



INTRODUCTION

Working due diligence

Core of the Okimono due diligence method is to do what we say, say what we do and tell you why.

Okimono is aiming for sustainability over the full width, from the very start. This is a core value for our sourcing policy (environment conscious and fair trade) and for the internal organisation: we constantly strive for the most compact approach, within a low-threshold structure. IRBC is so self-evident that most of our workers occupy themselves with this, in one way or another: from management, production and communication to web shop management and return service. The economical operational structure is based on all processes enhancing one another and for that (maintaining) long-term relations with our suppliers is an important condition. With them we are building on a clear division of tasks and responsibilities. This has resulted in a trust base, achieved over the years by a mutual effort. We are transparent about our method and on our website we provide as much information as possible about our suppliers and production process. Of course, we make sure to be cautious with all information entrusted to us.

2020-2021

In general

Operationally ensuring the production's continuity and sufficient growth options was prioritised. Despite Covid the company has realised a significant growth in numbers, but shipments from the main location for all Okimono leisure wear (organic cotton) in Portugal were delayed for several reasons.

Areas of concern:

- Supply of GOTS-certified cotton: due to large-scale certification fraud in India, producers swerved to Turkey. This also resulted in austerity, because of which prices rose by some 30%.
- Diminished production capacity: due to several lockdowns and a temporary lower occupancy at some subcontractors (mainly the printer's) a diminished production capacity arose, that lead to a decrease in numbers and longer delivery times.
- Capacity in our own organisation: because of Covid and several lockdowns in NL our own distribution was also under constant pressure.
- Temporary stop of production cycling wear: because of the insecurities concerning Covid and various constricting measures, Okimono temporarily chose not to market any new cycling wear in 2020. At the end of 2020 the development for this was gradually resumed on behalf of season SS '21.

IRBC AGT

Due to the Covid pandemic Okimono also reduced the priority for further development within the IRBC agreement AGT framework, and basically constricted itself to the annual review subjects. This was done in deliberation with the AGT account manager. In autumn the main subject was reassumed: the development of our own Code of Conduct.

For the benefit of this and considering future developments concerning the agreement and laws and legislation, in 2020-2021 we subsequently looked into the matter as follows:

- Research CoC, next to broader online exploration, researching various labels and organisations:
 - Checking available info from and at Kings Of Indigo, Alchemist, G-Star Raw.
 - Exchange and meeting with Goose Craft: information and approach.
 - Fair Wear Foundation researching and further development of CoLP/ CoC.
- AGT Participants event February:
 - AGT general developments, such as roundup and possible continuation AGT, upcoming European and Dutch legislation and wage management system – from available info and consultation Okimono performed its own small research into living wage in Ukraine.
 - Good practices various companies and organisations.
 - SLCP webinar, conclusion: very interesting link of platforms and systems, still too early days for Okimono to join, a.o. because of the investment and insufficient connection with production in low-risk areas.
- MODINT | InRetail: several online meetings about the AGT's future and upcoming EPR.
- AGT webinar on communication – Dutch ACM guidelines for sustainability claims and hallmarks/ certifications. Within our own organisation this information was shared with persons concerned and with the guidelines our web texts were revised where necessary.

OKIMONO TWO WAY CODE OF CONDUCT

In the spring of 2021, the Code of Conduct was concerted with our two main suppliers (for organic cotton leisure wear and cycling wear) and early August the corresponding statements were signed by all parties. The suppliers also provided Okimono with the requested additional information, regarding their suppliers and certifications. With our Dutch printer's this process is still on going and expected to be concluded in the fall of 2021.

Basic principle and structure

Gaining more insight into our own supply chain, has been a main focal point over the past three years. In 2018 we started by gathering information from our main supplier for leisure wear in organic cotton (98% of Okimono's revenue), concerning basic information about their suppliers and publishing this on the Okimono website. In 2019 this was followed by the input from our cycling wear supplier (2% of Okimono's revenue). In November '19 in collaboration with AGT all this information was published on the Open Apparel Registry (OAR) as well and additionally Okimono signed the Transparency Pledge of the Clean Clothes Campaign. Developing our own Code of Conduct was a logical next step.

Main reasons for drawing up a CoC:

- Increasing insight and with that grip on our own supply chain.
- Strengthening the collaboration with suppliers, by further clarifying mutual agreements and responsibilities.

Key reasons for drawing up Okimono's own CoC are a.o.:

- The lack of an umbrella review system (and accompanying organisation) for which are viewed as low-risk production areas; Fair Wear Foundation isn't active within Europe.
- Because of the limited power a small organisation such as Okimono (with long-term products in a continuous production process) doesn't have the means to visit all production locations and to continuously conduct research into working conditions.

Key principles for such a CoC:

- Content-wise it needs to fit within the company's identity and be supportive to the existing longstanding relationships.
- It is to be implemented as steering instrument within our own operational processes.
- It is to be applicable in future sourcing of production locations; the use of the Two Way CoC clarifies the mutual effort and expectations from the very start – Okimono will continue to choose relationships with like-minded companies, relatively close to home.
- Compact design of the CoC-pathway: as efficient and least labour intensive as possible.

The result is a Code of Conduct as a review system, with a pathway in which both parties initially sign a statement about their own working methods and position towards one another, and in which both parties inform one another periodically.

The Okimono Two Way Code of Conduct itself is bipartisan and contains a Code of Labour Practises (CoLP) and a Code of Environment-conscious Production (CEP). Supplements consist of two statements, for both parties concerned, and additional information. The CoLP is similar to the FWF Code of Labour Practices and also refers to the ILO-conventions – to be found on the Okimono website as well.

Indispensable third component is a document containing all the production location information of said supplier – with company names and contact information, products and all additional certifications. Proof of these are mostly added. Sometimes this isn't the case, for instance when an audit was conducted by another label. This production location information document is the starting point for each periodical (annual) review.

For the realisation of the Okimono Two Way Code of Conduct we have exchanged information and spoken extensively with Goose Craft (signatory IRBC AGT) and we have conducted research at a.o. Kings of Indigo, G-Star RAW, Alchemist and the Fair Wear Foundation. For further input we continuously deliberated with the AGT secretariat, during the draft of the CoC.

Working method

With the Code of Conduct a system for a periodical (annual) review was implemented. In this Okimono will provide the suppliers with all their previously supplied information, in the course of Q1, to be checked, updated and corrected by them. Also, whenever additional questions or issues arise, we can easily add these to an annual PDCA-cycle (Plan-Do-Check-Act) - in next year's cycle ILO conventions #183 and #190 will be added to the CoC and a specific reference will be made to chapter 5, article 4b of the OECD Guidelines for Multinational Enterprises (2011).

Apart from this cycle intermediate updates can be conducted, whenever warranted by either party. Whenever required, the production information on the website and OAR will also be adjusted.

As incorporated in the CoC, Okimono puts the responsibility for careful sourcing of the materials and subcontractors with the main suppliers. With the current suppliers this is standing practise and for future suppliers we intend to build from the same basic principle.

In essence this also means that Okimono will (for now) not conduct its own investigations into the organisational structures of second tier suppliers and further. By continuing to further address specific subjects however, we do gain better insight into possible risks within the supply chain, for instance a wage gap. As such the production of cycling wear in Ukraine was addressed recently, specifically the pay of a living wage – also because of additional questions from the AGT secretariat. The supplier reaffirmed that their own company collective employment agreement applies to all workers, both in Italy and Ukraine. Subsequently Okimono conducted its own small research, using the numbers from the cea and available information through the AGT, to conclude that these wages are above the standard for living wage.

To clarify

Okimono is well-aware that clothing production comes with risks, even in low-risk areas.

With the shared responsibility described in the Two-Way Code of Conduct we deem to keep the process manageable for all parties and to stimulate the on-going improvement of production processes. By continuing to choose a production 'close to home', in collaboration with relatively small (main) production facilities, we aim to reduce misconduct towards workers and the environment to a minimum.

Collaboration with smaller companies results in strong connections and one-on-one contact with the supplier, which enables rapid actions on either side. The CoC signatories themselves are in direct contact concerning partnership agreements and delivery terms in detail.

Environmental aspects (especially concerning resources) are a direct part of the delivery terms, specifically organic cotton and the use of colouring materials. Okimono continuously requests the supplier's advice regarding improvement of our products. This on-going process is effective because we consciously seek long-term collaborations.

Producing 'close to home', finally, has the added perk of a smaller footprint: shorter supply routes and delivery times. A direct consequence of a continuous production process is also a continuing flow in supply (app. every two weeks for leisure wear). This continuity does enable a more advantageous transportation planning – however, this pathway too was under tremendous strain during the pandemic, more so even because of our growth.

All articles are wrapped in recycled and recyclable plastics. For protection purposes the printed items are wrapped individually. The non-printed items are wrapped per 5 items. When in future a good plastic free alternative becomes available, we will most definitely switch to that.

MORE OKIMONO SUSTAINABILITY

The foundation for Okimono as a sustainable brand is also visible in other areas. Some of them, recycling in particular, can help us when the EPR (Extensive Producer's Responsibility) will be introduced, come 2023.

Transparency and information

Periodically updating the online production information was already standard practise. Now this has been incorporated in the CoC-cycle. End of 2020 the new web shop was launched and the sustainability pages were updated as well. In the course of 2021, some pages were adjusted again – by the way, this information already met the Dutch ACM criteria. Since the CoC is now in place with the two main suppliers, their production location information will be updated again this fall, both on our website and in the Open Apparel Registry. An overview of our recent developments will be published then as well. Next to this, sustainability and the IRBC AGT agreement are recurring subjects in the Okimono newsletter.

Besides, last year Okimono was also able to join the Dutch home shopping warrantee 'Thuiswinkelwaarborg'. For this the company was thoroughly audited. This too we consider due diligence, because we care about facilitating our most important stakeholders, our customers.

Transparency and information

Post

From the beginning, Okimono has been sending the packages mostly by bicycle couriers! In Arnhem the whole despatch is picked up by Cycloon and spread throughout the country. Where there are no bicycle couriers available, packages are transferred to DHL (within NL) and Skynet (abroad). Furthermore, the bulk of it is send as a mailbox package.

Recycle Love

Okimono runs its own recycling programme Recycle Love. The shirts collected within this programme, together with a big part of the returns we receive (a part is returned to the supplier for production improvement), we deliver to Curitas for the best possible processing. A part is offered to them to be reused in development countries and the other part for recycling into new materials. In future Okimono will be looking into possibly receiving more information about the actual (re-)use of these fabrics. More insight into the whole cycle can be beneficial for us with the upcoming EPR in 2023. For the part we collect within the Recycle Love programme, Okimono also donates €2,50 per shirt for the planting of new trees by Trees for All.

Okimono workplace

Considering all of the above, of course our own workspace can't be left behind. So, Okimono uses green energy for the main office, established in a school building, and for our Arnhem flagship store. Both properties are also lit with LED fixtures and fittings.

Finally, we've also made a conscious choice to manage our financial affairs with a bank that has due diligence in its core, the Triodos bank.

Future

In addition to all previously mentioned subjects in the foreseeable future Okimono will be focusing on further develop and strengthen its own processes. In particular considering the company's anticipated growth and the upcoming EPR, it's important to remain careful and maintain caution in this. If and when it is necessary to come to additional agreements with our producers, concerning production practices in the full width, we will in principle add these to the Two-Way Code of Conduct and of course this document will be an important foundation with sourcing possible new suppliers.

On December 31, 2021, the current IRBC Agreement on Garments and Textiles (AGT) will come to an end, and we may state that we've concluded all five years of this agreement with good results. As a small brand we've looked for the best approach and method, to reach the set goals and to sustainably implement the corresponding tools. We were able to do so in close deliberation with the AGT secretariat and our account manager. At the moment negotiations regarding a follow up are still ongoing for the New Generation Agreement. When it becomes clear what this new agreement will entail, we will revisit the idea of signing up. If, however, it is more relevant for us to commit to another organisation or initiative – such as the Fair Wear Foundation or Amfori BSCI – we will consider that. Either way, we will make sure to stay informed and in touch with various parties from this network.

Okimono cherishes the results achieved within the IRBC agreement: the enhanced work method and gained insights. Within this method Okimono maintains the standpoint that a compact, integral approach best matched sustainability as a core value of our company: simply keep on making good stuff in a sound way.

For the future we therefore formulated the following areas of interest:

Short term

- Roundup of the CoC course with the Dutch printer.
- Updating the website and OAR with all gathered information.
- Making additional enquiry regarding living wage in Portugal.

Future plans

- Visiting production locations: the 2022 plan is to visit the main production location in Portugal and a number of their second-tier suppliers.
- Keeping up with policy developments and progress of new agreement and EPR. Where relevant and fitting in our planning, we will attend meetings on the subjects.
- Research signing up for NGA or other initiatives such as Amfori BSCI, Fair Wear Foundation, possibilities for using SLCP.
- Research possibility of getting GOTS-certified ourselves.
- Further development of CoC-method by:
 - researching possibility GOTS-certification for/ by main suppliers, main producer for leisure wear in particular
 - explicitly addressing supply chain risks. Subjects could be specific, such as wage gap analysis, but also more general, such as the laborious CoC-course with the Dutch producer,
 - researching alternative grievance mechanisms for workers to replace the AGT mechanism, because of the ending of the agreement,
 - addressing availability of the CoC for the workers, with the main suppliers.
- Researching possible availability of information on reuse of Okimono textiles by Curitas.
- In due course again query our customers regarding the importance of sustainability for them. FYI: former questionnaires have shown that this fundamentally is an important issue to them, but there is no real interest in in-depth information.

Summary evaluation AGT

Okimono supports a follow-up of the agreement, be it in a slightly different structure. The administrative side of matters and the more-or-less mandatory calendar/ route we find too strenuous and rigid, especially for a smaller organisation. We also find the current approach mainly policy-driven and less business-related. The fact that a custom-made approach was made possible, in consultation with the account manager, has ensured Okimono's commitment to the agreement.

For the future we most definitely see value in an agreement structure that will a.o. provide for and supports in translating policy and legislation into clear conditions and basic structures for signatories, connection of all parties (from the industry itself and all kinds of stakeholders), requested and unsolicited advice to the industry. Also, the constant addressing of topical issues and organising meetings (on and off-line) we see as a great added value.

Regarding the specific tasks for parties, we would support more room for a company's own agenda and for simply continuing the ongoing processes (more-or-less in the way the Okimono-CoC cycle is now designed). In addition, we find the practical support from a secretariat highly valuable.

Finally, we find the lack of an overall consumer-oriented hallmark or certification a serious omission! Signatories of the agreement should be easily recognisable for the consumers who, in addition should be made to feel better for making a conscious choice – as is with thuiswinkel.org.