

# ETHICAL PRODUCTION GUIDE

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### ***Do we know our supply chain?***

Traceability of our supply chain is a core expectation and absolutely necessary if we are to be confident there is no exploitation of the people who are making our clothes and the environment it is made in.

For this reason our strategy has always been to keep a narrow supply base and to develop long-term relationships with suppliers who hold the same values as ourselves.

### ***Garments and Fabric Suppliers***

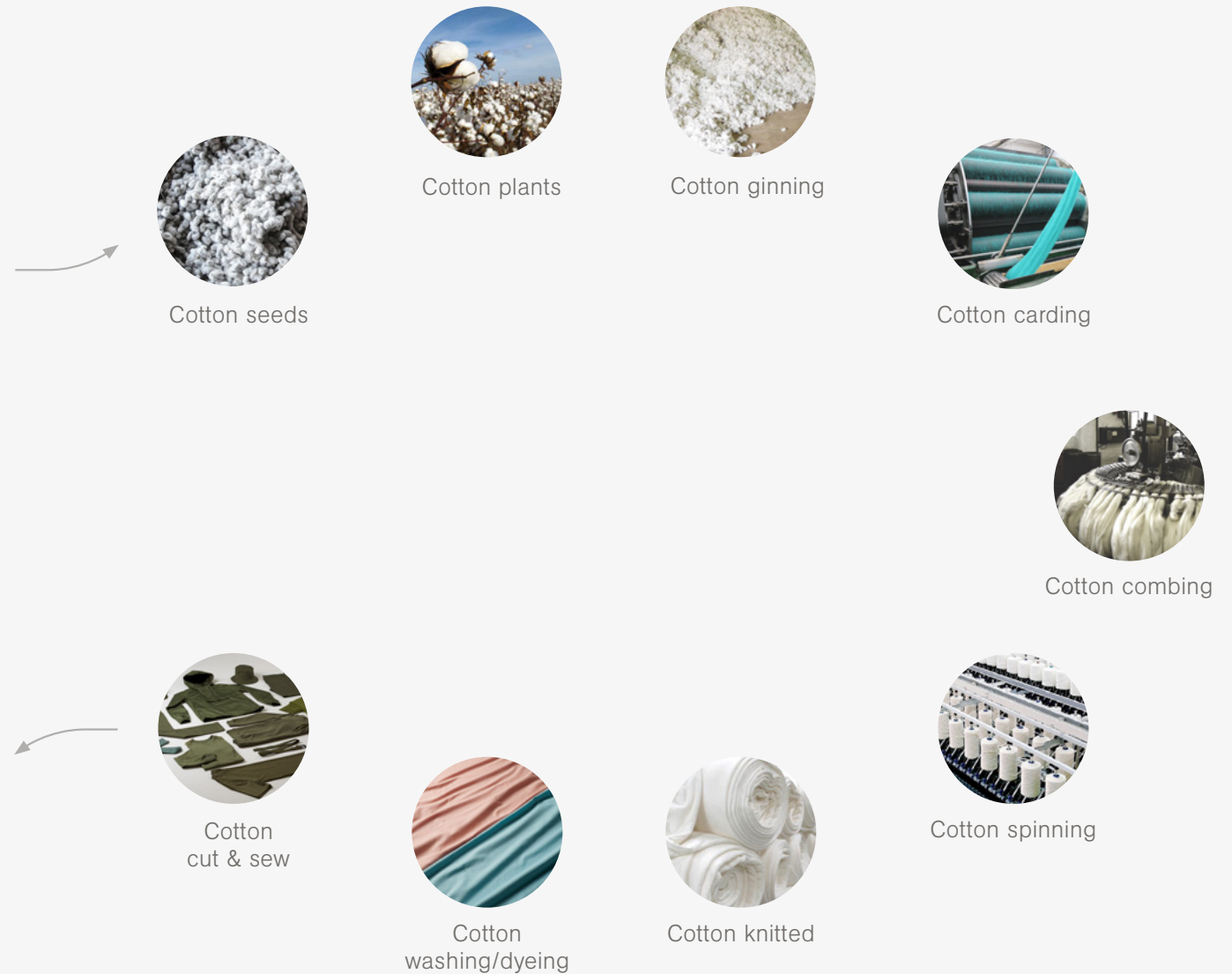
- 96% of our product is made by nine key garment factories
- 2 of these factories have been working with us since we started sourcing overseas.
- 100% of our garment factories have been visited and audited.
- 100% traceability of our fabrics and our yarns. The majority of our garment suppliers make their own fabrics, which gives us greater transparency.

### ***Cotton farms***

- Tracing raw cotton is very complex, but we are making inroads towards achieving this with three key initiatives;
- Using [GOTS](#) (Global Organic Textile Standard) organic licensed suppliers
- Increasing our use of Australian cotton, which is government and industry regulated for both sustainability and labour standards.
- Looking to participate in [BCI](#) (*Better Cotton Initiative*).

## Production process

From field to fabric, the process of making cotton transforms the raw fibers into threads, yarn and fabric in three steps: Preparation, spinning, and knitting.



### ***Is Bangladesh Production Ethical?***

40% of our products are from China.  
60% of our products are from Bangladesh.

Yes, we believe that by selecting and working with the right factories in Bangladesh we can buy ethically, but for sure there are challenges, as there are in all developing countries.

Regularly travelling to Bangladesh, our production manager in particular has witnessed the shocking poverty as well as the positive and negative impacts that our industry can have.

Our underlying belief is that “doing the right thing,” means staying in this market that relies so heavily on the fashion industry.

### ***The Two Most Talked About Issues***

#### ***Health and Safety***

The Rana Plaza tragedy in 2013 was a big wake up call for many, and naturally, our customers contacted us with their concerns.

We are confident with our sourcing approach. Assured that our suppliers meet internationally accepted standards, and we are encouraged by the progress they are making to further improve.

The majority of our factories are participants in the [Bangladesh Accord](#) and have completed or are on track with any remediation work. None of our factories have had any critical safety issues



### *Living Wage*

A living wage is a concept introduced by civil society to address the gap between the prevailing wage and the wage level that could provide workers and their families with a decent standard of living.

Recent Australian press has reported that workers in Bangladesh are earning well below a “living wage”.

The facts are;

1. The Bangladesh Government controls the living wage.
2. The minimum wage was increased in December 2018 the first adjustment since 2013.
3. A wage increase of 51% was agreed between workers unions, employers and government representatives.
4. The unions and workers were initially requesting a 100% increase.

The debate over the minimum wage versus a living wage is a global and political issue as relevant in NZ as in developing countries, and one that AS Colour unilaterally will not be able to resolve. For this reason, we continue to review and develop our strategy and goals around fair remuneration with a focus on:

- Promoting effective worker participation groups. The ultimate goal being to ensure all workers are represented by democratically elected representatives who can speak and negotiate on their behalf.
- Benchmarking and gathering information on regional specific living wages.
- Encouraging open book costings so we can ensure any price agreed includes the true cost of labour.
- Collaborating with industry and advocacy groups.
- Developing internal training

#### ***What is the Modern Slavery Act?***

The Modern Slavery Act was introduced in Australia in 2018 and has effectively been in place in the state of California since 2010 and UK since 2015. Though all different versions, they commonly set a business turnover threshold, over which companies are obliged to publicly report annually, on the risks of modern

slavery in their operations and supply chains, and actions to address those risks. Whilst AS Colour is below these thresholds, we have chosen to voluntarily report on our website.

#### ***Child Labor Free vs Amfori BSCI?***

Since 2016 we have been part of the [Child Labor Free initiative](#). This program was important to us in terms of raising our awareness of risks and remediation.

In 2018 we took the decision to join the wider reaching [Amfori BSCI](#) initiative, which incorporates all of our Code of Conduct including Environmental Sustainability. Through joining this program, we will be in a better position to support our suppliers with tried and tested training programs and we will have access to world class standards and tools to improve our own processes of supply chain mapping, monitoring, and remediation.

As a relatively small brand, it is at times hard to apply leverage with suppliers. Through joining this organisation we should be able to learn from and communicate with global like-minded brands that are able to apply both more leverage as well as resources into transforming the industry.

### ***Is Our Cotton Sustainable?***

This is our ultimate goal, but the cotton industry still has a long way to go to achieve this.

Australian cotton is used in 30% of our products. Australian cotton farmers claim to be the most efficient in the world, achieving in the last 10 years a 40% increase in their water productivity and 90% decrease in the use of pesticides. We are now collaborating directly with the [Cotton Australia](#) industry body to educate ourselves, as well as to track their progress in achieving their goal of becoming the producer and supplier of the most environmentally and socially responsible cotton in the world.

Traceable *GOTS (Global Organic Textile Standard)* licensed organic cotton is used in approximately 5% of our products. Organic cotton is grown without toxic chemicals, using growing systems that replenish and maintain soil fertility while using less water. The main benefit of an organic cotton product is that crops aren't treated with pesticides, insecticides, herbicides or genetic modifications.

These toxins are harmful for farmers and workers, us as consumers, and entire wildlife eco-systems. Ultimately, organic cotton is the most sustainable product and therefore our preferred material. However, we recognise that to increase demand we need to educate our customers, and therefore encourage our retail staff to promote the benefits of organic cotton .

*Better Cotton Initiative* (BCI) is a global development program, which we are planning to join in 2019. The *BCI* community is committed to making cotton production better for the environment it grows in, better for the people who grow it and better for the future of the industry. Through joining the community we will be contributing to the training of farmers and encouraging the worldwide shift to more sustainable cotton production.

[Oritain](#) scientific origin testing is another program we are investigating. Testing is essential at yarn form to ensure no corruption is happening at the spinning mills, where cotton from various origins is often blended. Eg. AS Colour have banned the use of Uzbekistan cotton due to their government's appalling record of environmental and social abuse.



## ***Benefits of Organic Cotton***

### ***Reduces environmental footprint***

No toxic chemicals are used in the growing of organic cotton. It doesn't damage the soil, has less impact on the air, and uses 71% less water and 62% less energy. Conventional cotton uses about 16% of the world's insecticides and 7% of pesticides.

### ***Model for the future***

By 2025, two-thirds of the world's population may face water shortages. But organic cotton is 80% rain-fed, which reduces pressure on local water sources. The absence of chemicals also means that water is cleaner and safer. Cotton is often grown in water-scarce areas using irrigation and it takes 2,700 liters of water to make a conventional cotton t-shirt.

### *Fair price for sustainability*

When you buy organic cotton you are investing in water conservation, cleaner air, better soil and farmer livelihoods. The price for organic cotton is therefore sometimes, but not always, higher. However, with demand on the rise, more choices will become available.

### *Promotes safe work & better livelihoods*

Growing organic cotton keeps farmers and their families safe. They are not exposed to toxic chemicals in the field or through their food and water supply. It also means farmers grow more than one crop which supplements their food and income.

### *Impacts our food system*

Organic cotton is grown from organic cotton seeds. Cotton seed oil is used in a variety of food products such as cookies, chips and vegetable oil, and is also fed to livestock. So while cotton fiber is not something we put in our body, the by-product can make its way into our diets.

### *You can make a difference*

Caring for the world and the people we share it with is a life choice. Choosing organic cotton is part of this choice. In 2015, 26 million metric tonnes of cotton was produced globally, much of it for the apparel industry. Organic cotton makes up less than 1% of this. By choosing organic over conventional cotton you have the purchasing power to influence brands, manufacturers and even farmers. So let's change this number.



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