

SOCIAL REPORT 2021

KUYICHI
PURE GOODS

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WE ARE KUYICHI
WE MAKE CLOTHES THAT CONTRIBUTE
TO A BETTER TOMORROW
BY MINIMIZING OUR IMPACT TODAY

SINCE DAY ONE
WE AIM TO ESTABLISH
A FUTURE-PROOF FASHION SYSTEM
IN AN UNFASHIONED WAY

FROM FARMER TO FABRIC
WARDROBE FOR WARDROBE
AND PIECE BY PIECE

TOGETHER WE GOT THIS
NOW IS THE TIME
LET'S UNFASHION THE PLANET
AND REIMAGINE STYLE

LOOK GOOD
GO BEYOND THE HYPE
AND TRULY MAKE A DIFFERENCE

KUYICHI



SUMMARY

THE YEAR 2021

After a crazy year in 2020, we continued towards a rumbling 2021.

We were starting to adjust to the impact and changes that Covid-19 brought into our lives and into Kuyichi. Covid-19 has given us important lessons to learn. Shared responsibilities and problem solving have strengthened our relationships. Both with the people making our products and the people selling them in-store. We continue to adapt to Covid-19 impacts. We do this by adjusting when production capacity drops, due to people in quarantine, and being flexible where needed. Clear communication is the key in this.

Luckily our production manager was able to visit some of our suppliers again last year. This after a visiting break out of precautions with the pandemic. By visiting we get a better grasp on what is going on at our supplier and we notice that less issues arise in production. Seeing each other face-to-face, makes it easier to see eye-to-eye. It eases up the process. That's why we are looking forward to visiting our partners more often over the course of 2022.

2021 was our second year of being a Fair Wear member. It has been quite the journey already! We chose to join Fair Wear because there will always be room for improvement, no matter how well your factories are certified or how good your relationship with your supplier is. Ethical trade is a continuous process and the world is ever-evolving. Each supply chain has its own risks and the countries we work in are not risk-free. We as Kuyichi have a lot of things we still want to improve. We were happy with our first Brand Performance Check result in 2021, but it also shed light on our weaker points and room to be better. So we've used this feedback to try and improve here. We love that Fair Wear pushes us to be better.

Last year we performed Fair Wear audits at some of our partners. We were happy to be able to follow up on these audits in collaboration with other Fair Wear member brands. This both gave us room to discuss with other brands and it enlarged the impact we have together at the facility. Fair Wear proved that their auditing teams go beyond, since they've found out things that other audits have missed, it gave us the opportunity to deepen the relationship with our suppliers and strengthen social standards.

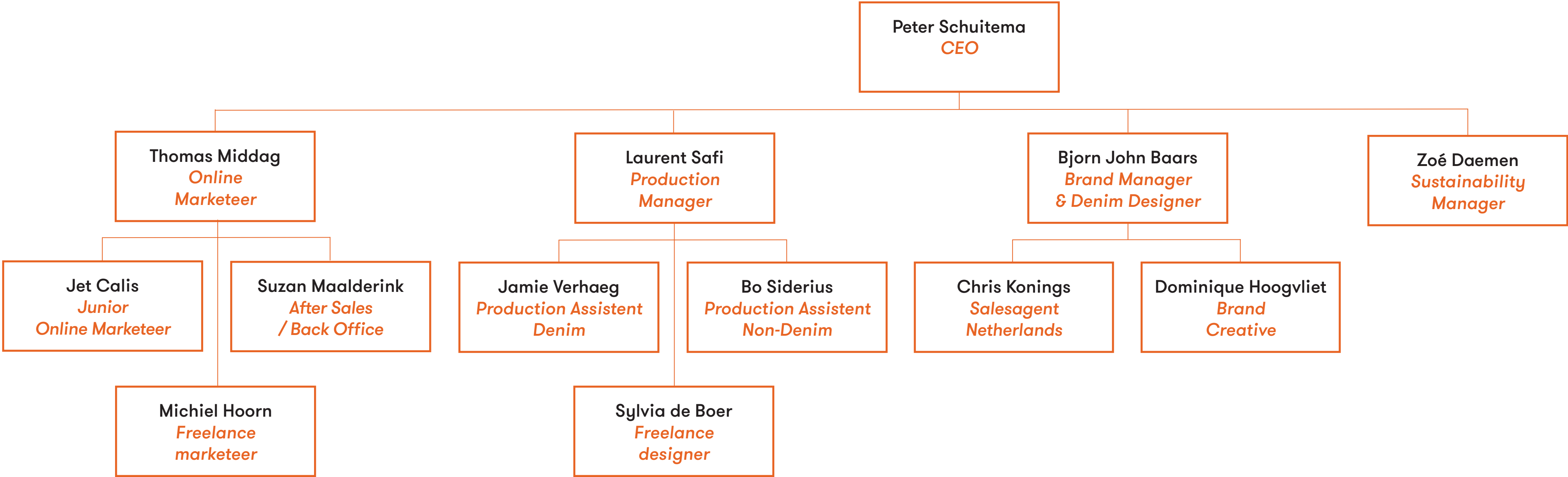
We are happy to work with partners that are willing to put in the extra effort and improve based on audit results. It shows their commitment to our shared values. So let's conclude with a big thank you to our suppliers. For all the effort they put in to keep improving!

“Our industry is rapidly changing. We're thrilled to see all the innovations and developments towards durable and fair practices. There is still a lot of room for improvements, also at Kuyichi. But, we can say with a clear conscience that we try the best that we can to improve our practices”

Peter Schuitema - CEO

ORGANISATIONAL CHART

KUYICHI B.V.



FAIR WEAR

CODE OF LABOUR PRACTICES

The Fair Wear Foundation is an international independent organisation that fights for better labour conditions in the fashion industry, by working together with its members to improve their supply chains. Fair Wear focuses on factories on cut-make-trim level, which means all factories that are involved in garment making after the fabric manufacturing. This is the part of the chain which are the most human-intensive parts of the supply chain. Besides, it's also the part of the chain with the most direct influence by the brand.



Fair Wear works on the principals of their 'Code of Labour Practice', based on 8 internationally agreed labour standards. These are basic rights for the workers that all Fair Wear members work on to achieve for the workers who make their clothing.

Fair Wear has a complaint system which allows all workers to anonymously complain about any breaches of the code. Factories can also be audited by Fair Wear based on the code as well. On top of that they also offer trainings, tools and best practices.

Fair Wear has high standards for their brand members. Each year members have to report about their social practices and improvements in a public social report (you're reading one right now). Members also have to make sure to monitor as much of their supply chain as possible through audits. But, a lot of work should be done beyond auditing as well.

They will also be scored by Fair Wear on their performances in an annual 'brand performance check'. Depending on this their brands will be categorised as Leader, Good, Needs Improvement or Suspended.

In 2020 Kuyichi was scored Good with a score of 63.



GO BEYOND THE HYPE
AND *TRULY* MAKE A DIFFERENCE

SOURCING STRATEGY

As Kuyichi we always partner with suppliers that share our vision and are striving for the same goals. We love it when we see that a supplier is pursuing environmental and social improvement. Of course, this is not only based on the conversation we have with our suppliers, but also validated by certificates, audits or other documents. We value the work quality of the workers in our supply chain. Providing a safe workplace and good working conditions. That is why we work with credible standards and audits to limit the risks of negative impacts in our production chain, from the material to the making. We choose our partners with care and based on some ground rules. If a new supplier meets these ground rules, we can start up a new partnership.

LONG-TERM RELATIONSHIPS WITH SHARED VISION

For us a partnership has to start from the intention to build a long-term relationship founded on trust and respect for one another. We mostly work with production partners that are close to or based in Europe based production partners, to make it easier to visit them. Since we always start with the intention to build a long-term relationship, we choose our suppliers with care and do not switch suppliers recklessly. We start small and increase quantities and orders over time. The intention is always to grow together and work towards improvement.

CRAFTSMANSHIP

All our suppliers have to meet our expectations to craftsmanship. To create a product that lasts, you also have to work with suppliers that can create the best quality. That is why you will let a supplier specialised in denim products, make your jeans and go to another supplier that makes the perfect shirts to produce your oxford shirts. Based on their experience and knowledge we place orders at the supplier with the best fit. We strive towards perfection together.

OUR STANDARDS

Before we start a production process in a new facility we want to get insights into how the supplier works and what their vision is. By obtaining information about the facility. We ask amongst others for valid certificates of the facility (GOTS is a must-have for most of the suppliers we work with) and recent audit report(s). With these document we can check if they perform well both socially and environmentally. Facilities that have wet processing, like dyeing or washing, also need to show that they have a good waste water system in place.

By open communication we also check if their mindset is in line with Kuyichi's. This is for us a key factor to start a business relation. We want to know that both parties will put in the effort to improve both environmentally and socially. Therefore it is important that they're willing to be open about their production chain, like subcontractors they're working with and fabric sources. They should also give full acces to auditors and to the Kuyichi team upon visit. Before the first production they have to sign the Kuyichi Code of Conduct and Fair Wear documents. We always try to visit our factories before a first production and regularly afterwards where possible.

PRICING POLICY

As a brand the biggest direct influence you have on your supply chain is your buying behaviour and decisions. A negative impact can be made if you, for instance, ask for an unmanageable delivery date for the products or make a last-minute big changes. This is behaviour that we try to stay away from or we adjust the timeline if it is needed. Our production team stays into close contact with our suppliers to make sure the production runs smoothly or to help fix problems if any come up. Especially during these crazy covid-19 times, we value responsible buying practices.

PRICING

We buy our products RMG (Ready Made Garments) at the CMT (Cut-Make-Trim) facility, but are in direct contact with a lot of other suppliers down the chain, such as fabric and trim suppliers. Our prices are based on the prices of all components that go into the product like fabrics, sewing threads, buttons, etc. This way we can ask for a fair price for the production process of the garment. The extra standards we ask from the supplier are also taken into account in the price. Think about things like GOTS or other certifications on the product, organic cotton fabric prices, low impact washes that are often more time-consuming, etc.

WAGES

Due to the weird circumstances related to the Covid-19 pandemic we also see that countries are raising their minimum wages. Both in Pakistan and Turkey this is the case. Due to inflation and raised cost of living these minimum wages have been raised a lot. This is an adjustment for suppliers, since their costs have grown a lot in other areas as well, like energy costs. We're happy that our suppliers are upholding these new legal minimum wages.

Through auditing we know that the workers in our CMT facilities are payed at minimum wages or above. But, also the raised, minimum wages are in most countries not enough to get by. We see that living wages are a topic at some of our suppliers already, some offer efficiency premiums to raise wages for instance. Others offer extras like food baskets and other extra services like accessible health care and free transport or meals to relieve pressure on wages.

For Kuyichi as a small brand it is difficult to have a positive impact on wages, however we know we have to do our part. We'll be integrating a system in which we separate the production costs in our price negotiations, including a (living) wage premium, we want to have this installed in all our direct CMT facilities by the end of 2025. Since in most of our factories we have a low leverage it is difficult for Kuyichi to raise the wages of all workers to a living wage standard. For a bigger impact it is important that we collaborate with other brands. Fair Wear membership has made this easier. We've started up collaborations with other Fair Wear members at two different shared suppliers. We've started the first stages of moving towards living wages here with the new Fair Wear app to calculate labour minute costing called 'Fair Price'.

PRODUCTION CYCLE

The production cycle is everything from the moment you start sampling till the time the order is delivered. If your production cycle is fast and short, pressure on suppliers increases, with higher risks on, for instance, overtime. Kuyichi produces two collections a year with in addition to that Never Out Of Stock (NOOS) styles that are reordered throughout the year. These styles stay on stock throughout the year and over the seasons, depending on demand.

FORECASTING

A good production planning is an important part when it comes to good working conditions at a facility, such as a reduced chance of overtime. That is why as a brand you should provide a proper forecast of what and how much you expect to be producing. The process starts with sampling the SalesMan Samples (SMS). The SMS's are used for the pre-ordering season in which our retailers order the styles that they like for the new season. Based on these pre-orders we can give truthful forecasts to our suppliers. We check this process every couple of weeks throughout the sale season and update our suppliers if something changes, until we place the final order. Our suppliers normally focus on just one product type at their facility, like jeans, shirts, knits, etc. Therefore, which supplier gets which order will mostly depend on the technical aspects and suppliers strengths. This makes it difficult to reward our suppliers with increased orders when they improve their social or ecological performance.

LEAD TIMES

When we place the final order, we also agree on an ex-factory date, the dates we expect the order to be fully produced and ready for shipment. For a good production planning there has to be enough time between the beginning of the process and the ex-factory date. This means that we have to place the order on time, so the factory can plan it accordingly to meet the delivery time we'll set. Our lead times are between one and four months, depending on if it is new production or repeat order, availability of the fabric and capacity at our suppliers. Before production starts we receive a sample, the pre-production sample (PPS), for a final check to see if the product is as it should be. We always determine the ex-factory date in consultation with our suppliers depending on their capacity planning.

A big part of lead times is often needed for the production of fabrics. To reduce our lead times we work with core fabrics. We choose fabrics that are used between multiple styles. A fabric can be very versatile and can be dyed in different colours or result in different washes and looks if only you're willing to explore the possibilities. Some of these core denim fabrics have been used in our NOOS styles for a couple of years now and still we're able to find new possibilities for them. We make sure that the core fabrics are on stock so fabrics are directly available for production if necessary. This way we reduce lead times and we reduce waste, we always finish our fabric stocks, leave no meter unused. For most of our trims we also use core buttons, rivets, labels and patches that are ordered by our suppliers when needed for production. We are in direct contact with those core trim suppliers as well.

SOURCING COUNTRIES 2021

PERCENTAGES BASED ON FOB*

NETHERLANDS
HEAD OFFICE

PORTUGAL
10,2%

MOROCCO
0,4%

TURKEY
70,9%

PAKISTAN
18,6%

TUNISIA

*FOB stands for Free on Board - amounts that are paid to suppliers without shipping costs. - Due to rounding numbers, total may not add up exactly to 100%

SUPPLIER LIST

We share our factories with other brands and each brand has their own social policies, which can be a lot of hassle for the supplier. To steer away from audit fatigue we always check for already available audit reports at our facilities and are always willing to share audits with other brands. Through Fair Wear we'll also be able to share audits with other brands we share a facility with as well. We always try to think from the suppliers perspective as well, trying to not burden them with unnecessary work.

There are different companies that perform audits at suppliers and different audit programs. Our suppliers are audited by Fair Wear, BSCI or SMETA frameworks. They do cover most of the same subjects, but Fair Wear tends to be the most extensive. They give deeper insights into wage levels in a facility for instance. An audit always comes with a Corrective Action Plan (CAP). This gives an overview of the needed improvements for the factory with a time estimation when they should be resolved. Based on this you work towards better working conditions.

FACTORY	COUNTRY	RELATION	PROCESS	PRODUCTS	% OF FOB*	AUDITS	CERTIFICATES
Akcakaya (subcontractor)	Turkey	Indirect	Embroidery	Jeans	0.5 %	Intertek (SMETA) 2020	GOTS, OCS
Busra Triko LTD	Turkey	Direct	Cut-Make-Trim, Washing, Knitting	Knitwear	0,3 %**	FWF planned for 2022	GOTS
CNS Tekstil San. Tic. Ltd. Sti.	Turkey	Indirect	Printing	Jeans	0,4 %	FWF planned for 2022	GOTS
Demirisik Tekstil ve Konfeksiyon Ticaret A.S. (SARP jeans)	Turkey	Direct	Cut-Make-Trim	Jeans	51,6 %	FWF 2021	GOTS, GRS, OCS, RCS
Dinateks A.S.	Turkey	Direct	Cut-Make-Trim, Laundry	Jeans	8,3 %	Intertek (SMETA)	GOTS, ISO 9001 & 14001
Egemen Yikema ve Tekstil Urunleri Sanayi Tic. Ltd. Sti.	Turkey	Indirect	Laundry	Jeans	4,1 %	FWF 2021	GOTS
Erius Il Texteis SA	Portugal	Direct	Cut-Make-Trim, Knitting	Tops	7,7 %	Intertek (SMETA+BSCI)	GOTS, ISO 9001 & 14001, OEKO-TEX 100
Faria da Costa	Portugal	Direct	Cut-Make-Trim, Laundry	Socks	0.5 %	SGS (SMETA+BSCI) 2020	
Merger Tekstil San. Ic. ve Dis. Tic. Ltd. Sti.	Turkey	Direct	Cut-Make-Trim	Shirts	3,9 %	FWF/Intertek (SMETA) 2021	GOTS, OCS, RCS
Soorty Enterprises PVT LTD	Pakistan	Direct	Cut -Make-Trim, Laundry, Printing, Embroidery	Jeans	18,6 %	SGS (SMETA) 2021	GOTS, GRS, Higg Index, ISO 9001 & 14001, OCS, OEKO-TEX 100, OHSAS 18001, RCS, SA 8000, ZDHC
Sun Belts Europe S.A.R.L.	Morocco	Direct	Cut-Make-Trim, Printing	Belts	0,4 %	SGS (BSCI)	Higg Index
Tayra Tekstil San Tic LTD STI	Turkey	Direct	Cut-Make-Trim, Cutting, Ironing, Packing		1,8 %	SGS (SMETA) 2020	GOTS
Vestire SA	Portugal	Direct			2,0 %	ICS 2020	GOTS

*FOB stands for Free on Board - amounts that are payed to suppliers without shipping costs - Due to rounding numbers, total may not add up exactly to 100%

** Busra first order is being produced in 2022, 2021 only sample costs

FACTORY RELATIONS

We produce in different countries but the majority of our products is currently made in Turkey and Pakistan, the countries where we produce our jeans as well. Jeans is our core business, but we're happy to see that we're also growing in other collection pieces. Most of our tops have been produced in Portugal last year.

LONG-TERM RELATIONSHIPS

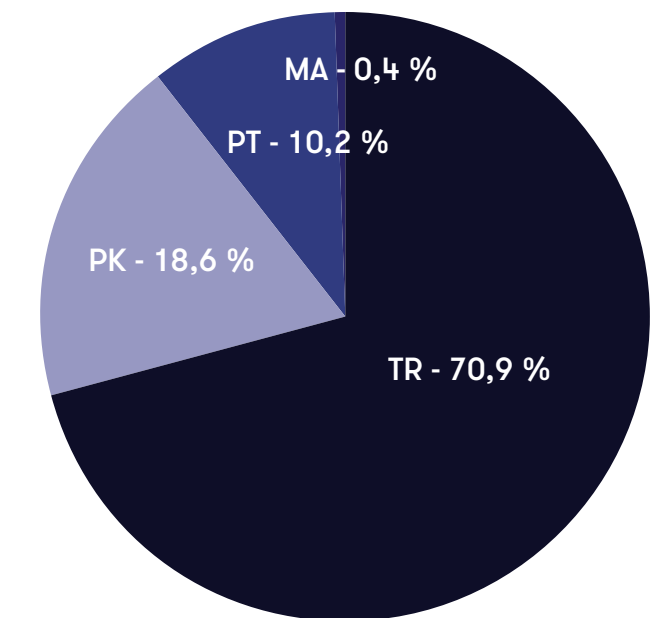
Kuyichi already exists since 2001, but in 2016 the company restarted from the ground up again. We've continued working with one CMT factory that the 'old' Kuyichi was already familiar with, but have been building our supplier base from there. As Kuyichi grew, our supplier base has grown as well. You'll see this reflected in when we started new business relations in the third circle chart on this page. We always start a business relation with the intention to grow it into a long-term relationship. It has to work for both sides and sometimes all effort we both put in do not lead to the desired outcome. If so, the search for a new supplier who shares the Kuyichi mindset continues.

ENDING FACTORY RELATIONS

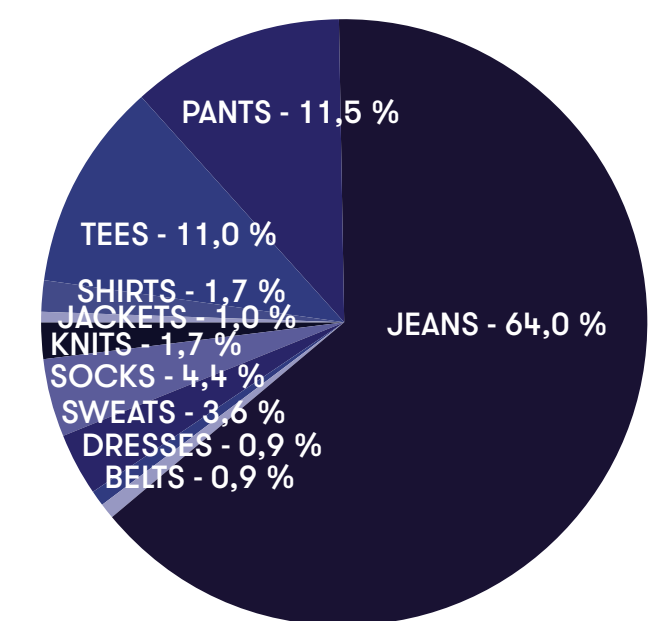
Last year we have stopped a long-term relationship we had with Dinateks, one of our jeans suppliers. This was the only factory we continued business with after the take-over in 2016. Dinateks has been a good partner of us over the years, but for a couple of seasons we were experiencing difficulties with them around quality, lead times and also on sustainability and social efforts. This led us to the decision to terminate the partnership. The NOOS styles by their hand were taken over by our other Turkish jeans producer.

We also stopped the relationship with Erius, they've produced a big part of our tees and sweats since 2018, but also here lead times were a big issue. Even though their sustainability efforts were really good, their transparency and communication around sustainability was a struggle. We decided to search for new suppliers for our tops collection in Turkey. As Vestire was also part of the Erius group, we also searched for a new knit supplier. Vestire only made a couple of styles for us in 2021, we did not yet have a long relationship with them. They were just not the right match for us as our knitwear supplier. We hope to have found the right match now at our new supplier in Turkey.

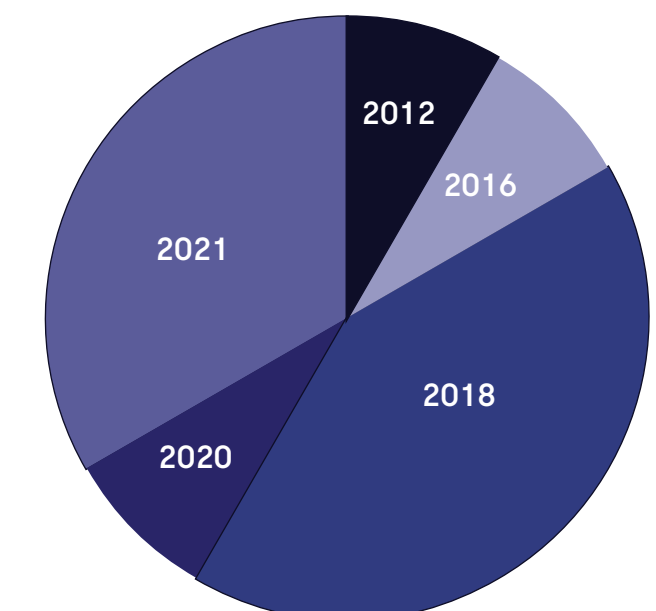
PRODUCTION COUNTRIES



PRODUCT GROUPS



START OF SUPPLIER RELATION





I made
your
clothes

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KUYICHI

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KUYICHI

OUR SUPPLIER MONITORING & REMEDIATION

AKCAKAYA / TURKEY / 42 EMPLOYEES

KUYICHI LEVERAGE 2021- 1,2%

LAST AUDIT - SMETA DECEMBER 2020

Akcakaya is responsible for our recognisable back pocket stitching and since last year also the embroidered logo on the inside of the waistband. They're GOTS certified to make sure that the GOTS chain remains intact. We do not have direct contact with Akcakaya since they're a subcontractor of SARP jeans but we do have a SMETA audit from December 2020 available of Akcakaya. The audit shows good social standards in the facility. We're planning to visit them in 2022. They also show a big commitment to high environmental standards, they collect rain water and have solar panels up on their roofs.

BUSRA TRIKO LTD / TURKEY / 20 EMPLOYEES

We've started up a partnership with a new knitwear supplier. We like to have the majority of our suppliers in one place and therefor started with this supplier which is also located in Izmir, Turkey. Like a lot of our suppliers are. It's a small, family business, with all processes in-house, including a washing facility. Their power supply comes from their own solar panels on the roof and they're GOTS certified. There was no audit available of Busra, but our production manager visited them in 2021 before first sample production. Their communication has been very open and transparent. We're planning to audit them in 2022 by Fair Wear. Busra did only produce samples for us in 2021, that is why they only account for 0.3% of our total FOB. Their first knits production for Kuyichi was done in the beginning of 2022.

CNS TEKSTIL / TURKEY / 18 EMPLOYEES

KUYICHI LEVERAGE 2021- 1,4%

In every denim we have an inside pocket print on the front right pocket where we tell a story about our jeans. CNS is the one printing these inside pocket prints on our organic pocket lining fabric. They're also part of our GOTS supply chain. CNS Tekstil and Akcakaya are only 2 km away from each other and SARP. We do not have direct contact with CNS Tekstil since they're a subcontractor and long time partner of SARP jeans. We do not have an audit available of CNS Tekstil, that is why we are planning to audit them in 2022.

DINATEKS / TURKEY / 282 EMPLOYEES

KUYICHI LEVERAGE 2021- 0,5%

LAST AUDIT - SMETA MAY 2019

Dinateks is our longest partnership to date, they're already producing for Kuyichi since 2012. Some of the workers at Dinateks know the brand identity of a Kuyichi jeans even better than we do. Dinateks makes use of an in-house subcontractor, Esut Tekstil who is integrated in certification and auditing. Dinateks has been last audited in May 2019 under SMETA. Non-compliances were mostly health & safety related (fire exits) and there was found a double book keeping system at the in-house subcontractor. Workers have been retrained on the subjects of Personal Protective Equipment and the evacuation plan was updated. Some non-compliance were not yet or could not be resolved. Dinateks was last visited in 2021 by our production manager. In 2021 the partnership with Dinateks was ended. This because promises were not kept and the environmental and social improvements we were asking for were not being made.

EGEMEN YIKEMA / TURKEY / 55 EMPLOYEES

KUYICHI LEVERAGE 2021- 4,1%

LAST AUDIT - FAIR WEAR FEBRUARY 2021

All our SARP jeans are washed by Egemen Yikema. SARP is part owner in this laundry and they're also certified under the same GOTS certificate. With Egemen we work on improving our washes, which also has a positive worker impact, since exposure to hazardous substances reduces. Egemen is audited by Fair Wear in February of 2021, together with Waschbaer. The CAP of this audit will be followed up collaboratively. Some bigger issues were found during the audit in the areas of health & safety and mostly in working hours and wages. Due to corona the demand was irregular and unpredictable, which lead to challenges for Egemen. SARP committed to support Egemen in resolving the issues that were found in the audit. Amongst other things, Egemen retrained workers on chemical safety, social rights and grievance mechanism and SARP helped with implementing both better planning and wage systems. The wage issues are still under investigation. We're happy that both Egemen and SARP saw this audit as an opportunity to improve. As SARP is invested in Egemen and it is their laundry, it was good to see that they shared this responsibility with them.

ERIU / PORTUGAL / 170 EMPLOYEES

KUYICHI LEVERAGE 2021- 0,1%

LAST AUDIT - BSCI & SMETA DECEMBER 2019

Erius is one of our top suppliers and our closest to home supplier today. Portugal is a low risk country, yet Erius is audited under both BSCI and SMETA. The last available audits are from December 2019, the BSCI audit was overall rated with an A. There were minor policy and health & safety improvements. An extra benefit Erius has for their employees is that they have an agreement with local medicine service which provides low cost service to both the workers and their direct relatives. Erius was last visited in 2021 and certified under GOTS, GRS, OCS, RCS and many more. In 2021 we stopped the relationship with Erius, due to a combination of excessive late deliveries for more seasons in a row and complicated communication both in production and around sustainability. It was difficult to get the right information about our products, for instance the fabric suppliers.

FARIA DA COSTA / PORTUGAL / 151 EMPLOYEES

KUYICHI LEVERAGE 2021- 1,8%

LAST AUDIT - BSCI & SMETA AUGUST 2020

We added a new product group in 2021: socks. Since our current suppliers were not able to produce socks, we had to search for a new supplier. This was done in 2020 and found in a sister company under the Erius group. Faria da Costa is specialised in socks specifically. They are regularly audited by both BSCI and SMETA with good results and only minor non-compliances in health & safety. BSCI rated Faria da Costa with an A in all categories. Besides, they're based in Portugal which is already a low risk country. They're part of the EU and therefor social and environmental standards have to comply with European legislation.

MERGER / TURKEY / 15 EMPLOYEES

KUYICHI LEVERAGE 2021- 4,2%

LAST AUDIT - FAIR WEAR JANUARY 2021 & BSCI FEBRUARY 2022

Merger is our shirt maker in Turkey and was last visited in 2019. We share this facility with other Fair Wear members. Merger has been audited both latest by Fair Wear in January 2021. We followed up this audit together with Filippa K. They were also audited by BSCI in 2022 and received an A rating, compared to a C rating in 2019. This shows the progression they have made. Merger stopped with their double bookkeeping, improved overtime hours and are growing as a company. Their previous owner passed away due to Covid, which was an uncertain and sad time for the company and all workers. His wife took over the company after he passed away. She's looking forward and seeing opportunities in expanding the company.

SARP JEANS / TURKEY / 86 EMPLOYEES

KUYICHI LEVERAGE 2021- 17,2%

LAST AUDIT - FAIR WEAR OCTOBER 2021

SARP jeans is one of our jeans suppliers, they make the majority of our denim products and some non-denim pants. Other Fair Wear members are sourcing here as well. SARP was audited by Fair Wear in October 2021. Since the last audit they have made many positive changes, such as making the shift towards a single bookkeeping system, integrating new working hours system and improved emergency response plan and fire system. The audit showed main issues in working hours, wages and health & safety improvements that were needed. The working hours had to do with the uncertainty in the first year of the pandemic and have now been resolved. We're in good contact with SARP and following up on the non-compliances together with another Fair Wear brand.

SOORTY ENTERPRISES / PAKISTAN / 3800 EMPLOYEES

KUYICHI LEVERAGE 2021- 0,2%

LAST AUDIT - SMETA FEBRUARY 2022

Soorty is one of our jeans manufacturers, they're located in Pakistan which is known to be a high risk country. Soorty is proving this wrong. They're highly certified and one of their main goals is to have a positive impact on their workers and the community that they're a part of. They're a big company who produces millions of jeans per year. They produce the jeans from cotton lint to finished garment, without any subcontracting. The latest audit of Soorty was performed in February 2022 and was a SMETA audit. Main issues were some minor health & safety gaps. Soorty has a lot of extra programs running, like a program that needs to re-green the Soorty grounds, a bloodbank for all workers and sharing in the profits of the company.

SUN BELTS / MOROCCO / 145 EMPLOYEES

KUYICHI LEVERAGE 2021- 0,1%

LAST AUDIT - BSCI AUGUST 2020

Our belts are made by Sun Belts Europe. Sun Belts is partially owned by a Dutch intermediate 'Van Zon Mode', they are the ones following up on CAP reports and regularly visiting the factory in Morocco. We only do small quantities of belts, the first production was in 2019. The most recent audit we have is a BSCI audit from August 2020, in this audit they showed significant improvements compared to the previous audit from 2019. The biggest improvements noted were policy based.

TAYRA TEKSTIL / TURKEY / 121 EMPLOYEES

KUYICHI LEVERAGE 2021- 0,4%

LAST AUDIT - SMETA JULY 2020

We were searching for a new tops supplier in Turkey. This to make visiting easier and to replace the ending relationship with Erius. Tayra tekstil is GOTS certified and was visited by our production manager before sampling in 2021. The last available audit we received was a July 2020 audit performed by SMETA. The major issue were the working hours, a finding we found at more suppliers due to the pandemic. In 2021 we only produced later in the year, as this was the first production year with Tayra. In 2022 we will increase our leverage at this supplier, as we will be partners the full year and our tops collection is growing.

VESTIRE / PORTUGAL / 75 EMPLOYEES

KUYICHI LEVERAGE 2021- 1,5%

LAST AUDIT - ICS DECEMBER 2020

In 2020 we moved away from China, due to the increased risks in the country. That left us in need for a new knitwear supplier. We found Vestire in the Erius group based in Portugal, a low risk country. We started up a first knitwear production with them, but the partnership was not continued after that. We do have an ICS audit report of Vestire from December 2020. This report shows us that they have improved all the non-compliances that were found upon auditing. Improved training, improved fire & emergency safety and a health & safety committee was put into place.

BEYOND CUT-MAKE-TRIM FACILITIES

FABRIC SUPPLIERS

For both our denim and our non-denim fabrics, we use one fabric for multiple styles. For our denim fabrics we often have these core fabrics on stock to decrease lead-times for NOOS styles that are re-produced. When a fabric is available from stock the pressure on lead times for the CMT suppliers are lower. For our tops we're working on implementing this as well. We have tight partnership with our denim mills who produce our denim fabrics, which is the majority of our product portfolio. As Soorty in Pakistan is a vertical facility, they have their own denim mill and produce their own fabrics. This makes it easy in the communication. In Turkey we work with denim mills that are known for their high standards. Both Bossa and Orta push themselves in terms of environmental and social standards. In 2022 we plan to visit Bossa who produces the majority of our Turkish denim fabrics. They are really open about their processes and improvements and annually report on their practices.

FIBRE SUPPLIERS

Kuyichi focuses on using preference fibres, since the majority of environmental impact is hidden in the materials you use. We choose fibres that have a low environmental impact and with that often comes the perk that the companies who make these fibres push for improvements on multiple areas, including working conditions. For our manmade fibres for instance we use TENCEL™ Lyocell and Modal fibres from Lenzing. They are a transparent company that shows their social policies and sustainable goals and progress. Our elastane comes from well-known companies like Lycra and Creora. Lycra is also the supplier for the stretch fibre T400 Ecomade we use. For our Turkish denim, all organic cotton comes from Turkey as well. The majority is grown in the Aegean region and is bought through the companies Akasya or Agrona. For Soorty our organic cotton comes from India and Vietnam. With some fibre suppliers we have direct contact as well to get more data about our products.

TRIM SUPPLIERS

With almost all trim suppliers we are in direct contact. This way we make sure we know where our parts are coming from. Since the majority of Kuyichi production is located in Turkey, we started relocating our trim sourcing to Turkey in 2017. This reduced unnecessary transport and made it easier for us to visit a majority of our suppliers in one visit. We have visited all our Turkish suppliers. The only exception is our vegan patch which is made in Italy. At Panama we found the vegan patch we couldn't find elsewhere with good environmental practices, like solar energy. Our metal parts are made by YKK Turkey, all metal buttons, rivets and zippers. They have big environmental goals toward 2050 and show all their policies online. Coats produces our recycled and natural threads that sews our clothing together. They publish a lot about their performances, policies and goals. APxpress makes our woven labels and Vintage Trimmings our paper trims. They're both powered by solar energy. Also, all of these suppliers have different certification, but most commonly OEKO-TEX® Standard 100.

The background of the image is split into two vertical sections. The left section shows a photograph of an industrial facility, possibly a water treatment plant, with large metal structures, pipes, and walkways. The right section is a solid color with a vertical gradient, transitioning from a deep blue on the left to a bright yellow on the right. The text is overlaid on the right section.

**WE SEE OUR
SUPPLIERS AS
PARTNERS
WE LEARN
AND GROW
*TOGETHER***

RISKS

IN THE KUYICHI SUPPLY CHAIN

We believe that the power is in the chain. We would be nowhere without our suppliers. We always strive to both commit to one another and build a relationship of trust to create beautiful pure goods together. We believe that to really make a change, you need all the partners throughout the chain. From farmer to consumer and from owner to pattern cutter. Without the knowledge of our suppliers our products wouldn't be as good as they are now.

However, as much we love our suppliers, we also know that there are always risks in the supply chain that need to be addressed. Sustainability is not a goal it's a constant process of improving and of doing your due diligence. Therefore we commit to following the UN Guiding Principles and OESO guidelines in doing our due diligence.

For this we have to look at risks at multiple levels of our supply chain. In the next part of this report we look for possible risks on country level. By getting a better grasp on the issues and risks in a country, you have a better understanding of what to look for at a company level. The country risks might seem a lot if you read them. But, do know that if a risk is higher in a country it doesn't have to mean that at a company level this issue will arise. These risk analyses help us to get to know the country better and the way a culture works. It gives us the needed context on which to perceive the company data we gather. The risk analyses is based on different sources from NGO organisations and of course the resources that Fair Wear offers us on these topics.

We assess risks not only on country level, we also do it on supplier level. This is a continuously on-going cycle. We do this based on audit reports and following up on CAP reports, but also through visit observations and other information we gather. You've read about this before in this report under 'Social compliance of our suppliers'. There are also product specific risks we analyse. These are primarily environmental risks and therefore do not have a place in this social report.

On the next page we first explain to you how we prioritise our risks to give you a little context before you dive into the risk assessment. After the risk assessment we give you an overview of the goals we've set based on the risk assessment and what kind of actions we've taken on them or will take from here on.

HOW WE *PRIORITISE RISKS*

There are a lot of risks that we can focus on as a brand, but we only have one pair of hands and by focusing you will get better results. The key is to focus on prioritised risks that have a direct or long-term impact on the chain and will build the foundation to work on other risks in the future. For this we take three different actors into account:

- SEVERITY

If a risk is highly severe it needs to be addressed with higher priority. Some risks or problems are nice-to-haves, others are, for instance, basic human rights. The more severe the risk is, the higher we prioritise it.

- LIKELYHOOD

If a risk is likely to occur or already found to be happening it is also needed to be addressed with higher priority. There are risks that are super severe, but if all information leads to the conclusion that it is unlikely to occur, it is not a first priority. If a risk is both likely and severe, you definitely have a prioritised risk.

- INFLUENCE

Kuyichi is a small team and an SME, which means that in some areas it is difficult to spark change, due to lack of influence. This does not mean that we do not take our responsibility. We always remediate breaches of our code of conduct. But if, for instance, a risk is culturally and politically embedded, it is more difficult to tackle. Especially on supplier level as an SME, even more so if you have low leverage. This does not mean that you should not work on these risks or take them into account. We have to focus our efforts and ‘pick our battles’, to make sure we can change something.

To dive deeper into the last point. We focus mostly on risks that we have a direct impact on, such as environmental impacts and decreasing negative impacts due to our buying behaviour. We have low leverage in most of our facilities which makes our position sometimes somewhat tricky. That is the biggest hurdle we stumble upon when it comes to social risks. With environmental practices the suppliers like to work together with us on experimenting and pushing towards the best practices, so they can use this with other brands too. We drive each other towards the best environmental results. We should use the same kind of drive for social change in collaboration with other brands if we can.

However, sometimes we go for the ‘next best thing’. For instance, union involvement is a big problem to tackle, but due to our low influence and the political thresholds that are in place in Turkey, we do not work on union involvement. Instead we check grievance mechanisms and worker representative systems for effectivity in the facility and make sure the Fair Wear complaint hotline is in place. We decided to work on one ‘big issue’ at a time. We’ll start by working on these kind of topics at our biggest suppliers based on FOB and leverage. We will implement fully here and take the learnings to our other suppliers.

A lot of our prioritised risks focus firstly on our denim/jeans suppliers or products, before moving towards tops collection facilities. This is based on the fact that the denim production has a higher environmental footprint and we have bigger volumes in jeans (more than 80% of purchase value). With these bigger volumes, comes a bigger impact and influence on this product group. Besides, a lot of environmental risks are already lowered due to the fact that our tops collection is almost fully GOTS certified.

COUNTRY RISK ASSESSMENT

	TURKEY HIGH RISK COUNTRY	PAKISTAN HIGH RISK COUNTRY	PORTUGAL LOW RISK COUNTRY	MOROCCO HIGH RISK COUNTRY
Country sketch	Turkey is marked as a Fair Wear high risk country. Turkey is placed 54 on the Human Development Index. Turkey is our main sourcing country	Pakistan is marked as a high risk country by Fair Wear and is placed 154 on the Human Development Index.	Portugal is marked as a low risk country by Fair Wear and ranked 38 in the Human Development Index. Portugal is part of EU and has to oblige EU regulations. Risks likeability is lower in this country.	Morocco is marked as a high risk country by Fair Wear, ranked 121 in the Human Development Index.
General risks	<ul style="list-style-type: none">- Wide (unauthorised) subcontracting networks is often normal part of business culture in Turkey, especially at smaller facilities.- All risks are increased at subcontractor level, since there is less control and supervision on these facilities.- Increased risk of losing job security and higher health risks due to COVID-19 pandemic.	<ul style="list-style-type: none">- All risks are increased at subcontractor level, since we have less control and supervision on these facilities.- Increased risk of losing job security and higher health risks due to COVID-19 pandemic.	<ul style="list-style-type: none">- Subcontracting is a normal part of business in Portugal- All risks are increased at subcontractor level, since we have less control and supervision on these facilities.- Increased risk of losing job security and higher health risks due to COVID-19 pandemic.	<ul style="list-style-type: none">- Wide (unauthorised) subcontracting networks is often normal part of business culture in Morocco, especially at smaller facilities.- All risks are increased at subcontractor level, since we have less control and supervision on these facilities.- Increased risk of losing job security and higher health risks due to COVID-19 pandemic.
Employment is freely chosen	<ul style="list-style-type: none">- High risk on forced or bonded labour for Syrian refugee employees, refugees are mostly undocumented and often without contracts.	<ul style="list-style-type: none">- Women and LGBTQ people have higher risk on forced labour and human trafficking- Karachi has a lot of migrant workers, mostly from Afghanistan, that are a more economically vulnerable.	<ul style="list-style-type: none">- EU rules apply, the risk of forced labour is low in Portugal	<ul style="list-style-type: none">- Women and LGBTQ people have higher risk on forced labour.
Freedom of association & collective bargaining	<ul style="list-style-type: none">- There is very low trade union involvement amongst garments & textile workers.- No collective bargaining agreement for the textiles industry.- There is a double treshold for trade unions - 1% of the total branche and at least 50% at a facility have to participate in an union. This makes it difficult to start up union involvement in a factory.	<ul style="list-style-type: none">- Low possibilities for collective bargaining and striking, low job security plays a role in this.- No collective bargaining agreement for the textiles industry.- Almost no workers are active in unions. Mostly because union people are threatened to lose their job or are even attacked. Only 2,3% is unionised of the total workforce.	<ul style="list-style-type: none">- There is low union involvement amongst workers- Collective Bargaining Agreements (CBAs) are often outdated	<ul style="list-style-type: none">- There is low union involvement amongst workers.- There is no collective bargaining agreement in place for the textile industry. Political climate for unions is not ideal.
No discrimination in employment	<ul style="list-style-type: none">- Women are often perceived as cheap workers and are from a social & traditional perspective seen as inferior.- Women are underrepresented in higher function within a company (management jobs).- LHBTQ people are discriminated, assaulted, excluded from the labour market and are not protected by law.	<ul style="list-style-type: none">- Religious minorities face severe discrimination from extremists groups and society.- LGBTQ people are often excluded from the labour market or discriminated on the workfloor.- Women earn lower wages (40-50% lower for women compared to men in the same position).- Violation of - maternity - rights.- Women often face gender-based and sexual violence.	<ul style="list-style-type: none">- Women are still payed less compared to men in the same position, the gender wage gap is still a reality.	<ul style="list-style-type: none">- Women and LGBTQI+ people face inequality and violence. Only 20-25% of women in Morocco work and women only make up 13% of senior positions.- Morocco has a high gender wage gap.
No exploitation of child labour	<ul style="list-style-type: none">- High risk on child labour on the cotton field and in small sewing facilities.- Increased risk of child labour at subcontracting facilities.- Syrian refugee children are also often undocumented or illegally employed in the textile industry.	<ul style="list-style-type: none">- High risk on child labour on the cotton field and in small sewing facilities.- Higher risk on child labour in smaller (sewing) facilities.	<ul style="list-style-type: none">- EU rules apply, the risk of child labour is low in Portugal	<ul style="list-style-type: none">- High risk on child labour, especially in small sewing facilities.- Increased risk of child labour at subcontracting facilities.
Payment of a living wage	<ul style="list-style-type: none">- Turkey suffers from hyper inflation, which increases costs of living- High risk on wage under minimum wage for syrian refugee employees.- Minimum wage is far below the living wage.- Double bookkeeping, misleading information on the actual status of wages, working hours, etc.- Overtime is often kept in a double bookkeeping system.- Risks on withholding of wage due to forced staying at home due to COVID-19 quarantine rules.	<ul style="list-style-type: none">- More than halve of the workers are being paid below legal minimum wage.- Wages are often based on a piecerate mechanism.- Three quarters of workers have informal jobs and therefor are at risk to be paid below minimum wage. These workers are also at increased risk of poor to no social securance and unsafe working environments.- Risks on withholding of wage due to forced staying at home due to COVID-19 quarantine rules.	<ul style="list-style-type: none">- Portugal has a low minimum wage compared to neighbouring countries that is not a living wage.- Banco de horas system makes overtime easier for suppliers. Instead of paying overtime premiums, worker receives days off in low season or cash payments.- Women are still payed less then men, the gender wage gap is still a reality.	<ul style="list-style-type: none">- Minimum wages are not living wages.- Wages are often based on a piecerate mechanism.- Informal jobs are part of business in Moroccoand therefor are at risk to be paid below minimum wage. These workers are also at increased risk of poor to no social securance and unsafe working environments.- Risks on withholding of wage due to forced staying at home due to COVID-19 quarantine rules.
Reasonable hours of work	<ul style="list-style-type: none">- Risk on long working hours, over 48 hours a week.- High risk on forced overtime hours.- Double bookkeeping, misleading information on the actual status of wages, working hours, etc.	<ul style="list-style-type: none">- Risk on long working hours, over 48 hours a week. Weekly holidays are not always respected.- High risk on forced overtime hours and no sickness or maternity leave.	<ul style="list-style-type: none">- (Excessive) overtime hours in peak season.- Banco de horas system makes overtime easier for suppliers. Instead of paying overtime premiums, worker receives days off in low season or cash payments.	<ul style="list-style-type: none">- Risk on long working hours, over 48 hours a week. Weekly holidays are not always respected.- High risk on forced overtime hours and no sickness or maternity leave.
Safe and healthy working conditions	<ul style="list-style-type: none">- No sickness or maternity leave.- Not all suppliers give their workers social insurance.- Risk on chemical exposure in, amongst others, denim wet processing.	<ul style="list-style-type: none">- Fire and building safety is a problem, with (deadly) factory fires.- Workers are inadequately protected for dangarous work, such as missing PPE, resulting in factory accidents.- Not all suppliers give their workers social insurance.	<ul style="list-style-type: none">- Low training at the workplace on Health & Safety.- Minor H&S issues appear. Machines are often outdated in small facilities which increases injury risks.	<ul style="list-style-type: none">- Morocco has a lot of small seperate factories, which often with low Health & Safety standards.- High risk of exposure to hazerdous chemicals, especially in leather tanning.
A legally binding employment relationship	<ul style="list-style-type: none">- Use of temporary workers without contracts for peak periods or at subcontractor levels.- Contracts who do not meet legal requirements.	<ul style="list-style-type: none">- Three quarters of workers have informal jobs and therefor are at risk to be paid below minimum wage. These workers are also at increased risk of poor to no social securance and unsafe working environments.- Contracts who do not meet legal requirements.	<ul style="list-style-type: none">- Collective Bargaining Agreements (CBAs) are often outdated.	<ul style="list-style-type: none">- Informal jobs are part of business in Morocco and therefor are at risk to be paid below minimum wage. These workers are also at increased risk of poor to no social securance and unsafe working environments.- Use of temporary workers without contracts for peak periods or at subcontractor levels.

PRIORITISED *RISKS*

- *WAGES BELOW LIVING WAGES*

Living wages are a cornerstone in better working condition. Fair wages have a positive impact on multiple other risks because the worker satisfaction increases, with it the efficiency goes up and other risks go down, like overtime and OHS risks. Due to Covid-19 we have not pushed on this risk in 2020, since all suppliers were managing a crisis and were focusing on the continuation of the business. Now that we're going back to normal, we've taken the next steps to increase wages. Beginning with getting a better understanding through open costing of the part of our buying price that translates to the wages.

GOAL 1: - 2025: Exclude wages at all price negotiations

GOAL 2: - 2025: Raise wages at 50% of our production facilities (based on FOB)

ACTIONS:

- We initiated two living wage programs at two suppliers we have a long relationship with:
 - SARP jeans, our main denim supplier, which we collaborate on with Waschbaer.
 - Merger, our shirts supplier, which we collaborate on with Filippa K.
- Fair Wear has recently made their Labour Minute Costing tool - to calculate the cost of wages per working minute at a facility - into an app called Fair Price. Both SARP and Merger have gotten a workshop on how to work with the tool end of 2021. This tool will give us open costing in which wages are separated from other costs and calculates the premium needed to raise wages.
- The hyper inflation has made these living wage projects more complicated, the wage data we've gathered is not really viable anymore. New data has to be obtained to determine the current wage gap and target wages.

- *(UNAUTHORISED) SUBCONTRACTING*

The highest risks can occur in parts of the supply chain that are not fully visible. That is why we prioritise to get a better grasp on subcontracting and get deeper insights in these facilities. We're continuously keeping aware of subcontracted processes in our products and mapping these out. In 2019 we've implemented our new subcontractor guidance that defines clearly to the supplier how we look at subcontracting and what information we need to approve a subcontractor for production.

GOAL 3: - 2021: Integrate a mapping system of all TIER's including subcontractors in production planning to map out our total supply chain

ACTIONS:

- We integrated a system in which we check supply chain gaps based on a process list per product per season. With this we were able to fill in the gaps.
- We've audited the laundry subcontractor of SARP in 2021, Egemen and are planning on auditing another subcontractor CNS in 2022.
- In 2022 Sustainability Manager will be visiting subcontractors in Turkey.

- INCREASED RISKS DUE TO THE COVID-19 PANDEMIC

Due to the lockdown of suppliers or even cities and the effects of the pandemic there is an increased likelihood in multiple risks like general worker health & safety, loss of wages, irregular working hours with excessive overtime and the risk to lose job security. We've already made sure that our impact during the pandemic was as positive as possible.

GOAL 4: - 2022: All non-compliances related to Covid-19 impact are remediated.

ACTIONS:

- In recent audits some non-compliances came up related to the impact of the Covid-19 pandemic, some of which did not come up in previous audits. We've worked on these issues together with another Fair Wear member. We've discussed the issues with the suppliers thoroughly and found out that the issues were not related to our own buying behaviour or that of the other Fair Wear brand. We're still in process of remediation and hope to have made sure they are prevented in the future. The non-compliances were working hour and wage related.

- EXCESSIVE OVERTIME

Excessive overtime causes increased occupational health & safety risks and is sometimes even 'normal business'. We can have a direct influence on overtime. This is an ongoing risk that we try to limitate by continuously improving our buying behaviour and forecasting. Unfortunately it is not only our own buying behaviour that influences overtime at suppliers. We do not have any influence on what other brands are doing, we can only make sure that we do our part.

GOAL 5: - 2021: Improve our own planning and buying behaviour to support suppliers in eliminating working hours

ACTIONS:

- We've implemented a new digital system with better stock management tools and therefor better forecasting of both NOOS styles and pre-order styles. We've also worked on extending the sampling period to ease up pressure on the sampling room at our suppliers. Our production team has expended to make sure we have the capacity to do our part in following critical time paths with our growing collection.
- We've determined low season at our supplier and are trying to produce more NOOS styles in these periods.
- In 2022 also a new ordering system will be integrated that will give us clearer insights in the sales of our NOOS styles and will help us to do better forecasts to our suppliers.

- FREEDOM OF ASSOCIATION

One of the important things in improving working conditions, is that the workers are involved in this process. In improving processes they should have a say, to make sure that the result is something that benefits the workers. For this it is important that the workers are educated in how they can get involved.

GOAL 6: - 2025: Have more than 50% of workers at our suppliers (based on FOB) trained on how to participate in improving working conditions

ACTIONS:

- In 2022 the first Workplace Education Program(WEP) of Fair Wear will take place at our suppliers, both WEP Basic and WEP Factory Dialogue will be performed based on the knowledge level of the workers at the supplierin.

NON-PRIORITISED *RISKS*

- CHILD LABOUR

Child labour is embedded in our Responsible Business Conduct as well as the Fair Wear Code of Labour Practices. Fortunately we have not yet encountered child labour in our supply chain and therefore the likelihood in our chain is seen as lower, supported by audit data. The highest risks are at subcontractor level and further down the chain. That is why we focus on improvement of management of our subcontractors. The deeper insights into our chain have not resulted in finding child labour issues. If we should encounter child labour at (one of) our subcontractors we will remediate as needed with the guidance of Fair Wear.

- GENDER BASED DISCRIMINATION

Gender based discrimination is often culturally linked and we're aware of these issues in the countries we produce in. Since we do not find (severe) gender issues such as assault or sexual violence in audits, upon visits or through grievance mechanism we decided that we want to keep a close eye on this subject, but do not take immediate action on it. Many of our suppliers have also implemented gender issues in their policies or even have pro-women programmes in place and audits show that maternity leave is well documented and paid. We will take gender pay gaps into account during the implementation of living wage projects. Besides we started a joint FVO subsidy project through Fair Wear that will dive deeper into collecting gender related data and living wages.

- UNION INVOLVEMENT

In our main production countries this issue is so big and political that we are not big enough to change this system. We do however support and encourage worker representative systems and grievance mechanisms. At all our direct contact suppliers active worker representative systems are in place and grievance mechanisms are installed, including the Fair Wear complaint hotline. When we start training the workers, this will also be an important subject that is touched upon. Hopefully, in the future we can look again at this risk with the guidance of Fair Wear, for now we focus on other risks with more direct influence.

- FORCED LABOUR

Forced labour is embedded in our Responsible Business Conduct as well as the Fair Wear Code of Labour Practices. Fortunately we have not yet encountered forced labour in our supply chain and therefore the likelihood in our chain is seen as lower. The highest risks are at subcontractor level and further down the chain. That is why we focus on improvement of management of our subcontractors. If we should encounter forced labour at (one of) our subcontractors we will remediate as needed with the guidance of Fair Wear. We have moved away our production from China, due to the increased risks of forced labour and the oppression that takes place with the Uyghurs and other minorities. No forced labour has been observed in our own past production. Our production also did not take place in the Xinjiang area, also the raw materials and yarns were not sourced from this area.

- UNDOCUMENTED SYRIAN REFUGEE WORKERS IN TURKEY

We have not yet found any migrant workers at our Turkish suppliers. We have set up a policy that was sent and signed to all our Turkish direct contact suppliers in which they agreed to forward this to their subcontractors. Since we have not yet found migrant workers in our chain yet, we will not take immediate action. We will of course look for it during visiting of our subcontractors and are aware of the risks, especially at subcontractor level. If we should encounter migrant workers at (one of) our subcontractors we will remediate if needed with the guidance of Fair Wear.

A close-up photograph of a hand holding a pair of silver scissors, cutting a piece of white paper. The paper features faint technical drawings, including a rectangular frame and some handwritten text. The background is dark and out of focus. The text "WHEN YOU KNOW BETTER YOU HAVE TO DO BETTER" is overlaid on the image in a bold, sans-serif font. The words "KNOW BETTER" and "DO BETTER" are in orange, while the other words are in black.

WHEN YOU
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INFORMATION MANAGEMENT, COMPLAINTS & TRAINING

INFORMATION MANAGEMENT

We collect all Fair Wear information and other social and environmental information in a shared cloud-based online map, openly accessible to all colleagues. These folders include amongst others audits, CAP reports, worker information sheets and Fair Wear questionnaires. Kuyichi is in the process of integrating a new digital system in which forecasts and orders will be managed more efficiently, this system will be developed also to integrate a social compliance part, but this is still in development.

COMPLAINTS

Workers should always be able to express complaints, that is why in audits grievance mechanisms are checked on their functionality. Ideally grievance mechanisms are fully functional and give multiple options to express complaints, such as anonymous complaint boxes, a worker representative system and/or through an open door system with management. Fair Wear has an external grievance mechanism that is to be implemented at all CMT facilities that Fair Wear members produce. This grievance mechanism is additional to the grievance mechanisms that are in place at the facilities. It gives workers a way to express their complaints if internal systems fail. In this case these complaints will get back to Kuyichi and we can reach out to our supplier to resolve the complaint collaboratively.

In 2021 we did not receive complaints through the Fair Wear grievance mechanism. The system was just implemented over the course of 2020. We'll need to raise awareness about this with the workers at suppliers that are unfamiliar with the Fair Wear grievance mechanism. Complaints and training are connected to each other. It is important that workers know their rights. If you don't know your rights you're also not able to demand that your rights are met. That is why for a grievance mechanism to work, the workers have to know how they can use it and what they can use it for. We share some facilities with other Fair Wear members and therefore know that some have already received a Worker Educational Program (WEP) training on this subject. In 2022 we'll start with some WEP trainings at our suppliers to raise awareness.

TRAINING

Due to corona it was difficult to perform trainings at our suppliers. Putting too much people in the same room was not responsible. In 2022 we will train workers at some of our suppliers about their rights and ways to speak up for their rights internally or to us (via the Fair Wear Grievance Mechanism). These trainings are called Workplace Education Programmes (WEP) and we will both perform WEP Basic and WEP Factory Dialogue trainings in 2022. Internally, the sustainability manager trains the Kuyichi team throughout the year about Fair Wear membership and the implications. We strive to build more knowledge about social compliance and Fair Wear at both the Kuyichi team and at our suppliers.

TRANSPARENCY & COMMUNICATION

The first step towards better practices in the garment industry is transparency, since it comes with accountability. We want to inspire other brands to commit to supply chain transparency to move forward together. You can download our up-to-date manufacturers list on our Pure Production page on kuyichi.com, where you can also find our latest Brand Performance Check by Fair Wear.

TRANSPARENCY PLEDGE

With signing the Transparency Pledge in November 2019 we pledged to at least bi-annually publish on our site an updated supplier list, stating full name, address, parent company, type of products and worker numbers. This initiative makes it easier for NGO's to get into contact with the brands producing at a factory if they find breaches of worker rights in a factory.

OPEN APPAREL REGISTRY

We've also uploaded this list to the Open Apparel Registry, an online database with all publicly available supply chain data. This database uses publicly available supplier lists and brands can upload their own lists. The goal is that the database sparks collaboration between brands and NGO's and between brands that share the same facility to improve the working conditions in these facilities. We've already noticed that this platform is being used because we've had NGO's reaching out to us because of the OAR information.

FAIR WEAR COMMUNICATION

We're proud to be a Fair Wear member. When we became a member beginning of 2020 we've published about Fair Wear Foundation on our blog and shared about it on our social channels. In communication about Fair Wear we keep highlighting the importance of continuous improvement in social compliance and our willingness to collaborate on this with other brands. We continue to communicate about Fair Wear and social compliance regularly on our social channels to also raise awareness about these subjects with our customers. We've also added Fair Wear as a partner on our 'Pure Denim' page. We also share this social report and the latest Fair Wear Brand Performance Check on our website

SOCIAL COMPLIANCE PARTNERS

Fair Wear is of course one of our most important partners in social compliance, but we have also partnered up with other stakeholders around this subject. We're happy to be in different multi-stakeholder initiatives. It gives us the opportunity to get in touch with different points of view on the subjects and creates more opportunities for collaboration.

NETHERLANDS ENTERPRISE AGENCY (RVO) SUBSIDY PROJECT

With Fair Wear and the Fair Wear member brands King Louie and Schijvens we've applied for a joint proposal called '**For fair fashion; improving due diligence, wages and equity for women in the Turkish garment industry**' at RVO. Through their Fund for Responsible Business (FVO) they grant subsidies for joint projects which aim to improve practices in their value chain based on the OECD guidelines. We're happy that we can start working on this together and work on making positive impact in our chain supported by research.

DUTCH AGREEMENT ON SUSTAINABLE GARMENTS AND TEXTILES

The Dutch Agreement on Sustainable Garments & Textiles (AGT) is a coalition of brands, branch organisations & NGO's that aim to improve working conditions, prevent pollution and promote animal welfare in the industry. Their approach is based on the OECD guidelines, based on a continuous circle of improvement. AGT brands need to perform risk analyses to define the risks that are (likely) to occur in their supply chain. Based on their severity, brands need to start taking short and long-term SMART actions to limit these risks. Besides, the brands share a materials and supplier overview with the AGT.

The AGT has 8 key topics they work on with brands: Discrimination & Gender, Child Labour, Forced Labour, Freedom of Association, Living Wage, Safe & Healthy work environments, Resources, Water Pollution & Use of Chemicals, Water & Energy and last but not least Animal Welfare. Through workshops and webinars the AGT builds knowledge among brands and shares tools to make positive impact. They also set up shared projects between brands. A lot of stakeholders are involved in the AGT, such as BSCI, ETI, Fair Wear, Modint, SAC & ZDHC. Kuyichi has been part of the agreement since January 2019. The AGT finished last year in December 2021.

MODINT

Modint is a Dutch trade association for fashion and textile brands, manufacturers and suppliers. Their goal is to create 'a valuable future for our sector by making a positive contribution to tackling relevant and social themes and by renewing and expanding the market'. We're happy to be a Modint member because they've got a lot of in-depth knowledge about the fashion industry and help us to keep up to date on the latest developments. They're also a partner in finding solutions for challenges we face both business- and impactwise.



WANT TO LEARN MORE?

You can always contact our Sustainability Manager on cr@kuyichi.com

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