**

Etiko was proud to receive an A + in all sections of the 2021 Ethical Fashion Report, bringing our total A+ Ethical Fashion Report scores to eight. Whilst Etiko is proud of these scores and the work we do to maintain positive relationships with suppliers and ensure workers within the supply chain are treated fairly, Etiko believes in constant improvement and is utilising feedback provided by Baptist World Aid to improve for the future.

For years Etiko has also had concerns about the Ethical Fashion Report and questioned why certain fast fashion brands received an A grade. This year Baptist World Aid released information about how these grades are calculated, revealing that the industry average score was 33.1 and that a score of 33.1-49.99 received a B and a score of 50-74.99 received an A. Etiko believes that a grading system such as this allows certain brands to get away with unethical practices and misleads consumers into believing certain brands are doing more than they are for people and the environment. Etiko discussed their concerns about this grading system privately with Baptist World Aid and then released a public statement in the hopes that consumers have a better understanding of the guide's grading system and that Baptist World Aid will rethink the grading system in the future.

### **Etiko's first Modern Day Slavery Statement:**

Recognising the importance of transparency and accountability, Etiko wrote it's first ever voluntary Modern Day Slavery Statement in accordance to the Australian Modern Day Slavery Act 2018. The statement will be published on the Modern Slavery Register.

# Etiko's Garment Supply Chain:

## Tier 4: Cotton Farm

### Chetna Organic



H.NO. 1-305, Lakkaram Post Uttoor, Mandal, Adilabad district  
Cotton sourced from Chetna Organic is FairTrade Certified and Organic.

Chetna Organic is working with small and marginal farmers towards improving their livelihood options and making farming a sustainable and profitable occupation. Chetna works with farmers from the rainfed regions of Maharashtra, Odisha and Andhra Pradesh covering around 43,500 acres. Chetna Organic is made up of 14 cooperatives, with approximately 35 000 farmer members, of which approximately 10 000 work for organic and fair trade producers.

Approximately 36% of Chetna farmers are female.

## Tier 4: Cotton Gin

### Konark Cotton Growers Coop. Spinning Mills Ltd.



P.O Kesinga Kalahandi, Odisha, India

Once the cotton has been picked on one of Chetna's organic cotton farms, it is sent to Konark Cotton Growers for ginning. Ginning is the process of separating seed from cotton. The cotton then undergoes multiple processes in order to become fabric. Konark Cotton Growers is certified under Chetna Organic's Fairtrade Certification.

### Spinning and Dying

The spinning, and dying process is subcontracted by Rajlakshmi Cotton Mills (RCM) to another company who are listed under RCM's supply chain. The subcontractor is audited by the third party audit agency 'Control Union' and adhere to RCM's policies and codes of conduct.

Knitting and Garment Cut and Sew Facility:

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Knitting and Garment Cut and Sew Facility:

Rajlakshmi orients its production around sustainability; it is certified under the Global Organic Textile Standard (GOTS) and reuses 50 percent of its waste water. This is achieved by collaborating with dye houses and installing reverse osmosis machines. Sludge is converted into fertiliser and fabric scraps are taken from the cutting tables and recycled to produce paper. Rajlakshmi management and staff collaborate with a local NGO to calculate a living wage for employees every six months - and ensure that the lowest paid workers are paid above this rate. Wages are verified by independent third party audits to ensure compliance with Fair Trade USA standards.

**Number of workers: 1616 employees across two locations**

**Percentage of female workers: 2.17%**

## Zipper Supplier:

YKK India has strong social and environmental policies in place and has a sustainability goal of being carbon neutral by 2050. YKK has their own restricted substance list and Manufacturing Restricted Substance List which was created through referencing OEKO-TEX guidelines.

# Social Responsibility

## Community Support and Charities

Etiko has always emphasised the importance of supporting the local community and charities. Over the years Etiko has partnered with charities including Sea Shepherd, Save the Children, Free the Bears and other organisations, to produce things which help fund the important work of these charities.

In 2020, \$5049 was raised for Save the Children, Sea Shepherd, Animals Australia, Free the Bears and Injalak Arts through the Etiko's Thongs for Good campaign. As of 25 October 2021, \$3601 was raised for these organisations in 2021.



In 2021, Etiko released the Refujesus T-shirt, which directly supports the Asylum Seeker Resource Centre by donating \$10 of each sale to ASRC. As of 25 October 2021, 30 Refujesus shirts have been sold.



## Due Diligence and community development through use of Fairtrade Suppliers

Both Etiko and its suppliers are Fairtrade Certified, meaning that workers are treated in accordance with Fairtrade Standards and given the dignity and respect they deserve. As mentioned earlier, all suppliers are paid a Fairtrade Premium which goes back into the local community. In 2021 Rajlakshmi Cotton Mills was able to use their Fairtrade Premium to fund community programs including a program providing food to locals in need.

Whilst COVID-19 has meant that Etiko has been unable to visit suppliers for quite some time, Etiko is in frequent contact with suppliers and are proud of their resilience and what they have achieved during this challenging time.

The wage provided to workers at tier 1 garment supplier, Rajlakshmi Cotton Mills is calculated using a basket of goods analysis and is considered a living wage. By providing a living wage, workers are able to afford the cost of living, rather than being paid the national minimum wage which may not meet their needs.

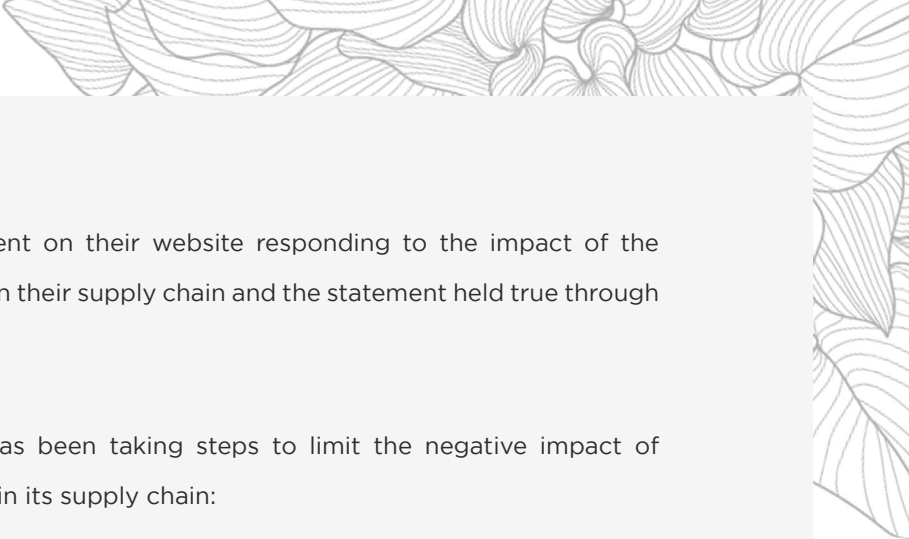


## COVID-19

The impacts of COVID-19 continued on into and throughout 2021, with Melbourne once again spending much of the year in lockdown. This impacted upon Etiko's sales and ability to meet wonderful customers in person. However, online sales and community and customer support continued to keep the Etiko team uplifted and in good spirits.

In response to the impacts of COVID-19 on Etiko's suppliers and the fashion industry as a whole, Etiko was dedicated to ensuring that their suppliers felt supported and were treated fairly.





In 2020, Etiko published a statement on their website responding to the impact of the Covid-19 pandemic on workers within their supply chain and the statement held true through 2021:

Throughout the pandemic, Etiko has been taking steps to limit the negative impact of COVID-19 on suppliers and workers in its supply chain:

**Throughout the pandemic, Etiko has been** taking steps to limit the negative impact of COVID-19 on suppliers and workers in its supply chain:

- Supporting workers wages by ensuring manufacturers are paid for finished goods and goods in production;
- Honouring all orders placed prior to and throughout the ongoing COVID-19 period and continuing to pay for and receive these orders;
- Listening to management on the ground in order to recognise local restrictions in production and honouring commitments to suppliers and factories allowing adjustments for reductions in their factory production capacity from time to time
- Continue to place orders with factories and communicate regularly to check on production timelines and communicate this back to our customers
- Not enforcing force majeure clauses in trading agreements
- Maintaining communication with suppliers about safe work practices and providing support as required
- Diversifying the range to include ordering face masks in line with local laws of manufacturing at our factories.

Further, first tier supplier, Rajlakshmi Cotton Mills implemented COVID-19 training programs to ensure all staff were aware of and followed COVID-19 safety procedures.

## **Modern Day Slavery Statement and Human Rights Risk Assessments**

In 2021, Etiko's Social Impact Officer conducted a human rights risk assessment of Etiko's supply chain and wrote Etiko's first ever Modern Day Slavery Statement.

### **Update Supplier Code of Conduct:**

Etiko updated its Supplier Code of Conduct, adding the definition of human trafficking and clauses 2.2, 2.5 - 2.7 and 8.2, mainly relating to the use of labour brokers.

# Environmental Responsibility

## Vegan Products

We are proud to say that Etiko does not use leather, animal glues or animal dyes in its products. Etiko is working to ensure that the screenprinting dyes used for merchandise and printed products are also vegan.

## Organic Cotton

Annually an estimated 55 million tonnes of pesticide is used on cotton crops. This leeches into local water supplies and endangers many kinds of wildlife. Our sneakers and garments are made from 100% organic cotton (unless otherwise specified), which is certified by GOTS (Global Organic Textile Standard). Further in our processing, we use non-chlorine bleach and silicon-free cationic softeners.

## Low Impact Dyes

We only use low impact, azo-free reactive dyes. Our tier 1 supplier's state of the art dyeing unit has an on-site effluent treatment plant to prevent toxic runoff. Strict testing ensures the absence of toxic contaminants, pesticides and heavy metals.

All Etiko sneakers and garments are dyed with low impact reactive dyes, and only biodegradable detergents are used. No optical brighteners or chlorine bleach is used in the production process.

All dyes and substances used in the production of our sneakers are tested by an independent body called SGS. In our most recent report from them where they test for SVHC (Substances of Very High Concern), they found less than 0.1% presence in our products in all 181 categories.

## FSC Certified Rubber

Our rubber is naturally tapped from rubber trees in Sri Lanka. Unlike petroleum based rubbers, natural rubber can be farmed sustainably from CO2 absorbing rubber trees and does not offgas harmful chemicals. The best part? At the end of its life cycle, natural rubber is 100% biodegradable!

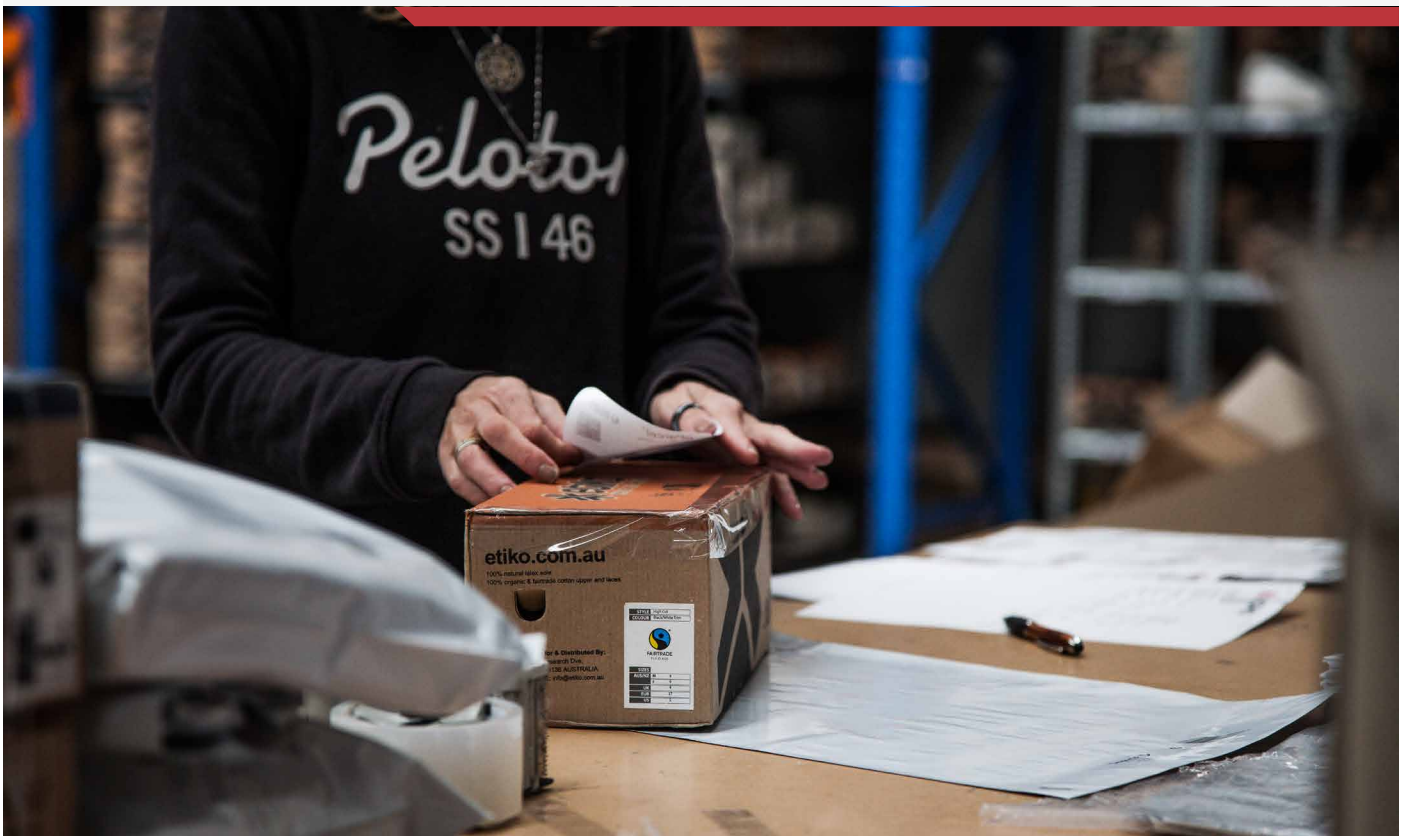
## Sustainable Packaging

We use FSC (Forest Stewardship Council) certified cardboard and paper for shoeboxes and swing tags. FSC is an international non profit that promotes the responsible management of the world's forests.

In 2020, in an effort to reduce plastic use, Etiko transitioned from plastic packaging to using compostable garment and delivery bags. In 2020 industrial compostable garment bags were used before switching to home compostable garment bags in 2021. Home compostable delivery bags sourced from Better Packaging Co are used to pack products for orders fulfilled at the Etiko store. This transition saw a reduction in over 8800 plastic garment bags and approximately 3000 plastic delivery bags being used in 2020 and 2021.

Products sent from our warehouse are packed in bags made of 80% recycled plastic waste and all remaining plastics at the store are reused as much as possible before being recycled via REDCYCLE.

In 2021, Etiko also transitioned to using biodegradable tape for taping boxes used for delivering large orders.



## Transition from Polyester to Cotton Garment Labels

In 2021, Etiko sampled cotton garment tags with the goal of transitioning to the use of cotton garment tags over polyester tags in all garments in 2022.

## Shoe Take Back Program

Our Take Back Program allows us to recycle worn out Etiko sneakers and thongs at the end of their life. It is our first step towards circular fashion. All footwear returned to us is recycled via a Melbourne-based company called Save Our Soles. Initially, the returned footwear will be made into indoor matting whilst we continue to assess the best way to incorporate them into future Etiko sneaker soles. By the end of the 2020/2021 Financial year, 682Kg of shoes had been recycled since starting Etiko's shoe takeback program.



## Carbon Neutral Electricity Provider

100% of the electricity Etiko uses is sourced from Powershop which is 100% carbon neutral.

## Carbon Offsetting

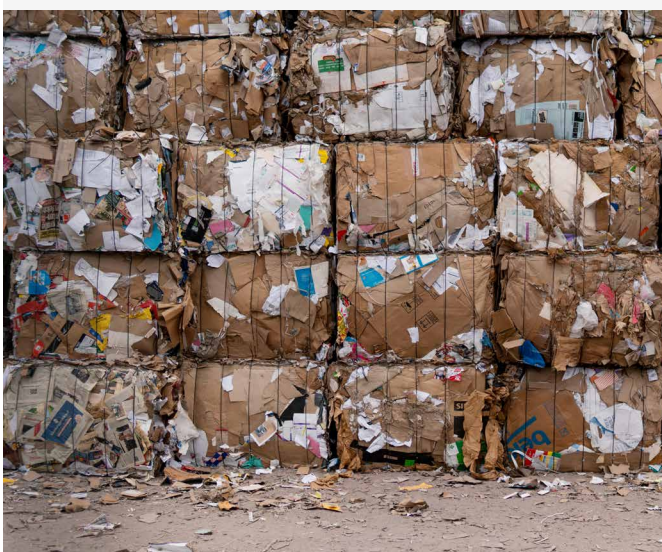
Etiko participates in carbon offsetting through Carbon Social which is sequestered by the With One Seed community tree program in Timor Leste.

# Environmental Practices at Etiko's Tier 1 Apparel Facility

## Energy

In 2021 Rajlakshmi Cotton Mills (RCM) installed a solar energy plant which generates 153.9Kwh solar power per day.

RCM is also in the process of changing conventional electric tube lights to LED tube lights which consume less power.



## Waste

Fabric offcuts are sent to an external organisation to use in producing recycled paper.

All waste colour from screen printing and dyeing is treated in an Effluent Treatment Plant in the factory before discharge. Waste water is tested frequently to ensure it meets GOTS and local government standards.

# COMING SOON AND LONG TERM GOALS:

## **Clothing Take Back and Recycling Program**

Partnering with BLOCKTEX, Etiko has plans to transition towards circular fashion by offering a clothing take back program where clothes will be recycled.

## **Reducing Carbon Footprint**

Etiko is working with Impact Sustainability to measure our carbon footprint in order to identify areas for improvement.

## **Tipping Program**

In collaboration with Tipme, in 2022, Etiko will implement a tipping program on its website where customers can choose to pay an extra xx when placing their order. These tips will go directly to our workers in Pakistan who make our sneakers.