

SOKO

Impact Report





WHO WE ARE

Style driven by a greater social purpose.

We are a women-led, people-first ethical jewelry brand and tech-powered manufacturing platform built to connect artisan communities in Kenya with the global market and conscious consumers worldwide.



OUR MISSION

As a certified B-Corp, we believe in using business as a force for good to balance profit with purpose.

SOKO uses mobile technology to connect marginalized Kenyan artisans which we define as high potential with low geo-economic opportunity directly to the global marketplace. We connect over 2300+ independent and distributed artisans, creating an efficient and demand responsive “virtual factory”.

Unlike centralized factory production, we are using technology to support and enable the human workforce.

Financial inclusion and economic sovereignty is the key to lasting impact and change.



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What it means to be a Certified B Corporation

B Corps are leaders of a global movement of companies using business as a force for good.

Leveraging the power of business for maximum positive impact, B Corps build a more inclusive and sustainable economy to help solve the social and environmental challenges our world faces today.

Certified B Corporations meet the highest verified standards of social and environmental performance, transparency, and accountability. The Certification process uses credible, comprehensive, transparent, and independent standards for social and environmental performance. The certification aligns with the UN Sustainable Development Goals as a means to map social impact plans to global benchmarks.

SOKO has been a certified B-Corp since 2018. The certification serves as our commitment to long-term impact. It is built into our operations and legal structure. We continue to work towards reducing inequality and poverty, building a healthier environment, stronger communities through the creation of high-quality jobs with dignity and purpose.



Our SOKO Model: a human-powered virtual factory

Our proprietary supply chain technology transforms the mobile phone into a powerful scalable business tool, which we call a ‘virtual factory’.

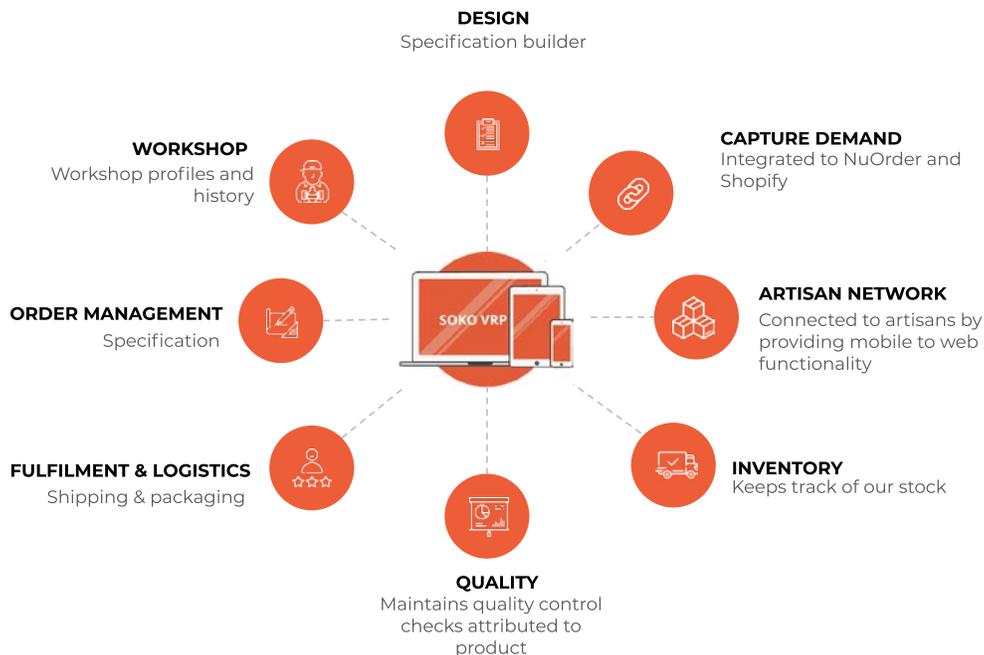
Our virtual factory standardizes manufacturing in an informal market, and provides artisan leaders with tools, resources and innovative ways to preserve and improve heritage techniques. 80% of workshop operations are automated on the mobile application (product specs, payment, news and information, training, surveys, and asset financing).

By leveraging technology, we can scale the artisanal production of beautiful, handmade and handcrafted products. This is a new approach to manufacturing – one that disrupts large-scale factory production models.

Our Scalable Artisan Network

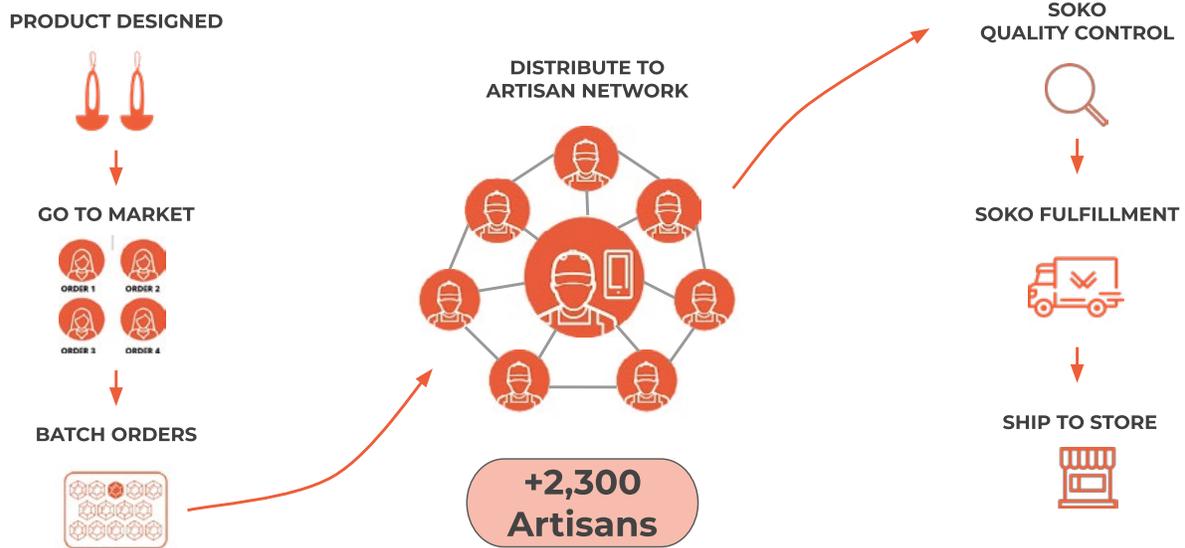
A human x digital work domain

Through this virtual factory, we’ve created a supply chain that empowers artisans in underserved communities to sustainably utilize and improve skills while managing and growing their business.



Our Supply Chain Innovation

From their hands to yours



A Small Tool, A Large Innovation

Our strong partnership with over 2300+ independent artisans create working environments where human rights are ensured and protected, and individuals can work in a safe and healthy environment.

Our model is agile: we can produce at scale over 45K units in a month, managing independent workshops via our mobile enterprise tools.

With an integrated approach to product delivery, from production to inventory to sales, we are able to cut out inefficiencies, reduce waste, cut costs, and stay on top of fashion trends. The flexibility of our production model nimbly caters to a single e-commerce order or large brand purchasing tens of thousands of units.

Since 2015, SOKO products have sold at more than 700 retail points of distribution such as Madewell, Shopbop, Zalando, Amour Vert, Marine Layer, Reformation, and Anthropologie.

Environmental Social Governance (ESG): proactive, planet-friendly practices

Ethical production is the foremost tenet of our mission. It is integral to our customers and is the foundation of our brand.

Based on our initial pulse check of ESG related activities in SOKO'S operations, we have identified potential areas of risk and are proactively addressing those as part of our implementation.

Environmental Management Systems

As we seek our ISO 14001:2015 certification, our EMS¹ goal of 2019 entails managing the overall environmental impact of our operations. Our EMS Policies and Frameworks assure the environmental integrity of our practices as a company. These principles act as the blueprint for EMS Operations at SOKO.

Environment

- Starting in 2019, we integrated management systems and procedures that are specifically designed to minimize the use of hazardous materials, energy and other natural resources. These procedures also minimize the production of waste and enable recycling and reuse of materials.
- We have established concrete objectives and targets, and defined indicators to measure progress and report our results including but not limited to energy, water and paper.
- We identified and designated Environmental Champions from within the organization and community to promote environmental responsibility among our artisans and employees. We provided the necessary training and support to empower them to implement this policy, and actively inform suppliers to adopt effective environmental management practices.
- We continuously solicited input from our employees, suppliers, customers and board members in meeting our environmental goals.
- We continued to be a responsible community member and neighbor, proactively addressing incidents or conditions that endanger the health, safety, or the environment.
- We have put in place ISO preparedness initiatives in the form of quarterly self-assessments of SOKO's compliance with this policy to measure progress of SOKO's environmental performance, and reporting periodically to the Board of Directors.

¹ EMS is part of an organisation's management system used to develop and implement its environmental policy and manage its environmental aspects.

Health and Safety

Following an in-house training on basic safety procedures for the network in 2019, a safety committee was set up and trained to manage and enforce ESG issues for SOKO. The committee managed the first Fire Drill in the same period and a consequent workplace inspection to assess the organization's workplace safety progress and preparedness for emergency in accordance with global standards. Internal support, resources, and tools create a work environment that promotes overall personal & professional well-being.

1. Artisan PPE Distribution

SOKO distributed appropriate personal protective equipment (PPE) to our network of artisans and their workers: goggles, gloves, masks and overalls/dust coats. The artisans were trained on the importance, usage and care of their various PPE.

2. Safety Audit

Safety is a top priority at SOKO, and our audit protocols are proactive so we can stay vigilant and ensure a safe working environment for our staff and artisans.

Audits include a walk-through of the facility, interviewing management or employees, and reviewing company documentation.

Workshop safety audits are beneficial because they:

- Promote constant review of systems to ensure that they do not become weakened by habit.
- Facilitate planned improvements to programs, policies, and procedures.
- Help to identify weaknesses in human resources departments.
- Help to demonstrate management's dedication to employee and artisans' health and safety.



3. The Workshop Incident Report Tool

We developed an incident report on the Field Officer android app to help us track, control and mitigate accidents and incidents in artisan workshops.

4. Training on employee rights

SOKO revised and consolidated company policies to reflect a more global approach at the end of May 2018, and in 2019. Training is completed on a need-basis across the organization.

5. Highlights from our Safety Audit:

- We have achieved a 78% adoption of PPE from our initial roll-out.
- 76% of SOKO staff trained on personal and workplace safety.
- SOKO artisans report influencing awareness of safety within the greater community and at home.



Governance

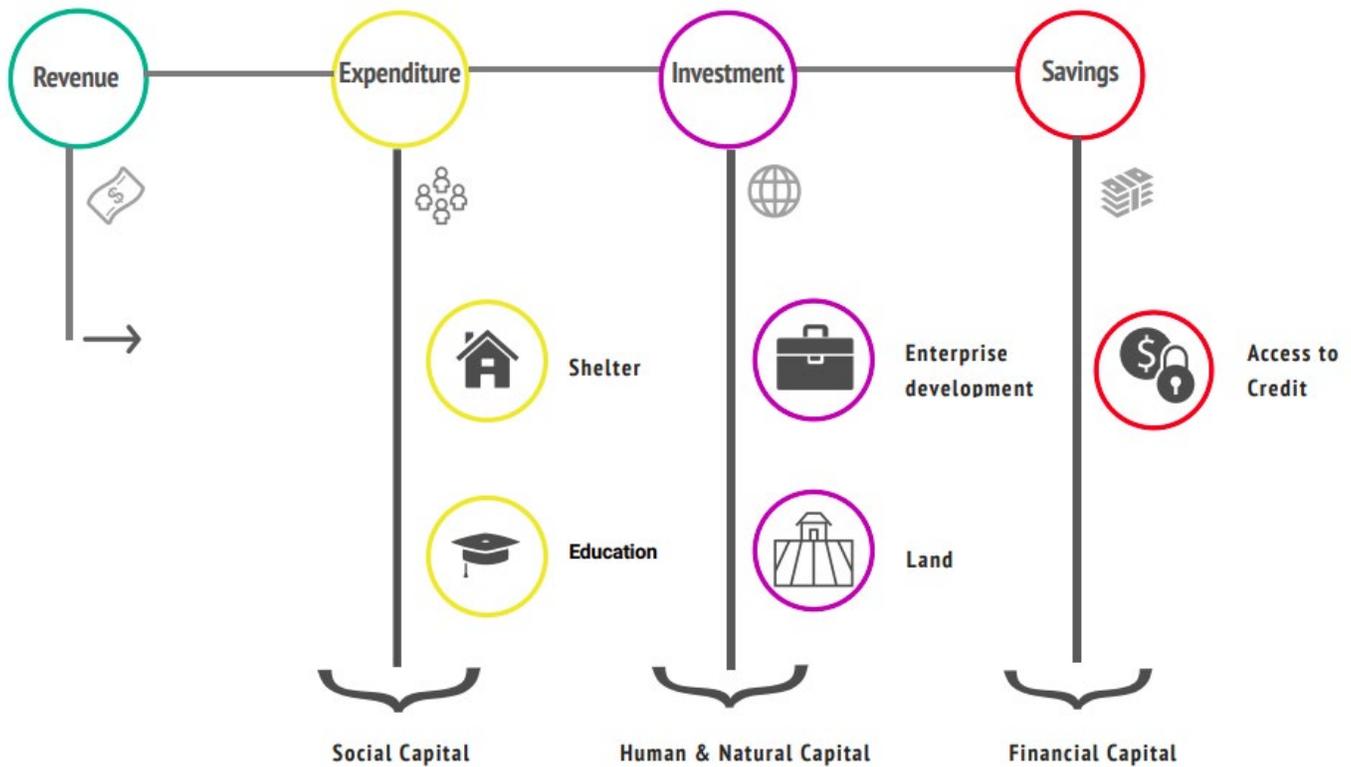
Governance is fundamental for transparency and accurate reporting.

How do we measure impact?

In order to sustainably measure the impact generated from SOKO-earned revenue, key indicators are:

Short term	Medium term	Long term
<p>Expenditure</p> <ul style="list-style-type: none"> around basic needs and business operations 	<p>Investment</p> <ul style="list-style-type: none"> investments in both business and personal lives 	<p>Savings</p> <ul style="list-style-type: none"> access to credit by improving their credit rating

Looking Forward



How We Do It

An in-depth look at implementation

Our B Corp certification ensures our framework is at the highest standard for our operations. Our production model utilizes our virtual factory to streamline and scale our process for minimum waste, thoughtful speed and maximum quality.

Our end-to-end sustainable supply chain does not deplete resources and helps to conserve the environment.

We aim to balance Muda (waste), Muri (overburden) and Mura (unevenness) for a production and process that is as streamlined, efficient, and responsible.

Every process and all we do is measured against these 3 standards.

Design

Our processes are designed to minimize waste— both time and material. Our design team shares new sketches via our proprietary design portal, allowing for a zero-waste, virtual footprint. Our All-In-One system allows designers to upload new designs, post updates on sampling statuses, exchange feedback, plan timelines, review costs, and record approved styles and samples.

Sampling

Streamlined sampling processes inside our workshops ensure minimal waste. 50% of materials are saved during sampling and testing. For materials, we reuse and recycle for multiple styles the same brass sheets, horn and bone items, etc. We recycle components of rejected designs as well.

Production

We have adopted a production process that ensures proper working conditions and addresses both environmental impacts and community welfare.

To be closer to our artisans, we set up our satellite offices near artisans workshops in their respective areas, thereby reducing motorbike use and any unnecessary back and forth. The artisan network in Nairobi is wide and spread across 4 primary areas - Rongai, Kibera, Dandora and Town.

In addition to the satellite offices, our Field Officers are in constant contact with our artisans. These officers work closely with the Social Responsibility (SR) team to carry out safety and first aid training at the workshops with each artisan.

Our artisans also strive towards reducing waste. 70% of our jewelry is made from upcycled material (recycled brass, cow horn and bone). They reuse rejected styles whenever possible, by melting and reusing brass casts. They reuse bone dust by capturing it to use as fertilizer and sell brass wire and sheet as scrap metal to be recycled.

Quality

We quality check at every stage, from sourcing to cutting to shaping, through finishing and packaging to ensure that our rejection rate stays below 10%. We have a highly trained Quality Assurance team that operates out of the office as well as in the field.

These QA officers offer training solutions to our artisans to better equip them to meet our standards. Our average rejection rate was 20% before our QA training, and it has now been reduced to an average of 4.26%.

Additionally, our “Quality Champions,” artisans that we’ve specially trained, improve the quality maintained in their workshops.

Electroplating

During this process, we reuse water where possible to ensure minimum waste. We recycled 60% of water used for electroplating.

Fulfillment

Our order fulfillment process is fully digital, and streamlined, with little to no paperwork, for minimal paper waste overall. Our processes are fully automated with our systems being constantly updated, for minimum time waste.

Packaging

In early 2019 we moved to 100% recycled paper for all our jewelry hang tags. We are continually innovating on how to use more eco-friendly, recyclable, and cost-effective materials.

We ensure that our packaging is the perfect size to not only eliminate the chances of product damage but also save on resources—money, time, warehouse space—all while reducing our carbon footprint.

At A Glance: Our Artisan Community

2,300+
artisans in our network

280+
workshops
throughout Kenya



Artisans working with SOKO earn nearly

5x more
than an average
artisan workshop



There are approximately
11,400+
beneficiaries of revenue
generated from sales



We've had an increase of
12%
in average artisan income



We've increased our
workshop network by
5%

- Our uncompromising standards have improved artisan business and safety practices, skill development and quality across the board.
- Artisans can access capital to invest in equipment and infrastructure, through equitable SOKO powered micro-financing.
- Our high standards ensure artisan workshops match the export market's demand for quality.

ESG & Social Impact In Action

The Artisan Medical Camp

This past year, our ESG focus has been on Health and Safety, and how we can proactively support our community. Our first step was to gauge the current state of the health and safety situation in the artisan community network.

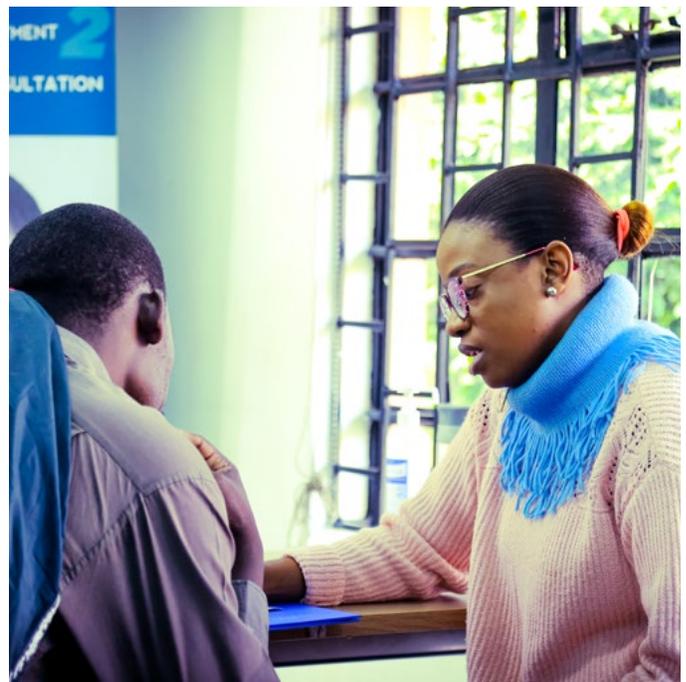
Medical Camp

Our goal was to obtain a baseline of the current situation in the field regarding health and any illnesses, specifically those that may be associated with artisan work.

We partnered with a local hospital, MP Shah, and screened the below areas:

1. Ear, Nose and Throat (ENT)
2. Dental
3. Nutrition
4. Eye Checkup
5. Diabetes

The team from MP Shah was able to set up on campus and attend to the artisans as well as some staff attended. The turn out was at an astounding: 152% more than our initial target of 65 people.



Leaders in Heels

Mentorship for the women of SOKO

Leaders in Heels (LIH) launched its first ever external mentorship program in ²Kibera Nairobi. The focus is to empower, equip, train and mentor young girls from marginalised communities and broken families.

Leaders in Heels (LIH) is a SOKO women’s group that is dedicated to the strategic retention and advancement of women in our organization. Through creating and maintaining a collaborative and supportive environment that recognizes, cultivates and utilizes the talent of its women staff, LIH expands and creates business opportunities for long-term success.

Initially a peer-to-peer mentorship program that ran for a year, it’s blossomed exponentially since its inception, reaching beyond SOKO and into the external community.



² Kibera is within the city of Nairobi in Kenya. There are approx 1.2 million slum dwellers in Kibera in an area of 2.5 square kilometres. 75% of the population of Kibera are under the age of 18 and 100,000 children living here are orphaned. It is the biggest slum in Africa.

Our Artisan Benefits Program

Recognition and respect

As part of our Artisan Benefits Program, this year we held an award ceremony for artisans who have shown exemplary performance in quality of work, discipline and consistency over the years.



Onesmus Ngao - Awarded for Excellent Quality in Production

Looking Forward

Our 2020 targets

- Reduce consumption of water overall. During electroplating, we use 300ml per product, and we want to bring that down to 100ml. We currently recycle 60% of water used for electroplating and want to bring that up to 75%.
- Our 2020 Green Positioning Initiative will allow us to promote our sustainability performance as a key component of our business activities. We will carry out various third-party audits across the business.
- As a company, our aim is to achieve 100% green logistics. Currently, our packaging materials are eco-friendly, recyclable, and cost-effective. We want to go a step further and ensure that we develop smaller easy-to-open recyclable packaging.
- As part of our ongoing commitment to lean manufacturing, we intend to continually improve our ³Muri, ⁴Mura and Muda⁵. This will take into account 6 types of waste; transport, inventory, motion, three enemies of Lean: Muri (overburden) and Mura (unevenness), and Muda (waste).

³ Muri is a Japanese word meaning “unreasonableness; impossible; beyond one’s power; too difficult; by force; perforce; forcibly; compulsorily; excessiveness; immoderation.

⁴ Mura Mura means unevenness, non-uniformity, and irregularity. Mura is the reason for the existence of any of the seven wastes. In other words, Mura drives and leads to Muda. For example, in a manufacturing line, products need to pass through several workstations during the assembly process. When the capacity of one station is greater than the other stations, you will see an accumulation of waste in the form of overproduction, waiting, etc.

⁵ Muda Muda means “futility; uselessness; wastefulness.” Muda is a key removal-of-waste concept (along with Mura and Muri) in lean manufacturing that focuses on the removal of non-value adding steps.