



KARÜN
EST. IN PATAGONIA

IMPACT



REPORT

2021

Empresa



Certificada



1

INDEX



ABOUT US

03

1.1 Our Story

04

1.2 Our Hypotesis

05

1.3 Our Stakeholders

06

2

VALUE CHAIN

08

2.1 First Cycle: Karün sourcing and collectors development

09

2.2 Second Cycle: Design & production process

13

A. Materials

13

B. Product design

18

C. Packaging

19

D. Manufacturing

20

2.3 Third Cycle: Regeneration and nature protection through local communities

21

2.4 Impact Allies

24



2021 RESULTS

	25
3.1 A Preview in Numbers	25
3.2 Value Chain	30
3.2.1 First Cycle	30
3.2.2 Second Cycle	32
A. Quality Standards	33
B. Product Design	34
3.2.3 Third Cycle	38
A. Clean-Up Campaigns	38
B. Cochamó Ophthalmic Campaign	40
C. Karün + Balloon Latam	42
3.3 People and Culture	44
3.3.1 Organizational Distribution	46
3.3.2 Benefits & Commitments	47
3.3.3 Culture Circle	48
3.3.4 Eco-mission	49
3.4 Carbon Footprint and Certifications	50
3.4.1 Corporate Footprint	50
3.4.2 Product LCA	52



NEW CHALLENGES 59

4.1 Traceability System™	60
4.2 Distributed Manufacturing Plan	62

Nine years ago we started with a question. **What would the world be like if we understood that we are all nature?**

We were convinced that by working together we could create a totally different way of understanding what a company could be. A group of people sharing passions united to bring a vision to reality; connecting nature conservation with rural entrepreneurship through product innovation.

We have made progress since that beginning. We have created our own **Karün Regeneration Model**™ that manages to recycle tons of discarded materials, working with hundreds of rural entrepreneurs to protect hundreds of thousands of hectares of pristine nature in one of the wildest areas of the planet: Patagonia.

We still have a lot to do. The problems we face as people are more challenging, and **it is our belief that the only way to solve them is through looking each other in the eye and seeing how nature is reflected in each of us and, from there, start building trust.**

This report is an important achievement for us, as it is the first result of a team effort to measure our impact as much as possible. It is the first step in a long journey in which we seek to demonstrate by example that **it is possible to change the way we relate to the natural environment.** And we will measure each step of this journey and share it with the world so that the lessons learned and the challenges can be useful to others.

Let's look at the world from
a different point of view.

Thomas Kimber
Founder & CEO



01.

ABOUT US

About Us

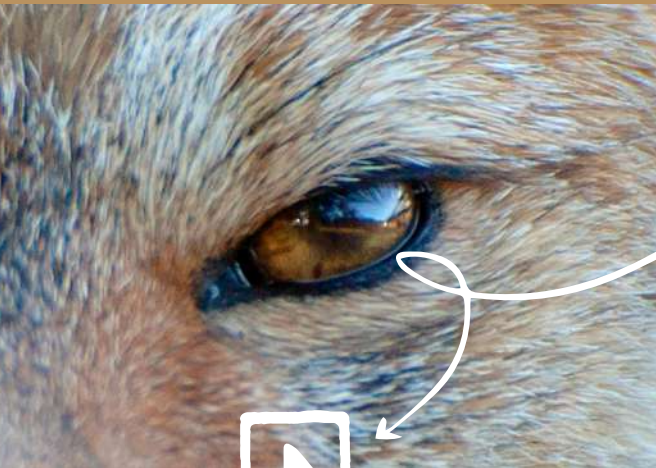


Karün means “**to be nature**” in the Mapuche language; ancestral indigenous culture from Chile.

Based in Patagonia and witnessing its virgin and majestic nature, our origin has shaped the foundation of our worldview and the way we have built our company; committed to collaborating with people from around the world to ask ourselves one question every single day...



What would the world look like if we understood that **we are all nature?**



We make sustainable eyewear that serves as a symbol of a **different way of looking at the world** and is made under a very different logic; instead of the widely used linear and extractive process, our entire value chain is developed under a circular and regenerative driven model.

Our story

We have been linking **nature conservation** with **rural empowerment** through **product innovation** since 2012.

Here you can see a bit of this journey.

2020 COLLECTION

We added **recycled metal** to our eyewear design, allowing us not only to increase the variety of our product but also make our network of collectors and impact grow!

NATGEO KARÜN

A collaboration based on a shared love for exploration and the never ending stories they inspire. We teamed with leader of exploration and science, National Geographic and developed the ultimate **adventure eyewear**.

THE SAILING EDITION

For sailors, by sailors. We developed the official sunglasses for The Volvo Ocean Race (17'-18'), one of the most extreme sports competitions in the world.

CERTIFIED B CORP

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2013

FIRST PLASTIC EYEWEAR

Kickstarter crowdfunding campaign: with Bureo Inc, we created the first sunglasses in the world with **100% recycled fishing nets**.

2012

FIRST COLLECTION

Entirely handcrafted from **fallen trees from Patagonia**, making us one of the world's pioneers in creating wooden sunglasses.

2011

INICIAL PROTOTYPE

It took us 2 years to get to this initial prototype which filled us with **hope and motivation** as the starting point of a story of innovation.

2021

2020

KARÜN BY SHAILENE WOODLEY

We found a partner in crime. Hollywood actress and environmentalist, Shailene Woodley came on board and launched a new collection with us. Urban models to **reflect your inner nature**.

2017

CLOTHING COLLECTION

Sometimes, innovation brings failure. After years of development, in 2017 we introduced another never seen before material in eyewear. Frames made out of **recycled jeans and bio-resin**.

2016

Although beautiful, this collection didn't pass our quality standards. This made us reinforce our commitment to our customers: every Karün product must be created to last lifetime.

2015

FIRST PLASTIC EYEWEAR

Kickstarter crowdfunding campaign: with Bureo Inc, we created the first sunglasses in the world with **100% recycled fishing nets**.

Our hypothesis

We believe that a **natural environment** with an **empowered community** and an **economy that depends on the conservation** of its surrounding is a place with a greater chance of being conserved.

So, with part of our income for sales, we are working with the local community to enhance the social capital of Cochamó, articulating local partners like Balloon Latam and the public and private institutions established in this territory.

Our origins have formed the basis of our worldview and the way we choose to build our company; committed to collaborating with people around the world to ask ourselves: **What would the world look like if we understood that we are all nature?** We believe that if people around the world begin to reflect on this question, we might have the possibility of living in a world that is in harmony with ourselves and our natural environment.

Our Stakeholders

OUR IMPACT ALLIES

Companies or organisations that **supply and/or collaborate** with Karün, with whom we seek to join forces to be **articulators of positive impact** on socio-environmental issues and natural territories.

RURAL COMMUNITY

The people, families and businesses that are **articulated for the protection** of the territory **from inside** the territory.

THE TEAM

People putting their expertise and will into **changing the business from the inside** towards nature.

OUR INVESTORS

We are building a movement of people with **shared values** that believe in the possibility of transforming the way we interact with our planet.

OUR CLIENTS

The people that dare to see the world from a **different point of view**.





02.

VALUE

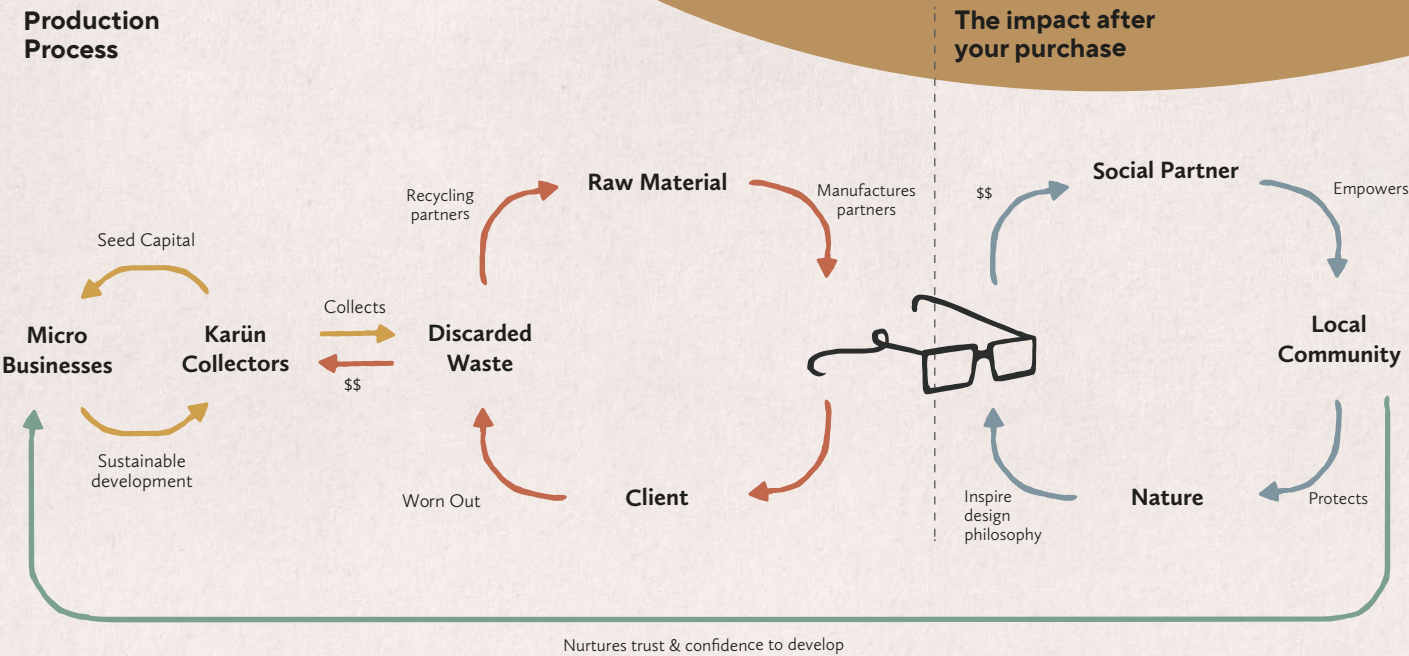
CHAIN

Value Chain

We have been working for years to develop a model that can prove that an alternative business backbone can be done, one in harmony with our natural environment.

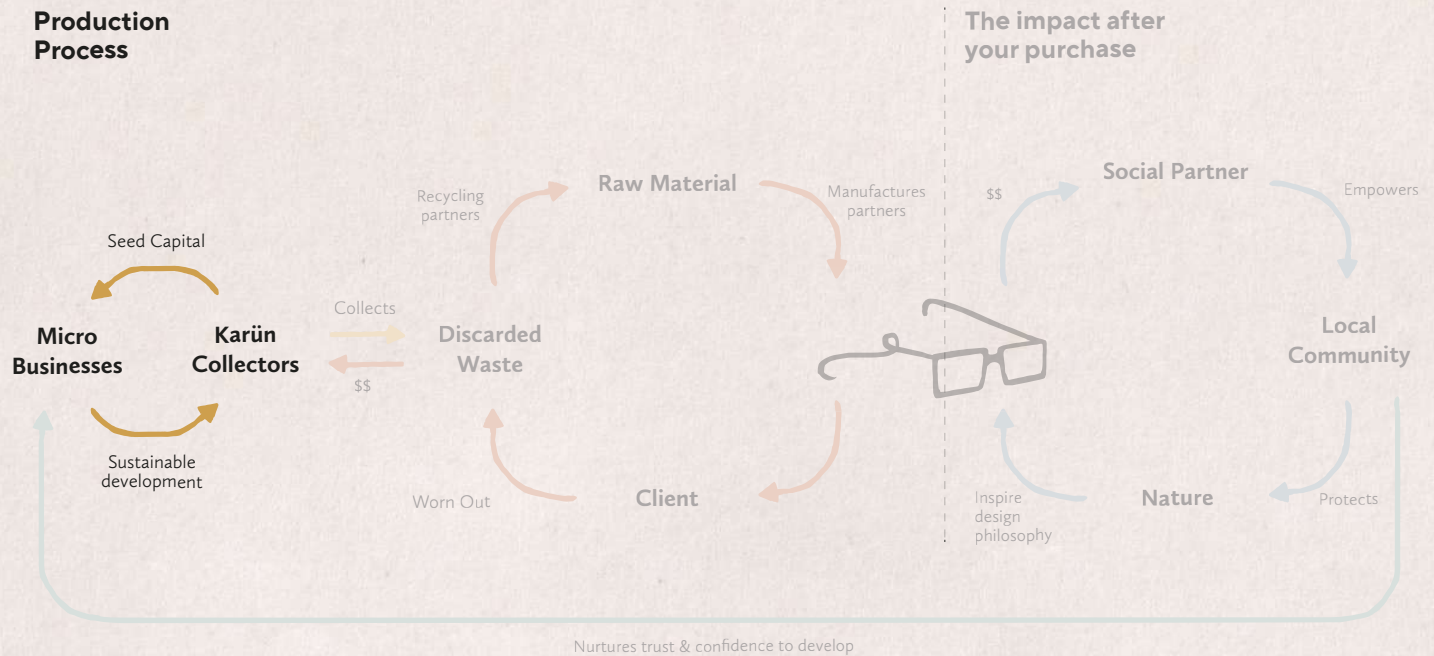
We seek to build a model that emerges from the territories and communities, that stimulates the creation of social capital, contributing to the development of triple impact ventures, regenerative tourism, and the protection and conservation of Patagonia’s nature. The **Karün Conscious Development Model®**, is our committed response to that need.

It’s important for us to mention that this model (like life, like the concept of value itself) is a work in progress and probably will always be. Action speaks louder than words, so we will try to be as clear and concise as we can about what we are doing in our production process to rethink and create our value chain.



2.1 First Cycle

“Karün sourcing & collector development”



Cycle 1 of our value chain is the first link, where it all begins.

In this stage, we recover the raw material with which we manufacture our glasses, material that comes **from disused waste** that is often found on beaches, rivers, even forests, deteriorating marine and terrestrial ecosystems in Patagonia.

This cycle would not be possible without the collaborative work that we develop with the local **communities and the collectors**,

who are recovering the waste that we subsequently buy from them and remove from these remote areas with no recycling infrastructure. This is possible thanks to our **alliance with Starken**, a company that takes care of the logistical transport of the collected material to its next destination.

2.1 First Cycle

“Karün sourcing & collector development”

Our relationship with collectors is not just transactional around the materials. We accompany them so they can **reinvest that extra income** -that they get by collecting discarded materials from their territory- as **seed capital to boost their own microbusiness**.

A great example of this is **Pedro Rubio**, a Karün Collector, he carries out material (fishing nets, ropes, and metal), mainly on the beaches of Puelo, and with the income obtained he invests it in **Rosa’s (his wife) small restaurant**, where you can eat the most delicious empanadas made with local techniques and ingredients.

[Read more here.](#)



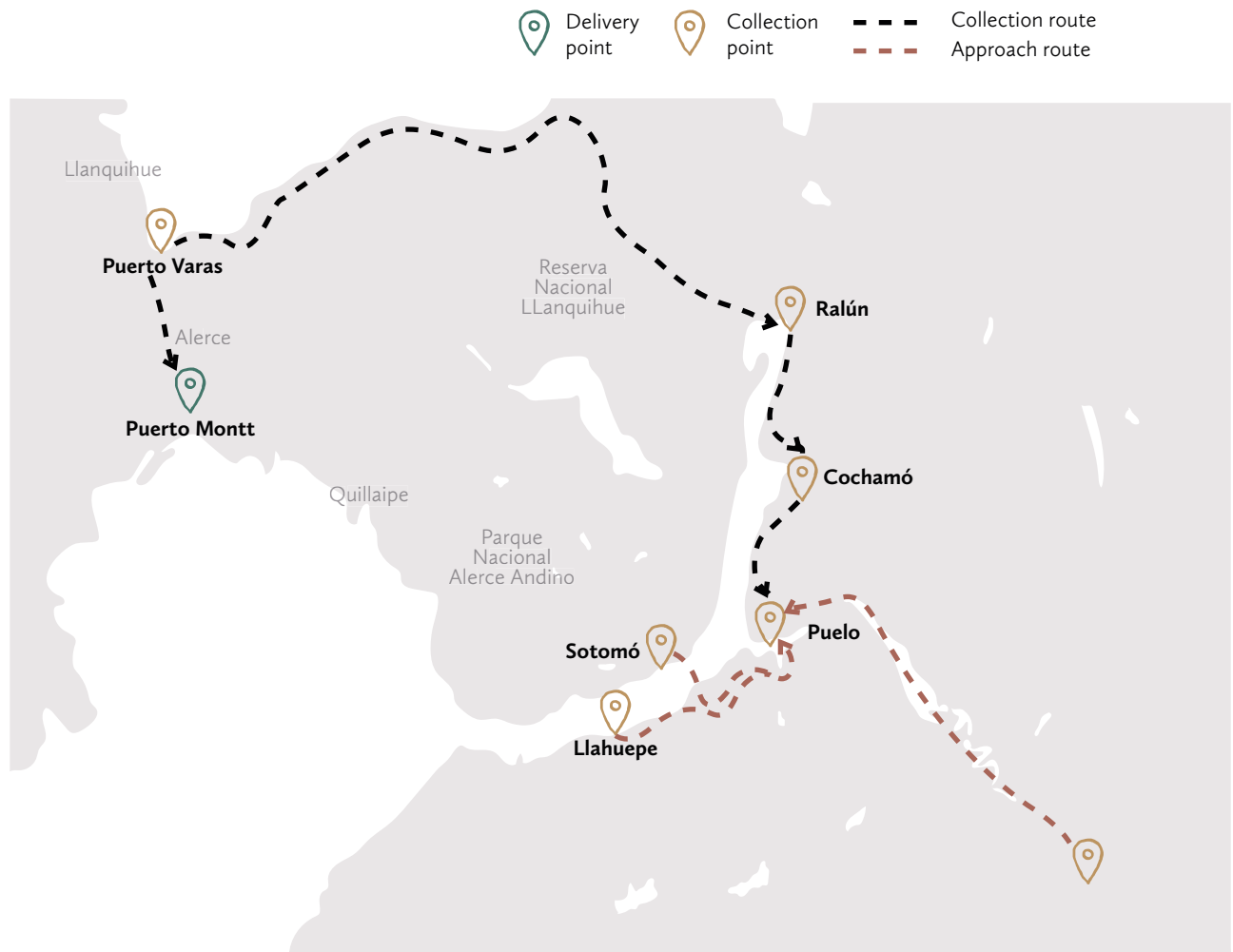
2.1 First Cycle

“Karün sourcing & collector development”

Articulation of the Impact Leaders:

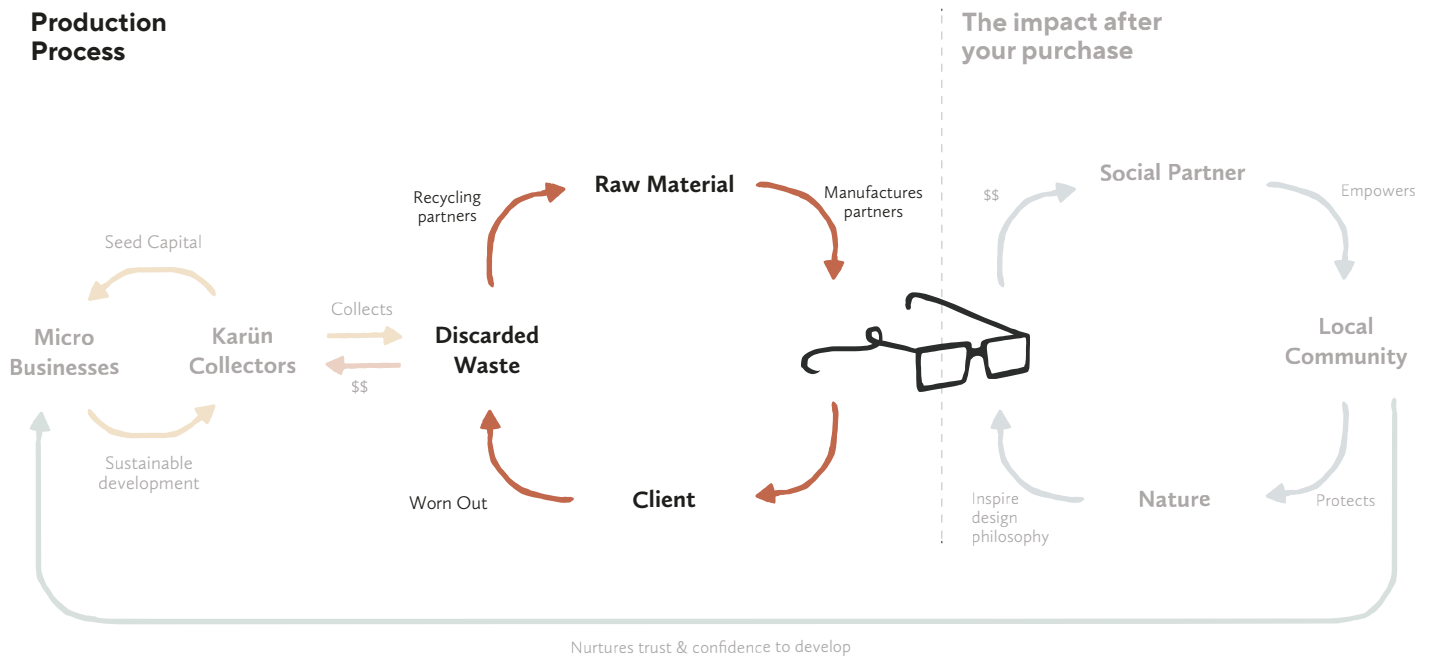
This collaborative work process must be articulated and implemented together with the entrepreneurs, which translates into the “Route of Impact Leaders”: a **logistical route that is traveled monthly** with the aim of removing this waste, efficiently, and recycling and revaluing the raw materials that will later become our eyewear.

In this “**Route of Impact Leaders**”, different actors are present, among which the community stands out with each **Collector Coordinator and the companies that collaborate** with Karün in this route. Today, Starken, Aceros Sostenibles AZA (or AZA Sustainable Steel translated), and Recollect are working with us.



2.2 Second Cycle

Design & Production Process



The Ellen Macarthur Foundation defines a **Circular Economy** as “an attractive alternative that seeks to redefine what growth is, with an emphasis on benefits for society as a whole”.

It involves decoupling economic activity from the consumption of limited resources and removing waste from the system by design, supported by a transition to renewable sources of energy. The circular model creates economic, natural, and social capital, and is based on three principles: eliminating waste and pollution by design; keeping products and materials in use; and regenerating natural systems.

We call this second sub-cycle of our model the “**Circular Production Cycle**” and it highlights all the efforts we make in our production chain to move towards circularity.



2.2 Second Cycle

Design & Production Process

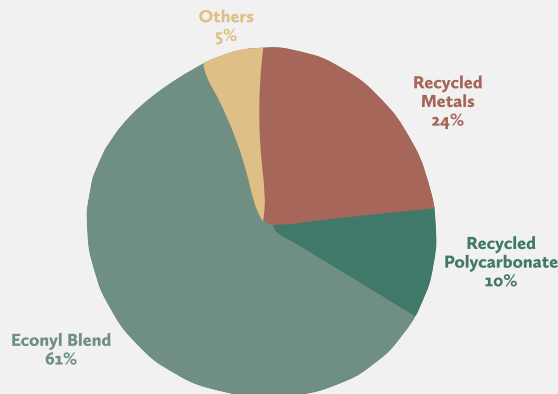
A. Materials

All our collections use discarded materials as the main material of the frames, from different sources.



Lenses are made from virgin materials, given that there is still no technology to make recycled plastic 100% transparent, for full visual clarity. We do make sure they are **made from recyclable plastic** so that those materials are **kept within the circular process**, are recycled, and not discarded. That’s why all our lenses are **made from polycarbonate** —great recyclability features, which we actually use to turn into our frames!

Graph 1
MATERIALS - Weighted Distribution



Disclaimer: Graphs include all pieces of our eyewear except lenses, which require standards of quality that recycled polycarbonate still can’t provide (research is being done by Karün to solve this). Though our lenses are not recycled (yet), we can use them for our Recycled Polycarbonate frames and temples.

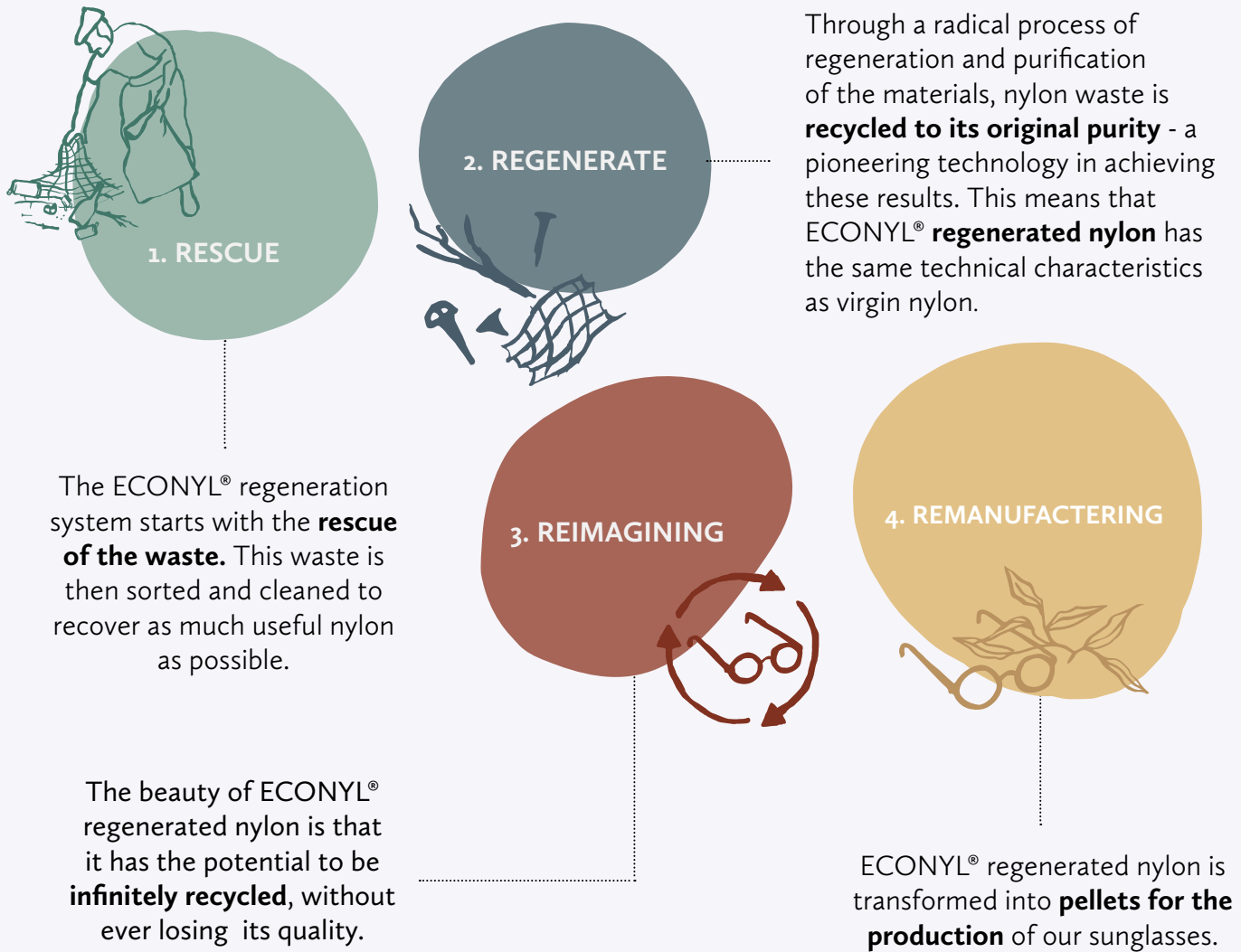
2.2 Second Cycle

Design & Production Process

A.1 Materials: Nylon

The process for raw materials used in ECONYL® recycling:

61% of the materials from our portfolio is made from recycled / regenerated nylon 6 through ECONYL®. This regeneration system consists of 4 stages:



In addition, ECONYL® regenerated nylon technology has a **carbon footprint 90% lower than any other process** for the production of virgin nylon, making it the best possible raw material available on the market.

2.2 Second Cycle

Design & Production Process

A.2 Materials: Recycled metal

As for our frames made from 100% recycled metals

24% of the materials in our product portfolio come from **recycled metals**, which we mainly use in our metal frames.

The recycled metal used in the production of our frames is sourced from various sources (all certified) and purchased by our international partner factory and the metals we reuse in our products include aluminum, stainless steel, and copper.

Because we always seek to take our commitment to protect and restore nature further, every gram we use of recycled metal is then overcompensated through the collection of scrap metals in Patagonia. **This compensation model we have created has 3 guidelines:**

- 1. We always recover the same type of material used in our glasses.**
- 2. We are committed to recovering a volume equal to or greater than the volume we need to manufacture the product.**
- 3. We pay a price at least 20% higher than the market price of that recycled material.**

The result of this offsetting model is a process that generates twice as much work in restoring natural areas, but with half the impact on our carbon footprint.



2.2 Second Cycle

Design & Production Process

A.3 Materials: Polycarbonate

10% of the materials in our portfolio are recycled polycarbonate (Graph 1) which are used in our polycarbonate frames to give them the semi-transparent look.

We decided to use polycarbonate instead of other materials that can give this **light look**, because of its **recyclability features**. Actually, all of our lenses are made from polycarbonate so we can eventually use them, once they are over-used or scratched, as raw material for our frames. Meanwhile we are collecting them until we have enough volume to pass them through this process.

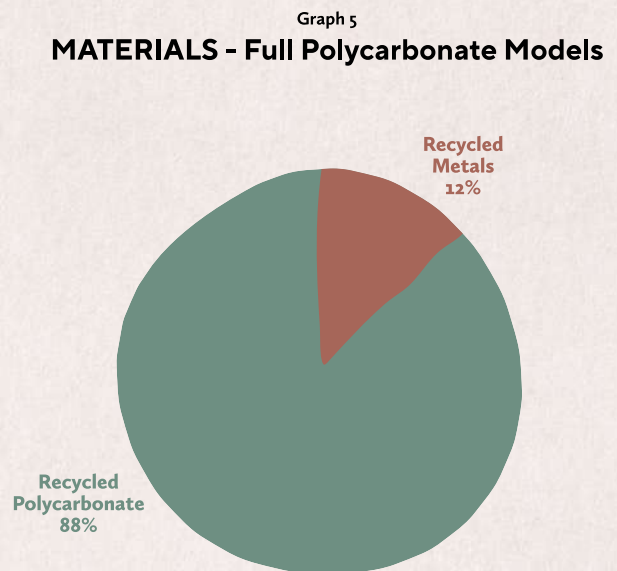
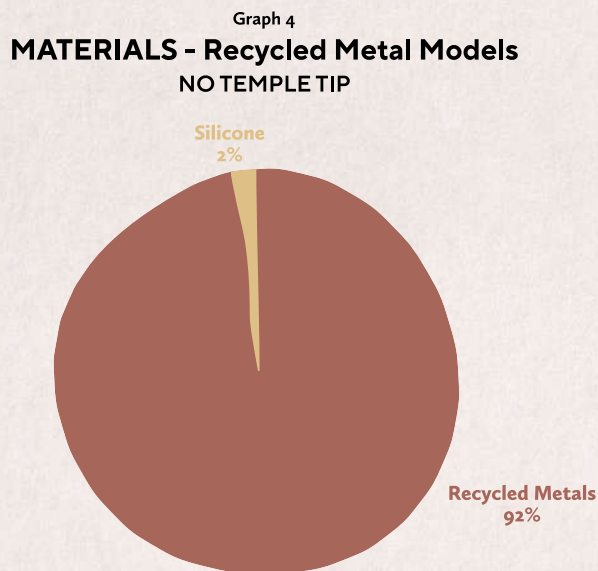
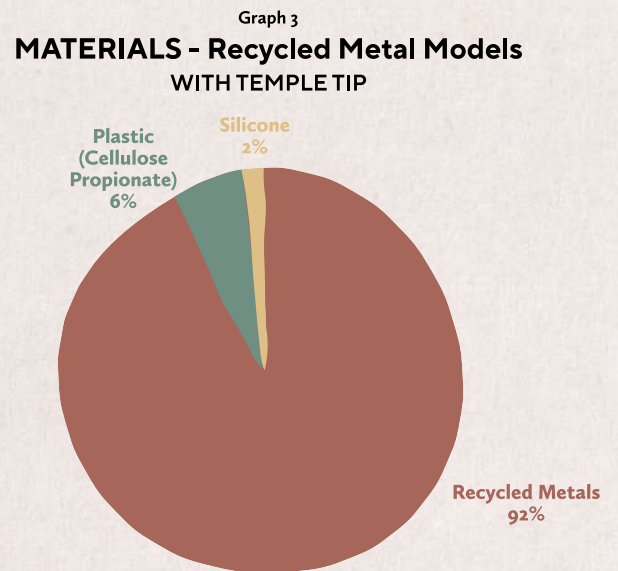
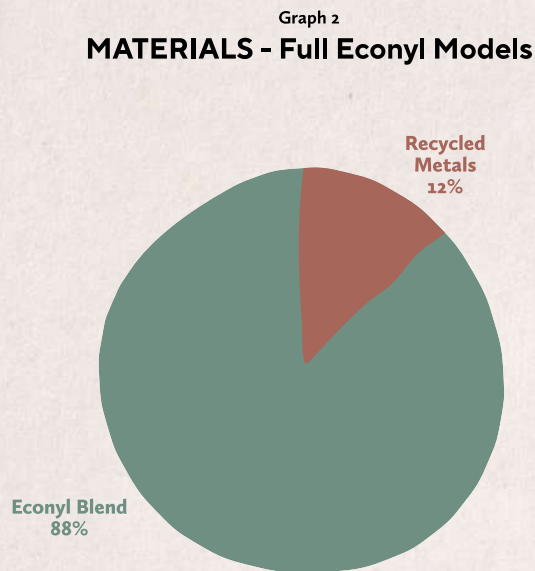
The polycarbonate used in the production of these frames come from a strategic partner in Spain. They provide us with recycled **polycarbonate from the automotive industry**, turning old car headlights into **high-quality eyewear frames!**



2.2 Second Cycle

Design & Production Process

Finally, to complement this, we leave you with the graphs of the **distribution of raw materials** according to the type of product:



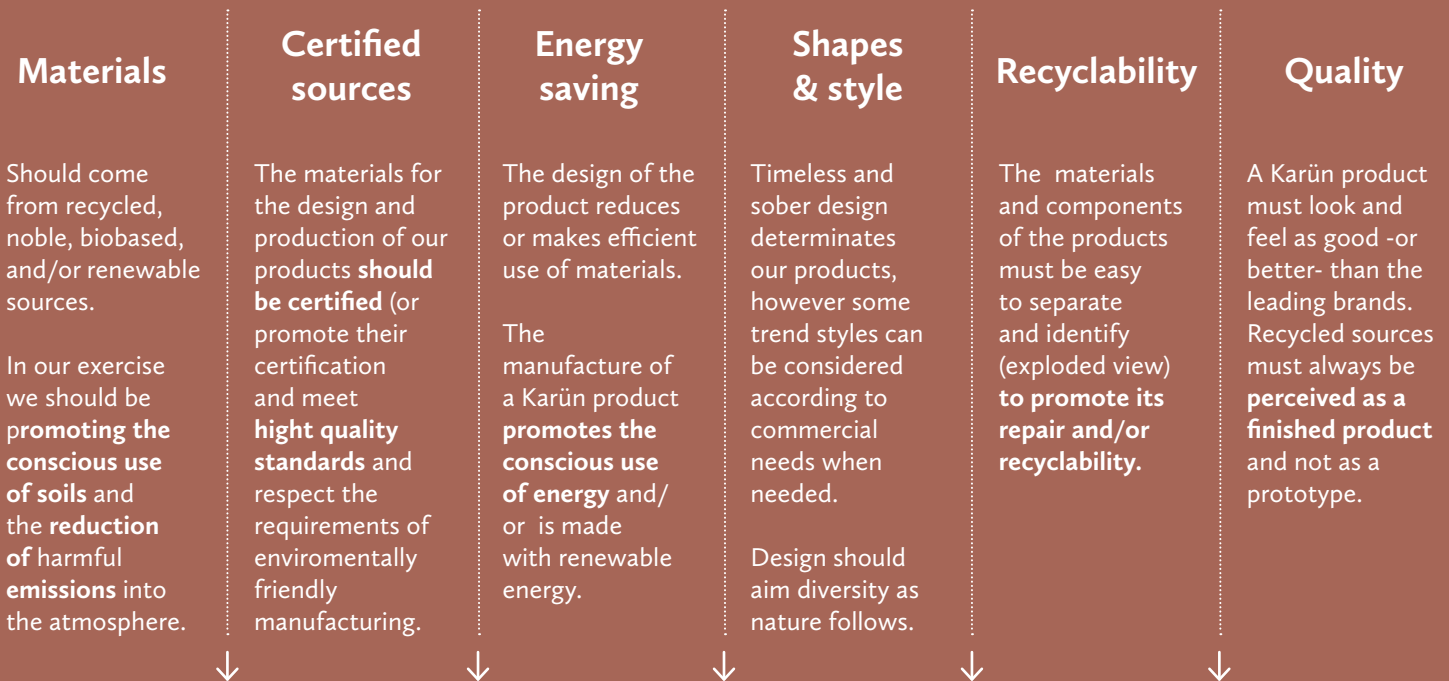
2.2 Second Cycle

Design & Production Process

B. Design

We create innovative products inspired by nature and made to respect it. Our product design methodology is based on a circular model involving ecodesign requirements and using indicators along the entire design process, resulting in inspiring, innovative and conscious products.

Macro Design Guidelines:



apply circular design tools throughout

As we have previously stated, we strive to develop a high-quality product that ensures durability in order to **reduce premature obsolescence**. An example of this is the treatment we give to the waste from fishing nets (whose material is Nylon 6): these are sent to our recycling

partner Aquafil in Slovenia, who are pioneers in developing a recycling system ECONYL® that guarantees the quality of the raw material, carried out through a chemical recycling that achieves the regeneration of the recycled plastic to leave it again as virgin material.

2.2 Second Cycle

Design & Production Process

C. Packaging

Our brochures and boxes are made from **recycled material** that is **easily recyclable after use**, as are our eyeglass cases, which are made from recycled leather:



Recycled cardboard box:

All our products are packed in **recycled and FSC-certified cardboard**, produced in China.

Recycled leather case:

All our products are packed in recycled leather cases (70% pre-consumer recycled leather (RM0056) + 30% polyurethane (RM0210)), produced in China.

2.2 Second Cycle

Design & Production Process

D. Manufacturing

We work with **key partners** in creating a product that is attractive to our customers and meets the highest quality standards, while working with the best raw materials we can find in terms of CO₂ emissions, recyclability, and superior technical characteristics.

Since 2015 we have been working with an **Italian factory** - which are also Karün shareholders - that offers excellent working conditions to their employees and actively collaborates with their own local communities to protect their natural environment.

We have 47 SKUs produced in Italy (6 from our Sports collection and 41 from our Outdoor collection).

Our second factory is a multinational and has facilities in **China and Turkey**, where we work with both. This factory has 20 years of experience and is renowned for its quality standards with FDA, ISO 9001, CE certifications and the importance they place on their people in everything they do. The creation of our products in this factory is divided into two phases:

1. **The injection molding process and the creation of the different parts of the product.** This process is carried out in its specialized facilities in China.
2. The technical **assembly and calibration process**, where all parts are assembled and the lenses are calibrated. The result of this assembly process is the final product and takes place in their Turkish facilities.

This factory produces 307 SKUs, most of them from our urban and fashion collections.



2.3 Third Cycle

Regeneration and nature protection trough local communities

Each customer, by purchasing a Karün product, is directly contributing to the **protection of the Cochamó and Puelo River valleys** (Northern Patagonia in Chile and South America) through a four-year program involving more than **600 rural entrepreneurs** and their families, developed together with our partners of Balloon Latam.

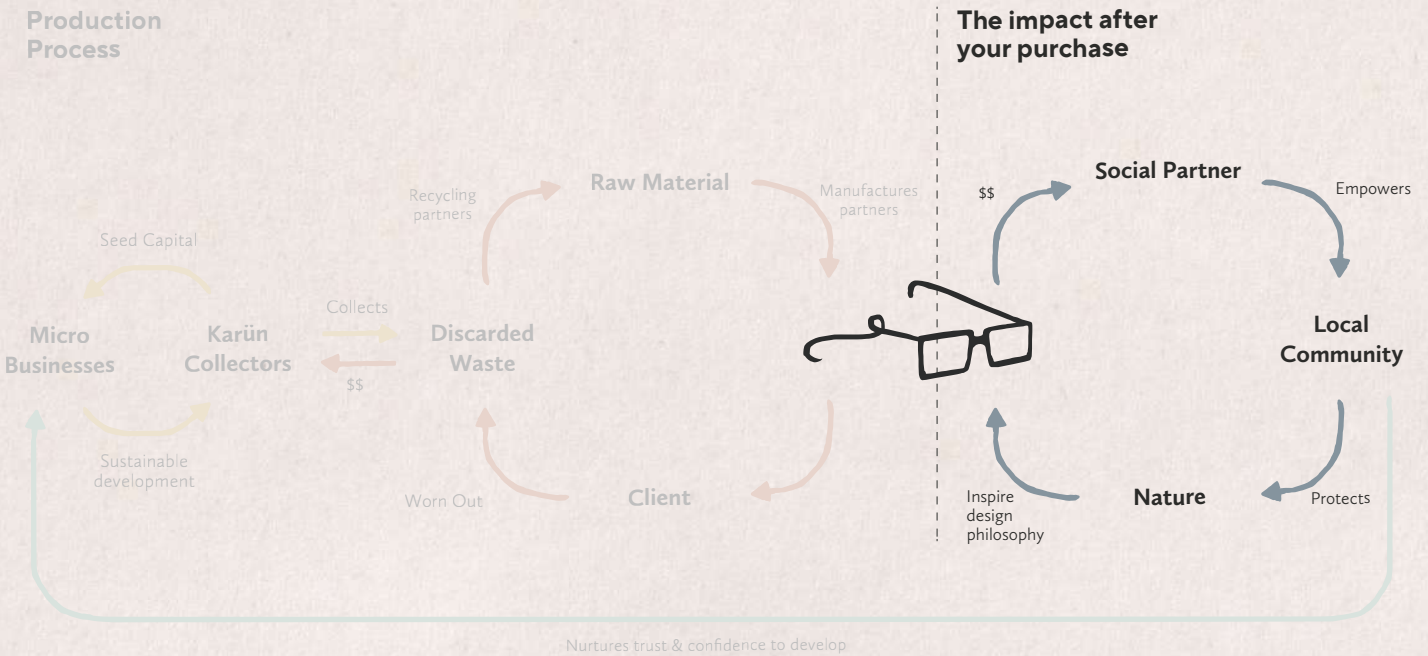
This process supports the socio-territorial development of the commune of Cochamó, so that each member of the community becomes a **leader in the protection** of their culture, identity, and natural landscapes, leaving a legacy of learning and action for future generations.

As we said at the beginning: we are sure that a **natural place** with an **empowered community** and an **economy that depends on the conservation** of the environment is a place more likely to be conserved.



2.3 Third Cycle

Regeneration and nature protection trough local communities



We believe that in order to strengthen the social capital of the community, it is extremely necessary to **understand the existing gaps** in rural communities. To this end, together with Balloon Latam, we have articulated a process that consists of **three essential axes** (applicable in a way that can be molded to any rural territory)



2.3 Third Cycle

Regeneration and nature protection through local communities

1. Training and links to the entrepreneurial community:

Strengthen the commune's entrepreneurial ecosystem by supporting and working together with local entrepreneurs, accompanying them in their challenges, facilitating technical capabilities and soft skills of people, in order to promote better ways of linking with their neighbors and with themselves. In addition to this, encouraging the social cohesion of the commune allows, in turn, the generation of new work networks, the establishment of alliances, and more robust collaborative processes.

2. Generate a shared vision of territorial development:

The aim is to facilitate participatory processes in the territory in order to generate instances where the community has a space for reflection on their needs, future actions and priorities to be developed in the territory.

3. Lowering territorial barriers essential for welfare:

In order to promote equitable and sustainable development, it is necessary to work in a coordinated manner to reduce the gaps that generate systemic poverty. In order to respond to our purpose, we have the duty to collaborate with the local management and thus, together, trace a route to reduce these gaps, through effective articulation and linkage, in order to promote participation from a scenario of fair conditions, with opportunities that consider all the inhabitants of Cochamó (and all the rural territories that we want to protect).



2.4 Impact Allies

We have always understood **collaboration as an integral, fundamental part of our company.** With the clear objective of increasing our impact on communities and the environment, during our trajectory we have contributed with great friends and allies. Each of them has expressed a common interest in contributing with actions aimed at positively impacting the communities and the ecosystem.

These are our Strategic Impact Allies, with whom we work to make everything possible.

Thanks to our partners in ECONYL® it is possible to **regenerate the nylon** recovered by our local rural collectors in Patagonia and other discarded nylon, into the highest **quality standards** in the market, with the **same technical features from virgin plastic**, but made out of **100% recycled materials**.

Our partners to **recover and recycle metals** in Chile.

They make the the monthly **recycling gathering** in Cochamó possible through their logistic support. And big trucks!



They make our impact program possible to **strengthen and empower local communities**.

Our ally to receive and transport **ropes and fishing nets**.

They help us to **tackle marine litter** through prevention and clean ups with volunteer divers through the world.

We believe that the only way to change the way in which we interact with our planet is through **collaboration**, not competition. By joining forces with **leading like-minded people and organizations** we are inspiring the world into **reflecting and taking action**.



03.

2021

RESULTS

3.1 A preview in numbers

55

new **Impact Leaders**.

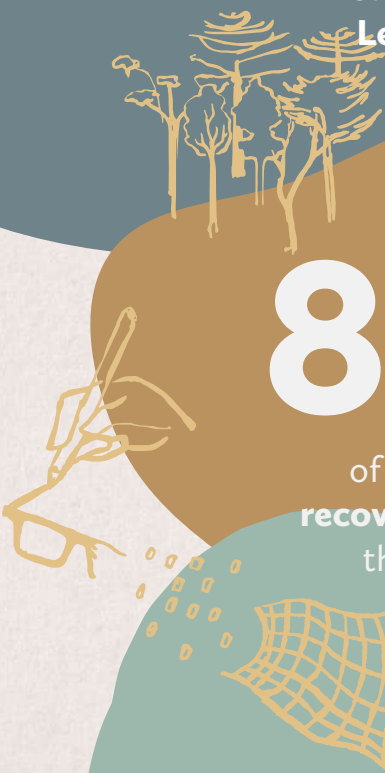


74

Impact Leaders
in total.

82%

of raw material
recovered solely from
the territories.



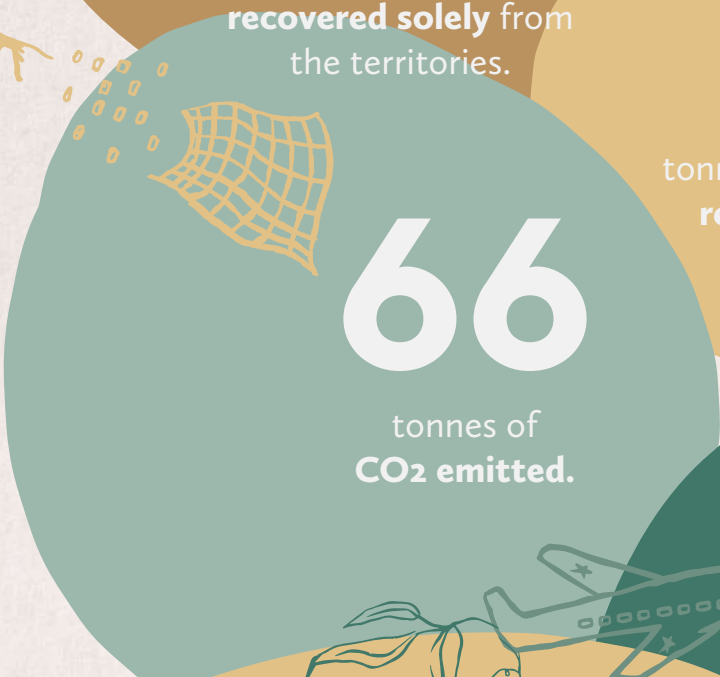
80

tonnes of **raw material**
recovered in total.



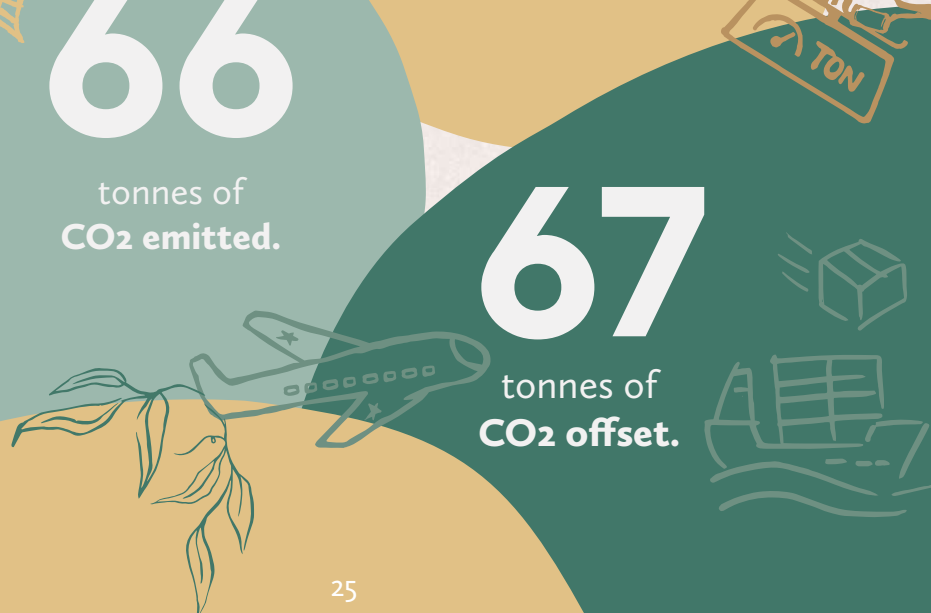
66

tonnes of
CO2 emitted.



67

tonnes of
CO2 offset.



Growth & Sales Per Market

9,3%

9,312 un.
North America.

67,2%

66,970 un.
Europe.

14

Contries
where we
operate

23,8% **+1.600**

23,694 un.
Latin America.

Shops
worldwide.

Total Units Sold Per Category



89,62%

Sunglasses
89,275 un.



10,37%

Optical Glasses
10,332 un.

3

Strategic Campaigns
carried out in rural areas

2

Land Clean Up
campaigns.

820

People participated in
this cleaning campaigns.

1

Ophtalmological
operation.

37

Tons of discarded
materials were collected
in this campaigns.



Distribution of the Team Karün



35

Women.
56,45%

27

Men.
43,55%

78%

Of Area Leaders
are women



3.2 Value Chain

3.2.1 First Cycle

2021 was a year of polishing processes, training waste management to collectors, as well as improving internal payment and taxing systems.

Remote waste removal locations:

We focused on the formalisation of processes to carry out an efficient and organised endeavour between collectors who work with Karün and our impact allies Starken, AZA, Comberplast, and Recollect.

We managed to do **8 remote collections**.

We doubled the raw material recovered from the territories:

This is undoubtedly one of the most important figures to highlight: **66 tons of discarded raw material** recovered from territories alone.

To put in perspective, in 2020, **33 tonnes** of waste were collected.

Around **80% came from industrial sources and 20% from the territory itself**. In 2021 we set ourselves the goal of reversing this percentage and focusing our efforts on relying on the communities for the recovery of raw materials instead of industries, thus achieving a **82% of the total tons to have their origin in the rural territories** of Chile, more specifically in the communes of Cochamó and Lebu.

This goal would not have been achieved without the hard work of the collectors who work with Karün and the union of the inhabitants of these communes when carrying out campaigns such as the Territorial Cleaning.



66

Tons of discarded raw material recovered.

33

Tons of waste collected.

We increased the tonnes of waste recovered by 142%:

In 2021 we broke all our waste collection records: **80 tonnes of raw material in total!** Among the highlights of this remarkable achievement is the high community participation in the collection, where people like Ignacio Torres, Karen Mancilla, Pedro Rubio, and Tomy Cuevas were key actors in the articulation of the collection routes.

As mentioned above, one of the important aspects of our Karün Conscious Development Model® is the standardization of the prices paid to collectors for the material we buy from them, which must be fair and commensurate with the hours of work invested. 2021 was no exception and we continued with this commitment, constantly monitoring the value of recycled waste and **paying 20% above market value.**

80

Tons of raw material in total!

Expansion of our gathering areas through Healthy Seas:

We are collaborating with Healthy Seas to protect our planet's ocean from the waste from fishing nets. Their work is articulated in two ways: on the one hand through cleanups with volunteer divers and on the other hand, working alongside fishing industry stakeholders, to contribute to the prevention of waste generation. This way Healthy Seas helps to collect this waste to ensure that it becomes a valuable resource.

From Karün we are donating 0.5% of our total European sales in external channels and 2% of total European sales from direct sources (E-commerce). For us, collaborating with Healthy Seas is fundamental to generate local production chains, to reduce our impact on the environment and CO2 emissions. Having a local raw material collection network (in Chile in Cochamó and Lebu; and in Europe in collections through Healthy Seas in the Mediterranean) is the first step in this commitment; we aim to have in the next 9 years (by 2030) a regional manufacturing network to complement our regional distribution and sourcing network (North America, Europe and Latin America).



3.2 Value Chain

3.2.2 Second Cycle

A. Quality standards

One of our most important, but at the same time most difficult promises to keep, is that we want to make a product of the **highest quality**, that meets our sustainable standards and also lasts a lifetime.

We are honest and sometimes fall short of that, but we work hard to achieve that goal of quality excellence for our customers.

Along the same lines, at Karün there are **teams and requirements** that are responsible for making further progress in the **fulfillment of this promise**.

Although we are currently working on the **implementation of a protocol for the fulfillment of quality standards** as such, we can tell you how and which steps our staff follows to determine the release of a product for sale.

1. Selection of raw material suppliers according to Sourcing and Recycling requirements and standards proposed by Karün. In turn, these decisions are supported by our Materials Evaluation Matrix, which contains all the criteria that material must pass in order to be incorporated into our production.

2. The R&D team works together with our factories in the **development of prototypes and machine tests** of the new materials we wish to incorporate.

3. Direct communication with the factory for the **technical specifications** with the breakdown of the materials of each element in each new manufacturing order. To this end, a record is kept in consolidated **documents containing the technical information** for each product (dimensions, materials, colors, type of glass, etc.).

4. Through **inspection of samples** sent by the factory for new product collections.



3.2 Value Chain

3.2.2 Second Cycle

A. Quality Standards

5. **Visual inspection** of the models received in the warehouses of each market, following a sampling guideline according to ISO 2859:1, “Sampling procedures for inspection by attributes”.

a. Sampling plans for **lot-by-lot inspections**, tabulated according to the acceptance quality limit (specified in our Product Life Cycle Assessment - LCA). With this inspection, random sampling is done to identify products with defects before they are distributed. This inspection is carried out following a **checklist** with each item to be checked (**See Annex**).

6. Inspection before the products are **sorted and classified for shipment**, following the same principles as in point 5, but this time checks are carried out at the premises of each factory.

7. **Registration and monitoring of defective products:** a system was established in each market to register defects from Customer Service (CS), both in our own points of sale and in our e-commerce. The same protocol is followed by the findings made during inventories and receptions of products in the warehouses. With these records, a statistical report of defects is generated for each product, a report that is constantly communicated to the factories and allows us to establish corrective actions in the following batches of products.



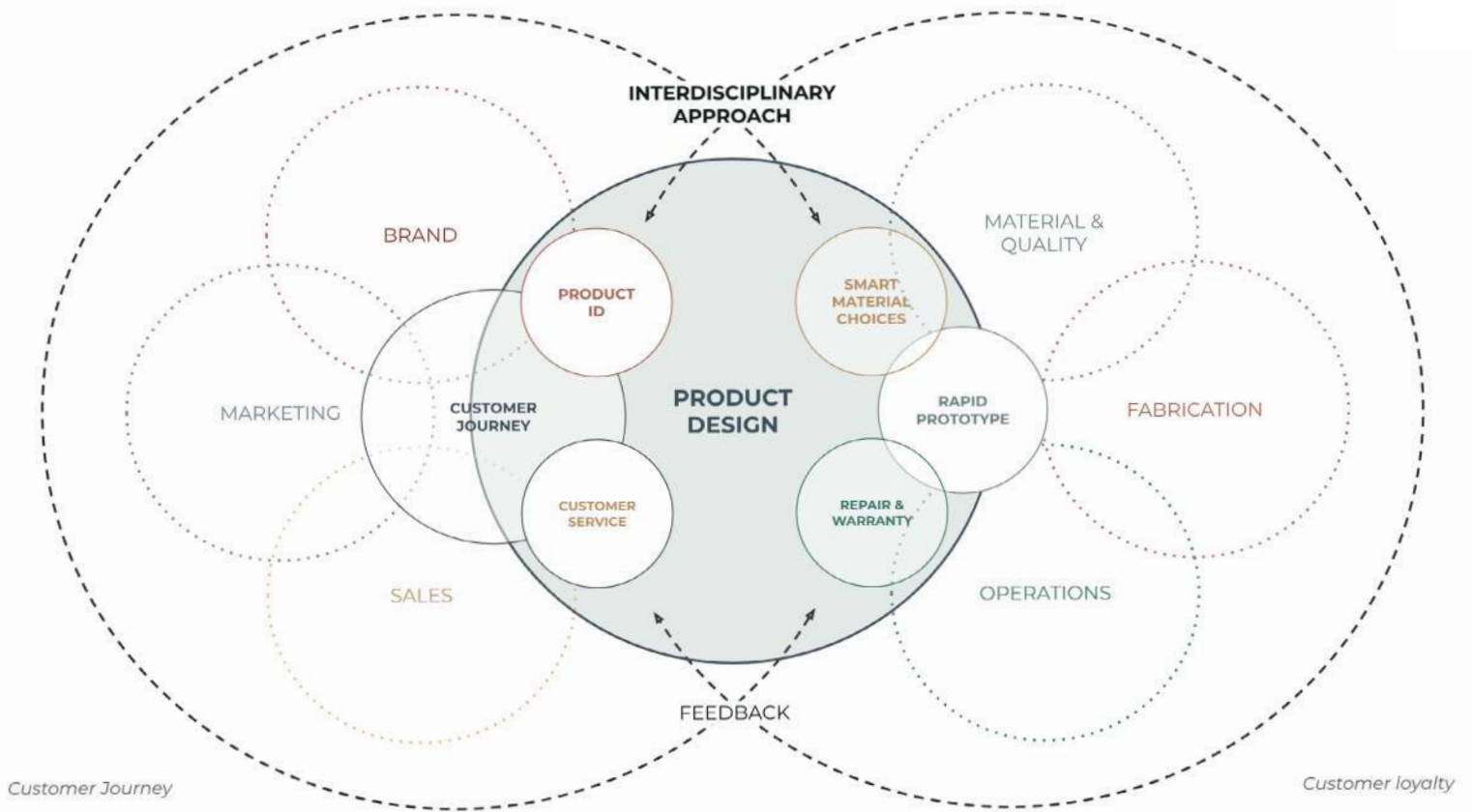
3.2 Value Chain

3.2.2 Second Cycle

B. Product Design

Developing new products is a multidisciplinary exercise in which different areas of Karün contribute.

Here's our approach:



3.2 Value Chain

3.2.2 Second Cycle

B. Product Design

In 2021 we worked on 2 main projects

1. Reading collection

This project focused to solve **2 different problems** of the daily use of optical eyewear:

To **decrease production costs for an entry price collection** without decreasing overall product quality.

To **extend the useful life of the product** itself, through an easy-to-change or repair hinge.

This was an exciting and challenging exercise that will be launched in 2022, which involved innovation in raw materials and mechanical processes of the eyewear, replacing hinges and parts of different metals to a single part made of polycarbonate, reducing the eventual difficulty of repairing the frame and its subsequent recycling.

2. Origins collection

Some of you may still remember that our first eyewear, back in 2012, was handmade. Before the fishing nets, before the metals, and all the other recycled materials. **Craftsmanship and noble materials were the origins.** We wanted to create the best **handmade eyewear**, able to carry the weight of what they stood for: an example of living and creating in harmony with nature and ourselves.

Now, a decade later, we are bringing back our Origins through this collection. We are taking the things we've learned, adding up to hundreds of years of tradition, stories, culture, and studies that are passed onto generations and worked upon, to create a high-end handcrafted eyewear line, made in our headquarters in Patagonia from noble and rescued materials.



3.2 Value Chain

3.2.2 Second Cycle

3. Karün accessories

In relation to our accessories, in 2021 we worked to continuously improve the materials and processes used to create our accessories, with the aim of being in tune with the values and demands of our customers.

Cases: Over the past year, and looking forward to being launched this year, various alternatives for our everyday eyeglasses cases have been developed to replace the recycled (non-vegan) leather we currently use with recycled PET textiles. The objective behind this? To be able to have mono-materiality in various formats that make up the accessory, for eventual recycling.

Packaging: We observe and take inspiration from nature as our primary lead example and perspective for problem-solving. So this year we made significant improvements in our packaging while observing this:

Straps: We started producing eyewear accessories locally by **working with local artisans!** Gloria Barría, an artisan born and raised in Cochamó is in charge of producing a batch of **handmade eyewear straps.**

Gloria is currently in the first stages of production, where she has been trained in the manufacturing technique of the strap.

In addition to this, we have implemented new changes and improvements in our strap accessory. A new grip system, the incorporation of metallic details, as well as working with a new technique of braiding: **the Kumihimo loom technique.**



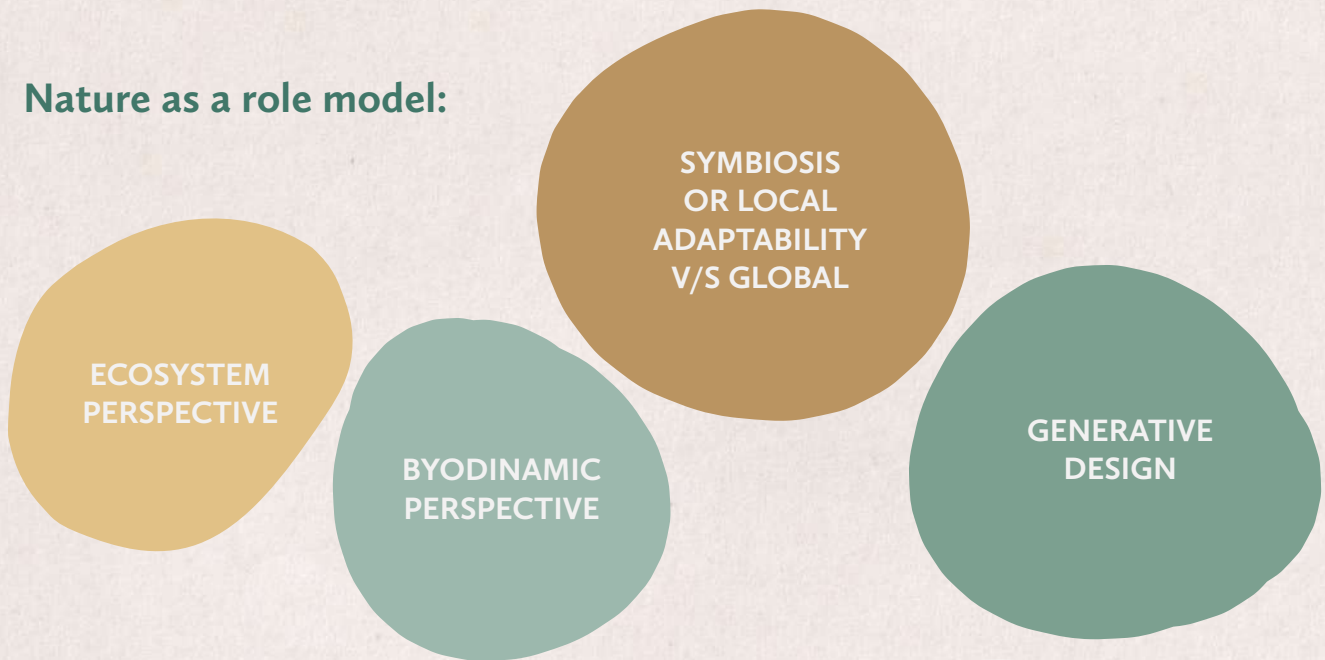
3.2 Value Chain

3.2.2 Second Cycle

C. Product Design

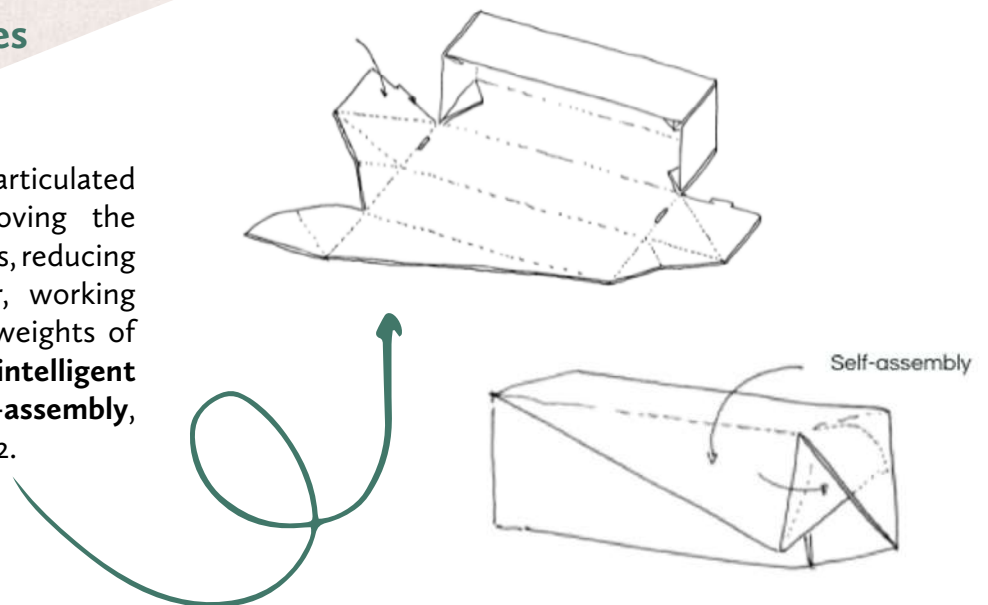
In 2020 we worked on 2 main projects

Nature as a role model:



Nature as a measure: Energy and resources efficiency.

Over these premises we re-articulated our old packaging improving the efficient use of raw materials, reducing the use of square meter, working with lower densities and weights of cardboard, through **an intelligent design of structural self-assembly**, soon to be launched in 2022.



3.2 Value Chain

3.2.3 Third Cycle

A. Clean up campaigns

Different alliances and actions that we have carried out thanks to public-private collaboration have allowed us to understand the important problems that affect rural sectors and their inhabitants. Among them, waste management in rural communities.

Therefore in May last year we kicked off with the “Territorial Clean-up Campaigns.” These campaigns consist of organising, together with private companies and the municipalities of the communes, gathering operations of waste that people have in their homes, land and even businesses, with the aim of being recycled, helping to improve people’s and territorial quality of life.

In addition to this, the campaigns focus on the removal of ferrous scrap metal from people’s homes, where teams deployed in the different localities go around the houses collecting disused iron cookers, ovens, old refrigerators, zinc sheets used in the construction of houses, abandoned car bodies, among other waste, which is then recycled.

In 2021 we managed to carry out two campaigns: the first one in May, which focused solely on the localities of Cochamó; and the second one in December, which involved the

participation of the Municipality of Puerto Varas and the locality of Nueva Braunau.

This last edition finished off with the signing of a public-private agreement for collaboration in waste management in the communes, which seeks that Karün, together with our allies of impact, Balloon Latam, Aceros AZA, Comberplast and Recollect, formalize a commitment of permanent collaboration for the cleaning of the territory and protection of nature.



3.2 Value Chain

3.2.3 Third Cycle

Some numbers the Territorial Clean-up campaigns left us.

First version of the campaign (May)

5

Participating Localities

(Pocoihuén, Ralún, Cochamó, Puelo and Llanada Grande)

150

Registered Families

10

Days along

20

Tonnes of ferrous scarp collected

Second version of the campaign (December)

6

+ 2

Participating Municipalities.

Participating Localities

(Pocoihuén, Ralún, Cochamó, Puelo, Llanada Grande and Nueva Braunau).

110

Registered Families

5

Days along

17

Tonnes of ferrous scarp collected

3.2 Value Chain

3.2.3 Third Cycle

B. Ophthalmologic campaign

At the end of July 2021 we carried out an ophthalmological operation in Cochamó (Chile).

Flipping a date that calls people to consume such as CyberDay into an opportunity to bring change and some relief to people from remote places in Patagonia.

We set out to put together a campaign that would bring ophthalmological services and products to the population in need from Cochamó, considering first and foremost to reach isolated and difficult to access localities, which cannot always access these services. With this challenge in mind, we decided to take advantage of the hype generated by a day like CyberDay to use it in favour of the communities and finance this project. “Every purchase of a Karün eyeglasses made during this CyberDay would be directly funding the ophthalmological operation carried out in Cochamó”.

Thanks to a public-private partnership between Karün, the Municipality of Cochamó and the health services of the commune, inhabitants of the localities of Pcoihuen, Ralún, Cochamó, Puelo, Las Hualas, Sotomó and Llanada Grande, were the beneficiaries of this project, receiving eyeglasses made by the same raw materials that were once on their lands.

See the annex to read details of operating expenses.



3.2 Value Chain

3.2.3 Third Cycle

Some numbers the Ophthalmologic campaign left us.

6

Participating ocalities

(Pocoihuén, Ralún, Cochamó, Puelo, Llanada Grande and Nueva Braunau).

128

Glasses delivered.

80%

Of the **waiting list** for optical frames in Cochamó **was released**

67%

Of the **beneficiaries** were **over 60 years of age.**

70%

Of the **beneficiaries** were **women**



3.2 Value Chain

3.2.3 Third Cycle

C. Karün + Balloon Latam

55

Trained Impact Leaders

In 2021, we made progress through the Balloon Latam's **"Impact Leaders" programme**, which has seen strong growth over the past year and more than doubled in size compared to 2019, from 19 to 55 entrepreneurs. We have included new people and deepened our work with current members, creating a **network** of sustainable businesses with the potential to collaborate in our value chain, with the objective of generating **strategic alliances** between this network of entrepreneurs and Karün.

115

People Linked

As in 2020, we again managed to link 115 inhabitants of the territory with different entities, of which 70 were linked to public actors and the remaining 45 with private entities, with the objective of strengthening the linkage meetings that allow us to provide information, generate conversations about the challenges and needs of local entrepreneurs, in order to develop collaborative and ideal work to reinforce knowledge and promote local initiatives that strengthen socio-demographic factors.

121

Families registered in the Territorial Clean-up Campaign

In 2021, a year hit by the pandemic, one of the biggest milestones achieved in Cochamó was to carry out the first Territorial Clean-up Campaign. A total of 121 families signed up to participate in this waste management campaign where teams made up of Karün, Balloon Latam, AZA and the Municipality of Cochamó, committed to articulate routes for the removal of scrap metal to try to alleviate one of the most important problems in the area: waste. In total, more than 12 tons were collected and 6 localities participated.

30

Key Actors

At the end of 2021 in conjunction with Balloon Latam the “Participatory Portfolios” started; a process of community participation to facilitate spaces for defining priorities and needs for sustainable local development, where the people themselves design this work plan, placing value on local knowledge and being the driving force behind initiatives of different kinds for the commune.

Although the process started at the end of last year and continues this year 2022, more than 30 key actors participated in this portfolio in which water, waste management and environmental education issues were discussed, from which more than 100 ideas emerged and 6 were selected to be voted on publicly.

65

Million Pesos.

Last year, together with Balloon Latam, we managed to obtain more than 65 million pesos through the Rural Development Fund, with the aim of obtaining monetary resources focused on rural entrepreneurs in communities affected by the pandemic, so that they can financially strengthen their businesses and thus regain economic independence, thanks to the management together with public actors. A total of 17 entrepreneurs benefited from these funds.



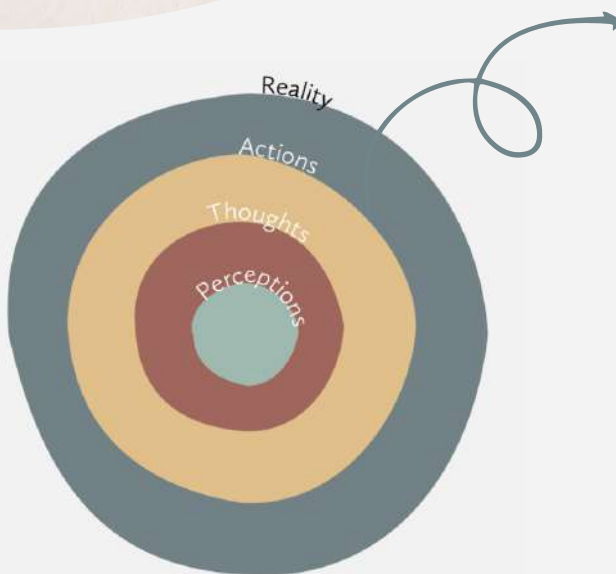
3.3 People & Culture

“Culture is the widening of the mind and of the spirit”

Jawaharlal Nehru.

Why is culture so important for Karün?

We want to make sure that the message that we are transmitting to the world **lives among all of us** who develop and contribute to Karün.



We pledge to build the reality we search from...

Inside out
(from perceptions to actions)

And bottoms up
(from the individual to the collective)



3.3.1 Organizational distribution

At the time of writing this impact report (March 2022),

2. By age:

62

Staff members

distributed as follows:

1. By geographic location:

56

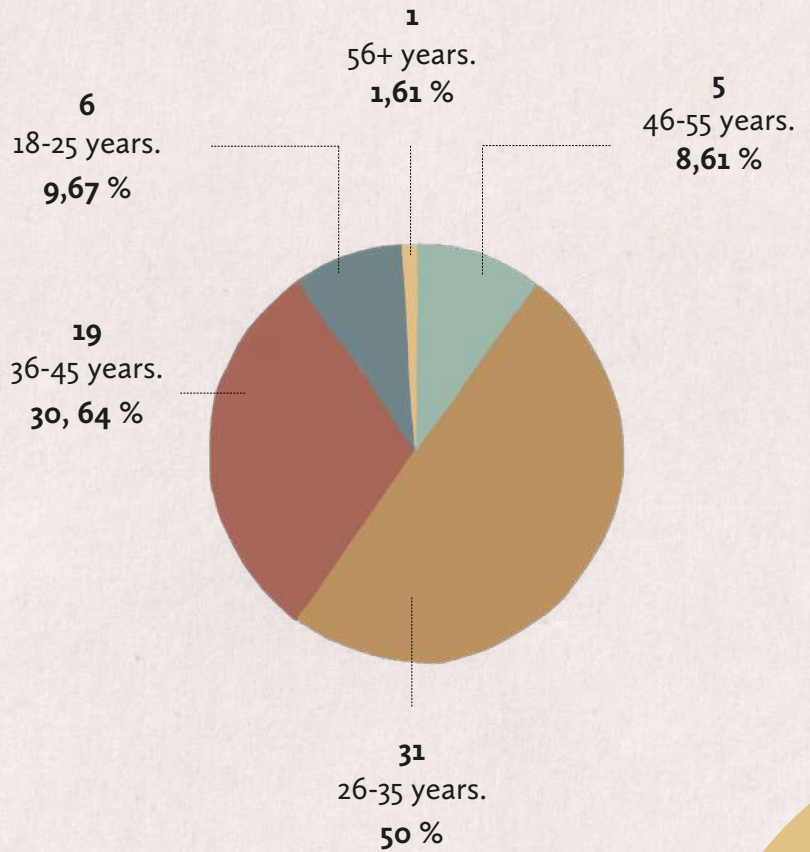
Latam (Argentina, Chile)
(90,32 %)

2

North America (USA)
(3,22 %)

4

Europe (Spain, Belgium)
(6,45 %)



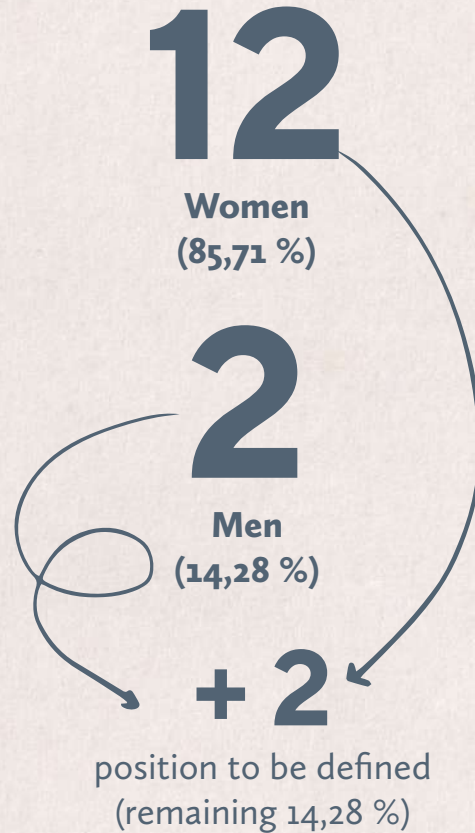
3.3.1 Organizational distribution

3. By gender:

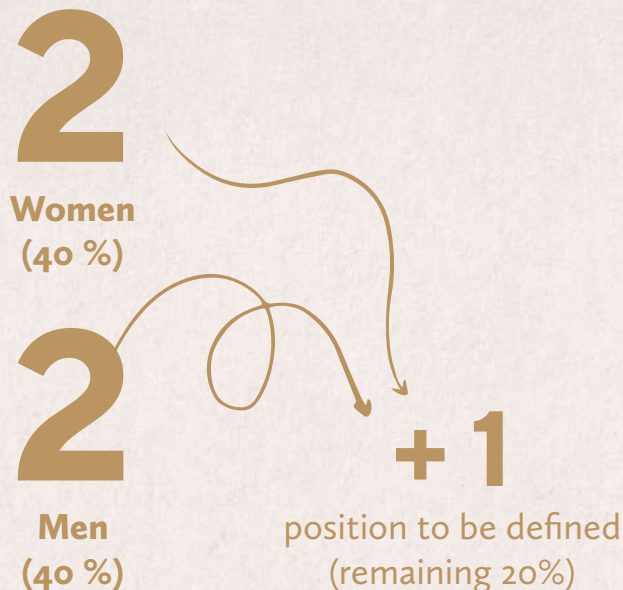


One of the points we are most proud of is the **high female presence** in Karün: more than **50% of the members** of the organisation **are women!** In addition to this, the distribution of our organisation chart of responsibilities in the company is largely led by women:

5. Management positions led by gender:



4. Chief or Heads positions led by gender:



3.3.2 Benefits & Commitments

We are a company of **leaders that creates leaders**. Hopefully, ones that take the state of the world very seriously, but not themselves. Leaders that are profoundly **committed to change the way we interact with our planet**, while **having as much fun as they can** in the process. So, in order to accomplish that, we established some practices that we thought it would help. These actions go beyond making everyone feel happy and enthusiastic about going to work but rather seek to offer opportunities for the pursuit of personal and group well-being, focusing on human development and organizational commitment.

Karün joins *Betterfly*:

Daily habits matter. A lot. A **healthy daily routine** including yoga, meditation, sports, and clean eating will boost happiness and productivity. In the middle of last year, we joined *Betterfly* to support and motivate the path of wellness among our team. This is the first **wellness benefits platform** that rewards healthy habits (such as walking, meditating, saving and resting), with prizes, social donations, and life insurance whose coverage grows at no cost to you, but directly **benefits you and your family**.

We are committed to the “Challenge 10X”:

The 10X Challenge is a **business initiative** that aims to inspire companies to share more fairly the value they generate, to improve the well-being of their workers.

Oswaldo Day:

Every team member can enjoy **9 Fridays** of their choosing through the year **to enjoy**.

Dynamic Work Protocol:

This protocol consists of **reviewing, implementing, and improving in real-time ways** to make workspaces more welcoming, work bureaucracy more efficient, raise the importance of important dates such as birthdays and international calendars, and contribute to the democratization of the platforms used by the teams, in order to train each member of Karün in what is necessary.

Now I See:

Every team member gets a **free Karün frame** each year.



3.3.2 Benefits & Commitments

Nativos Experience:

We offer a **5-day completely nature immersed experience** to connect with our purpose and with oneself.

The Nativos experience aims to **regenerate people from the inside out**, in one of the most virgin places left in Patagonia (Park Kaiken).

3.3.3 Culture Circle

The Culture Circle is a **heterogeneous and cross-cutting group** of people from different areas of work, disciplines, genders, work experiences, and lifestyles, who are responsible for keeping the organizational culture and values alive. They are also responsible for **listening to the demands and concerns of Karün's members**, ensuring that they are met and that promises and work commitments are fulfilled. Although the Culture Circle is an autonomous body of the People & Culture area, a department dedicated to the **organization's human resources**, they have direct communication channels with the people who make up this team, with the aim of speeding up decision-making.

Similarly, the Culture Circle will be responsible for proposing the implementation of different initiatives that arise, either from this team or from any other member of Karün; it also seeks to link and complement these activities with other actions in process or planned by Karün; it evaluates, so to speak, externally, the processes and decisions carried out by the organization, being the unified voice of the people who make up Karün.



3.3.4 Eco-mission

The Eco-mission is an interdisciplinary group of people in Karün that seeks to be an **articulator between the different areas of the company**, with the People & Culture and Impact teams, to make transparent the information and work of the different areas that are related to the objective of being more aware of the environmental impact we have.

In addition, it seeks to help areas to consider and/or reflect on **actions in their future work plans** that they may not have previously assessed, thus recognising actions that relate to the different objectives of the **Eco-mission by the different Karün departments**.

Some of the initiatives that have been raised by the Eco-mission during 2021

and seek to be implemented in 2022 include:

1. The implementation of monthly records of sustainable metrics, progress reports and periodic evaluation to assist in certification processes - such as B Corporations and Carbon Neutral.
2. Provide support in the verification and quoting of sustainable purchases of office supplies, food and merchandise used in our day-to-day operations.
3. Articulate instances together with the municipalities and communities close to our offices, with the aim of creating synergies with actions related to sustainability.



3.4 Carbon footprint & certifications

3.4.1 Corporate Footprint

Carrying out a corporate carbon footprint measurement is a long and arduous process. Larger companies with more human resources tend to do it in-house, with constant measurement and streamlined processes - a scenario we are aiming for in the future - so that the results are as expeditious as possible.

On our side, we continue to support this process with external organisations that audit our processes, generate the analyses thanks to the technology they use, and then deliver the results to us and take care of improving for next year, as well as offsetting the emissions that we were not able to reduce with carbon credits - something we want to eradicate in the future.

As mentioned in the previous paragraphs, measuring carbon emissions is a lengthy process and can sometimes take time: this is why we are presenting our 2020 Corporate Footprint in the 2021 Impact Report and not the previous year's, because it is still being worked on to be finalised.

We believe that honesty is the basis of relationships and it is our duty to state that we are still working to measure our 2021 carbon emissions, but we commit that in the next impact report both measurements will be published.

For the purposes of measuring carbon emissions, there are 3 types:

Scope 1

Direct emissions resulting from the company's own control activities (from sources including heat, electricity, steam or refrigeration).

Scope 2

Indirect emissions generated by the use of externally generated electricity, heat or steam consumed by the organisation (from the generation of electricity consumed and purchased).

Scope 3

Emissions that are a consequence of the organisation's activities, but come from sources they do not own or control (from waste disposal, employee transport, business travel, transport of raw materials and products, etc.).

Of these 3 types of scope, only the first two are mandatory for a company to be certified as CarbonNeutral®, the third one being optional, but which we decided to include anyway when assessing our corporate footprint.

3.4 Carbon footprint & certifications

3.4.1 Corporate Footprint

In terms of our results in measuring **carbon emissions**, the study showed the following:

1.779

kg CO₂ emitted in the
"Scope 1" Category.

6.680

kg CO₂ emitted in the
"Scope 2" Category.

57.972

kg CO₂ emitted in the
"Scope 3" Category.

66.430

kg CO₂ being Karün's
total carbon emissions at
corporate level in 2020.

The compensation:

We decided to measure and offset our footprint again, in order to recertify as a **CarbonNeutral®** company, further strengthening our commitments to the environment.

As a company we believe that offsetting residual carbon emissions is the final step in the strategy against climate change, with the primary objective of the strategy being to reduce our impact year on year, only offsetting emissions that could not be avoided.

This is why, by 2020, Karün offset a total of **67 tonnes** of CO₂ emitted through the purchase and support of the Acre Amazonian Rainforest Portfolio REDD+ project in Brazil, a global biodiversity hotspot and one of the last remaining virgin forests in the Amazon basin.

This collection of three projects aims to prevent **deforestation in 105,000 hectares of virgin forest** in the Amazon basin, protecting some of the world's most biodiverse habitats. Supported by funding from carbon credits, the projects work with local communities and groups to help protect ecosystem services while providing alternative models of economic development that avoid forest destruction.

3.4 Carbon footprint & certifications

3.4.2 Product LCA-

In Karün we are constantly looking for new ways of being and doing better. We rely on the knowledge around us, on people, on the wisdom of nature and on advances in technology. Much of this progress comes from **organizational desires** to continue raising standards by example, but also from **criticism and advice** from customers, company members, investors, friends and others.

That is why last year saw one of our proudest achievements to date: the successful completion of the **Life Cycle Assessment of our products**.

Introduction

Life Cycle Assessment (LCA) is a methodological tool that aims to **measure the environmental impact of a product, process or system** - in our case our eyewear - throughout its entire life cycle.

This method is based on the collection and subsequent **analysis of inputs and outputs** of information in our systems, from which results are obtained that demonstrate the potential environmental

impact of an eyeglass, information which allows us to determine strategies for the reduction of the environmental impact in the different stages of life of our product.

Why Measure the Carbon Footprint?

In short; so you can make more informed choices.

But mostly because we can't improve what we don't measure, so we did a Life Cycle Analysis (LCA) to understand the carbon footprint, global warming potential and other impacts our products are leaving on our planet. This way we can understand our environmental inefficiencies and we can work on them to lower our footprint. We aim to reduce to half our emissions by 2025 and target zero by 2030.

What are we measuring?

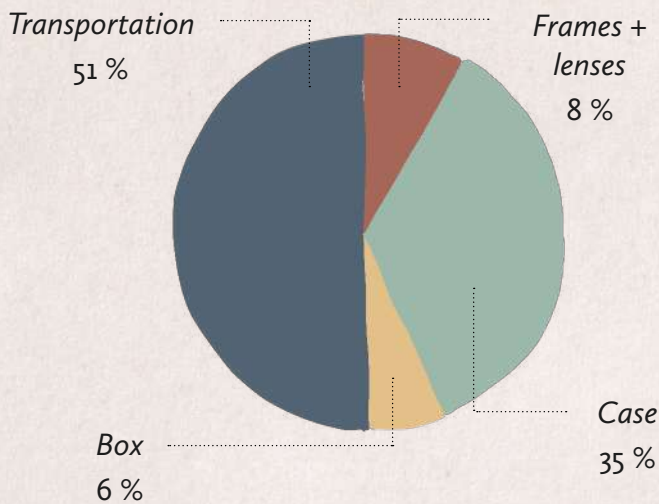
Every process from raw materials (which in our case are from recycled sources), to the production of the final frame, lenses, cases, cardboard packaging and transportation towards one distribution center in Europe.

3.4 Carbon footprint & certifications

3.4.2 Product LCA-

Main results:

Average KGCO_{2e}/final product = 1,69



The cases, boxes, transportation and lenses (which are made out of polycarbonate for recycling purposes) share the same data through every eyepiece so the main differences in carbon footprint between our products are the compositions of raw materials inside the frames.

We found 3 main groups:

1. Recycled metals and Econyl regenerated nylon:

All products made out of 100% metal, 100% Econyl or a combination of both materials have the lowest carbon footprint which is 1,59 KG CO_{2e} per unit or lower.

2. Recycled polycarbonate combined:

All products made with polycarbonate combined with metal or Econyl Nylon (or both) have a medium carbon footprint of 1,67 KG CO_{2e} per unit or lower.

3. Recycled polycarbonate alone:

All products made only with recycled polycarbonate have the highest carbon footprint, of 1,77 KG CO_{2e} per unit or lower.

What we couldn't measure:

The last mile from this distribution center to our warehouses and then to the final customer it's not included in this measurement due to difficulties in projecting this data prior to the demand, but we aim to include it in the next measurement.

The numbers, similar to nature, will change because we will be working on improving and updating the information behind our footprint. The most recent data will be found on The Nest, since updating printed numbers takes a bit longer.

If you feel like we're being a bit vague you can read more here.

3.4 Carbon footprint & certifications

3.4.2 Product LCA-

About the transport

Moving around is great but also a big source of CO₂ emissions and as you saw, it contributes to over 50% of our total product carbon emissions. That's why this section aims to give further details of CO₂ emissions per means of transport:

Air Transport:

Routes of over 3,700 km (long flights):

For every kilometer traveled per ton, from an initial point of origin to a final destination, 1.26 Kg of CO₂e are emitted.

Routes of less than 3,70 km (short or domestic flights):

For every kilometer traveled per ton, from an initial point of origin to a final destination, 1.13 Kg of CO₂e are emitted.

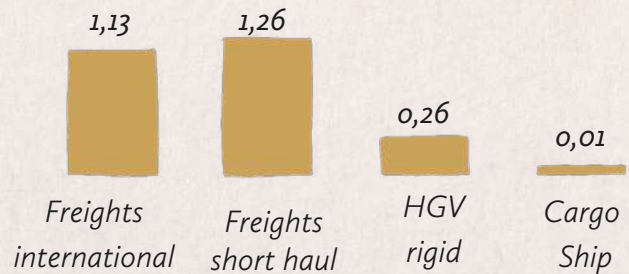
Land Transport:

Diesel trucks whose capacity varies between 3.5 and 7 tons, 0.26 Kilos Of Carbon Dioxide equivalent are generated.

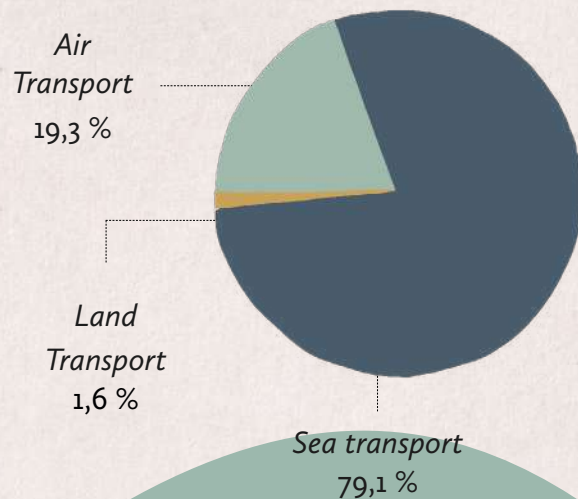
Sea Transport:

Finally, sea transportation has the least environmental effect on the greenhouse gas inventory, so for every ton-kilometer 0.01 Kg of CO₂e are emitted.

Now in easier to read graphs,



Karün distribution per units by means of transport in 2021:



During 2021, 79% of our units were distributed by sea. We are targeting to achieve 100% by 2025.

3.4 Carbon footprint & certifications

3.4.2 Product LCA-

Is it useful?

A number by itself doesn't mean much, but inspired by Oatly and their **"Together for climate labeling" initiative**, we want to set an example in the eyewear industry and call on other players to open their numbers. Since our **1,69 Average KGCO_{2e}/final product** doesn't mean much by itself, **we need to compare it with other numbers.**

This way we can compare and hopefully share practices that can help us all progress in the trace we are leaving on our planet.

In the meantime here are **some examples of other products** (and brands that we love!) **as reference.**

allbirds

10

KG CO₂ e/pair
Average Product
Carbon Footprint



14,1

KG CO₂ e/pair
Average Shoe.
Source: Allbirds.



5,5

KG CO₂ e/shirt
Source.



662

KG CO₂ e
Plane ride from NY to LA
(JFK to LAX)



0,51

KG CO₂ e/kg
Oatly Oat Milk
Barista Version



3,2

KG CO₂ e/liter
Cows Milk
Source



38

KG CO₂ e
Car ride of 100 km
using petrol

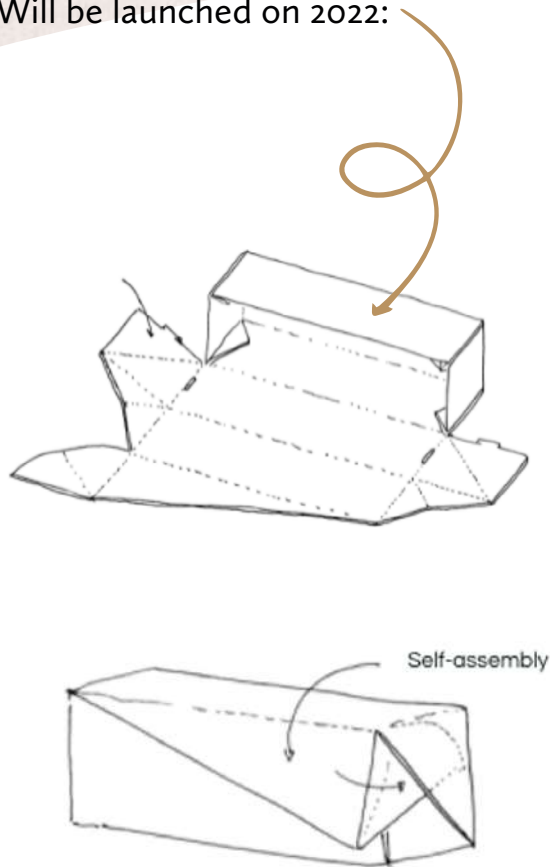
3.4 Carbon footprint & certifications

3.4.2 Product LCA-

Improvements in packaging from our LCA results:

The challenge was to make our packaging lighter, easier to recycle and without any use of glue.

We created our own signature family packaging, inspired in the origami techniques. An innovative structure that uses the minimum material and provides the necessary protection. Will be launched on 2022:



Last mile emissions

Among all the processes that we had to audit and review in order to be able to carry out a new carbon footprint emissions measurement - and thus re-certify as a carbon neutral company - were all the actions that our Operations team carries out in the last mile (the last stage where our products are transported to our customers). It is worth mentioning that, during 2021, we worked together with 3 different companies for the shipment of the products to their destination points and as suppliers of materials used in dispatches.

For shipments, we contracted the services of Ecoliga, a shipping company that transports the products together with its team of drivers and their bicycles, managing to cover a large part of the shipments in the Metropolitan Region, Chile (where our commercial office and operations warehouse are located), saving us unnecessary carbon emissions thanks to its environmentally friendly transport; and Servisenior, a platform with which we ship our products with Seniors -people over 50 years of age-, promoting the development of job opportunities for adults and allowing us to reintegrate, in an organic way, the value of an age segment with which we are normally disconnected with.

3.4 Carbon footprint & certifications

3.4.2 Product LCAs-

On the other hand, one of the suppliers we worked with in the last mile this 2021 was **Ecolover**, a company that allowed us to have **compostable bags for all our product shipments** from the warehouse and offices, saving thousands of plastic bags and, incidentally, contributing to the reforestation of trees according to the amount of bags used.

See below for details of suppliers in our last mile:

Servisenior in 2021:

630

Deliveries made.

Ecoliga in 2021:

602

Deliveries made.

Servisenior in 2021:

3.448

Deliveries made with Ecolover bags.

5.583

Kms traveled.

30%

CO2 emissions saved

1,5

Tonnes of CO2 not emitted

35

Reforested trees.

3.4 Carbon footprint & certifications

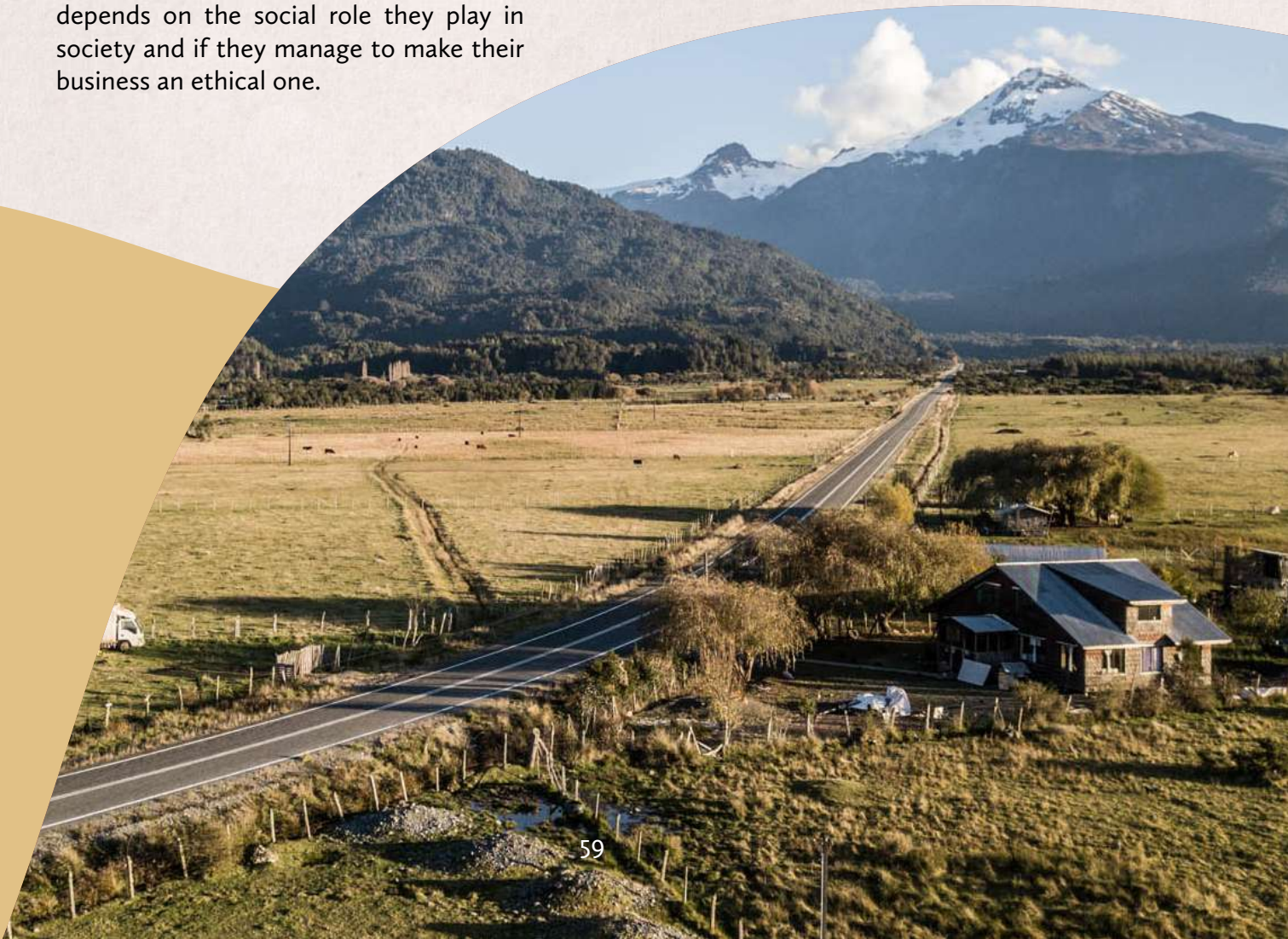
3.4.2 BCorp

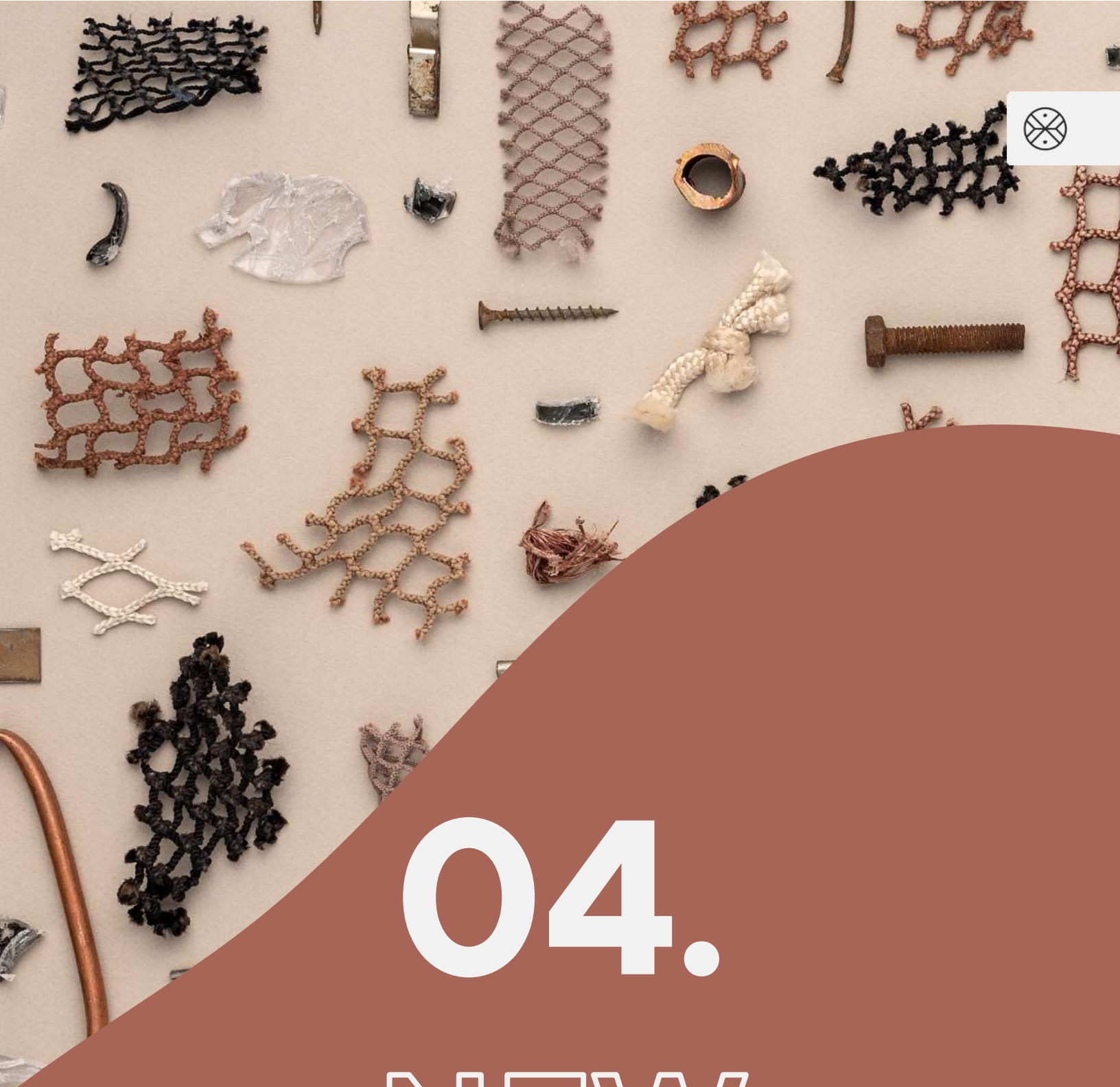
We renewed our **B Corp certification**. In Chile “Sistema B” is in charge of the development and certification of these companies, of which Karün is proud to be part of - **since 2012** - as a fundamental part of our work is to change the way of looking at the world.

B Corp is a certification given to companies where success is not only measured by revenue or shareholder earnings. The key drivers for these companies and how they measure success are the **wellbeing of people, society and nature**. The profitability for these organizations depends on the social role they play in society and if they manage to make their business an ethical one.

By obtaining the B Corps certification, Karün **guarantees the sustainability of its organization**, its purpose and also commits itself to comply voluntarily with high social and environmental standards. This label obliges them to **be transparent** and in order to be certified, key areas of the company are evaluated such as operations, hierarchy, environmental protection policy, dealing with workers and their relationship with the community or interest groups.

[See appendix.](#)





04.

NEW

CHALLENGES

4. New challenges

4.1 Karün Traceability System™



We've developed a Responsive Web Platform focused on the user experience (UX) for the management and traceability of Karün's value chain from the origin of the raw materials, through each link in the ecosystem of Karün's collaborating partners and suppliers, up to the finished products.

Components & Architecture

There are two applications composing the solution:

Karün Backoffice: responsive web platform that manages all the information needed to feed the traceability system. Here our team is able to load information about the different steps involved during the whole eyewear manufacturing process, from material collection and recycling to distribution. Some selected transactional data in this process is secured using blockchain technology.

Karün Traceability System: responsive web application that allows Karün's customers to trace their eyewear during the whole production process, interacting with a map and with the different links in it, accessing media content that illustrates each development participant during the route.

Using Blockchain to secure data

We provide an integration inside our product with blockchain technology, in order to secure all relevant transactions inside the backoffice application. For this purpose, a blockchain API located in a A1 AWS (Amazon Web Server) is invoked in order to persist and secure each transaction executed by the backoffice system.

In this direction, backoffice's users inside Karün will be able to save and secure information related to the different steps involved:

Collected batches.

Recycling batches.

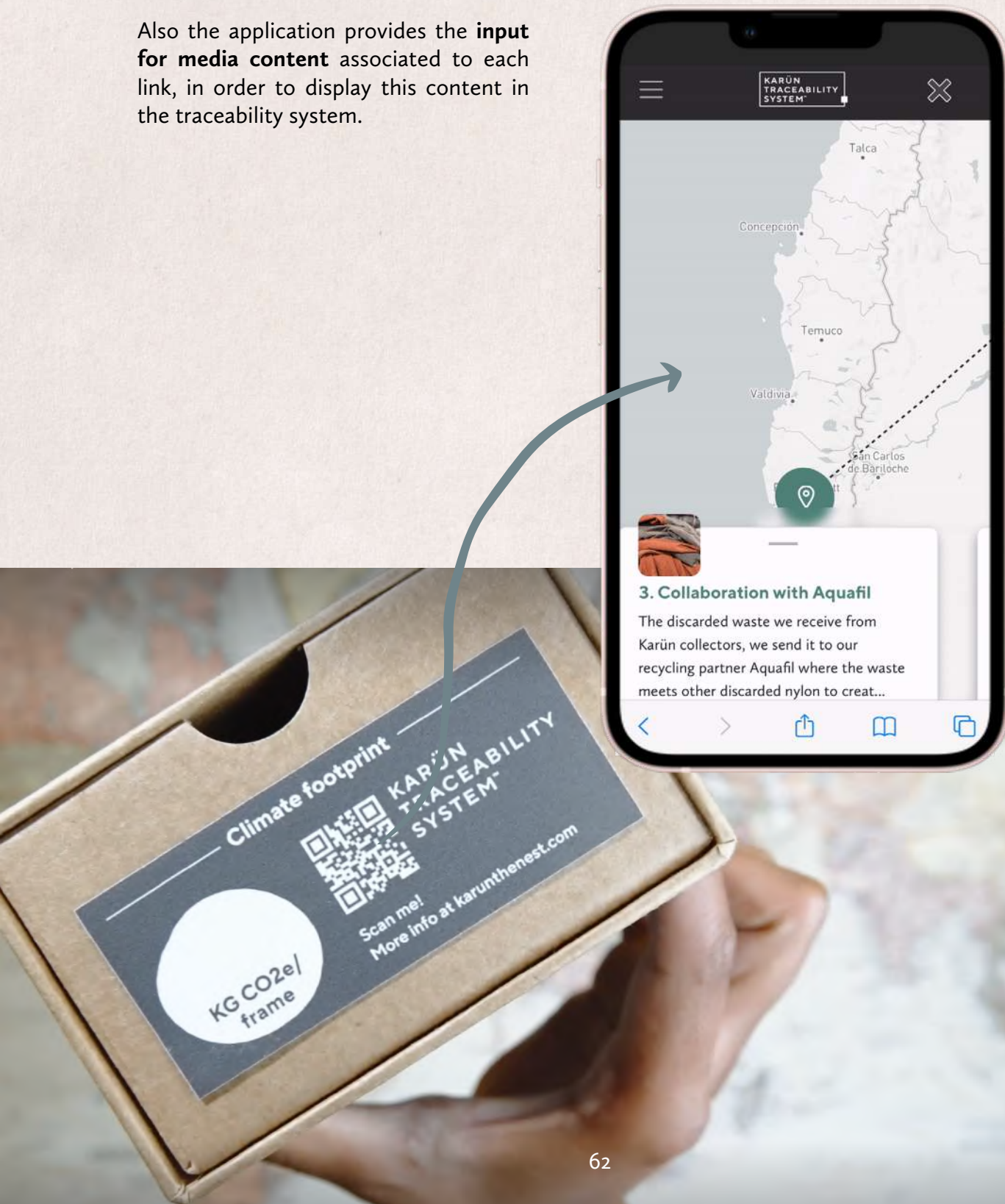
Production batches.

Distribution batches.

4. New challenges

4.1 Karün Traceability System™

Also the application provides the **input for media content** associated to each link, in order to display this content in the traceability system.



4. New challenges

4.2 Distributed Manufacturing Plan

With the aim of being **more sustainable** and **leaving a smaller trace** in our planet, we are building a Distributed Manufacturing Plan, with the goal of creating local value chains at regional scales by 2030 to **cut our carbon footprint by 50% by 2026 and aim to zero by 2030.**

The plan is to source the discarded materials -raw materials- in the same region we recycle them, produce the final products, and then distribute them. We are building this roadmap in Latin America, Europe, North America and Asia. The main point is to build small-scale, flexible networks, with a more local dimension, utilizing local resources and thereby offering environmental benefits.

50%

Cut our carbon footprint by 2026.



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