# Index

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>KINGS OF INDIGO SUSTAINABILITY REPORT 2020 – 2021</td>
<td>1</td>
</tr>
<tr>
<td>INDEX</td>
<td>2</td>
</tr>
<tr>
<td>A WORD FROM THE FOUNDER</td>
<td>3</td>
</tr>
<tr>
<td>DOING IT RIGHT / SUSTAINABLE SINCE DAY ONE</td>
<td>4</td>
</tr>
<tr>
<td>STORY OF THE CARP</td>
<td>5</td>
</tr>
<tr>
<td>FIVE pillars of sustainability</td>
<td>6</td>
</tr>
<tr>
<td>HIGHLIGHTS</td>
<td>7</td>
</tr>
<tr>
<td>SUSTAINABLE DEVELOPMENT GOALS</td>
<td>8</td>
</tr>
<tr>
<td>A YEAR IN REVIEW: COVID-19</td>
<td>9</td>
</tr>
<tr>
<td>PLANET FRIENDLY MATERIALS</td>
<td>11</td>
</tr>
<tr>
<td>MATERIAL USE 2020</td>
<td>12</td>
</tr>
<tr>
<td>SUSTAINABLE MATERIALS</td>
<td>14</td>
</tr>
<tr>
<td>CERTIFICATIONS</td>
<td>18</td>
</tr>
<tr>
<td>KINGS OF INDIGO BENCHMARK</td>
<td>19</td>
</tr>
<tr>
<td>ACHIEVEMENTS, GOALS, AMBITIONS &amp; REFLECTION</td>
<td>23</td>
</tr>
<tr>
<td>TRIMMINGS &amp; PACKAGING</td>
<td>26</td>
</tr>
<tr>
<td>ACHIEVEMENTS, GOALS, AMBITIONS &amp; REFLECTION</td>
<td>28</td>
</tr>
<tr>
<td>CHEMICALS</td>
<td>30</td>
</tr>
<tr>
<td>DENIM TREATMENT</td>
<td>32</td>
</tr>
<tr>
<td>ACHIEVEMENTS, GOALS, AMBITIONS &amp; REFLECTION</td>
<td>34</td>
</tr>
<tr>
<td>WATER USE</td>
<td>38</td>
</tr>
<tr>
<td>WATER</td>
<td>39</td>
</tr>
<tr>
<td>ENVIRONMENTAL IMPACT MEASURING</td>
<td>40</td>
</tr>
<tr>
<td>INNOVATIONS</td>
<td>43</td>
</tr>
<tr>
<td>ACHIEVEMENTS, GOALS, AMBITIONS &amp; REFLECTION</td>
<td>44</td>
</tr>
<tr>
<td>RESPONSIBLE PRODUCTION</td>
<td>46</td>
</tr>
<tr>
<td>COUNTRY RISK CLASSIFICATION</td>
<td>47</td>
</tr>
<tr>
<td>SOURCING STRATEGY</td>
<td>51</td>
</tr>
<tr>
<td>FAIR WEAR FOUNDATION</td>
<td>52</td>
</tr>
<tr>
<td>THE EIGHT LABOUR STANDARDS</td>
<td>53</td>
</tr>
<tr>
<td>AUDITS &amp; TRAININGS</td>
<td>54</td>
</tr>
<tr>
<td>YA APPARELS, INDIA</td>
<td>54</td>
</tr>
<tr>
<td>NOS CONFECTION, TUNISIA</td>
<td>55</td>
</tr>
<tr>
<td>STAR CONFECTION PLUS, TUNISIA</td>
<td>56</td>
</tr>
<tr>
<td>TONGTAI APPAREL, CHINA</td>
<td>58</td>
</tr>
<tr>
<td>FACTORY TRAINING: WORKER EDUCATION PROGRAM</td>
<td>59</td>
</tr>
<tr>
<td>IWT, TUNISIA</td>
<td>59</td>
</tr>
<tr>
<td>COMPLAINTS</td>
<td>60</td>
</tr>
<tr>
<td>COMPLAINT 967 MERGU TEKSTIL KONFEKSIYON SAN. VE. TIC. LTD. STI.</td>
<td>60</td>
</tr>
<tr>
<td>COMPLAINT 992 MERGU TEKSTIL KONFEKSIYON SAN. VE. TIC. LTD. STI.</td>
<td>60</td>
</tr>
<tr>
<td>CONSULTATION OF LOCAL STAKEHOLDERS DURING COVID-19</td>
<td>62</td>
</tr>
<tr>
<td>LIVING WAGE</td>
<td>64</td>
</tr>
<tr>
<td>LIVING WAGE INCUBATOR 2.0</td>
<td>64</td>
</tr>
<tr>
<td>FOCUS OF THE INCUBATOR 2.0</td>
<td>64</td>
</tr>
<tr>
<td>PAYMENT OF A LIVING WAGE AT MERGU</td>
<td>64</td>
</tr>
<tr>
<td>PAYMENT OF A LIVING WAGE AT BUROV</td>
<td>65</td>
</tr>
<tr>
<td>IDENTIFYING THE WAGE GAP TIER 1</td>
<td>66</td>
</tr>
<tr>
<td>TRUE COST</td>
<td>67</td>
</tr>
<tr>
<td>FREEDOM OF ASSOCIATION</td>
<td>68</td>
</tr>
<tr>
<td>SOCIAL DIALOGUE</td>
<td>68</td>
</tr>
<tr>
<td>AMPLIFY PROJECT</td>
<td>68</td>
</tr>
<tr>
<td>&quot;WORKPLACE DIALOGUE SUPPORTING HIGH PERFORMANCE AND A LIVING WAGE&quot; IN TUNISIA</td>
<td>69</td>
</tr>
<tr>
<td>WHY THIS SPECIFIC TRAINING?</td>
<td>69</td>
</tr>
<tr>
<td>TRANSPARENCY &amp; TRACEABILITY</td>
<td>70</td>
</tr>
<tr>
<td>WHY WE ARE TRANSPARENT</td>
<td>70</td>
</tr>
<tr>
<td>THE TRANSPARENCY PLEDGE</td>
<td>70</td>
</tr>
<tr>
<td>OPEN APPAREL REGISTRY</td>
<td>71</td>
</tr>
<tr>
<td>AWARE</td>
<td>73</td>
</tr>
<tr>
<td>RETRACED</td>
<td>73</td>
</tr>
<tr>
<td>ACHIEVEMENTS, GOALS, AMBITIONS &amp; REFLECTION</td>
<td>75</td>
</tr>
<tr>
<td>TRANSPARENCY</td>
<td>75</td>
</tr>
<tr>
<td>SOCIAL DIALOGUE &amp; STAKEHOLDER ENGAGEMENT</td>
<td>75</td>
</tr>
<tr>
<td>CLIMATE</td>
<td>78</td>
</tr>
<tr>
<td>GOODSHPING</td>
<td>79</td>
</tr>
<tr>
<td>CLEANING UP OUR ACT</td>
<td>79</td>
</tr>
<tr>
<td>KINGS OF INDIGO X GOODSHPING</td>
<td>79</td>
</tr>
<tr>
<td>GOAL</td>
<td>79</td>
</tr>
<tr>
<td>CARBON POSITIVE</td>
<td>79</td>
</tr>
<tr>
<td>ACHIEVEMENTS, GOALS, AMBITIONS &amp; REFLECTION</td>
<td>82</td>
</tr>
<tr>
<td>WASTE CONSCIOUS</td>
<td>83</td>
</tr>
<tr>
<td>CIRCULARITY</td>
<td>84</td>
</tr>
<tr>
<td>UPV</td>
<td>84</td>
</tr>
<tr>
<td>FROM LINEAR TO CIRCULAR</td>
<td>85</td>
</tr>
<tr>
<td>DENIM DEAL</td>
<td>86</td>
</tr>
<tr>
<td>PILOT: WE WANT YOUR K.O.I JEANS!</td>
<td>87</td>
</tr>
<tr>
<td>TRIPLE R</td>
<td>88</td>
</tr>
<tr>
<td>STAKEHOLDER ENGAGEMENT</td>
<td>89</td>
</tr>
<tr>
<td>DUE DILIGENCE</td>
<td>91</td>
</tr>
<tr>
<td>RISK ASSESSMENT</td>
<td>92</td>
</tr>
<tr>
<td>SECTOR RISKS</td>
<td>93</td>
</tr>
<tr>
<td>IDENTIFICATION OF ACTUAL AND POTENTIAL HARMs</td>
<td>94</td>
</tr>
<tr>
<td>MATERIAL RISK FACTORS</td>
<td>96</td>
</tr>
<tr>
<td>MATERIALS</td>
<td>96</td>
</tr>
<tr>
<td>WATER CONSUMPTION</td>
<td>96</td>
</tr>
<tr>
<td>MATERIAL MANUFACTURING</td>
<td>97</td>
</tr>
<tr>
<td>PACKAGING</td>
<td>97</td>
</tr>
<tr>
<td>PRODUCT RISK FACTORS</td>
<td>100</td>
</tr>
<tr>
<td>GARMENT MANUFACTURE</td>
<td>101</td>
</tr>
<tr>
<td>COUNTRY RISK FACTORS</td>
<td>102</td>
</tr>
<tr>
<td>TUNISIA</td>
<td>104</td>
</tr>
<tr>
<td>TURKEY</td>
<td>105</td>
</tr>
<tr>
<td>INDIA</td>
<td>106</td>
</tr>
<tr>
<td>BUSINESS &amp; SOURCING MODEL RISK FACTORS</td>
<td>107</td>
</tr>
</tbody>
</table>
A Word From Our Founder

I believe that with my brand and team, we can lead the industry to change and encourage consumers to engage with fashion in a more sustainable way. Offering quality clothing is key, but the industry needs to look ahead and look for more sustainable ways to produce. At Kings of Indigo, we use the Five Pillars of sustainability to shape the way we work; planet-friendly materials, wet processing/water use, social responsibility, transport, and waste management. These five pillars are our cornerstones which put us in the position of forwarding players in the industry. We are constantly innovating with the production process to be more environmentally friendly, reducing reliance on organic cotton materials and focussing on man-made (such as TENCEL), and especially recycled materials.

Our trims and packaging are all made with recycled materials, leaving no stone unturned. Recycling has always been an important part of our philosophy and as well as using recycled materials, we stimulate people to extend the life of their garments, to repair them, reuse them, or try upcycling. In that perspective, we also signed to Amsterdam Denim Deal to join forces with more brands to use more and more post-consumer recycled cotton. We are also a brand that places great importance on transparency. Customers and other denim manufacturers can easily read where we buy our fabrics, stitch our garments and wash our jeans. We disclose all our suppliers so the road our garments have travelled is clear to whoever wants to know.

That is why in 2021 we will launch the Retraced program, a blockchain system that will help us trace the way our products travelled from a cotton field to the ready garment. We produce our garments as close to home as possible to reduce the CO2 footprint and have a close relationship with our valued suppliers.

From 2020 we work with Goodshipping which guarantees that your favourite pieces are being shipped from the factory to consumers 100% carbon neutral. That feels good, doesn’t it? Worker safety and wellbeing are of the highest importance to us as an ethical brand and we use authorities like Fair Wear Foundation to ensure respectable livelihoods for the people who make our clothes. Made with attention to detail and working towards a living wage through the FWF Living Wage Incubator. ‘Doing It Right’ is our pledge, to do right by the planet and those we share it with. To do right by you. That means: no humans nor animals are harmed, and every garment is made with a conscience. No fast fashion. No greenwashing. Just to make great innovative garments with passion you can wear over and over for a long time. Made to last, made to love. We call this ‘quality wear for the next era.’

Tony Tonnaer, Founder of Kings Of Indigo
We position ourselves as a pioneer in this ever-changing sustainable fashion world, innovating with materials and sustainable production methods, constantly exploring how to reduce the impact on the planet and people; every garment made with a conscious. We bring the best of both worlds in denim, the minimalistic beauty of pure, Japanese denim and the tough characteristics of the classic, American blue jeans. All Kings Of Indigo garments are designed to last long, quality wear for the next era.

This sustainability report details our performance against our strategy. It gives an overview of our practices in 2019 and 2020. Reflecting our strategic priority of full transparency. In this report we take you along our journey enhanced by our five pillars of sustainability and adoption of the UN Sustainable Development Goals (SDG’s).

Kings of Indigo
Krijn Taconiskade 440
Amsterdam, 1087 HW
Netherlands

Any questions about our sustainability report?
Contact: margreeth@kingsofindigo.com
The story of the carp

An ancient legend tells of a school of KOI carp swimming upstream. After a long journey, the school of KOI came to a waterfall. Having gained strength from pushing against the current, some of the fish looked at the waterfall not as a defeat, but a challenge. Seeing that the carp meant to climb the waterfall, the river's demons laughed, and to mock the KOI, made the waterfall ever higher, the waters ever rougher. Many of the KOI turned back, letting the strong flow of the river carry them back downstream. Others refused to give in. After many years of trying to climb up the waterfall, one of the carp finally made it to the top.

As a reward for its persistence and strength, the gods turned the carp into a dragon - able to roam the lands freely for the rest of its life. Ever since, the KOI has symbolized prosperity and wellbeing - the sign of a bright future.

It was out of pure serendipity that our name, Kings Of Indigo, spells K.O.I. It is said one does not choose your spirit animal, it chooses you. Original innovators in sustainable denim, Kings Of Indigo’s journey has been laid ahead. We work against the current of fast fashion, of greenwashing, of malpractice in production - towards a brighter, better future for us all.

Kings Of Indigo
Swimming upstream since 2011
Five pillars of sustainability

Sustainability is the word of the moment, with many brands overwhelming customers with information about their eco-conscious credentials which are often exaggerated, even untrue. To avoid confusion, we’ve pinpointed the five most important factors to take into consideration when creating truly sustainable clothing. These five pillars are our guiding stars, together they make up for a holistic approach!

**PLANET FRIENDLY MATERIALS**
Organic, recycled, natural and vegan. Sustainable every time.

**RESPONSIBLE PRODUCTION**
Happy people make better clothes. Proud member of the Fair Wear Foundation.

**CLEAN TRANSPORT**
Made close to home, our garments travel by boat and truck only.

**LESS WATER USE**
From soil to store, we reduce water waste.

**WASTE CONSCIOUS**
Upcycling is in our DNA. Repair, recycle & reuse.
GOTS & OCS Certified
Kings of Indigo became GOTS and OCS certified, this means we carry the GOTS and OCS certificate on product level where applicable.

Transparency
We are showing all our tiers in the value chain of all our products as of SS21.
We give full transparency from cotton farm until ready garment through Retraced. Next level transparency per product from cotton to consumer. We have 98% of our supply chain under monitoring.

Goodshipping
We have off set our emissions in scope 1 and 3 through Goodshipping.
Our transport is 100% carbon neutral together with Goodshipping.

Fair Wear
Proud member since 2013
Category GOOD

Sustainable materials
98.3% of the materials we have used in 2020 is sustainable.

Recycled
We launch our first 100% Recycled jeans. 40 pieces in our collection contain 100% recycled fibres.

Aware
The first fully traceable sustainable denim. We are the only denim brand in the world to prove that our denims are made from the original sustainable raw material. The result: All claims K.O.I makes are true.

EIM
All denim washes have an Environmental Impact Measurement score indicating water, energy and chemical use, as well as worker health.

Vegan denim
A vegan denim never hurt anyone – 99% of our denim is PETA approved.
Sustainable development goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. We relate our commitment and actions to the SDG’s. Each subject and chapter we connect a specific SDG in this sustainability report.
A year in review: COVID-19

2020 was challenging for us and reminded us that doing the right thing by people and the planet is more relevant and pressing than ever. Our sustainability mission will continue to be our core and guide our next steps. We will keep reporting, to be transparent about what we are doing and why. We share our good practices and less good practices; were we fall short.

Supply chain
We do not travel to production locations anymore since March 2020 and communicate with our suppliers digitally. We had these structures already in place. Great CO2 reduction. We encourage others to do the same. With the pressures of corona rippling up the chain from retailers to brands, we knew that support for our supply partners in Europe was essential. Already factories in poorer countries were seeing mass unemployment and bankruptcy due to this crisis. We did not cancel or decrease a single order since the outbreak of Covid. By absorbing as much of the strain as possible at our link in the chain, it meant that suppliers who were closed or working at <50% capacity, could cope - creating longer lead times and revising delivery schedules which we could then communicate back down the line to retailers. This means a seasonal shift in fashion which has been on the minds of the industry for years. Summer collections sold in summer, Winter in winter. Realising this now, means a greener future going forward, and less waste.

Of course, our leverage as a relatively small sustainable brand is limited. That is why we wanted to communicate, via social and mail, the importance of honouring commitments with the supply chain wherever possible. How sustainable are brands really, when cancellation results in huge wastage? As things return to a ‘New Normal’, it’s our aim to visit our suppliers at least two times a year, to check production, and to work together. We will plan weekly online sessions with our suppliers to make a ‘real connection’. Besides that we consult stakeholders such as Fair Wear, CNV and FNV, who have experts on site and can help us to get a better view in a specific
region/country. It is challenging but more important than ever to stay connected.

Our safety - and safety of everybody along the chain - has been guided by WHO regulations. We created the Covid19 – Safety Operational Measures guide, which went on its way around all our suppliers, to be hung in plain view for all workers. The factory management sent us pictures as proof that they met the safety standards of WHO. We have no exceptions and involve all our production partners - from trim supplier, to fabric mill and stitching - keeping the dialogue transparent to ensure the safety of all our partners in the chain.

Retailers
A long period of store closure across Europe made our sales team monitoring the situation at our retailers as close as possible. Usually, our sales team travels frequently to stores across Europe. Due to Covid the team was forced to do this through the digital way to make sure to stay closely connected and communication.

- We pro-actively reached out to customers if they wanted and were able to receive their order.
- We offered support and flexible delivery terms if the customers were unable to receive their order due to the lockdowns.
- We offered extended payment terms and payments plans to those in need of it.
- We postponed and shortened the sales on our own website.
- On a collection level, we made a bigger part of the collection never out of stock or carry over. So, this collection doesn’t need to go on sale at all, and therefore keeps its value and full margin.
- For buyers who were unable or uncomfortable to travel, we planned individual online sales meetings where we helped the customer to make their selection.

K.O.I headquarters
During lockdown we worked with a hygienic system in which max. Two people could be in the office to work on product and packaging (fully equipped with disinfectant), while the rest stayed home. The capacity of people in the office slowly increased along time. Our office is open again for intelligent working. We continue to maintain a clean and distanced environment for everybody.
After Covid we will maintain the partly working from home and office, we have experienced that not only teams, zoom are a great tool to host meetings we also want to limit the travelling to office to minimize our CO2 emissions.
Planet friendly materials
Material use 2020

Analysis:
It is important to understand that the quantity on the use of materials reflects all production delivered in 2020. Production deliveries have been delayed due to Covid. Therefore, this overview is not showcasing the actual situation which especially shows in the low amount of recycled content and high % of organic cotton.

- The use of organic cotton is increased with 8% compared to 2019;
- Recycled fiber goal 2020 was set on 20% which we have not reached due to delayed deliveries due to Covid;
- 83% of the materials are natural and cellulose based;
- 97% of the materials are biodegradable which is an increase of 5% compared to 2019;
- We set in 2020 as target to ban BCI cotton which we succeeded;
- The use of linen is doubled compared to 2019;
- Hemp is not used in 2020.

SS22:
- 59% of the collection contains recycled fibres;
- 19% of the collection is made of 100% recycled materials;
- 65% of the collection contains organic cotton.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>MATERIAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Organic cotton</td>
<td>69%</td>
</tr>
<tr>
<td>2019</td>
<td>Recycled material</td>
<td>19%</td>
</tr>
<tr>
<td>2019</td>
<td>Hemp</td>
<td>3%</td>
</tr>
<tr>
<td>2019</td>
<td>Linen</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MATERIAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Organic cotton</td>
<td>72,88%</td>
</tr>
<tr>
<td>2018</td>
<td>Recycled material</td>
<td>15,03%</td>
</tr>
<tr>
<td>2018</td>
<td>Hemp</td>
<td>1,81%</td>
</tr>
<tr>
<td>2018</td>
<td>Linen</td>
<td>3,65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MATERIAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Organic cotton</td>
<td>88,3%</td>
</tr>
<tr>
<td>2017</td>
<td>Recycled material</td>
<td>6,1%</td>
</tr>
<tr>
<td>2017</td>
<td>Hemp</td>
<td>0,68%</td>
</tr>
<tr>
<td>2017</td>
<td>Linen</td>
<td>1,42%</td>
</tr>
</tbody>
</table>

- Hemp: 3%
- Recycled material: 19%
- Organic cotton: 69%
- Linen: 3%

- Hemp: 1,81%
- Recycled material: 15,03%
- Organic cotton: 72,68%
- Linen: 3,65%

- Hemp: 0,68%
- Recycled material: 6,1%
- Organic cotton: 88,3%
- Linen: 1,42%
Organic cotton
Organic cotton is a natural fiber and grown without the use of toxic and persistent pesticides and synthetic fertilizers. Organic cotton is grown without the use of toxic and persistent pesticides or fertilizers while conventional cotton is dependent on both. Organic cotton is cotton that is produced and certified to organic agricultural standards. Its production sustains the health of soils, ecosystems, and people by using natural processes rather than artificial inputs. Importantly organic cotton farming does not allow the use of toxic chemicals or GMOs (genetically modified organisms). Instead, it combines tradition, innovation, and science to benefit the shared environment and promote a good quality of life for all involved. The environmental impacts of organic cotton can be drastically reduced compared to conventional cotton, as it uses less water and pollutes less. As is the case for any comparison between organic and conventional crops, care must be taken to standardise by yield rather than land area. Like many crops, yields (per hectare) in organic cotton farms are typically significantly lower compared to conventional methods; this yield gap means that the water used to produce the same amount of cotton fibre can in fact be higher in organic, compared to conventional cotton cultivation.

- A t-shirt with conventional cotton is 2.168 gallons of water versus 186 gallons of water for organic
- A pair of jeans made from conventional cotton takes 9.910 gallons of water compared to 932 gallons of water in organic.

Research is showing higher incidents of serious diseases from exposure to agricultural chemicals or physical proximity to chemical-based farming communities. To conclude, organic cotton is saver for farmers than conventional cotton.

A favourite argument in support of chemical agriculture is that the yields are higher. Chemically intensive agriculture, especially in irrigated systems, push the ecosystem year-on-year for higher yields. This requires the use of an ever-increasing number of chemical inputs, including growth regulators.

Finding revealed that organic cotton has the potential for environmental savings in several areas: it’s 46 percent less harmful to global warming, there’s 70 percent less acidification of land and water, the potential for soil erosion drops 26 percent, surface and groundwater use falls 91 percent and demand for energy could go down by as much as 62 percent (Sourcing Journal)

100% Recycled cotton
This fabric is made of 100% recycled cotton from scraps of pre-used, waste cotton. This reduces the amount of water and CO2 emissions required when growing new cotton. Recycled cotton is a man-made fiber. It is made with a mixture of cotton waste and pre-used cotton products (mix of organic and non-organic cotton). This is because the fibers in recycled cotton are too short and weak to be used alone. The fibers are shredded down, made into a raw material, spun into yarn, and then made into a new garment. This reduces water, energy, CO2 emissions, and other impacts of cotton farming. Cotton is the most used material for clothing worldwide, so by recycling it, we reduce the growth of new cotton.

Bio stretch
Candiani developed the world’s first biodegradable stretch denim made with COREVA™ Stretch Technology.

Candiani is known for its commitment to sustainability and tireless efforts to develop ground-breaking new technologies. COREVA™ Stretch Technology is a step closer to a truly circular model in which raw materials become fabric, then garment, and then return to nature thanks to their biodegradability.
Made from organic cotton wrapped around a natural rubber core, the result is a yarn that is completely plastic-free. By replacing conventional synthetic and petrol-based elastomers with a new, custom-engineered component, Candiani has created an innovative biodegradable stretch denim fabric – without compromising the elasticity, physical qualities, and durability of jeans.

Sustainability. Each year an estimated 25 billion unused garments are sent to landfills or incinerated, most are made with petroleum-based synthetic elastomers and these fibres can take up to hundreds of years to decompose. Candiani’s plan to offer COREVA™ technology on a global scale at an accessible price would see a dramatic improvement in the sustainability credentials of the global denim industry (Eco age, 2020).

**Eco life**

100% Recycled yarn, 50% Recycled Cotton + 50% Recycled Polyester by ECOLIFE produced by Belda Llorens, Spain. Resources used for these materials are 75% solar energy, 0% water, 0% chemicals, zero CO2 emissions. With the use of ECOLIFE yarn in our collection we save in 1 year:

- 10,400,000 square meters of non-cultivated surface
- 6,920,000,000 liters of water saved
- 1,400,000 kilos of textile waste saved
- 1,540,000 kilos of CO2 saved in pollution

The yarn is used for our t-shirt and sweats.

**AWARE**

With sustainability being the word of the day, it’s easy to get caught up in false claims. We’re taking our transparency level up a notch, providing our customers with actual proof that our fabrics are 100% sustainable. Today’s AWARE™ technology allows consumers to trace the fabric in their clothes all the way back to the mill that made it, ruling out any and all greenwashing.

It starts with a tracer that is placed inside the sustainable material. Production can then run its course and the fabric will stay traceable for the entire lifespan of the textile.

The final product can easily be scanned and traced using blockchain technology. Together with denim mill Calik, we’ve implemented AWARE™ technology in our collection.

With AWARE™ integrity technology embedded in authentic recycled materials, textiles brands and retailers have the freedom and flexibility to produce products with their own compliant and nominated supply chain partners and proof sustainability claims to consumers. No greenwashing, but transparency and honesty.

Simplicity & Security, above all else, AWARE™ brings a process that’s both simple and highly secure to the sustainable supply chain. No more doubt. No more grey areas. A true story from start to finish.

We believe that only decentralized validation systems can bring real transparency. A tracer technology that’s detectable by portable devices that can be used in-field, and real open source blockchain instead of just database instead of just a QR-code driven database. TRUE STORY.
**Linen**
Linen is strong and moth resistant. It is made from flax plant fibres, so when untreated (i.e. not dyed) it is fully biodegradable. Its natural colors include ivory, ecru, tan and grey. Linen can withstand high temperatures. It absorbs moisture without holding bacteria. Linen does not require any chemicals to be made into a textile and uses hardly any water, for example, across its lifecycle, a linen shirt uses a lot less water then a conventional cotton shirt. Linen is a long-lasting fiber and helps regulate body temperature in hotter months. In hot weather it provides coolness, allows more airflow and its structure means it stays away from your skin, quickly dries, breathable.

A linen shirt uses 6.4 litres of water compared to 2,700 litres for a cotton shirt. Flax can be grown in almost any environment (best if its in a cool, damp environment) with very little resources and takes about 100 days to grow. Flax requires little watering and attention during this time. Flax is the 2nd most highly productive crop per hectare. Linen doesn’t require any chemicals to be processed into a textile. In the right conditions, linen can be cultivated without fertilizers and grown on marginal land that is unsuitable for food crop production. It is a very productive crop, yielding a far greater amount of fiber than cotton cropping.

**Tencel**
TENCEL™ Lyocell is a cellulose and man-made fiber, which is made by dissolving wood pulp and using a special drying process called spinning. Wood and pulp used by the Lenzing Group comes from natural forests and sustainably managed plantations. Tencel® is made from eucalyptus from PEFC certified forests. Eucalyptus trees grow quickly without the use of pesticides, fertilizers, or irrigation. TENCEL™ Lyocell helps to maintain the environmental balance by being integrated into nature’s cycle. The fibers originate from the renewable raw material wood, created by photosynthesis. The certified biobased fibers are manufactured using an environmentally responsible production process. The fibers are certified as compostable and biodegradable, and thus can fully revert to nature. The fibers have gained a commendable reputation for their environmentally responsible closed loop production process, which transforms wood pulp into cellulosic fibers with high resource efficiency and low environmental impact. This solvent-spinning process recycles process water and reuses the solvent at a recovery rate of more than 99%.

**REFIBRA**
REFIBRA™ lyocell is manufactured using the Tencel lyocell process, in which some pre-consumer waste (especially cotton offcuts from the textile industry) is used as a raw material. It are cellulose fibers made from recycled materials and it supports a circular economy. The fibers are manufactured using the lyocell process, in which some pre-consumer waste (especially cotton offcuts from the textile industry) is used as a raw material. This not only makes Lenzing the world’s first manufacturer to produce cellulose fibers from recycled materials on a commercial scale, but also the first to offer new solutions for a circular economy.

**Recycled polyester**
Recycled polyester uses PET as raw material. PET plastics are also known as Polyethylene terephthalate (PETE). This is the same material that is used for plastic bottles, and prevents ending up on land fields. Unlike polyester, recycled polyester uses PET as the raw material. This is the same material that is used in clear plastic water bottles, and recycling it to create the fabric prevents it from going to landfill.

It is made from post-consumer plastic bottles. Plastic materials are collected and melted down to create a thick material. This is then spun through spinnerets making them into filament fibers. These fibers are then spun into yarn and used to create a garment. With over 300 million tonnes of plastic
being produced each year (mostly for single use), the urgency to use what is already there to slow down new plastic production is paramount. Recycled polyester requires less energy 33-53% compared to non-recycled polyester. Reduced the usage of petroleum compared to non-recycled polyester.

Several studies have recently also shown that one load of laundry of polyester clothes (also nylon and acrylic) can discharge 700 000 microplastic fibres, which release toxins into the environment and can end up in human food chain. Estimates show that every year approximately half a million tonnes of plastic microfibres from washing clothes end up in the ocean. The industry is currently experimenting with biobased polyester (also known as biosynthetics), made at least partly from renewable resources such as starches and lipids from corn, sugar cane, beet or plant oils. We are therefore looking for alternatives that are more environmental friendly and do not have a negative impact on the environment. As long as no alternative is there we consciously choose our materials and fabrics in the collections.

Our recycled polyester is certified by the GRS [Global Recycled Standard*] or RCS [Recycle Claim Standard]. It promotes circular fashion. It gives new life to old materials that aren’t biodegradable and would otherwise go to waste. For its strength, durability, and versatility. *Global Recycled Standard is a product benchmark for tracking and verifying the content of recycled materials in a final product. This applies to the full supply chain with the goal of increasing use of recycled materials in products and reducing/eliminating the harm caused by its production.

**Blends**

We like to use blends of materials for several reasons. One is that blends means that you can get the good characteristics of two materials and create an even better product. For example, we love blending organic cotton. By using two or more different kind of materials, we reduce reliance for just one and distribute the pressure of needing the one specific material. Another blend that we very much believe in is increasing the amount of recycled cotton in our organic cotton denims. The more recycled cotton there is, the less need for new organic cotton and thus less pressure on the planet. However, recycled fibers are difficult to work with because with every recycle, the fibers are broken and cut short. For denim, it is important to have a strong material so the garment can stand the test of time and wear. However, we have found that up to 20% recycled cotton still makes a strong enough denim and in our current collection, up to 65% of denims contain recycled content.
Certifications

In our collections we only work with certified fabrics. Why is certification so important? We find certifications crucial to guarantee a fabric is made with respect for the planet and humanity. It guarantees compliance from cotton field until weaving of the fabric on social and environmental standard. What really matters is the substances that were put on the material, whatever it is. How was it washed and dyed? Are there any toxic finishes on it? The organic cotton used in our collections is either certified in accordance with Global Organic Textile Standard [GOTS] or Organic Content Standard [OCS]. The type of certificate depends on the country of origin and partners the fabric mills is working with further down the value chain. We do stimulate GOTS over OCS and increase GOTS certified materials over time but here we rely on our partners in the value chain and selection of fabrics of our design and development team.

Since 2020 we became a GOTS certified brand, this allows us to communicate GOTS on product level. GOTS certified allows us to ensure that the full production process is according with GOTS criteria. A GOTS certified product is only valid in case all partners in the specific value chain that created the product carry the GOTS certificate.

Recycled material in our collection is certified by the Recycled Claim Standard (RCS) or Global Recycled Standard (GRS) these are international, voluntary standards that set requirements for third-party certification of recycled input and chain of custody. The shared goal of the standards is to increase the use of recycled materials. The GRS includes additional criteria for social and environmental processing requirements and chemical restrictions.
Since Kings of Indigo started production in 2011, we have never compromised on sustainable materials and organic cotton being our baseline standard. Studies suggest that almost two-thirds of the harmful climate impact over a garment’s lifetime comes at the raw material stage – this is because of the vast amounts of energy, water and chemicals that are used to create materials such as polyester and cotton.

At this moment, our collection is made up of more than 98% sustainable materials. But we’re not there yet! We are striving to replace our non-sustainable materials with better options. For example, in 2020 we launched our special biodegradable denims. We replaced elastane with sustainable natural rubber.

**The materials benchmark tool**
We dived into all materials we are using in our collection. From our fabrics to the metal rivets of our jeans. We have left no stone unturned! Every material is researched on six parameters; greenhouse gas emissions; human toxicity; eco-toxicity; energy; water; and land. Hereby we were inspired by the Made-By Environmental Benchmark for Fibres. Based on these parameters, each material is scored and placed into one of five classifications: Class 1 to Class 5. We researched the impact of the production of the materials as well as the effects of the material during the total lifecycle. Class 1 is showing the materials with the lowest score and therefore the lowest environmental impact. Materials in Class 5 are the non-sustainable options Kings of Indigo wants to use as less as possible.

**The certifications benchmark tool**
Based on the parameters: people, planet, profit we have assessed and scored the different type of audits, certifications and graded these on level action.

Through consultation of stakeholders a.o. the AGT, fabric mills, Textile Exchange, Control Union, HIGG we make sure to review two times a year whether the benchmark tool is still accurate. We will regularly review and update the benchmark alongside our stakeholders on ongoing basis.
Kings Of Indigo MATERIALS BENCHMARK 2021

Find the most sustainable materials in Class 1 and the materials we want to use as less as possible in Class 5.

The materials Kings Of Indigo is using now, are bold.

<table>
<thead>
<tr>
<th>Class 1</th>
<th>Class 2</th>
<th>Class 3</th>
<th>Class 4</th>
<th>Class 5</th>
<th>BANNED</th>
<th>Unclassified</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 15</td>
<td>15 - 20</td>
<td>20 - 25</td>
<td>25 - 30</td>
<td>30 - 35</td>
<td>no option!</td>
<td>to be researched</td>
</tr>
</tbody>
</table>

This benchmark tool is created by Kings Of Indigo, based research with reliable resources. Our research is an on-going process.
# Certifications Benchmark 2021

Certifications assessed on the areas of People, Planet and Profit.

<table>
<thead>
<tr>
<th>Certification</th>
<th>People</th>
<th>Planet</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOTS</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>OEKO-TEX STANDARD 100</td>
<td>○</td>
<td>●●</td>
<td>○</td>
</tr>
<tr>
<td>OCS 100</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>OCS BLEND</td>
<td>○</td>
<td>●●</td>
<td>○</td>
</tr>
<tr>
<td>GRS</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>RCS</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>BLUE SIGN</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>EIM</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>FAIR WEAR</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>SMETA</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>SA8000</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>BSCI (AMFORI)</td>
<td>●●</td>
<td>●</td>
<td>○</td>
</tr>
<tr>
<td>PETA</td>
<td>○</td>
<td>●●</td>
<td>○</td>
</tr>
</tbody>
</table>
## Achievements, goals, ambitions & reflections

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GOAL</th>
<th>ACTION 2020</th>
<th>STATUS 2021</th>
<th>GOAL 2021 - 2022</th>
</tr>
</thead>
</table>
| 2020 | 100% of the organic cotton needs to be GOTS, OCS certified | • We have received all fabric certificates, verified and registered;  
• We got GOTS certified on company level in 2020 and are therefore allowed to communicate on product level where applicable. | Fulfilled and beyond. | OCS certified organic cotton is covering 2/3 of our organic cotton by 2022 we want to have 50/50. 50% of the organic cotton use GOTS certified and 50% of the organic cotton OCS certified. |
| 2019 | Complete ban of conventional cotton, from 1% to zero. | • Due to the fact of carry over fabrics from 2019 – 2020 we were unable to reach zero percent, therefor we still have 0.13 metric tonnes of conventional cotton in our total material use.  
• It is agreed with the team conventional cotton can’t be present and to be banned from carry over fabrics. | Not fulfilled. | Zero use of conventional cotton from 2021 onwards. |
| 2020 | Recycled material use 30% | • We have converted organic cotton in fabrics to recycled cotton with several mills;  
• Due to Covid production deliveries are delayed, the % of recycled content is therefor showing in 2021 i/o 2020. | Not fulfilled. | The use of recycled materials:  
2021: 40%  
2022: 50% |
| 2020 | Maintain and increase implementation of natural fibres: (organic) Hemp and (organic) Linen. | • The use of linen is doubled compared to 2019;  
• No use of hemp in 2020. | Partially. | • Maintain the use of linen as 2020;  
• Due to the shortage of raw materials we depend on the market and if the prices of linen and hemp are still compatible and accessible for us to work with. |
| 2020 | 100% Vegan | • In 2019 we were 100% vegan due to the recycled wool in our collection 2020 we were no longer 100% vegan;  
• We took as action point to source for vegan wool which search is not completed yet. | Not fulfilled. | • We continue our investigation for alternatives to use instead to guarantee our veganism for all products in the entire collection. |
2021

Materials benchmark tool
We committed ourselves to increase the implementation of fibres categorized by MADE-BY in Class A and B. We fulfilled this goal but at the same time but we felt the MADE-BY benchmark was no longer accurate and fitting our material use. Therefore we created the Kings of Indigo materials benchmark tool which is more strict, up to date and advance in comparison to the MADE-BY benchmark tool. In the future our goals and actions will be in relation to our benchmark. At the moment we can state that our material use is divided per class as following according the Kings of Indigo materials benchmark:

Class 1: 7,6%
Class 2: 83,9%

Materials
Our aim is to continue the increase of materials in class 1. We continue to increase the use of certified GOTS organic cotton over the use of OCS certified organic cotton. There we are limited and depend on the direction of the fabric mills we work with. Also with the high demand of certified organic cotton and the reduction according to Textile Exchange the growth of organic cotton is increased by 31% in 2020. Besides the growth of farming organic cotton the demand drastically increased as we faced with all our fabric suppliers. This results in an incredible price increase of our fabrics. This means we have to look for alternatives such as increasing the recycled (cotton) content which is also in line with our strategy for the coming years, this external situation results in a quicker push of this.

GOTS/OCS certified
In 2020 we got GOTS/OCS certified on company level, this is a major step and huge progress. For 2021-2022 we will maintain the certification and apply for GRS/RCS in 2022-2023 to cover our recycled content.

Traceable materials
In 2020 we launched our first capsule collection with Aware. The recycled content in this fabric is traceable through blockchain. Aware is a fast growing start up and we are currently investigating to implement this at our sweat and jersey yarn supplier as well which will cover 25% of our total collection. We continue to work with Aware via our partner Calik whereas of 2021 the organic cotton is also completely traceable. Depending on how Aware will develop it selve we foresee that in 2021 at least 3 fabric mills will be working with this technology which allows it for us to implement this at a higher rate in our collection. Besides Aware we also look in other traceable alternatives such as Haelixa.

2021 - 2022
We decided to define and classify our fibres in a more accurate way and re-looked at our initial goals and ambitions as it was no longer matching to our current mission neither was it sufficient enough. Below the prioritization of material use.

1. Recycled fibers
Back in 2017 we set our goals as following:

2020: 30%
2021: 40%
2022: 50%
By 2025: collections will be made entirely of recycled and/or man-made fibers.
Recycled fibres exist in different forms, some are more harmful than others to the environment, therefore we have split up the recycled fibres and categorize them more specifically: Recycled biodegradable and Recycled non-biodegradable. The use of Recycled biodegradable fibres is priority number one, second up is recycled non-biodegradable fibers.

We are also making the split in pre- and post-consumer recycled fibres we’re the emphasize is put on post-consumer recycled waste.

2. Material use Class 1 and 2
We decided that we can only use fibres classified in Class 1 and 2 of our materials benchmark. This means that the materials classified lower will be replaced with better classified alternatives. Since this will be an ongoing process and we partly depend on the developments and innovations of the market we aim to increase the materials in Class 1 with 10-20% every year.

3. New natural fibres such as GOTS organic cotton
Our third goal is to increase the material use stated in point 1 and 2 but we don’t want to limit our-selves and make sure to deliver a durable and high quality. Therefore we will need to use new fibres but they must meet our criteria which is GOTS certified organic cotton over OCS certified organic cotton. Right now the use is 50/50 but in 2022 we aim to use 75% GOTS certified organic cotton and only 25% OCS certified organic cotton. Next to this we are investigating whether we could replace GOTS with Fair Trade cotton in certain cases.

For 2021-2022 we continue our PETA certification which is now valid to 98% of our collection. The remaining 2% consists out of materials suchs as recycled wool which we hope to have a sustainable vegan alternative for by 2022 which means we would be completely PETA approved, VEGAN by 2022.

Stakeholder engagement
In order to stay close to developments, innovations but also to remain critical on our existing material use we engage with several stakeholders such as HIGG, Textile Exchange, fabric mills and through fabric fairs. We need our fabric mills in this process to allow us to accelerate the increase on the use of recycled materials. So far we have been able to work close with our fabric mills to replace for example organic cotton with recycled content to lower our use of a new fibre and to re-use existing materials.

In the end of this report, we have identified actual and potential harms in relation to our material use.
**Waistband patch**
90% of the collection we use Jacron patches and in the other 10% we are using the PU patches. Jacron is a unique paper material with a leather like look. It withstands industrial washes, passes needle detectors, and does not tear. The jacron patch on the jeans is made from recycled paper that include a small amount of acrylic polymer – “The added polymer is the least sustainable element with our new patches, but it was also necessary to be able to give the patch the strength needed for its longevity,” Leather waistband patches are banned since 2020. The PU patches are made with 30% recycled PET. Waistband patch supplier is Euromark.

**Corozo buttons**
All non metal buttons we use are made from Corozo. Corozo is a natural material made from the seeds of the Corozo palm. Corozo is a natural material, comes from a renewable source and grows almost exclusively in northwest South America and is best known for its quality and natural grain pattern.

**Stitching thread**
All stitching thread used for jeans produced in Tunisia comes from Coats, Epic, 100% polyester.

**Hangtags & pocket flashers**
All hangtags and pocket flashers are from 100% recycled paper and produced by our supplier Cadica. All paper is FSC certified.

**Metal trims & zippers**
Metalbottoni and YKK are our metal buttons and rivet suppliers. We are using 2 types of metal buttons. Era jeans: No impact finish YKK, Artlab jeans & apparel: Up to 75% Recycled metal + No impact finish, Metalbottoni.
We have NATULON® zippers for all jeans, the zippers are made from 100% recycled materials such as PET bottles using Mechanical Recycling technologies.

**Pocketing**
The pocketing used for all denim is produced by our supplier Copen in China. We buy in big bulk and ship it by boat in one time to the distribution in Tunisia. From there we can at least order for 2 year without a new order. Pocketing is made from 70% Organic cotton and 30% recycled polyester, GRS certified.

**Woven labels**
All woven labels are produced by Cadica. The composition of the labels is 60% Recycled PET 40% organic cotton. Labels are GRS certified.

**Polybags**
All polybags are made from 80% Recycled Polyester 20% Virgin Polyester and are 100% recyclable.
## Achievements, goals, ambitions & reflections

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GOAL</th>
<th>ACTION 2020</th>
<th>STATUS 2021</th>
<th>GOAL 2021 - 2022</th>
</tr>
</thead>
</table>
| 2021 | Deliver our first 100% biodegradable/circular jeans. | n/a | • We have mapped the current level of our jeans on biodegradability;  
• Research on biodegradable stitching thread;  
• Research with YKK on recycled metals: zipper and zipper tape;  
• We are looking for alternatives to replace metal rivets such as stitched rivets. | • Continue the investigation and research on circular and biodegradable jeans that is scalable;  
• Intern conducted research on our current level of circularity. As a result, five main principles of circular economic principles applicable for the company were outlined. In relation to the topic trimmings suggestions and recommendations were set on:  
1. use of clean, regenerative materials  
2. use of circular design principles  
3. use of circular business models (creating a closed-loop system)  
4. proving social responsibility and transparency of the supply chain  
5. practicing system-thinking and industrial symbiosis |
| 2020 | Use of 100% biodegradable polybags. | • Due to the change in legislation and the fact that the 100% biodegradable polybags were not properly discarded our supplier decided to only produce 100% recycled PET polybags so that when they get back and are properly recycled it is causing harm to the environment. | • Continue to work with 100% Recycled PET polybags;  
• Research |
2021

Biodegradable
It’s time to launch our first 100% biodegradable jeans! Our goal is to create a capsule collection that consists of 100% biodegradable jeans and to launch in 2022, soon more information about this! This means that every single aspect of the jean needs to be considered, from trimming until pocketing until stitching thread and fabric. The design and development of such collection requires a 360 holistic approach, to leave no stone unturned! This will challenge us and allow us to make more consciously specific decisions in regard to end of life, biodegradability and circularity.

The stitching thread we are using is not biodegradable and therefore still pollutes the environment once it ends up in landfill. We are testing with biodegradable stitching thread such as Crawfil.

There are many alternatives out there, but we need to guarantee to deliver a product that meet our quality standard: Quality wear for the next era, it needs to be durable and long lasting.

Once we have integrated this for our jeans we will focus on apparel since our biggest impact appears at our denim collection and is therefore prioritized. We are investigating in a waist band patch which is made without chemicals. For our zippers we are looking into recycled zipper tape as this still remains to be 100% polyester and a biodegradable alternative is not there yet which is strong enough, we keep researching this.

Challenges
In 2020 we used biodegradable polybags but these where no longer allowed to be used due to the big question mark and concern we have towards biodegradability. Also, we were unable to guarantee that the biodegradable polybags were properly sorted and recycled to not cause any harm, because when collected incorrectly it could still harm the environment. Biodegradable is not the same as compostable! Recyclable items such as 100% Recycled Polyester can be turned into raw materials that can then be used to make new things without needing to create completely new resources. And finally, biodegradable options will eventually break down, but we do not know when and there is no plan to use them for any additional benefit. Therefore this is the most ‘suitable’ decision we can take at this moment. Unfortunately, we can’t yet eliminate our polybags completely due to the protection of the garments. We expect to run a pilot with our warehouse where we re-use polybags and the consumer can return their polybags once purchased something with us. For us product responsibility is to be find in all details including our packaging. The web shop packaging is 100% FSC certified paper bag, this needs to be improved and we are looking into alternatives here also, such as Repack or carton packaging.

Stakeholder engagement
Especially on circularity we have lessons to learn and will consult our denim partners which are part of the Ellen MacArthur Jeans Redesign project and consult the Ellen MacArthur foundation ourselves as well.
Chemicals

Questionnaire fabric mills
To gather all necessary data of our mills on their wastewater treatment, chemical management and fabric processes we conducted in 2020 questionnaires to have all these questions answered and to be informed on the type of techniques and management that is present at mill level. This is important to be educated about our partners in the value chain and to go from there. Without knowledge improvement can’t be made.

Restricted Substances List
We are committed to producing high quality and ethically manufactured products and intends to only do business with suppliers that share our commitment to make a strong product in a socially and environmentally conscious way. Our Restricted Substance List (RSL) is the base for monitoring the use of chemicals in all King Of Indigo products. This listing includes, but is not limited to, finished products, including apparel, non apparel, accessories, packaging, trims and other products. We are also obligated to comply with Registration, Evaluation, Authorization and restriction of chemicals (REACH) of the European Union. Next to preventing the use of hazardous chemicals in our products, we are also committed to eliminating industrial releases of hazardous chemicals into the environment. That is the reason why we follow the Zero Discharge of Hazardous Chemicals (ZDHC) by 2020.

The objectives of the RSL (May 2020) are intended to:
(a) Ensure that materials, chemicals, and other goods, used or supplied for the fabrication, manufacture, or processing of distributed products, comply with the applicable chemical content and chemical exposure laws of every governmental jurisdiction in which those products are fabricated, manufactured, processed, and distributed.
(b) Protect the health and safety of consumers and others of distributed finished products. On environmental responsibility topics as: energy use, water use, raw materials, chemical use, hazardous substances, water waste, waste, RSL, REACH are stated.

Consultation of:
- Zero Discharge of Hazardous Chemicals (ZDHC)
- Sustainable Apparel Coalition (SAC)
- HIGG INDEX
- REACH
- AFIRM
Salt plays this crucial role of catalyst. Salt has an extremely high affinity for water. Broadly speaking, salt is necessary in three ways:

- Firstly, to drive dye into textile during the dyeing process in textile;
- Secondly, use of salt leads to maximum exhaustion of dye molecules during dyeing process in textiles;
- Thirdly it is used as an electrolyte for migration, adsorption, and fixation of the dyestuff to the cellulose material.

In the textile industry, industrial salt is used in the manufacture and processing of fabrics and materials, such as for dyeing cotton. When used in a dye bath, salt causes the dye to completely penetrate the fabric, thereby making the dyeing process easier.

**Why is salt harmful?**
Salt, can’t be removed after treatment and remains a residue. It is harmful to the environment of the fabric mill. 1 million tons of salt is discharged into waterways each year. In areas where salt is discharged into the ecosystem, it takes a long, long time for affected areas to recover, especially in areas of sparse rainfall.

Unfortunately, the salt in textile effluent is not made harmless by treatment plants and can pass straight through to our rivers even if it has been treated. It becomes a public health concern for people who drink this water, because it can exacerbate high blood pressure and hypertension in humans. This increase in our drinking water can also cause problems with water balance in the human body.

Salt in water is also responsible for the release of mercury into the water system.

Recycling salt is hardly impossible at the moment. The recycling process is very energy intensive process and is not advised by scientists due to the big carbon footprint. Certain parts of the textile industry are more severe of risks in the sense where salt is frequently used in high concentrations.

- Especially used for dying cotton, linen, hemp, or viscose
- Mostly used in combination with reactive dye

**Reactive dyeing**
Poor dye fixation has been a long-standing problem with reactive dyes in particular in batch dyeing of cellulose fibers, where a significant amount of salt is normally added to improve dye exhaustion (and therefore also dye fixation). Thus, color and salt in the effluent are major environmental issues in reactive dyes. Because both unfixed reactive dye and its hydrolyzed form are water soluble, they are difficult to eliminate in biological wastewater treatment plants.
Denim treatment

NO PP!
Potassium Permanganate replaced between 2011 and 2014 the sandblasting. PP spray is used for making a specific abraded area to appear whiter than the background indigo color shade: a bleaching process. This can be applied by a spray gun or a towel dipped in PP solution and rubbed on the desired area, followed by neutralization in a wet process. The problem with PP spray is that it’s causing skin irritation in case of direct contact causes irritation or burning, redness, pain and itching. Continuous exposure of PP will cause irritation of the respiratory tract and may cause nausea, diarrhea, and other gastrointestinal issues. The usage of PP requires special safety regulations. There should be proper ventilation, protective gear and adequate training for the workers. The use of PP spray is extremely risky in both short- and long-term conditions. Research has linked many health cases to exposure of PP spray. For all these reasons we HATE PP spray. We foresee that this technique and chemical use will soon be banned in the entire denim industry. Since PP spray is not yet officially prohibited, we make the decision ourselves in 2020 elimination of PP spray by 75%, reduction of chlorine by 75% and the reduction of bleach by 75%. By 2021, this year we want to eliminate the use of PP spray, chlorine and bleach by 90%, 2023 this all will be completely eliminated and banned. There are great sustainable alternatives, safe and healthier to the workers and the planet.

NEARBLEACH SKY WHITE PUMICE STONES
In Tunisia we use a sustainable PP alternative called Nearbleach Sky white. It is an innovative product for localized eco sustainable bleaching of denim garments. The product represents the alternative solution to Potassium Permanganate. The new formula is ecologically advanced with minimal environmental impact - a sustainable solution for localized bleaching of localized denim. It has been designed for localized bleaching of denim garments by brush and spray application, to draw and personalize your own style. Nearbleach Sky White contains a tracer which makes the application of the product visible, guarantees its complete elimination after treatment, without affecting the degree of whiteness achieved. It does not require particular post-neutralization treatments, but a simple washing with a dispersing agent allowing a significant saving of water and time. In many denim washes, pumice stones are used.

PUMICE STONES
A volcanic rock that consists of highly vesicular or perforated volcanic glass. It is created when highly pressurized rock is heated at high temperature and violently erupted from a volcano. Very often denim is washed with pumice stones known as stone wash denim. Stone washed garments have a ‘worn-out’ look on purpose. Stone washing also helps to increase the softness and flexibility of otherwise stiff and rigid fabrics such as canvas and denim. After being used once in the wash, the pumice stones dissolve partly, meaning they cannot be used again and are then a waste product. Pumice stones are derived from nature and the method of obtaining the stones puts pressure on the environment. Therefore, we do not like to use this method. Instead the laundry uses bio rubber to achieve the same effect as pumice stone, but in a more sustainable way. The bio rubber is re-usable and has a lifelong lifespan, therefore no waste product and less pressure on natural resources.

LASER AND ENZYME
In Turkey, ERA does not use PP Spray in their denim washes. They use laser, for all, whiskers and so on is all done by machinery and not manually. Certain wash effect – techniques require manual labour such as: localdamaging at the edge of pockets, leg hem.

During our wash development selection, we minimize the use of labor by hand and prioritize other types of non-labor techniques. In this case the PP spray is replaced by the usage of laser and enzyme replacement. As
an alternative for the use of pumice stones, ERA has done research into new substitutes that are a blend of pumice powder and epoxy. The way they look is just the same as regular pumice. But epoxy gives them resistance, so that they do not get dissolved as the regular pumice do. In 2020 the laundry Blue Matters will install solar panels on the roof of the laundry in order to take the energy consumption from here for the facility.
Achievements, goals, ambitions & reflections

Chemicals
Through conducting questionnaires at all fabric mills we have gained insights on wastewater treatment, chemical management, etc. In this way we can continue to monitor chemical management in high-risk countries and processes. We can conclude that all of our fabric mills work with ZDHC gateway and HIGG index. Next on our agenda is to get these insights of all our laundries, we continue to focus on this 2021. From there we could consider, depending on the findings and results to train our biggest denim laundries and finishing locations on chemical management by external parties, experts, ZDHC. We have consulted ZDHC, Dystar and CHT for this already. Now we need to gather the data of all laundries and go from there.

We work with three denim laundries in total, one of them, Blue Matters operates according HIGG FEM we are investigating on the application and possibilities of this at our Tunisian laundries. First steps will be taken in 2021 – 2022.

Product testing
In 2020 we launched our MRSL and upgraded it with the support of the AGT. Soon we realized that this was not enough, testing is mandatory to verify whether process are meeting our criteria. In 2021 some our products were tested by retailers due to the smell of chlorine. It was found that an excessive amount of AOX was used which is not inline with our criteria. We concluded we will select random jeans each collection and test these starting 2021 on AOX. Together with an external consultant we are looking critically at our testing/QC policy we are setting, we want to make sure to include besides testing on AOX also other categorized chemicals that are stated in the RSL to examine by an independent third party whether our products do meet the set criteria.

Next steps:
- The RSL we have in place is approved, we will compare ours to the GOTS criteria to verify if this is enough or we need to sharpen our RSL. Ready date end of July 2021.
- CSR will create the risk analysis + decide on testing method per material. Ready date: end of September 2021.
- Map all possible testing organizations in the Netherlands including all necessary data, end of September 2021.
- CSR will write the testing method + procedure down in manual and share with Era/Artlab, ready date end of October 2021.

Use of salt
We expected the elimination of salt would be less of a hassle, but reality shows that still limited amount of salt needs to be used because in certain cases, certain fabric mills do not have an alternative. We collected all data via questionnaires and will continue to request fabrics/yarns which won’t require the use of salt either in a limited amount. This varies from 1.02 grams a litre up till 30 grams a litre (Bossa) or no salt (Calik). The use of chemical meets Bluesign and GOTS standard at our biggest fabric mills, were we purchase most meters of denim fabric. Therefor we have adjusted the goal from 2022 100% salt free to 2024 100% salt free.

2021 – onwards
- Operating according HIGG FEM at all denim laundries by 2023.
- Ban on the use of pumice stones with all laundries;
- Complete ban on PP spray, chlorine, bleach with all laundries: jeans and apparel;
- Recycrom: we will get started with denim in 2022 and expand Recycrom to our apparel collection by 2023;
- Sustainable, GOTS certified placement prints on all jersey and sweat
- Salt free collections, by 2024 we want to eliminate the use of salt completely;
Stakeholder engagement
We are not chemical experts therefor we rely on and consult experts in this field. We have consulted Mod-int the AGT and organizations such as ZDHC, Dystar, CHT and we are investigating further in HIGG FEM to see what we can do with that in the future to properly manage and monitor our direct and indirect environmental impact. Therefor we also consult a consultancy firm that will support us on conducting a Life Cycle Assessment in 2021.

In the end of this report we have identified actual and potential harms in relation to our products.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>GOAL</th>
<th>ACTION 2020</th>
<th>STATUS 2021</th>
<th>GOAL 2021-2022</th>
</tr>
</thead>
</table>
| 2020 | EIM Score available on all jeans. | • We have EIM score on all jeans;  
• Every season we measure and analyse our water and environmental impact once orders are placed therefor, we are able to indicate the use of water per season and monitor if this will go down;  
• Analysis based on EIM scores has been executed. Experts have been consulted for further required changes in our selected denim washing processes. | Fulfilled. | • For 2022 we set ourselves the goal to only deliver jeans washed with Low EIM impact score;  
• Every season we next to water also analyse the denim washes on chemical level and consulted different chemical experts and companies in 2020 with these results to search for alternatives;  
• Experiment with sustainable alternatives for bleach, chlorine that are eco friendly or other techniques that achieve the same result to achieve the 100% EIM Low impact score. |
| 2021 | Phase out PP spray, chorine, bleach with all denim laundries. | - | In progress. | • Ban on PP spray, chlorine, bleach with all laundries (apparel + denim);  
• Connecting our Tunisian laundry with more sustainable alternatives after our research: Dystar, ZDHC e.g. |
| 2020 | Map chemical- and wastewater management/treatment at all fabric mills. | • We have conducted questionnaires with all our fabric mills to get information on: wastewater treatment, chemical management, dye techniques, etc. In this way we can continue to monitor chemical management in high-risk countries and processes. | • Continue with the results from the questionnaire and support fabric mills to adopt HIGG FEM at our biggest fabric suppliers and laundry in Tunisia;  
• Get insights on chemical management, water management with our Tunisian laundries through LCA that will be done in July 2021. | • Continue conversations with fabric mills on environmental management improvements;  
• Monitor certification applicable to fabric mill;  
• Work with the results coming from the LCA for our denim laundries in Tunisia and Turkey;  
• Stimulate Tunisian laundry to work with HIGG FEM. |
| 2019-2020 | • Monitor the use of chemicals in our production processes on fabric and garment level.  
• Educate our product team.  
• Connect with the experts. Consultation of chemical-dye companies, laundries and organizations such as ZDHC.  
• Get insight on current circumstances and action at specific production location by another present brand company;  
• Testing of our jeans on selected chemicals. | • We have planned several sessions of education with the product team by chemical experts: CHT, ZDHC, Modint, AGT, Dystar. To get better understanding and knowledge on chemical management.  
• Consultation of testing companies as Intertek;  
• Upgraded our RSL and included limitations to the chemical components; | • In 2021 we started testing some of our jeans after we received a complaint from a customer on the smell of bleach. This created that we have to move quicker on the testing of our products and plan of action created – scroll down below. | • Based on risk analysis test 5 jeans of Tunisian production and 5 jeans of Turkish production every production season;  
• Continue to monitor chemical management at our denim laundries;  
• Continue to monitor (waste) water treatment;  
• Support Tunisian laundries to work with acc. To GOTS, HIGG FEM, ZDHC. |
Water use
Water

Water is used at almost every aspect of our value chain. Water in the garment industry is used for several purposes, mainly, as a solvent for dyes and chemicals, as a medium for transferring dyes and chemicals to fabric, and as a washing and rinsing medium and to grow crops such as organic cotton. The textile industry is known for being a very thirsty industry and especially the denim industry is notorious for using a huge amount of water. Textiles production (including farming) uses around 93 billion cubic meters of water annually, representing 4% of global freshwater withdrawal. Beyond production, washing clothing using washing machines is estimated to require an additional 20 billion cubic meters of water per year globally. The washing of a single denim can already take up to 70 litres.

Fresh water makes up a very small fraction of all water on the planet. While nearly 70 percent of the world is covered by water, only 2.5 percent of it is fresh. The rest is saline and ocean-based. Even then, just 1 percent of our freshwater is easily accessible, with much of it trapped in glaciers and snowfields. In essence, only 0.007% of the planet’s water is available to fuel and feed its 6.8 billion people. According to the United Nations, water use has grown at more than twice the rate of population increases in the last century. By 2025, an estimated 1.8 billion people will live in areas plagued by water scarcity, with two-thirds of the world’s population living in water-stressed regions because of use, growth, and climate change. We are in a freshwater crisis.

It is important to understand our water impact, from awareness comes knowledge comes change. Therefore we have conducted questionnaires with our fabric mills to understand their wastewater management and waste water treatment and how they protect eco systems. All our jeans are washed with EIM which means we have exact data on the use of water per jean. But in order to further investigate the water consumption in our total supply chain we will start conducting an LCA with an external consultancy firm to measure our impact on a.o. water so we can continue to lower our impact on people and planet.
Water use is one with difficulties given that the denim industry is incredibly water intensive - to grow cotton for just one conventional denim, almost 7000 liters of water is needed. With every collection, we look for ways to minimize our impact. From SS20, we have started with a new technology from Jeanologia called EIM: Environmental Impact Measuring.

The EIM score is awarded per denim based on:

- Water consumption
- Energy consumption
- Chemical use
- Impact on worker's health

The scale ranges from low to high and is relating to the garment's finishing process, not the whole production process. The lower the score, the less impact it has and therefore a cleaner jean.

We can currently share the scores of all jeans. Currently we analyze all EIM scores of our total denim collection in order to lower our impact and to only develop washes that have low impact. In the future we aim to eliminate all medium impact washes leaving only low impact washes. We are working on providing more scores for the whole current spring/summer collection soon.

As of 2022 we are able to show per product the amount of water used, energy and total impact on environment.

**Water consumption**

Our SS21 jeans collection contains 26,994 pieces production. The total amount of water used in this denim collection is 709,801.5 litres of water. Our AW21 jeans collection contains X pieces production.
Environmental impact measuring
Natural Ecru denim
Before denim is given its iconic indigo attitude, its ‘ecru’ - the natural color of cotton. These pieces aren’t treated or bleached, they’re raw: undyed organic cotton. That means serious water savings, no chemicals used and a hand feel that’s slightly more rigid. Which saves a step in the production process (less transport, chemicals for dying) and means serious water savings as pre-dye bleaching accounts for 40% of the total water used in creating a pair of jeans. These unbleached garments require no chemicals, reducing health issues for our workers and ruling out any contaminated water and the trouble it causes. As if that’s not enough reason to go unbleached, it’s got that pure, rigid hand feel of authentic workwear. These styles only require 19.5 litres of water for treatment.

Natural indigo
Sitting snugly between blue and violet, indigo is one of seven official colours of the rainbow. We’ve always felt a magical attraction to that beautiful shade. You can guess by the name, Kings Of Indigo, right? As with every K.O.I collection, indigo leads the way - so here’s to that deep, dark denim that stole our heart a decade ago. Historically, indigo was a natural dye extracted from plants. Today a large percentage of indigo dye - several thousand tonnes each year - is synthetic. The synthetic dye may be cheaper, but the natural variant has a much smaller chemical footprint. Natural indigo is bio-based indigo that can be seamlessly integrated into current fiber mill processes. Essentially, natural indigo has the same basic chemistry as synthetic indigo, which means mills don’t need to purchase any new equipment. Indigo dye is an organic compound with a distinctive blue colour (see indigo). Historically, indigo was a natural dye extracted from the leaves of certain plants, and this process was important economically because blue dyes were once rare. The by-products of natural indigo are biodegradable and non-toxic. Natural indigo also called veggie dye can be find back in our collections.

Labfresh
In this program, products have been treated with FreshCore™ treatment mix. FreshCore™ is a unique treatment mix developed by LABFRESH that combines several performance enhancing technologies in one: hydrophobic, antibacterial, and easy care. The combination of these 3 properties allows our products to be stain and odour repellent and stay fresh longer. The antibacterial properties ensures that odour-causing bacteria are killed. As a result, they stay fresh for days - whether you travel, cycle to work, or run to a meeting. The products are stain repellent. They repel water-based liquids such as wine or coffee, but not oil-based stains. If you get a stain on yourself, just rinse off with water. The insides of the t-shirt absorbs moisture and spreads it out on the surface so it can evaporate quicker. You stay dry and the outside of the t-shirt will show no sweat stains.
Also the products are easy care, which means they require less washing, they are wrinkle-free, so they need no ironing between washes. The perfect travel companion. Applying this technology results in washing your product 3,5 times less than an average shirt or t-shirt which means you save a huge quantity of water, energy, money and you reduce your overall carbon footprint at the same time.

Polygiene
Home laundering is accountable for a significant amount of around 61372 liters of water per household a year. Together with heavy unsustainable water consumption, washing denim too often shortens it’s lifespan by damaging fibers and fading indigo away. In the end it all combines into a serious negative impact which can be simply avoided by reducing number of washing cycles.
Thanks to Polygiene® Stays Fresh Technology, you can enjoy fresh all-day confidence, wear your products more and wash them less.
Polygiene technology is saving you time, water and energy associated with washing and also makes your products last longer. The secret of the innovation is in incorporating low concentrations of silver salts (silver chloride) derived from 100% recycled silver into our textile materials. This treatment keeps your garments hygienic by stopping growth of odor-causing bacteria and fungi. Polygiene is completely safe for the wearer’s health and has all the certifications relevant for textile production: REACH, Bluesign, Oeko-tex, EPA, BPR, ETC.
**Achievements, goals, ambitions & reflections**

**EIM**
Where we aimed in 2019-2020 to have EIM available on all our jeans we can proudly share we have achieved this goal and beyond. We have of all our denim washes and apparel produced in Tunisia the EIM score. This means that we are able to measure the environmental impact of our washes on denim and partly apparel which is massive! We continue with this in 2021-2022 and onwards.

The goal for 2021 is to deliver 80% of our jeans with low impact and 20% with medium impact. Our goal by 2022 is to only develop and produce jeans that are washed with low impact, this means the score can not exceed more than 33, this does mean drastic changes at laundry level and conscious decisions of our design and development team is needed. We need the expertise of our laundries to look for alternatives that have less of an impact. Next to that we are aware there is a price tag on making more conscious and critical decisions on this area. Therefor we will focus on delivering more sustainable products with a healthy margin and price for the consumer.

**Reflection**
We are aware that measuring the impact of a.o. water use through EIM is only a small part of the total impact of a jean. We have conducted a survey to gather data and information relating to laundering habits of 253 Dutch residents. The survey found:

- 45-54 year olds keep their jeans longer than 18-24 year olds
- Males wash their jeans more than females
- Those who showed willingness to repair their jeans, kept them for longer
- Other sources were used to highlight the environmental issues relating to washing denim jeans and make the recommendations

37.9% of respondents washed their jeans due to habit.

The research highlighted the environmental damage of washing denim jeans at a high frequency but also the various alternatives to washing that can be used to extend the lifespan of denim. Extending the lifespan of a pair of jeans can also be done through repairing any rips, tears, or damage to the denim.

Home laundry is significant accountable for 61372 litres of water per household a year which is around 25% of water used in the life cycle of a garment is used when the consumer washes it in the laundry. Therefor it's not only important to focus on the decisions we have a direct impact on but we also focus on consumer behaviour in relation towards home laundry of the jeans. Alternatives are: freezing, spot cleaning, airing out. We already pay attention to behaviour and share environmentally friendly ways of cleaning your garments via our blog, social media and Sustainable Thursday.

**Life cycle assessment**
To get better insights on our impact and a.o. water footprint along the total cycle of a jean we will consult an independent consultancy firm where we through conducting an LCA get proper insights in our impact. The LCA indicates hotspots (high impact areas) where we critically could look at and change our operations, design decisions and so on accordingly.

In the end of this report we have identified actual and potential harms in relation to our products.
<table>
<thead>
<tr>
<th>Year</th>
<th>GOAL</th>
<th>ACTION 2020</th>
<th>STATUS 2021</th>
<th>GOAL 2021 - 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Measure our water footprint beyond EIM.</td>
<td>• We have measured our water use of production 2020 and found our jeans</td>
<td>• Start LCA with consultancy firm Sustainalize to measure our total environmental impact from crop till ready jean to be aware of our water consumption.</td>
<td>• Depending on the results of the LCA we can make more conscious decisions on the use of materials, washing techniques that require less water use.</td>
</tr>
</tbody>
</table>

- We have measured our water use of production 2020 and found our jeans require 70% less water compared to washing the conventional way.
- Start LCA with consultancy firm Sustainalize to measure our total environmental impact from crop till ready jean to be aware of our water consumption.
Responsible production
Country risk classification

High risk production countries and low risk production countries
A low-risk country qualifies for this other monitoring requirements, when there are proper functioning institutions as trade unions, works councils, labour legislation and labour inspection. Currently all present member states of the European Union (EU) except Italy, Bulgaria and Romania, which means 25 member states, as well as member states of the European Free Trade Association (EFTA) including Iceland, Liechtenstein, Norway and Switzerland are considered ‘low-risk countries’.

For low-risk countries to meet the criteria, all production sites in these countries must do the following:
- Ensure that information on labour conditions is up to date either by a regular visit and/or a report by a third party;
- Demonstrate that the production site is informed of FWF membership and has returned the completed CoLP questionnaire before production orders are placed;
- Become aware of specific risks identified by FWF. Please see the risk assessment documents on Portugal and Italy for reference.
- Demonstrate that the FWF Worker Information Sheet is posted in local languages and languages of migrants where applicable.

Low risk countries are not primarily determined by the standard of the labour conditions, but by the presence and proper functioning of institutions (trade unions, works councils, labour legislation and labour inspection), which can guarantee the compliance with basic standards (compare for example the Fair Wear policy with regard to living wage: in countries where there is a freely negotiated CBA, the CBA initially determines the level of a living wage. Countries where freedom of association does not exist – statutorily or in practice – can never be low risk countries.

In every country, an informal economy exists where workers have no or much less protection. Workers in garment factories worldwide traditionally
almost always belong to the weaker groups within the labour relations. For this reason alone there are no ‘no risk countries’.

**Italy**

Since 2020 Italy is classified as high-risk country, before the country was classified as low risk country. Due to the small size of most factories in the sector, sub-contractors, and to a lesser extent of home-workers, play a key role in the textile/garment supply chain, which is fragmented and varied to cater to the different skills needed for the manufacturing of specific products. The use of sub-contractors reportedly enables flexibility and the ability to deliver orders quickly to clients, while making margins by keeping out-sourcing prices down. Keeping prices down was reportedly accomplished by favouring Chinese sub-contractors.

Our production takes place in Tuscany region, Prato where a sever risk of Chinese factories, sub-contractors is realistic according to Fair Wear and CCC. Severe risks are forced labour, excessive over time and since Italy does not have a minimum wage, so the reference salary standard is provided by the collective bargaining agreements, National Collective Employment Contracts (CCNLs), low payments are a fact. CCC reported that lower wages are especially to be found further down the chain. When it comes to legally binding employment relationship it is reported that a weakening of the legal system protecting workers, favouring greater flexibility and temporary contracts, coupled with the effects of the global economic crisis on the Italian market, increased the vulnerability of the lower categories of workers.

All these findings are serious concerns we will dive deeper into. We first located and mapped our Italian production chain from tier 1 further down specifically in this case to get valuable information.

In 2021 we will audit our Italian suppliers with MOST CSR since Fair Wear is not yet offering trainings and audits in Italy we have to consult another third party for this.

**Production locations**

Due to Italy being classified as of 2020 as high-risk country, 99.77% of our production takes place in high risk country and only 0.22% in a low risk country.
We aim to establish long-term relationships with all our suppliers. Not only when it comes to actual garment manufacturers but also the fabric mills and trim suppliers we are working with. In case we do decide to work with new suppliers we make sure that a supplier fulfills following criteria:

• Social auditing of all production locations:
  ~ If located in high-risk countries we aim to work with Fair Wear audited locations, otherwise BSCI, SA8000, SMETA or other valid audits checked on validation with the Fair Wear Quality assessment tool;
  ~ If located in low-risk countries any audit type is valid next to that regular visits are required.
• Sign the CSR supplier declaration, supplier manual and fulfill requirements from FWF: fill in and sign the Questionnaire + Worker Information Sheet on location;
• Transparency from vendor towards Kings Of Indigo and FWF code of conduct;
• Any subcontracting must be known and approved upfront by Kings Of Indigo;
• Free entrance to production locations;
• Product conformity: high quality standard and workmanship;
• Responsible sourcing of materials;
• Located close to home, easy to travel to.
Fair Wear Foundation

Fair Wear Foundation (FWF) is an independent multi-stakeholder organisation that works with garment brands, garment workers and industry influencers to improve labour conditions in garment factories. When a factory is FWF audited or a brand is member of FWF it does not guarantee any existing quality of labour standards, instead demonstrating a stated interest in working towards improvement. The Fair Wear Code of Labour Practices contains eight labour standards that are based on the conventions of the International Labour Organization (ILO) and the Universal Declaration on Human Rights. The Fair Wear Code of Labour Practices is known for its strong provisions on freedom of association, hours of work, and a living wage.

The eight labour standards:

- Employment is freely chosen
- There is no discrimination in employment
- No exploitation of child labour
- Freedom of association and the right to collective bargaining
- Payment of a living wage
- No excessive working hours
- Safe and healthy working conditions
- Legally binding employment relationship

Social audits
An audit is to assess the conditions of the workplace. As member of the Fair Wear Foundation the auditing program follows the Code of Labour practice developed by Fair Wear and each of the labour practices are assessed from 3 perspectives: factory management, stakeholders, and workers. Off site interviews are conducted prior the audit. A Fair Wear audit is carried out by Fair Wear local staff in the production country, the audit takes up to 2 days depending on the size of the factory.

Throughout the year we critically analyse all suppliers, and we plan and implement Fair Wear Foundation audits were required. In case a factory already has another audit in place (besides Fair Wear audits) we also work with other valid audits such as BSCI, SA8000, SMETA, this is only done when an audit is valid. A valid audit means that the audit report is not older than 3 years and all necessary topics are included: payment, overtime, off site worker interviews. The reason for this is that we do not want to audit suppliers for the sake of just auditing and to avoid several audits already taking place at a supplier even though these are also useful for us to work and start with. We examine all existing, valid audits by using the Fair Wear Quality assessment tool on audits in order to confirm whether the existing audit is valid and useable to Kings Of Indigo.

Trainings
Introduction to Workplace Awareness and Dispute Handling The training focuses on basic topics on management-worker dialogue, which can lead to better communication and addressing grievances and concerns on time. Regular dialogue is an important part of improving working conditions, and it can lead to more committed workers. We organize such training at all production countries located in high risk countries where Fair Wear is offering these trainings. Whether suppliers have working internal systems for communications and handling grievances. By inviting our supplier to participate in this training, we hope to support the factory’s efforts to create a harmonious working environment, strengthening internal systems that can effectively address worker concerns and grievances.
the 8 elements of Fair Wear’s code of labour practices

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining
3. No discrimination in employment
4. No exploitation of child labour
5. Payment of a living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. A legally binding employment relationship
In 2020 we have conducted 5 Fair Wear audits. Two audits were conducted in India, two in Tunisia and one in China. Under monitoring is 93.17% of our production locations.

The number of worker complaints was, despite the pandemic, low with two complaints from employees at one of the Turkish suppliers. The reports of these complaints are publicly available on the FWF website.

**YA Apparels, India**

YA Apparels was started in the year 2017 and are well known for manufacturing men’s and women’s shirts. Ya Apparels has been able to achieve substantial savings for prominent brands/buyers in term of cost and time. The team at Ya Apparels are young and wanting to achieve a name for the company. The outbreak of COVID has interfered with many of their intended activities.

The factory is Fair Wear audited in November 2020. In December 2020, the factory had to close the stitching lines for our production due to the impact of Covid-19 and informed us they will not produce our garments. For this reason, we are not able to further remediate on the requirements given by Fair Wear. We keep close contact with the factory to get our production through and monitor the situation in a different way than we anticipated.

Leverage of K.O.I.: 2.5%
Total number of workers: 139
Female workers: 71.01%
Male workers: 28.9%

**Motherland, India**

Washing facility for YA Apparels. Offsite worker interviews were not conducted as the factory was located very far from the city; number of employees were few. Management was collaborative in general. All required documents were available for review. The audited facility is a garment washing unit and FWF brand does not source directly from the facility. There is no active trade union in the facility. Audit team feel the worker management relation is good. Awareness building on committees, labour rights, code of labour practices and management policies remains a challenge. Workers were not aware of how the wages are calculated. Some workers were not aware of the number of holidays they are eligible to get in a year. All issues have been discussed with the management and they are committed to make improvements.

**Good practice findings**

1. Workers are paid above minimum wage.
2. Management has provided cooked food to 10 migrant workers during covid-19 pandemic.
3. Donated dry ration worth INR 25000/- during covid-19 pandemic.
4. Management have donated table and desk to Govt. primary school worth INR1.5 lakhs.
5. Food is provided to workers at 50% subsidized rate.
6. Tea/coffee is provided twice to all the workers free of cost per shift.

Total number of workers: 20
Female workers: 20%
Male workers: 80%
NOS CONFECTION, Tunisia

One of the two denim stitching locations in Tunisia. We work with Nos Confection since 2015 through the Intermediary platform Art lab.

Good practice findings:
- The factory setup efficient health and safety procedures against COVID 19 in accordance with the government process guide.
- There is no instance of child labour in the factory.
- There is no instance indicating any forced labour situation in the factory.
- There were no issues concerning freedom of association observed during the visit.
- Wages are paid in accordance with the national CBA.
- There is a Company Consultative Committee elected to raise grievance of workers and workers to use it to discuss their issues with regular meetings.
- Workplaces are spacious, not overcrowded and well organised.
- There was no instance of overtime was observed.
- According to the manager, the brand did not stop orders despite the lockdown.
- K.O.I target a high-quality product and that is why production minutes are generally higher than required standards.
- According to factory management, the purchasing practices of the FWF members do not contribute to excessive overtime.
- The brand rarely places urgent orders and that is why there are no concerns relating to overtime hours.
- No products were piled up in the emergency exit or emergency evacuation alleys.

Findings of improvement:
- According to factory management, Artlab invoices addressed to the brand are often paid with delay despite the due date of 90 days even before COVID period.
- Workers are not paid a monthly productivity bonus.
- The annual bonus is paid based on a general score that does not depend on assiduity, behavior, productivity and quality. Most of workers are given a score of 14/20.
- The factory did not ensure buses to workers in that period and 14 workers found that is expensive and did not come back because they can not afford it.
- Some workers sign contracts for one month period renewable. One month’s contract doesn’t offer any social guarantees for workers.
- According to factory management, the prices of the member do not support the payment of living wages.
- According to factory management, invoices addressed to the client Artlab are paid on time but Artlab invoices addressed to the brand are often paid with delay despite the due date of 90 days.
- Workers interviewed know that they produce for the brand, but do not all of them know if it is a member of FWF.

Leverage K.O.I: 30%
Total workers: 210
Female workers: 96.2%
Male workers: 3.8%
STAR CONFECTION PLUS, Tunisia
Our second denim stitching location in Tunisia. We work with Star Confection Plus through our intermediary platform Artlab. We started business with them in 2015 and paused this until 2020 because the other second stitching location did no longer want to produce our orders.

Good practice findings:
- There is no instance of child labour in the factory.
- There is no instance indicating any forced labour situation in the factory.
- There were no issues concerning freedom of association observed during the visit.
- Wages are paid in accordance with the national CBA.
- Workplaces are spacious and not overcrowded.
- There was no instance of overtime was observed.
- KOI did not cancel or delay orders because of the COVID lockdown and kept contact with Artlab platform to plan the production recovery.
- According to factory management, the purchasing practices of the FWF members do not contribute to excessive overtime.
- The brand rarely places urgent orders and that is why there are no concerns relating to overtime hours.
- According to factory management, invoices addressed to the client Artlab are paid on time. The manager is not aware when Artlab invoices to the brand are paid.
- No products were piled up in the emergency exit or emergency evacuation alleys.

Findings of improvement:
- According to factory management, the prices of the member do not support the payment of living wages. For manager, the price level has not been increased since 2016 despite that expenses increase.
- During the recession period, before the COVID lockdown, workers were asked to stay home and were paid 200 dinars of the government help.
- Wages for regular working are below the living wages benchmarks that FWF collected from local stakeholders.
- According to the manager, KOI's orders from Artlab are unsteady and low. Generally, the working hours do not exceed 145 hours per month.
- Management and workers are not really informed about the FWF CoLP.
- Workers do not receive payslips.
- Because of a lack of orders, workers are asked to stay home without being paid. Generally, workers are paid about 145 hours a month.
- The factory needs to improve many health and safety matters like:
  - Chairs are not ergonomic and not comfortable.
  - There is no canteen on the premises and the workplace is not well organised.
- Inspection and improvement of wires

Leverage K.O.I: 40%
Total employees: 74
Female workers: 90.5%
Male workers: 9.5%
TONGTAI APPAREL, China
100% Recycled PET jacket supplier. We have an indirect relationship with Tongtai, we work with them through Netraco based in the Netherlands. We have produced one season with this supplier, AW20. This was the first and last season since our jacket and outerwear business is not doing well. We have decided to pause the business relationship until we are able to sell the products.

Good practices:
• The orders price from K.O.I. International b.v. is reasonable and the lead time allowed for productions is sufficient and will not contribute to workers excessive overtime hours.
• The first order from K.O.I. International b.v. was put in to production in July 2020. K.O.I. International b.v. pays sufficiently for minimum wage and OT, but the price does not support living wage. Management does not know how much K.O.I. International b.v. should pay as to support the living wage.
• K.O.I. International b.v. does not place urgent or repeated orders with factory and all productions are well organized and planned in advance.
• K.O.I. International b.v. confirms samples in a timely manner and the process of products development is smooth and efficient.
• K.O.I. International b.v. has communicated with factory on the FWF audit methodology and criteria prior to this audit and they required factory to be 100% transparent to the FWF audit team. The FWF complaint mechanism was communicated to factory beforehand as well.

Findings of improvement:
• Factory has set up a compliance system by referring to the BSCI compliance system; and management confirmed they 'create' working hours and wages records specially for the BSCI audits; in reality, management confirmed they did not record workers working hours.
• Management was willing to share with the audit team about its actual situation on labour conditions. However, as factory did not record the working hours of workers, the audit team cannot fully verify the situation of working hours and wages.
• Factory celebrates the traditional Chinese festivals with workers by distributing 200 RMB to each worker, including the Spring Festival, mid-autumn festival and dragon boat festival. In addition, women workers are provided with 200 RMB on Women's Day.
• There is a canteen in the factory, and the meal subsidy for regular workers is 3.5 RMB/day, while it is 1.5 RMB/day for the temporary workers.
• All production processes are produced in house and there is no use of subcontractor for FWF member’s products.
• The FWF Code of Labour Practices is not posted in the workshops for view of workers.

Leverage K.O.I: 0.05%
Total workers: 147
Female workers: 87%
Male workers: 13%
IWT, Tunisia
The training was the third training at Interwashing, Tunisia in 3 years. We have organized trainings in 2017, 2019, 2020. The training takes place for workers and factory management:
- 50% staff
- 10% management

Positive highlights of the training:
- Some workers are aware FWF
- The training was interactive
- Workers participated in the discussion and spoke freely
- The training atmosphere was very friendly
- Workers are very happy to have participated to this training and they promised to transmit the message to their colleagues
- About 90% of workers stated that they understood all the standards of FWF
- About 80% of workers stated that they understood the complaints procedure of FWF and how to contact FWF
- About 80% of workers said that their knowledge in Tunisian legislation has been improved.

Less positive highlights of the training:
- Workers are no trade union representatives, nor Consultative Committee of Enterprise (CCE) representatives. Those workers attended the last training
- Some workers are aware of the code of labour practices, but they did not understand the content.

Our woven supplier since 2018 in Turkey, Izmir. At Mergu we produce with 3 other Fair Wear members. In total we together cover 55% of the total leverage. Together with all brands we have remediated on complaint 967 which was filed 10/11/2020.

Initial complaint
The worker filed a complaint regarding the malbehaviour of the administrative staff. He/she was rebuked by the administrative staff, belittled, and threatened. The details of the problem cannot be divulged here for the purpose of confidentiality. The worker wants to stay anonymous but does not want to face this kind of problem again. The worker also mentioned he/she is very pleased with the owner of the company. Salary and overtime payments are paid officially. Their main concern is the behaviour of that administrative staff.

Labour standards: No discrimination in employment

Steps of remediation
• The brands immediately held an online meeting with the factory management about the complaint. The response of the factory management was positive, and they subsequently prepared an action plan. According to the action plan, the factory management would conduct separate communications meetings in calendar week 47 emphasizing the importance of non-violent communication. Participation lists and the topic summary would be shared to the brand by the factory. The action plan also covered an additional WEP Communication training which will be planned for 2021.
• The brand informed the factory management, who acknowledged the situation, which was influenced by tensions around the COVID-19 outbreak and a recent earthquake. The factory management immediately shared steps to prevent it.
• The complaints handler contacted the complainant by phone. They verified that the meetings which focused on OHS during COVID-19 and communication were conducted by the factory management in all departments. According to the complainant, there are no remaining problems regarding communication.
• With the confirmation of the complainant that remediation steps have been taken and the situation improved, the complaint has been resolved.


Together with all brands we have remediated on complaint 992 which was filed 24/11/2020.

Initial complaint:
According to the complainant, some workers felt pressured to work overtime for a period of three months during the weekdays between 18.00-21.00 hours except for Fridays. The factory's regular working hours are from 08:00 to 18:00, with half an hour lunch break and two times a 15 minute tea break. The meal is provided by the factory.

The complainant claimed that, the workers who had a closer relationship with the line supervisors were not obliged to stay for
overtime work and could go on leave easily. According to the complainant, the rest of the workers were afraid of saying that they did not want to stay for overtime. The complainant claimed that when this was requested, the line supervisors responded in saying that it is peak season, and they did not give permission.

Labour standards: Reasonable hours of work

Steps of remediation:
- Kings of Indigo had an open and transparent conversation with Mergu management about the complaint. Factory management regularly holds a speech for the total work staff to inform the workers about: the planning for the up-coming period, peak moments, expected OT? Mergu is as-suring that OT is not obligatory but that Covid has put pres-sure on the factory. Workers are or have to stay at home because of Covid, which means less work capacity where brands do not give longer lead times which means OT is impossible to avoid for Mergu. Kings of Indigo will check with Fair Wear/Complaint handler about how to move for-ward and how to resolve the complaint. The complaint is not clear for the brand how to solve.
- Feedback Fair Wear to Kings of Indigo: In fact, this com-plaint, as in previous ones, points at communication prob-lems. It emphasizes that there is no problem concerning the management, however, line supervisors make discrimina-tion regarding overtime. As a priority, it would be good if the management emphasizes again that overtime is voluntary. =The common ground of complaints received from Mergu is that they are not about violation of legal rights but the ten-sion between administrative staff or line supervisors and production workers due to discrimination. Explanations of Mr Yılmaz are sincere and honest, it could be that the prob-ability of some line supervisors making discrimination re-garding overtime.
- Feedback Mergu to Kings of Indigo after above mes-sage:We would kindly like to inform you that Mr. Yılmaz has always gathered all the production workers together with the administrative staff and made them speeches frequently stating that each individual in this factory is equal regard-less of their position in the factory and that working over-time is subject to voluntary basis, and after this complaint, he started to make these speeches to them almost every Friday, which he made the last one on latest Friday, before the end of the last working time of the week.
- Kings of Indigo had a call with Fair Wear and Turkish coun-try representativte/complaint handler. Trainings in Turkey are on hold due to Covid and as it looks now it will start as of April/May. We together agreed that:

1. Online supervisor and management training: on short term Selin wants to make an online session for the line supervisors and the management at Mergu with focus on communication. Reason why this is proposed, is to have an effective training on short term which is specialised and only focusses on the line supervisors and management communication, so that the situation can be improved where possible at this moment until the onsite factory social dialogue training can take place.

2. Factory Social Dialogue training: End April/May we want to organize the factory social dialogue training.

3. Second, on site follow up supervisor and management training: The second, face to face follow up session of the online supervisor and management training, touch base on the situation, improvements made, and so on.
Consultation of local stakeholders during COVID-19

During the first lockdown April 2020, we consulted Garment Labour Union [GLU, India] and Cividep since we started with a new supplier, YA Apperls in India and because of due diligence we wanted to find as much information as possible about the factory ‘YA Apparels’. GLU works in the Northern and Western parts of Bangalore and this industry is in the Eastern zone and GLU and Cividep were not aware of this factory. It was also decided that GLU and Cividep would visit the factory to collect the necessary information once the lockdown was lifted.

GLU reached out to the factory an hour before the workers were let off for the day, they interacted with the security personnel in the factory. GLU collected information on different facilities available for workers in this factory which included questions on crèche facilities, the social security deductions, transport facilities, name of the owner, the brands the factory supplied to and how old the factory was.

GLU and Cividep spoke to migrant workers and three local women workers regarding crèche facilities, the social security deductions, transport facilities, name of the owner, the brands the factory supplied. They inter-viewed workers outside the factory premises.

After this interaction it was understood that workers are not paid minimum wages, social security deductions were not deducted from all workers except for a few workers, wages were not paid on time, high production target and workers were verbally abused by the management. This was not found in the Fair Wear audit.

GLU’s primary aim is to have grievance re-dressal mechanism inside the factory through worker committee members and worker leaders.

In India, there is no collective bargaining at the factory level. In India, trade union are criticised by the factory management. They feel that if union interfere inside the factory the factories will close down. Local unions are trying to change this sort of mindset. When the union realises that the factory does not provide benefits for workers that they are entitled to, the management is approached and tries to work a suitable plan for the benefit of worker and factory. If the management does not respond, the union will approach the Labour Department or Labour Court or brands for help.

After these findings we got in contact with our agent and the factory YA Apparels. Soon management was very hesitant to cooperate due to the idea that unions have the intention to close factories. Therefore factory management did not agree to work with GLU and Cividep. But most critical is the fact that these findings were not found in the initial SMETA audit, the Fair Wear audit did confirm these findings though but not as detailed as described by GLU which is a missed opportunity.

The intention was that the factory would agree to work with GLU, to slowly work towards creating crèche facilities for workers. We would then move on to deductions for social security benefits. After this to train work-ers on social security deductions, occupational health and safety, labour laws etc. to create awareness amongst them.

There was the opportunity for factory management to speak to the brands and get their opinion as well for the collaboration. If the brands do not support the union, the factory management does not work with the union. This is the biggest challenge we face in India. If the brands agree for this collaboration, we can bring about
a change in this factory (this would take sufficient time). GLU provides an ideal work environment for workers and see that they get the benefits they are entitled to. Collective bargaining inside the factory is a challenge. YA Apparels is a small factory with 300 workers. But if the brands' advice the management to collaborate with GLU, they would work towards the betterment of the factory and workers. Workers and management are equally important, all interdependent on each other.

From here we as a brand gave consent to the collaboration of GLU/Cividep with YA Apparels from here the negative response came from the agent and factory management once it was found a labour union was in-volved in the investigation. This was the start from YA Apparels to end the relationship with Kings of Indigo and we have been eliminated by them.

Lessons learned. Since this was our first time of involving a local stakeholder, a trade union in this manner we have learned that consultation of local stakeholders is crucial and mandatory to conduct at all high-risk countries we produce, it gives us an honest insight on what’s actually happening at the workplace by an independent third party. We claim to work with partners that are on the same page as us, respect the same values but in reality, this is not always showing. Therefor we learned to work more closely with our factories and invite local stakeholders more frequently. From our side we learned that we have to be careful with working with existing audits. In the case of YA Apparels the SMETA audit showed something completely different than the findings of GLU and Fair Wear which is very dangerous for us and were we stand for.
Living Wage

Living wages are a human right. Everyone should receive a wage that covers his or her basic needs, yet the wages earned by the people who make your clothes are not liveable1. Wages currently paid to workers in all our factories is reaching minimum wage at least. But this is not enough.

In 2020 we reported that we will pay our fair share of the wages at Mergu. Due to Covid-19 this has been slightly put on hold. In 2020 we did decide to join the Fair Wear living incubator 2.0 to get specific guidance on the implementation of paying a living wage. We choose for the incubator to onboard Mergu. At this moment we have open costing with all our suppliers. We have insights in our FOB related to the wage paid in a factory. We have insights in the labour minutes per garment and the impact of the decision of material, process choice on the FOB price.

Living wage incubator 2.0
In 2020 we decided to participate in Fair Wear’s Living Wage Incubator 2.0, the incubator complements what Fair Wear refers to as its living wage ‘accelerator process’. The Living Wage Incubator offers a safe space for leading brands to experiment together and develop new solutions and tools for the industry. Fair Wear’s accelerator process supports all members – by way of the tools, webinars, and advising from brand liaisons – to scale up solutions.

Focus of the Incubator 2.0
- How to involve workers more effectively in efforts to raise wages?
- How to apply a living wages pricing model to an entire supply chain? What steps are most effective for scaling up living wage pilots to match brand’s commitments to uphold this standard?
- How to raise wages through contributions from various brands in a shared facility?

Benefits of Participation in Fair Wear’s Living Wage Incubator 2.0
- A safe space for trial and error, where we seek to find solutions, but also are safe to learn what does not work.
- Access to specialised Fair Wear staff and other experts to help in your brand’s effort to break new ground on living wage implementation. From technical experts in living wage to legal experts and communications strategists, Fair Wear considers what learning is needed to forge ahead and harnesses the resources to provide accordingly.
- Involvement in a community of front-runner brands, experiencing similar challenges (internally and externally) when it comes to getting the job done.
- A structured annual cadence of meetings (and accompanying check-ins) to incentivize and support progress. Meetings will be split between whole-group technical sessions addressing issues faced by all members, and tailored coaching sessions addressing project specific challenges. Knowledge of an upcoming sharing session with peers and coaches can be a great motivator to keep pushing ahead.

Payment of a living wage at Mergu
Together with three other Fair Wear brands we collectively approached Mergu in December 2020 and committed together on paying our share of living wages. Mergu agreed to commit to this project as well. Together with all brands we have a leverage of 55% in 2020 and 2021.
What we’ve done so far:
- Brand and factory commitments towards each other;
- Mergu provided the labour minute costing tool;
- Mergu conducted the worker questionnaire;
- The increase of wages is incorporated in the calculation model;
- We have invited stakeholders in the conversation: worker representative, Fair Wear, factory management and all brands;
- We are agreeing with all brands how the money should be distributed;
- We agreed on starting at season Spring Summer 2022 Collection through separate invoice;
- Starting AW22 collection the living wage will be included in the FOB price;
- We agreed on monthly contribution of €8000 to be distributed over all workers;
- Together we have worked on a costing model that can be adopted for all brands that are no member of the Fair Wear Foundation. This is a healthy model that can maintain in case any of the brands will leave the factory.

Payment of a living wage at Burov
Next to Mergu we have prioritized Burov, also called Texpoint for the living wage incubator. We have open costing and labour minute information with them. At the moment we are organizing that Fair Wear local country representative will visit Burov and explain them the Labour minute costing tool so they are able to calculate with this format for us.
### Identifying the wage gap tier 1

We have identified the wage gap between paid wages and the set living wage at our tier 1 production locations.

<table>
<thead>
<tr>
<th>Country</th>
<th>Supplier</th>
<th>Living wage</th>
<th>Minimum wage</th>
<th>KOI wage</th>
<th>Difference between living and paid wage</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tunisia</td>
<td>Artlab</td>
<td>850 Tnd (was 750 in 2018)</td>
<td>397 Tnd (was 359 in 2018)</td>
<td>517 Tnd (2018)</td>
<td>333 Tnd</td>
<td>Fair Wear audit Art Lab</td>
</tr>
<tr>
<td></td>
<td>Nos Conf</td>
<td>850 Tnd</td>
<td>397 Tnd</td>
<td>585 Tnd (2019)</td>
<td>265 Tnd</td>
<td>Fair Wear audit NOS Confection-Nice One Sportswear</td>
</tr>
<tr>
<td></td>
<td>Interwashing</td>
<td>850 Tnd</td>
<td>397 Tnd</td>
<td>585 Tnd (2018)</td>
<td>265 Tnd</td>
<td>Fair Wear audit IWT</td>
</tr>
<tr>
<td></td>
<td>Blue &amp; Dye</td>
<td>850 Tnd</td>
<td>397 Tnd</td>
<td>638 Tnd (2019)</td>
<td>212 Tnd</td>
<td>Fair Wear audit Blue&amp;Dye</td>
</tr>
<tr>
<td></td>
<td>Star Confection</td>
<td>850 Tnd</td>
<td>397 Tnd</td>
<td>467 Tnd</td>
<td>383 Tnd</td>
<td>Fair Wear audit Star Confection</td>
</tr>
<tr>
<td>India</td>
<td>Motherland</td>
<td>23,688 Inr</td>
<td>10,793 Inr</td>
<td>13,000 Inr (2020)</td>
<td>10,688 Inr</td>
<td>Fair Wear audit Motherland</td>
</tr>
<tr>
<td></td>
<td>Ya Apparels</td>
<td>23,688 Inr</td>
<td>10,793 Inr</td>
<td>12,000 Inr</td>
<td>11,688 Inr</td>
<td>Fair Wear audit YA Apparels</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Texpoint</td>
<td>559 Bgn</td>
<td>259 Bgn</td>
<td>394 Bgn (2018)</td>
<td>165 Bgn</td>
<td>Fair Wear audit Burov</td>
</tr>
</tbody>
</table>
Mia dress – Blue fine stripe
Fabric: €12.33
Trims and packaging: €2.71
Threads: €0.08
Fusing: €0.56
Washing: €1.00
CMT + overhead: €10.88
Profit maker supplier: €3.06
FOB: €29.90
Selling price Kings of Indigo: €149.99

Ryan – Eco Gorbi Blue bLack
Fabric + pocketing: €7.30
Trims: €3.20
CMT: €5.40
Embroidery: €0.30
Finishing: €0.80
Washing: €2.80
Labour (8 minutes): €4.30
Profit maker supplier: €1.30
FOB: €18.50
Wholesale price: €52
Selling price KOI: €129.99
**Freedom of association**
The right of all workers to form and join trade unions and bargain collectively shall be recognised. (ILO Conventions 87 and 98) The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers’ representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143).

We require all suppliers and sub-suppliers through our code of conduct and supplier manual to share information on: worker representatives (amount, gender, name), Health & Safety Committee (amount of participants, gender, name). All suppliers shall share upon request meeting minutes and notes.

Supplier and or sub-supplier shall re-new every 3 years the worker representative(s) and Health & Safety committee. An election should be shared with Kings of Indigo accordingly.

**Social dialogue**
Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers, and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers’ organizations), with or without indirect government involvement.

Social dialogue processes can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be inter-professional, sectoral or a combination of these.

The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

**Amplify project**
A collective project within the Dutch Agreement for Sustainable Garments and Textiles (AGT) to improve Freedom of Association (FoA) and Social Dialogue (SD) in member brands’ supply chains.

For this project we have selected the training of Just Solutions Network, to organize trainings on social dialogue at three of our denim production locations in Tunisia: NOS Confection, IWT and Blue & Dye.

The Just Solutions Network is a globally operating consultancy, specialising in issues affecting worker rights and industrial relations in global supply chains. We have developed active consulting interventions and training programs for many global brands involving development of workplace dialogue and internal communications. The goal of these interventions is always to move away from conflict models of industrial relations towards dialogue-based problem-solving behaviours. With them and our input, we have been doing a mapping of your suppliers to understand the current levels of dialogue and the presence of unions or workplace committees at the various suppliers. The training was supposed to take place in October 2020 but due to Covid has been

---

postponed and is therefore moved to 2021.

**“Workplace Dialogue Supporting High Performance and a ‘Living Wage’” in Tunisia**

Was developed and will be executed by Just Solutions Network (JSN). The training is a response to the desire to broaden dialogue at this supplier, in view of an eventual discussion on living wage. The training programme is directed to help introduce an improved climate of workplace dialogue and engagement within which a meaningful discussion on ‘living wage’ concepts can be set. Within this programme, management, supervisors, and worker representatives are trained separately during training days tailored to their specific needs.

The programme comprises of the following:
- 1 day training for management
- 2 days training for supervisors
- 4 days training for worker representatives

In 2020 we planned to organize together with Just Solutions Network (JSN) and Fair Wear Foundation the programme called “Workplace Dialogue Supporting High Performance and a ‘Living Wage’”. The programme was developed and will be executed by Just Solutions Network (JSN). The training is a response to our desire to broaden dialogue at selected Tunisian suppliers, in view of an eventual discussion on living wage. The training programme is directed to help introduce an improved climate of workplace dialogue and engagement within which a meaningful discussion on ‘living wage’ concepts can be set. Within this programme, management, supervisors, and worker representatives are trained separately during training days tailored to their specific needs.

**Expected results**
- Raised management awareness of the possibilities of dialogue-based interaction with its unions and willingness to embrace this change in mind-set;
- Improved behaviour of supervisors towards workers and understanding of how to do their job in a more open, dialoguing work environment;
- Enhanced confidence among worker representatives to engage with management in discussion of the wider working context and greater understanding of the key issues among their members in the factory;
- Willingness of workers to express their concerns and needs to management via their workplace reps leading to higher levels of engagement to the company as a whole.

These outcomes lead to:
- Reduced levels of worker turnover;
- Reduced levels of unplanned absenteeism;
- Reduced levels of re-work/spoilage and other quality issues;
- Higher levels of performance;
- A more relaxed working environment requiring less lost time for management in handling industrial relations issues or performance issues.

**Why this specific training?**

To introduce an improved climate of workplace dialogue and engagement within which a meaningful discussion on ‘living wage’ concept can be set. Which will be done with the planned program. From the audits and trainings, it was concluded that there is a lack and improvement is requested by workers when it comes to a proper social dialogue between workers and worker management. Worker management is sometimes frustrated and vice versa. To enable and empower workers, supplier management and worker representatives.
For a long time, the clothing industry was known for non-disclosure of suppliers for fear of competition ‘stealing’ suppliers and losing their business. Secrecy on the matter allows for orders to be sent to non-audited locations and/or where worker well-being is not a priority, or perhaps labour rights are violated without knowing. Therefore, we are fully transparent about our suppliers and take responsibility for our whole supply chain. For us this means:

- Public disclosure
- Enabling accountability
- Transparency as a tool for change: not the end goal

Survey reveals that nearly all consumers (94%) are likely to be loyal to a brand that offers complete transparency. Additionally, transparency ranked highest in a list of factors that motivate consumers to be loyal to a brand, with 25% ranking it as their top factor.

**Why we are transparent**

We want to be able to answer the question “who made our clothes” at every level of the supply chain; Tier 1 until tier 2, tier 3 and tier 4. The lack of transparency has a negative impact on the industry. As a company you need to know where your products are being made. For us transparency is embedded in our DNA and we have been pioneering on this matter since the start. Transparency is essential to hold us accountable for the human rights and environmental impacts of our practices. It means that we want to be in control of our sources and that we are open about what still needs to be improved. As a consumer you have the right to know where your product is made and you as a consumer need to ask your brand where it’s made so that we can be hold accountable for our practices in good and in bad.

We are transparent since day one. Through the years we have been increasing the level of transparency and as of April 2021 we are able to give all stakeholders and consumers full insights and excess to our supply chain: from organic cotton field until CMT and arrival of the goods in our warehouse through Retraced.

**The transparency pledge**

On the 12th November 2019, we signed the Transparency Pledge, an initiative led by the Clean Clothes Campaign in association with the Dutch Agreement on Sustainable Garments and Textiles and in 2021 we resigned it. By signing this, we committed to furthering our cause of being a 100% transparent company. The Transparency Pledge asks signing members to provide extensive details about their production locations, such as: the address of the location, what work is done at the location, the number of workers, the number of female employees. This is required to be updated twice a year. With this information, the Clean Clothes Campaign can have an easily accessible database to consult when there are complaints from the production locations and be able to deal with them efficiently. This Transparency Pledge is one step closer to greater openness in the fashion industry and is crucial to ensure a safer, fairer, and happier work environment for those working in it. There is resistance in the fashion industry to share suppliers and production locations for fear of other brands taking business from one another. The safety of our workers
is of a greater importance than having ‘stolen business’. The brands who make up the sustainable fashion industry need to act as pioneers and lead the way to change, and we hope that our step will inspire others.

**Open Apparel Registry**

The Open Apparel Registry (OAR) is an open-source map and database of global apparel facilities, their affiliations and unique OAR IDs assigned to each facility. Since 2019 all our production locations, including addresses, exact locations you can access the global map of apparel facilities. OAR is there to:

- Understand affiliations of current and prospect facilities to identify opportunities for collaboration;
- Find potential new suppliers, listed with their credentials and affiliations;
- Leverage the OAR ID as a unique and shared ID across software systems and databases.

We use OAR ourselves during our due diligence phase when starting with a partnership, new supplier or to get more knowledge about a specific area and reach out to other brands who also produce in a specific factory or area. The mission of the Open Apparel Registry is to maintain an open-source, neutral and publicly accessible database of every facility in the global apparel and footwear sector, for the purposes of enabling industry collaboration and improved identification of factories. This improved identification will be facilitated by the unique OAR ID allocated to each facility.
AWARE

With sustainability being the word of the day, it’s easy to get caught up in false claims. We’re taking our transparency level up a notch, providing our customers with actual proof that our fabrics are 100% sustainable. Today’s AWARE™ technology allows consumers to trace the fabric in their clothes all the way back to the mill that made it, ruling out any and all greenwashing.

It starts with a tracer that is placed inside the sustainable material. Production can then run its course and the fabric will stay traceable for the entire lifespan of the textile. The final product can easily be scanned and traced using blockchain technology. Together with denim mill Calik, we’ve implemented AWARE™ technology in our collection.

With AWARE™ integrity technology embedded in authentic recycled materials, textiles brands and retailers have the freedom and flexibility to produce products with their own compliant and nominated supply chain partners and proof sustainability claims to consumers. No greenwashing, but transparency and honesty.

Simplicity & Security, above all else, AWARE™ brings a process that’s both simple and highly secure to the sustainable supply chain. No more doubt. No more grey areas. A true story from start to finish. We believe that only decentralized validation systems can bring real transparency. A tracer technology that’s detectable by portable devices that can be used in-field, and real open source blockchain instead of just database instead of just a QR-code driven database. TRUE STORY

Retraced

Retraced is a platform to visualize, verify and communicate our supply chains, to manage our CSR efforts, and gain consumer trust. We have been transparent since day one but now we are transforming our company towards full transparency to take transparency to new heights.

We at Kings Of Indigo believe traceability is the future, consumers demand transparency and traceability and we as a brand want to map our chain in order to take our responsibility to improve conditions and to help us move towards a more sustainable future: circularity, zero impact, carbon positive, and so on. We need to do this together: effective sustainability management empowered by transparency!

With Retraced we are tracing back your jeans until the organic cotton field, where the cotton is processed, where the fabric is made, where the trimmings come from, where your jeans is stitched together and arrival at our warehouse.

Why is this important? In order to accelerate action for decent work and sustainability in the garment industry. With Fair Wear the focus is on tier 1 of the supply chain but we are facing severe risks at our partners further down the chain such as the organic cotton fields and processing units, laundry and finishing. Therefor we only purchase certified organic materials (e.g. GOTS, OCS, GRS, RCS) and work with certified partners that meet the environmental standard but this is a limited guarantee, we want to go beyond certificates and audits and need a platform to conduct and monitor our due diligence.
Retraced
Retraced is a platform to visualize, verify and communicate our supply chains, to manage our CSR efforts, and gain consumer trust. We have been transparent since day one but now we are transforming our company towards full transparency to take transparency to new heights.

We at Kings Of Indigo believe traceability is the future, consumers demand transparency and traceability and we as a brand want to map our chain in order to take our responsibility to improve conditions and to help us move towards a more sustainable future: circularity, zero impact, carbon positive, and so on. We need to do this together: effective sustainability management empowered by transparency!

With Retraced we are tracing back your jeans until the organic cotton field, where the cotton is processed, where the fabric is made, where the trimmings come from, where your jeans is stitched together and arrival at our warehouse.

Why is this important? In order to accelerate action for decent work and sustainability in the garment industry. With Fair Wear the focus is on tier 1 of the supply chain but we are facing severe risks at our partners further down the chain such as the organic cotton fields and processing units, laundry and finishing. Therefor we only purchase certified organic materials (e.g. GOTS, OCS, GRS, RCS) and work with certified partners that meet the environmental standard but this is a limited guarantee, we want to go beyond certificates and audits and need a platform to conduct and monitor our due diligence.
Transparency
In 2019-2020 we managed to be 100% transparent at tier 1, tier 2 level. At tier 3 we were able to trace for 60% and for tier 4 and 5 only 30%. But times are changing! Retraced and Aware allow us to better map and monitor our total supply chain. We have had challenges to collect all data, but we can guarantee 100% traceability is there for tier 1, 2, 3 and 4, the 5th tier is rather complicated to be 100% certain of due to the mixture of raw materials, this remains challenging and therefore cooperating with initiatives such as Aware do gives us the opportunity to get full insights and understanding of our supply chain. We can say that 98% of tier 5 is traceable and transparent for us which is a huge improvement! This allows us to do proper due diligence since most severe risks appear further down the chain. We are super proud of these developments and next level transparency but it will not stop us there, it’s only about to start. 2021 – 2022 we continue to focus on achieving transparency and to achieve 100% transparency and traceability, which also include trimmings.

Social dialogue & stakeholder engagement
It’s unfortunate that due to Covid trainings and audits have been put on hold or extended until further notice. We feel that the situation is out of our control, and we wish that we could do more besides regularly checking up with our factories and agents and implement all necessary safety measures. We have been struggling with getting the actual picture at our factories clear, here we had to rely on and trust our suppliers which made results of external, independent research by organizations like Fair Wear and CCC questioning us what was really going on in our supply chain. Therefore we have taken our responsibility in the case of India by doing independent research by a local union. Currently there are other high-risk countries where we put our attention to which are Turkey and Italy. Especially for Turkey we have been struggling to involve a union to the fact factories are very hesitant because of the reputation of unions and non-independent unions, which means there is political involvement. In agreement with Fair Wear we decided to not put any pressure at our factories in Turkey and give a bit more air until the situation is more stable. This is not ideal but this is reality.

Transparency and traceability are step one the follow up on this is consultation of local stakeholders. Through stakeholder consultation and risk analysis stated further in this project we share our upcoming projects where we want to act at our organic cotton fields. In the end of this report we have identified actual and potential harms in relation to responsible production.
<table>
<thead>
<tr>
<th>YEAR - ACTION</th>
<th>2020</th>
<th>STATUS 2021</th>
<th>GOAL 2021 - 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 - 2020</td>
<td>Research and investigation on payment of a target living wage in Tunisia. We decided in 2019 to prioritize Tunisia regarding the wage topic. Biggest part of total FOB comes from Tunisia. We have the longest relationship with all Tunisian locations and stable solid base for future. We will cooperate with workers, factory management on research and investigation and set a target wage. Through experience in 2019 we figured Tunisia was not the easiest country to start LW with. We have minimal leverage with the suppliers and living wage is not prioritized for the platform. Therefore, we decided to pause our LW operations here and started the topic with Turkey instead of Tunisia. Mergu Textil is ahead of wages. They themselves actively work on this topic. In 2019 and 2020 we started with them on: • Open costing including labour costs, labour minutes; • Living wage sheet; • Living wage questionnaire send to all workers: worker interviews about monthly spending’s such as primary and secondary. Worker involvement is necessary to succeed. The topic LW comes from the supplier itself, they lead the project, because they want to implement LW for the long term, not temporarily so they need to adjust their pricing set up in general. LW will eventually be calculated in the FOB and all their customers contribute to a LW in this way.</td>
<td>• Participation in the Fair Wear Living Wage Incubator 2.0; • It was founded and advised from Fair Wear to focus the living wage journey on Mergu firstly and Burov/Texpoint secondly; • Mergu got training on open costing by Fair Wear in 2020; • We received all input and response from all workers on the living wage questionnaire we conducted at Mergu; • In November 2020 we started with three other Fair Wear brands producing at Mergu the conversation on our joint project: paying a living wage and committed to Mergu to pay; • Due to Covid we were unable to travel and conduct worker questionnaires at the selected locations in Tunisia to get insights on living wage requirements from workers and plan of dividing at Artlab, Nice One and IWT.</td>
<td>• We are planning the Fair Wear open costing training at Burov/Texpoint, Bulgaria in order to get trained on including living wages in the prices; • Conduct worker questionnaire for Artlab, Nice One and IWT once we can travel again; • Consult Fair Wear for open costing training at selected Tunisian platform Artlab. The training should organize that LW is calculated in the prices we receive from Artlab. • Have the results present from the worker questionnaires at the selected production locations in Tunisia; • Host the open costing training in Tunisia: Artlab.</td>
</tr>
<tr>
<td>YEAR</td>
<td>GOAL</td>
<td>ACTION 2020</td>
<td>STATUS 2021</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>2020</td>
<td>At Mergu Textil, three other Fair Wear members are active. Therefore, we are joining forces and using each other’s knowledge and experience to succeed this project. Due to Covid19 we will shortly together start up the project again. With our other Turkish supplier ERA, we started research on LW as well: • Open costing including labour costs, labour minutes; • Living wage sheet; • Living wage questionnaire to the workers about monthly spending’s such as primary and secondary. Worker involvement is necessary to succeed. This will be executed later 2020 when we can travel again.</td>
<td>In 2020 we decided to take our former, existing open costing to the next level. We made it mandatory to our suppliers to share their full open costing with us in the size spec. This is completed from SS20 season onwards: • Labour minutes; • Labour minute value; • Total transparent cost build up; • Margin of supplier and so on.</td>
<td>Fulfilled.</td>
</tr>
<tr>
<td>2020 – 2021</td>
<td>• Request detailed open costing from all our suppliers. • Research and investigation on target/ living wage on remaining CMT production locations in high-risk countries.</td>
<td>• We prioritized Mergü Tekstil to integrate living wage in the costing and start payment from SS22 production season onwards; • Continue to consult and report the LW group and stay connected to Fair Wear to make progress on the topic living wage at our suppliers.</td>
<td>In progress.</td>
</tr>
<tr>
<td>2020</td>
<td>Participate in the Fair Wear living wage incubator 2.0</td>
<td>• As to be read in this chapter we have made steps with Mergu where we together with four Fair Wear Brands (55%) leverage will pay our fair share of a living wage at Mergu before the end of 2021. • ERA: goal not reached.</td>
<td>Partially fulfilled at Mergu. • The conversation on the topic open costing incl. Living wage with ERA will be continued in 2021, due to Covid the conversation was put on hold and Era indicated our current leverage is less than 1%. Therefore this subject is less important to them than other topics and the length of our relationship will increase trust and will make it possible to continue this talk.</td>
</tr>
<tr>
<td>2021</td>
<td>Start implementation of living wage Turkey: Era denim and Mergü Textil.</td>
<td>• Collected valid audits in Italy and Corrective Action Plan; • Consulted MOST CSR for plan of auditing and training production locations in Italy.</td>
<td>In process.</td>
</tr>
<tr>
<td>2020</td>
<td>JSN training on social dialogue and payment of a living wage at selected Tunisian production locations.</td>
<td>• We selected locations in Tunisia for the training: IWT, Artlab and NOS Confection; • Training did not take place due to Covid.</td>
<td>Not fulfilled. • Training got postponed due to Covid and will take place September – October 2021.</td>
</tr>
<tr>
<td>2021-2024</td>
<td>Payment of a living wage at all Kings Of Indigo CMT locations.</td>
<td>In process.</td>
<td>-</td>
</tr>
<tr>
<td>2022-2024</td>
<td>Conduct audits in Italy on the locations that are not audited yet.</td>
<td>Collected valid audits in Italy and Corrective Action Plan;</td>
<td>In process.</td>
</tr>
</tbody>
</table>
Cleaning up our act
Textile production makes for 1.2 billion tonnes of CO2 a year (Co2 = carbon dioxide). That’s more emission than all international flights and maritime shipping together! 2020 resulted in 22.23 tonnes of CO2 for us. And although we steer clear of air freight for our business, this would translate to 58x an economy flight from Amsterdam to Rome. Time to make good.

Kings Of Indigo x Goodshipping
A big chunk of our emissions come from transport (samples going back and forth, production orders, webshop deliveries etc.). So, like other planet friendly brands like Dopper and Tony’s Chocolonely, we teamed up with Goodshipping. An initiative that decarbonises a company’s supply chain by replacing fossil fuels with truly sustainable alternatives, using the mass balance principle. As a result, our whole supply chain (air, road and ocean) will be decarbonized. In collaboration with Goodshipping, we shifted away from fossil fuels, tackling the problem at its roots. To be certified by Goodshipping means meeting strict industry standards, verified by independent auditors.

Goal
We continue in 2021 to measure our CO2 emissions of scope 3 and scope 1 completely as we started in 2020. Measuring scope 2 will be integrated as of 2021. This means we are able to decarbonise all emissions emitted at all scopes. This allows us that we can claim we are carbon neutral at all operations. But we won’t stop there. Reducing CO2 is better than decarbonising or off setting. Therefor we will measure our CO2 impact together with an independent consultancy firm Sustainalize and eliminate and minimize unnecessary and avoidable CO2 where we can and stimulate green energy with all partners in our value chain.

On European level the EU aims to be climate neutral by 2050, an economy with net-zero greenhouse gas emissions. This objective is at the heart of the European Green Deal and in line with the EU’s commitment to global climate action under the Paris Agreement. We strongly believe we need to take actions quicker and therefor we are ambitious.

Carbon positive
Carbon Negative and Climate Positive are interchangeable terms: Climate positive means that an activity goes beyond achieving net zero carbon emissions to create an environmental benefit by removing additional carbon dioxide from the atmosphere. Next to reducing and decarbonising all emissions emitted we will invest in green projects such as trees for all and other green projects to contribute in a more positive way: carbon positive.
CO2 neutral in 2020

- Transportation of the collection
- Sending orders to consumers
- Parcels from and to suppliers
- Business flights

Total reduced: 22,23 tons CO2
**CO2 emissions in 2020**

**Scope 3** indirect emissions
- Transportation of the collections
- Transport of parcels from and to the suppliers
- Business flights

**Scope 2** indirect emissions
- Purchased energy consumed by our suppliers

**Scope 1** direct emissions
- Company facilities
- Own vehicles

**For 2020, scope 3** is decarbonised by **GoodShipping**

Total reduced: **22,23 tons CO2**
In 2020, we produced in 12 countries. 76.42% of our production took place in Tunisia. The garments come from Tunisia to our warehouse (the Netherlands) by truck, which is more environmentally friendly than plane. We currently have a policy whereby suppliers are not allowed to send anything to our HQ or warehouse without our approval to minimize emissions.

When it comes to sending to consumers, we currently send items in recycled paper packaging. This saves 75% space in the trucks when being sent, meaning more can fit in the space. We send items with DPD, who are carbon neutral, they compensate all transport via so called green projects such as solar panels, planting trees.

In last years report we shared that as of 2020 we would be to calculate and share our footprint and our next step was to decarbonise these emissions. It’s about measuring, reducing, decarbonising and action!

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GOAL</th>
<th>ACTION 2020</th>
<th>STATUS 2021</th>
<th>GOAL 2021 - 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Measure and compensate our emitted CO2 direct business.</td>
<td>• We have measured CO2 emitted in scope 3 and partly scope 1; • All shipments in scope 3, from factory until delivery in store, at customer is decarbonised by Goodshipping.</td>
<td>• Continue to measure CO2 emitted in scope 3 completely and decarbonise with Goodshipping; • Measure scope 1 emissions completely and decarbonise with Goodshipping; • Measure scope 2 emissions via LCA.</td>
<td>• Include measuring scope 2 emissions via LCA. • Look into organizations besides Goodshipping to promote green projects: planting tree, solar panels, wind energy. Projects we can support to head to climate positive.</td>
</tr>
<tr>
<td>2022</td>
<td>Climate positive for all scopes.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Waste conscious
The global population, together with the demand for raw materials such as metal, plastic, and textiles, is constantly increasing. The fashion industry is a big part of it: currently, around 87% of fashion products get incinerated or sent to a landfill, whereas the Earth resources used for production are not infinite. This causes an enormous problem, and the linear way the fashion industry is operating now is no longer acceptable. The current legislative environment in the European market is going under changes. The European Commission recognizes the environmental crisis and proposes a solution in the form of establishing a circular economy in the European Union. The Dutch government decided to join the initiative and develop an economy that runs on reusable materials by the year 2050 (Circular Dutch economy by 2050). This plan also involves having at least 30% recycled materials in new clothing by 2030 and reducing the environmental footprint and raw material consumption in half by 2035. With 150 billion garments produced every year for a global population of 7 billion, recycling has infinite potential, where only 1% of the clothes are actually recycled into new clothes, this needs to change.

UPV
Also called: extended producer responsibility. In the fast fashion world, the linear model of “take, make, dispose” has been able to thrive and further encourage over consumption and irresponsible disposal of items by brands who have too much stock to control. In 2018, the Business of Fashion noted that fast companies “have fuelled the high rates of consumption which further magnify the issue of a linear system.” There are issues at every part of the linear model; from taking way too much from the earth's resources (which as we know, are finite), to the fast mode of production which endangers those working in the factories, to the (sometimes, not always) poor quality which is not durable and thus disposed of and transported to a pile among many other piles. 150 BILLION GARMENTS ARE PRODUCED A YEAR, AND ONLY 1% OF ALL TEXTILES ARE RECYCLED. CIRCULAR SYSTEMS EMPLOY REUSING, SHARING AND RECYCLING TO CREATE A CLOSED LOOP SYSTEM. The intention is to minimize the use of resource inputs and the creation of waste, pollution and carbon emissions. These systems also aim to keep products in use for longer and therefore place importance on improving the quality and productivity of the resources. As a clothing brand, we understand the importance of clothes as a necessity, but also a form of creativity and self-expression, a career choice for some, a hobby or interest for others. Clothing does not need to continue to be a problem, but it’s serious time for the industry to change the way it makes the clothes.

By shifting reliance from the earth’s natural resources and using what is already there, we close the loop by not letting waste be waste but have a new life. What can you do? Support brands who use recycled materials in their collections, love your clothes for a little longer, repair when you can and just be aware! There is nothing more powerful than knowledge. Some exciting news we want to share is that we are working on and designing our collections in a way that we can work towards a closed loop set up. It means we want to avoid wasteful discarding of clothes which also leads to wasteful manufacture. It means that we use our natural resources to their full potential before they are discarded and even then, ensuring that they are discarded in a way that does not harm the environment. Designing products who are completely biodegradable from the button on your jeans, the zipper, your pocketing: everything! The first capsule collection will be developed in 2021.

K.O.I. is a slow brand that only has two seasons/ collections a year. Besides trying to reduce the amount of unsellable stock, we host online recycling competitions that encourages consumers to create new items out of K.O.I waste fabrics.
From linear to circular
When we look at our business model of Kings of Indigo it is designed as a linear model.
The modern „take-make-waste“ approach to the economy is called „linear“. It is depicted in the economic system where value is created by collecting raw materials and transforming them into products that are used until they are finally discarded as waste.

The opposite of it is the circular economy, where waste, negative impact, and dependency on raw materials are avoided throughout the value chain. According to the Ellen MacArthur Foundation circular economy is a system-thinking economic system powered by renewable energy where materials are circulating in closed loops while retaining their value. The general idea of the circular economy includes three main principles:

1. Design out waste and pollution
2. Keep products and materials in use
3. Regenerate natural systems

A circular economy is about a financially healthy model where everyone benefits from and earns a decent living wage, the circular model should support a healthy and safe environment for people in production countries: creation of employment, promoting human rights, and endorsing local economies which can be ensured by joining social fairness initiatives:

1. Build resilience through diversity
2. Work towards using energy from renewable sources
3. Think in ‘systems’
4. Think in cascades
House of Denim is working on a way to simplify standards for post-consumer recycled (PCR) denim through a new project called AC/DC—or “a coalition for denim circularity.” The project is supported by the Dutch government. We are part of this PCR project.

- Though a number of leading mills produce PCR fabrics, AC/DC will look at how post-consumer recycling can become the norm in the entire denim industry, and in the process, save a billion gallons of water. House Of Denim: “We want to increase the demand for PCR by establishing new standards,”

- AC/DC will provide three sets of standards for denim—one for 5 percent PCR fiber blends, a second for 20 percent PCR fiber blends and a third made with 40 percent or more PCR fiber blends
- The foundation will deliver the ‘denim deal’ in October 2020 and sign this with the minister.

In our collections we already work with various recycled, recycled content fabrics but to change the industry, we need to collaborate and engage with stakeholders to have PCR as the norm. Via this coalition we contribute by sharing our knowledge and expertise and connect with stakeholders to set the next steps, increase our application of PCR fabrics and make commitments to and with each other, we for instance guarantee to a fabric supplier to buy a certain amount of meters per season. Setting commitments and make agreements with each other support and guarantee each other. In this project textile sorting-recycling, spinning, weaving partners are present but also nominated Dutch Denim brands, de Gemeente Amsterdam and the Dutch government. It is all about connecting stakeholders with each other to achieve increasing PCR. The initiative is region/locally focused this means to keep the lines as short as possible and stay minimal on the CO2 emission.

For 5% PCR you already need to collect 1 million of jeans. Therefor you firstly need someone who collects the garments, to process it, weave it into a new fabric and a brand who buys the fabric in their collection. All links needs to be connected in order to deliver a circular product. When the jeans are worn it needs to be recollected to close the circle.

Eventually the idea is that when a brand commits to catch the set benchmark in the denim deal you will be ‘rewarded’ with tax benefits. Good practices of brands need to be rewarded and conscious behavior of consumers needs to be stimulated in order to provide and enhance trade collective. Further details of this project will be shared end of 2020.
Pilot: we want your K.O.I jeans!

As a sustainable brand we are always looking for options to innovate and be more and more sustainable. The next step is that we want to close our chain! Every jean that we produce should also go back to us, so we take full responsibility of our products and create new products out of them again. With this next step we are focusing on our fifth pillar of our Five Pillars of Sustainability: ‘Waste conscious’.

Starting June 2021, you now can bring your old, unworn, damaged, outworn Kings of Indigo jeans to selected retailers in: Amsterdam, Utrecht, Den Haag, Rotterdam. We are happy with all KOI jeans in any condition you have in your closet!

5 reasons why you should participate:

- Did you know that only 13% of the clothing is recycled where 12% is downcycled and only 1% of the clothing that is recycled is recycled into new clothing?
  - Globally, an estimate of 92 million tonnes of textiles waste is created each year and the equivalent to a rubbish truck full of clothes ends up on landfill sites every second. By 2030, we are expected as a whole to be discarding more than 134 million tonnes of textiles a year.
  - Did you know that in the Netherlands we throw approximately 145 million kilos of clothing in the residual waste every year? That is about 24 items of clothing per person.
  - Globally the fashion industry is responsible for 10% of all greenhouse gas emissions, with textile production alone is estimated to release 1.2 billion tonnes of greenhouse gases into the atmosphere every year.
  - You get a 10% discount on one web shop article by choice! You get this code at the location you return your old Kings of Indigo jeans.

Return your old Kings of Indigo jeans and YOU ARE DOING IT RIGHT.

This pilot is part of Kings of Indigo going circular. With this return stream old jeans will be separated into different streams:

A Quality:
- Jeans that are still OK to sell or need minor alteration and repair to re-sell: K.O.I vintage collection.

B Quality:
- Re-use the blues, old jeans will be created into lovely new products such as hats, bags, jeans. Old products made into new, unique one of a kind products.

C Quality:
- Upcycling: jeans made from pure qualities, more than 95% cellulose based material that can be recycled and created into new denim fabric
- Downcycling: jeans made from blends that are not possible to upcycle but only possible to recycle into viscose based fabrics like Refibra or recycled for the automotive industry or isolation.
What it is

For a third year running, we hosted our online competition #reusetheblues whereby we promote a philosophy dear to our hearts; reusing materials to make something new. We sent out B-choice denims and some trims to consumers who had signed up via social platforms and gave them one month to create anything they wanted. Entries included bags, pillows, shoes and the winner – a dinosaur.

Tripple R quilted blankets

We’ve been promoting Triple-R (Recycle, Repair, Reuse) since KOI was born, we went on a search across Indian markets for the most beautiful blankets we could find and turned them into one of a kind pieces. Upcycling at its best.

Deadstock. Sounds sad, doesn’t it? Deadstock is just another opportunity for a sustainable brand. That’s why we’ve carefully selected the very best deadstock, upcycling it into beautifully spun fibres which are strong and sturdy, dyed in all the colors of the rainbow, to make a range of garments and blankets. A new life to old fabrics. The material is 100% cotton, “old” materials are used and re-used and made into newly created blankets produced in India. The blankets are made by sewing three layers of fabric along to form a thick padded material. The 3 layers include the top fabric, a backing material and insulating or batting material. This cotton fabric is then hand block printed in vegetable dyes in pastel colors, filling it with finely carded cotton evenly spread in the covering and stitched by hand. The borders are sewn by machine to make them last longer. The blankets are carefully selected by our Indian agent and bought on the local market in Jaipur, India.
For us it’s crucial to understand the flows within an economy. Design, production, resources, consumption, goods & services. The circular model is about efficiency, reduction of resources and fossil energy consumed per unit of manufacturing output, a change of the entire operating system is necessary. We have to understand it’s full cycle, the chain and the life after once a garment is worn out. It’s not only about the materials we use it’s about the environment and area we operate in direct and indirectly. For this reason we plan to educate ourselves better via the Ellen MacArthur Foundation and run pilots such as collecting K.O.I jeans and recollecting polybags, it’s about reversed logistics where we will gain further information and experience on these logistics and will face trial and error in order for us to grow and to be accountable for all products we put on the market.

**Stakeholder engagement**
Consultation of organizations such as the Ellen MacArthur Foundation and experts within the Denim Deal are organizations and initiatives we need to gain further insights from on circularity. 2021-2022 will be important for our business in regards to this subject and we will keep you updated via our channels.
Swimming upstream since 2011.
Due diligence in human rights compliance, is a certain degree of investigation and evaluation should be undertaken before entering or continuing a business relationship. Due diligence requires an understanding of national/ regional risks, product-specific risks, and significantly, the ways in which brand management choices either reduce or increase those risks. It is a risk management system which is adopted and implemented within the organization. Knowledge of the supply chain and of the risks that could appear in the chain have influence on buying, sourcing and process practices. A.o. production location on order level, subcontracting, following up on audits and Corrective Action Plans. This to minimize detected risks and required remediation is provided.
Risk assessment

OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector. The garment and footwear sector is one of the largest consumer goods sectors in the world. Although it represents an important economic driving force, the tragic collapse of the Rana Plaza factory in 2013 brought global attention to the risks of severe adverse impacts both in manufacturing but also further upstream.

Adopted in 2017, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector establishes a common understanding of due diligence in the sector to help companies meet the due diligence expectations laid out in the OECD Guidelines for Multinational Enterprises.

The Guidance, which was developed through a multi-stakeholder process, was approved by all governments adhering to the OECD Guidelines and endorsed by business, trade unions and civil society. The Guidance is applicable to all companies – large and small – operating in global garment and footwear supply chains.

Due Diligence in human rights compliance, is a certain degree of investigation and evaluation should be undertaken before entering or continuing a business relationship. Due diligence requires an understanding of national/regional risks, product-specific risks, and significantly, the ways in which brand management choices either reduce or increase those risks. It is a risk management system which is adopted and implemented within the organization. Knowledge of the supply chain and of the risks that could appear in the chain have influence on buying, sourcing and process practices. A.o. production location on order level, subcontracting, following up on audits and Corrective Action Plans. This to minimize detected risks and required remediation is provided. In this assessment we connect our Five Pillars of Sustainability to potential risks in our chain where we consider scale versus scope and severity of harm versus likelihood of harm.

Sector risks
Sector risks are risks that are prevalent in the garment and footwear sector globally across product lines and geographies. Key characteristics of the garment and footwear supply chain – low skilled, labour-intensive Sector risks in the garment and footwear sector include, but are not limited to:
**Sector risks as defined by OECD Guidance and focus on human rights, labor, environment and integrity.**

<table>
<thead>
<tr>
<th>Human rights &amp; labour risks</th>
<th>Environmental risks</th>
<th>Integrity risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child labour</td>
<td>Hazardous chemicals</td>
<td>Bribery and corruption</td>
</tr>
<tr>
<td>Discrimination</td>
<td>Water consumption</td>
<td></td>
</tr>
<tr>
<td>Forced labour</td>
<td>Water pollution</td>
<td></td>
</tr>
<tr>
<td>Occupational health and safety (e.g. worker related injury and ill health)</td>
<td>Greenhouse Gas (GHG) emissions</td>
<td></td>
</tr>
<tr>
<td>Violations of the right of workers to establish or join a trade union and to bargain collectively</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-compliance with minimum wage laws</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages do not meet basic needs of workers and their families</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Sector risks are not limited to the above*
Identification of actual and potential harms

In 2020, we produced in 12 countries. 76,42% of our production took place in Tunisia. The garments come from Tunisia to our warehouse (the Netherlands) by truck, which is more environmentally friendly than plane. We currently have a policy whereby suppliers are not allowed to send anything to our HQ or warehouse without our approval to minimize emissions.

When it comes to sending to consumers, we currently send items in recycled paper packaging. This saves 75% space in the trucks when being sent, meaning more can fit in the space. We send items with DPD, who are carbon neutral, they compensate all transport via so called green projects such as solar panels, planting trees.

In last years report we shared that as of 2020 we would be to calculate and share our footprint and our next step was to decarbonise these emissions. It’s about measuring, reducing, decarbonising and action!
Material risk factors

Materials
Our materials are 98% marked sustainable where 77% is organic cotton which is responsible for huge quantity of GHG emissions, water and use of land. With the use of only organic cotton, we do eliminate a high amount of chemicals and pesticides compared to conventional cotton.

Through conducting due diligence, consulting stakeholders, and defining risks looking at our material use we have concluded that we are facing social risks further in our supply chain on the organic cotton fields. We have localised where our organic cotton comes from and mainly purchase GOTS certified organic cotton.

GOTS is a processing standard, so the ILO core norms that are part of the Third-Party Audit are indeed applied to processing units from the first step of processing (gin with cotton). On field, GOTS requires IFOAM Family of Standards organic production standards and has been doing so since the start of GOTS in 2006 – so the certification is done not according to GOTS but to organic standards on field. The reason for sticking to IFOAM standard was not to invent a wheel that already existed, as IFOAM (the umbrella organisation) has worked since the late 70ies on establishing frameworks based on their principles, which one of them – is that organic farming is about fairness. In the reality of nationally owned standards however (whose framework are with parliaments or governments) during organic certification, usually ILO core norms are not part of the audit as learned by you recently. IFOAM has production norms under which it checks the accreditation of the IFOAM Family of Standards, however the norms from government side are much more difficult to influence than private standards.

Organic agriculture as such of course offers numerous social components to farmer and their families: no dependence on GM seeds, no output investment in synthetic fertilizers, crop rotation can contribute to food security (depending on the size of the farm); ensures soil fertility (long term) and so on. After concluding that the majority of our organic cotton comes from Turkey, we have consulted Precision Solutions Group (PSG) because the size and complexity of supply chains means that the traceability of each tier becomes more and more opaque. People at the very beginning of supply chains, such as those working on cotton farms, are at even greater risk of exploitation.

Our organic cotton mainly comes from Turkey, Izmir, Adana and Sanliurfa region. Cotton has been grown in Turkey for centuries and Turkey is recognized as producing some of the finest quality cotton in the world. In 2012, Turkey was the seventh largest producer of cotton and the second largest organic cotton producer. Turkey remains GMO-free and has a burgeoning domestic organic market.

Through consultation of Precision Solutions Group (PSG) we have found that in these regions high rates of migrant, labour is a risk factor for child labour, forced labour, non-compliance with wage legislation and sexual harassment are findings in these regions at the (organic) cotton fields. For this reason we will in the future collaborate with PSG, Turkish fabric mills and other brands in the project Sağ Salim (which means “safe and sound” in Turkish). The program supports the most vulnerable workers in the garment industry’s supply chain. The program actively seeks out instances of deliberate exploitation, slavery, and un-safe working conditions and puts methods in place to resolve them. The Sağ Salim program directly engages with workers to provide a persistent labour monitoring solution across multiple tiers in the supply chain and leverages a cross-sector stakeholder committee to investigate and remediate issues.

Water consumption
The vast majority of our fabrics are produced in Turkey. Large amounts of water and energy are used during the production processes of textile and
the washing of denim. Effluent treatment plants are not a legal requirement in many producing countries. Particularly where environmental regulations are lacking or not enforced this can have enormous impacts on freshwater biodiversity and freshwater resources.

Material manufacturing

The use of non-sustainable materials such as polyester and elastane sum up for 2% of our material use. Virgin polyester and elastane are responsible for huge GHG emissions and negative impact on the environment. Polyester is derived from petroleum and is non-biodegradable. We consider the materials as eco toxic and require a lot of energy in the process. These materials are plastics and emit microplastics during washing. It takes up to 200 years to decompose which is a huge problem and risk for the environment. Materials like elastane, polyester, polyamide do require limited amount of water, land but do not contribute to a sustainable future and are environmentally of high risk.

Packaging

Our polybags are made of 100% polyester (80% Recycled Polyester 20% Polyester) the production requires a high amount of energy and contributes to GHG emissions. So far we have not find an alternative with less impact and risks. We will continue our journey to research in more sustainable alternatives. An important aspect is that we have to make sure these polybags are properly collected and recycled to close the loop. We will be piloting the coming year to investigate on the possibilities to avoid polybags will be recycled incorrectly and might end up in landfill.
Severity of harm

Likelihood of harm

Product risks – Raw material matrix

- Child labor
- Forced labor
- Minimum wage
- Health & Safety
- Water consumption
- Greenhouse gases
- Chemicals
- Living wage
- Working time
- Bribery/corruption
- Freedom of Association
- Discrimination/(sexual) harassment
- Water pollution
Severity of harm

Likelihood of harm

Product risks – Material manufacturing matrix

- Child labor
- Forced labor
- Minimum wage
- Health & Safety
- Water consumption
- Greenhouse gases
- Chemicals
- Living wage
- Working time
- Bribery/corruption
- Freedom of Association
- Discrimination/(sexual) harassment
- Water pollution
Garment manufacture
We closely monitor our tier 1 and tier 2 suppliers: CMT and laundries. In this phase the product is put together and treated, here the CMT and laundry locations are involved. We audit and train via Fair Wear Foundation and other third party organizations these production locations. This stage of the product is very labour intensive especially for our jeans. 99% of our jeans are washed and treated manually and by machine. Treatment with laser, scraping and spraying are some of the techniques applied to our jeans to give it its unique look.

Impact
We must consider at design stage the impact of our products on people and planet. Which chemicals are involved, are these harmful? Water consumption as raw material stage and further in the process, is there a proper wastewater system in place, closed loop facility? How about the labour intensity of our products and designs? Do we indirectly put people at unsafe situations, how can we monitor this completely? In 2021 we will measure our impact of our products on the environment. We currently do not have enough data to assess the social impacts, where will continue to figure which methodology can be used for this next to analysis of the EIM.

The impact of chemicals, water, water consumption is incredibly intensive with the production of our jeans as mentioned earlier for this reason we continue to work with the questionnaires and stimulate fabric mills and laundries, factories to become part of ZDHC or adopt HIGG.

When it comes to the social aspect, we concluded that we mainly work with so called high-risk countries which we will further elaborate on in the next chapter. Related to the topic product risk we find that the skill level required is high due to technical and mechanical nature of the production process. Training on chemical use and chemical management is therefor mandatory to operate in a safe and healthy way. We have been able to map this at our fabric mills but further up in the chain we rely on the findings in the audit reports. We aim to support laundries, dyehouses on chemical management trainings, health & safety work places where improvement needs to be made. This will be our focus for the coming year.
Product risk factors

Severity of harm

Likelihood of harm

Product risks –
Garment manufacturing matrix

- Child labor
- Forced labor
- Minimum wage
- Health & Safety
- Water consumption
- Greenhouse gases
- Chemicals
- Living wage
- Working time
- Bribery/ corruption
- Freedom of Association
- Discrimination/ (sexual) harassment
- Water pollution
99.76% of our production is produced in high-risk countries. We focus in our risk assessment on our three most important production countries: Tunisia, Turkey, and India.

**Tunisia**

Responsible for 76.41% of our production quantity, covering the biggest percentage of our total FOB makes Tunisia our main production country. We do not work directly with our partners in Tunisia, we work with an intermediary platform, Art Lab, based in Soliman.

Tunisia as production country has some common challenges we face after a Fair Wear audit took place on several production locations. With findings as short-term contracts, minimum wages where the goal needs to be payment of a target/living wage and other findings related to safe and health working conditions. These findings make Tunisia a production country with several challenges. Tunisia is known as a country where factory management is quite resistant in following up the CAP's due to their cultural background. Research and experience are showing that local authorities and stakeholders did not have much influence and effect on changing certain circumstances. Therefore, we approach the site from a neutral position through Fair Wear audits, trainings and scope is to win them over in an improvement program that would bring benefits for the production site as well. Step by step, approach each area of the code one by one, systematically. Here we use of the Corrective Action Plan where findings and requirements are stated with step by step set time frame. Which would once you put the site management on a direction, you could monitor remotely by workers surveys, a hotline. We need to gain as much visibility from the site as possible. With the promise that actions will benefit both the workers' welfare and the business in general. For the factories we are working with we are not putting any pressure on quick results, and to close all findings in the CAP as soon as possible. We accept that there are many factors involved which means that change takes time. We find it important that we talk to the onsite managers to make them understand the logic and benefit behind these standards. We cannot expect to change a whole culture, but after all, human factor can make a big difference. With Tunisia being our biggest country of jeans production, we have put a lot of investigation through audits and trainings in the occupational health & safety and worker related injury and ill health. Early 2020 we visited the country and did onsite inspections at our laundries specifically on health & safety and chemical management.

Country studies show that areas of risks when we focus zooming in on our business are:

- Collective bargaining
- Labour conditions
- Wage & remuneration
- Corruption
- Health & safety

**Turkey**

Responsible for 10.65% of our production quantity, covering the second largest percentage of our total FOB.

Turkey is the eighth largest garment exporter in the world and the garment industry is the country’s second largest industry. Turkey has
long had a close relationship with the European Union and is familiar with many international workplace standards. Improvements are still needed in many areas. Small and medium-sized factories with a wide sub-contractor chain are the norm across the country and working conditions typically get worse down the supply chain. The result is widespread unregistered employment. This means countless workers who are left without access to social security, job security or the ability to organize and advocate for themselves.

Turkey is also home to the world’s largest refugee population. As of 2019, more than 3.5 million Syrians were reported to be living in the country and an estimated 98% of Syrian workers were employed illegally. Huge numbers of Syrian refugees accept dangerous working conditions and excessive overtime shifts because they have no other alternative. Fair Wear investigated, and research has shown how this has created an increase in human rights violations in a short period, including an increase in child labour which was previously rare in the country. 90% of our denim fabrics are produced in Turkey: Orta, Bossa, Calik, Kilim. Garment manufacturing is done with one of our denim suppliers ERA located in Istanbul and Mergü Tekstil located in Izmir. Both on fabric manufacturing and garment manufacturing risks are stated:

- Freedom of association
- Forced labour
- Discrimination & Gender
- Health & Safety at work
- Collective Labour Agreement
- Inspections
- Syrian refugees
- Wage & Remuneration

India
Responsible for 3.31% of our total FOB. India is considered as high-risk country and is of high priority for us after stakeholder engagement with Fair Wear, CCC, Garment Labour Union [GLU, India] and Cividep. As stated in this report the consultation of the Garment Labour Union, GLU showed us the importance of involving local stakeholders, especially in these very uncertain times.

Findings from Fair Wear audits and GLU research are excessive overtime, payment of minimum wage, discrimination and gender-based violence. In India we especially deal with social risks. We produce with a factory and laundry that are both GOTS certified and operate according to these environmental standards.

Social matters require a lot of attention, and we will continue to address and work on this together with local organizations. Based on these findings versus our impact and capacity we are analysing if we are able to work with a country like India that does require commitment from our side and full attention.
India

Risk assessments in our top four production countries by volume

- Child labor
- Forced labor
- Minimum wage
- Health & Safety
- Water consumption
- Greenhouse gases
- Chemicals
- Living wage
- Working time
- Bribery/ corruption
- Freedom of Association
- Discrimination/ (sexual) harassment

Severity of harm vs. Likelihood of harm
Our supply chain is relatively extensive and broad supply chain when looking at our size company. We offer a various and wide range of products and styles in our collection; this means we have many locations involved. The extent of the company on foreign operations and the extent of its control over those operations does increase the exposure to integrity risks and the difficulty of controlling our supply chain. For this reason we more critically look at our collection offer and rather focus on increasing business at one location rather than splitting this over two. This will not only reduce the exposure to risks but also create more leverage and impact at our suppliers.

Another risk for us is that we are working with agents and an intermediary platform (Tunisia). Even though we have indirect control over all production locations, communication is indirect. This means that we have limited visibility and control over all supplier which makes it challenging for us to have full control over the situation and we depend on our agents/intermediary platform. They must meet and operate according our social and environmental standards but struggle with the best way of training and motivating these partners, to operate conform Kings of Indigo standard, here we have to trust and rely on our ‘colleagues’.
Thank you!

We’re delighted to share our report with you and everybody, “Doing It Right” is our pledge, to do right by the planet and those we share it with. To do right by you.

If you have any comments, questions or feedback, please contact us at margreeth@kingsofindigo.com

ANNEXES:

- RSL Code of conduct
- Supplier manual