Dawn social report

Reporting period January 2022 to December 2022

Fair Wear member since 2018

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OUR VISION

At DAWN, we aspire to be more than just a collection of beautiful pictures and smart slogans. We are not a glossy brand that hides behind certificates and pretends that the world is intact. Sustainability, fairness, and environmental awareness are not buzzwords for us, but complex topics and constant challenges.

In 2022, the economic crisis has had tough consequences on DAWN and Evolution's businesses, and it is also a year when Evolution factory expanded its production capacity, which created a lot of new challenges. We continued to work on improving working conditions and developed a Responsible Business Conduct policy as well as a Code of Conduct for our supply chain.

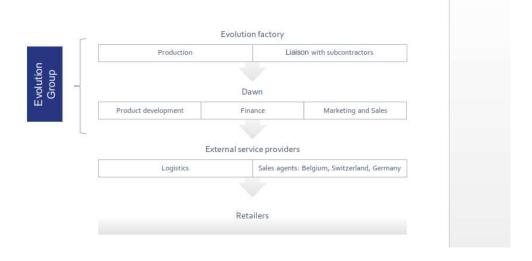
We believe in radical honesty and transparency, sharing our downfalls and mistakes, but also achievements and progress made. And this is exactly what this report aims to achieve.

ORGANIZATIONAL CHART

We have been working in the fashion industry long enough to know things needed to change and that change would only be possible with a fresh start. Unlike other brands which spread their supply chains across several countries. Our production is in one place; a factory in Vietnam that was built for DAWN, it is called Evolution.

In 2022, a new CSR manager was hired for Dawn and a new COO joined in the last quarter of the year. At Evolution a VP of Operations was hired at the end of the year.

Here is how our teams, production and sales are currently organized.



SUMMARY: 2022 GOALS & ACHIEVEMENTS

Our unique supply chain structure has enabled us to test and analyze improvements that have a direct impact on the workforce. It has given the company high leverage and stable, close relationships to invest in good labor standards. By working on improvements from an external audit as well as its own internal audits at the production location, we are able to monitor 100% of total production volume at Tier 1.

In 2022, Evolution Group which includes DAWN, developed a Responsible Business Conduct policy as part of its Due Diligence concrete strategy. Its development included conversations with Fair Wear Foundation and within the group between DAWN and Evolution factory's management and Union. We started to analyse first tier risks through desk study and several international Labor, Human Rights and Environmental organisations' guidelines, in a risks assessment's matrix. We developed our own Code of Conduct, following the ILO core convention and which will be part of contractual agreements with suppliers starting in 2023.

Looking at improving Social Dialogue; we were able to carry out Fair Wear WEP communication training at Evolution, which was kicked off in August 2022.

The first result of the training was that Evolution management teams agreed on the creation of a new committee to address workers' questions, requests, and complaints.

Monitoring and studying working hours and salaries at production level, in order to achieve a goal of 5 working days a week, was still ongoing work. A new ERP system was also launched at Evolution which

aims to streamline orders for the trading side of Evolution's Group business, managing orders from customers, accounting and streamlining those processes.

Communication towards resellers about Fair Wear membership started to be improved by sharing information on B₂B fairs. Fair Wear communication guidelines were shared with all retailers in a dedicated newsletter.

SOURCING STRATEGY

HUMAN RIGHTS AND DUE DILIGENCE

In 2022, Evolution Group which includes DAWN, developed a Responsible Business Conduct policy as part of its Due Diligence concrete strategy. Its development included conversations with Fair Wear Foundation and within the group between DAWN and Evolution factory's management and Union. We developed our own Code of Conduct, following the ILO core convention and which will be part of contractual agreements with suppliers starting in 2023.

Dawn makes use of Fair Wear resources regarding human rights and labor conditions risks assessment in Vietnam. Onsite at the production location facility, we have Evolution CSR manager and Dawn CSR manager, which means they can directly assess risks at the factory level and visit the laundry facilities.

We also created a matrix at Evolution Group's level to try to map risks along the supply chain.

Besides, we believe that Transparency and supply chain mapping is the first step to mapping potential risks and thus we are still working on tracking our supply chain; the challenge remains for Tier 4 and knowing raw materials, in particular cotton farmers.

As the pandemic showed, we also know that context and risks change over time, which is why we will review our risk assessment regularly.

Scale and scope of responsibility are easily determined for our Tier 1. Because Dawn produces only at one production location regarding CMT, this part of our supply chain is under very close scrutiny. For laundry facilities, we also work closely with them and are able to identify and work on potential issues closely.

SOURCING STRATEGY & PRICING

At DAWN, we believe the best way to empower workers is to give them a safe working environment, decent wages, and opportunities to grow. Our unique supply chain structure has enabled us to test and analyze improvements that have a direct impact on the workforce. It has given the company high leverage and stable, personal relationships to invest in good labor standards. By working on improvements from an external audit as well as its own internal audits at the production location, the company has monitored 100% of total production volume.

Living Wage & Fair Pricing

We have a strong commitment to creating a satisfying working environment, and workers must be paid fairly and appropriately for their work. Using the Anker's methodology, we calculated the Living Wage. Hence, in 2019, the HR & CSR team in the Vietnam factory made a survey in the local market and calculated food, housing costs in the area. In doing so, we were able to analyse and compare the findings with the information from the Living Wage Coalition estimate. We also took into consideration costs of transportation, child education, unexpected expenses, some savings. Wages paid are approximately 42% above the BSCI Living Wage Survey, 32% above the Government Trade Union calculation and 81% above the legal minimum wage. In addition to a secure income, we offer our employees private health insurance, which also covers one additional family member. We have access to all the information from the payrolls, and we know the exact link between our prices and the wages. DAWN pays the true cost of the product. The unit price is different based on the different product styles and number of minutes. The labour cost is equal to the total employees' salary divided by total products in a month.

In 2022, Evolution expanded and hired more workers to fill up four production lines. Calculations of the Standard Allowed Minute and Labor Minute were made, and the new production manager also had to study the efficiency of each production step. The factory analyzed all parameters in order to implement a new payment scheme, partly based on piece-rate in 2023, in order to reduce the working time of all employees to 5 days a week.

In 2022, the average salary increase was 7.17% for 171 employees out of 222 employees, based on their KPI from January 1, 2022. The remaining employees were either employed for less than one year or were in a trial period, and did not qualify for a salary increase yet. The legal regional minimum wage increase of 6% was also considered and Evolution ensured that its pay increase was greater than the legal requirement.

We are still working on mapping our full supply chain before being able to commit to paying Living Wages along the whole chain including raw materials.

TIP ME

In 2020, we joined Tip Me to show solidarity in a world threatened by the pandemic. While many brands focused only on their own situation, canceling orders and not supporting their supply chains, we wanted to send a statement to our Factory in Vietnam. Tip Me's mission is to show appreciation for the people behind the making of the products, by giving customers the option to Tip them when buying their jeans online. In this globalized supply chain, we want to enable a connection between the customers and the sewers. Together with Tip Me, we ensure that 100% of tips go directly to the production staff. Everyone is free to decide how to make use of the tips.

In 2022, the economic crisis and decrease of online sales affected the total amount of tips collected, especially following the significant amount collected during the pandemic in the previous year.

PRODUCTION CYCLE AND PLANNING

At DAWN, we have two collections every year: Spring/Summer, Autumn/Winter. Our production cycle begins with design and development, our design team in Berlin works with the development team in Vietnam from the beginning of the development phase. This helps both parties plan the sampling schedule and project the number of styles in the coming season. The tight collaboration also helps the teams to spot possible production issues at the early stage. For instance, if a fabric requires a longer lead time, the merchandiser in Vietnam can report at the earlier stage to DAWN's design team. Together they can either decide to order the fabric earlier or change to another fabric with a more suitable lead time for production. This helps mitigate bottlenecks during bulk production in later stages.

In 2022, DAWN continued to work on placing orders for Never Out of Stock items during low production seasons.

DAWN and Evolution have a weekly call routine, in which we touch base with the factory manager, merchandising and purchasing team. Any issues related to production schedule, material delivery, and so on can be brought up, and resolved collectively. Together with the design and sales team, it is decided how to split orders across different windows. Our close relationship with the factory also

enables us to know the capacity and situation on the production floor. The factory has the freedom to look at the styles and decide when to start production according to their capacity and to ensure production lines run efficiently while limiting overtime.

Monitoring and studying working hours and salaries at production level, in order to achieve a goal of 5 working days a week, was still ongoing work. A new ERP system was also launched at Evolution which aims to streamline orders for the trading side of Evolution's Group business, managing orders from customers, accounting and streamlining those processes.

FACTORY RELATIONS

Since we have a very simple supply chain structure, we do not have Tier 1 supplier evaluation. We prefer to build and maintain long-term relationships, especially with our laundry subcontractors. As we believe that time and commitment is the foundation of trust.

In 2021, DAWN started to work with a new laundry subcontractor. The selection process involved: 1. Capability in high-tech washing process, including: machinery, factory set up, wastewater management system, environmental management system. 2. The CSR team in Vietnam was in touch with the supplier in 2020, and conducted an audit, and created a CAP when issues were found.

MONITORING AND REMEDIATION

The CSR personnel located in Vietnam works in the factory, so she can inspect issues directly on-site and touch base with the management team for remediation. Internal audits are conducted once a year. Based on the audit's results, a corrective action plan is developed, implemented and followed up on a regular basis. Subcontractors are informed about Fair Wear Code of Labor Practices, and the posters are posted across the factory floors.

As part of our usual Due Diligence work, CMT and washing takes place in facilities located in Southern Vietnam and are audited by our internal Evolution CSR manager yearly, also following the BSCI framework.

We monitor social compliance regularly and directly with our CMT and laundry facilities in Vietnam. When issues arise, those are shared in the form of CAPs and with different deadlines depending on how serious the issue is: High, Medium, Low.

OUR FACTORY IN VIETNAM

The local CSR Manager conducted onsite audits at the Evolution factory and followed up the SMETA audit CAP of Saigon3 (laundry facility). The last BSCI audit was implemented in February 2022, resulting in a B grade rating. In October 2022, the CSR Manager conducted an internal audit as a follow-up of that result, achieving another B grade. The findings of this internal assessment and their remediation are listed below:

• The factory did not keep payroll and attendant records of the Security guards. It is one of the requirements of the BSCI audit. Human Resources have already made the CAP and now maintain the records.

COMPLAINTS HANDLING

Internal complaint management is a crucial part of ethical social compliance. No employees should feel threatened to make their voice heard. Fluid communication and an easy-to-access complaint channel will encourage the management team to get clear feedback on what is going on at the workplace and respond to it. Therefore, we implemented a Fair Wear grievance and complaint system in our factory and at subcontractors. We check with the CSR personnel in Vietnam and follow up on any complaint received. We post and train all employees about Fair Wear Code of Labor Practices as well as introduce them to the FWF complaint hotline. Workers in our factory and subcontractors are assured of having access to this external communication channel.

A complaints committee was created in 2022, included DAWN's CEO, top management of Evolution factory and Union representatives of the factory, as well as its CSR manager.

TRAINING AND CAPACITY BUILDING

DAWN sees workers' training on workers' rights and complaints mechanism as part of must-have activities. Factory production workers receive regular training internally about Fair Wear and BSCI, as well as mandatory Health and Safety workshops. New employees receive a specific on-boarding training session. Besides, as part of the transparency's backbone value of DAWN, all employees of its factory know how their wages are calculated.

SOCIAL COMPLIANCE AND LABOR RIGHTS TRAINING

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The first result of the training was that Evolution management teams agreed on the creation of a new committee to address workers' questions, requests, and complaints.

In August and September 2022, Fair Wear brand liaison and Dawn CSR manager presented Fair Wear work and requirements to DAWN's Berlin team, with a special focus on Due Diligence strategy.

ON BOARDING PROCEDURE

DAWN ensures that the factory has an employee education program that includes training on grievance mechanisms and labour regulations. Plans are created at the end of each year for the following 12 months and incorporate a mix of internal and external training. It covers issues such as labour safety and hygiene, fire drills & fire fighting and basic first aid. Moreover, there is training for office staff and management on issues including sustainable supply chain, social audits and topics related to Fair Wear CoLP and BSCI code of conduct.

TRANSPARENCY & COMMUNICATION

We use our website, social media channels and newsletter to inform the public about our activities. In 2021, we let some coworkers both from Vietnam factory and Germany office taking over our social media to share their stories, so consumers can discover the people behind the seams. Throughout the years, we took part in various Fair Wear led events - Fair Friday, fashion revolution and so on.

DAWN communicates about its sustainability journey, including its Fair Wear membership and Leader status, through different German fashion online and offline media.

On our own website, we also share our progress on Fair Wear's Code of Labor Practices implementation, by publishing our Social report annually. In 2021, we created a dedicated blog post about our Brand Performance Check outstanding result: with 100/100 score.

DAWN shared information about its Fair Wear membership during the usual B₂B fairs. In the summer fairs, Fair Wear leaflets were printed out to be added to the set of communication documents shared with potential new retailers.

A newsletter was shared with the existing network of resellers in November 2022 explaining and sharing Fair Wear communications guidelines.

Transparency is such a crucial aspect of our vision. We work with retraced, a blockchain backed technology service provider that enables us to register and display supply chain information based on each style. It allows consumers to track traceability of materials and production information by scanning a QR code, directly on their purchased product label.

DAWN's supply chain information, including Brand Performance Check, BSCI audits, etc. which are mapped through retraced, are available on the website as well.

Do you have any comments or questions? Please feel free to drop us an email at:

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