

# ETHICAL PRODUCTION GUIDE



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quality basics



## 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

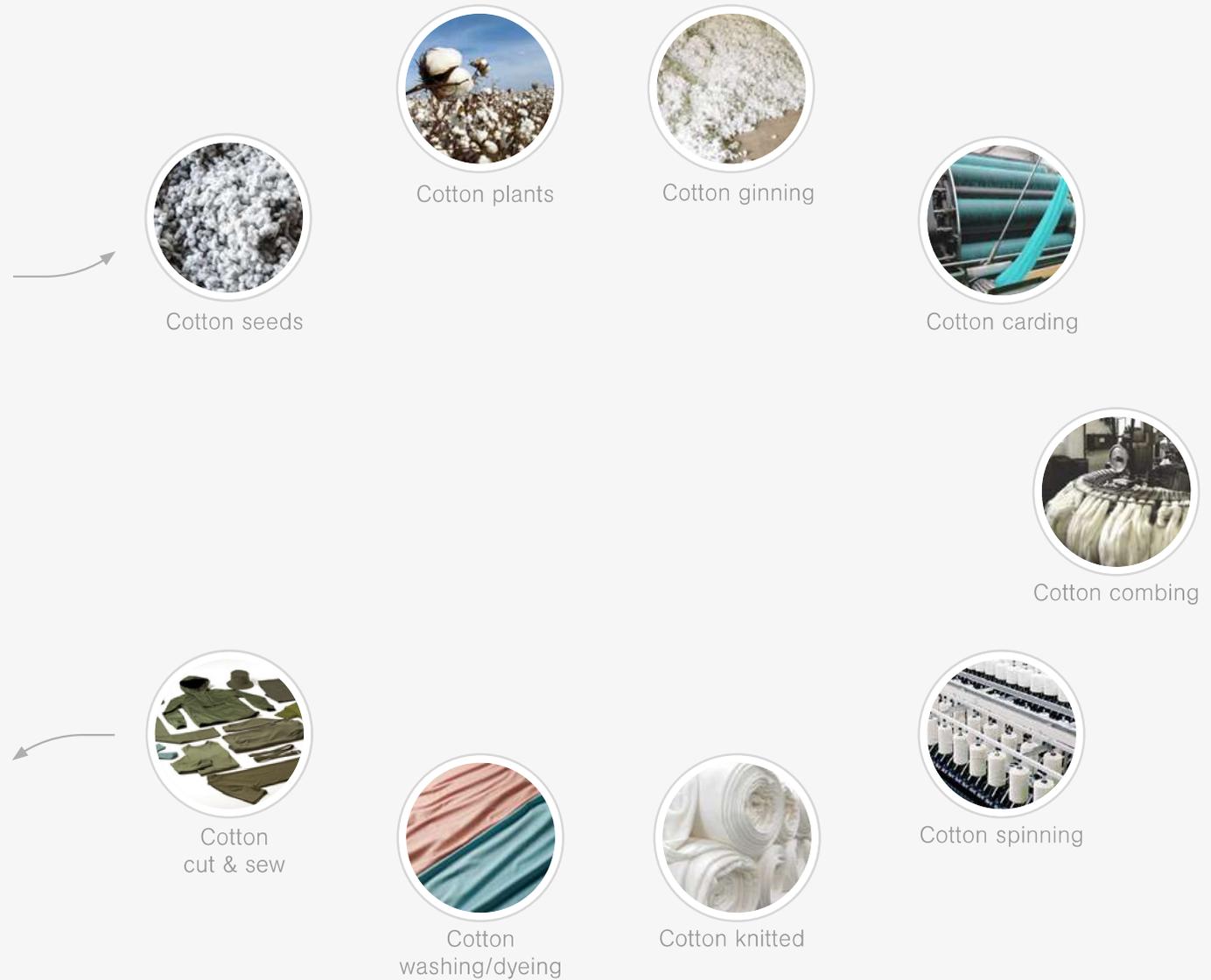
- 96% of our product is made by nine key garment factories
- 2 of these factories have been working with us since we started sourcing overseas.
- 100% of our garment factories have been visited and audited.
- 100% traceability of our fabrics and our yarns. The majority of our garment suppliers make their 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
- Participating in [BCI](#) (Better Cotton Initiative)
- Participating in [Amfori BSCI](#)

## Production process

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



## *How we purchase*

Placing orders every 6 weeks, we fully occupy designated production lines taking responsibility for constantly feeding these lines ensuring stability and realistic targets for the workers. This commitment enables factories to strategically plan their business growth with us and helps to ensure better quality and consistency of our products.

We have a 6 week buying cycle with 5 month lead times which has been developed in collaboration with our suppliers to ensure stability of business for the factory, adequate production time for the workers and quality of product for our customers. Consistent on time 6 weekly order placements reinforce these principles.

Capacity planning is a key feature of our process and in general we aim to occupy AS Colour dedicated production lines to enable greater transparency of work, more control over working hours and of course a more consistent quality.

Productivity / progress of line orders is closely monitored and managed by our production team with regular visits to factories.

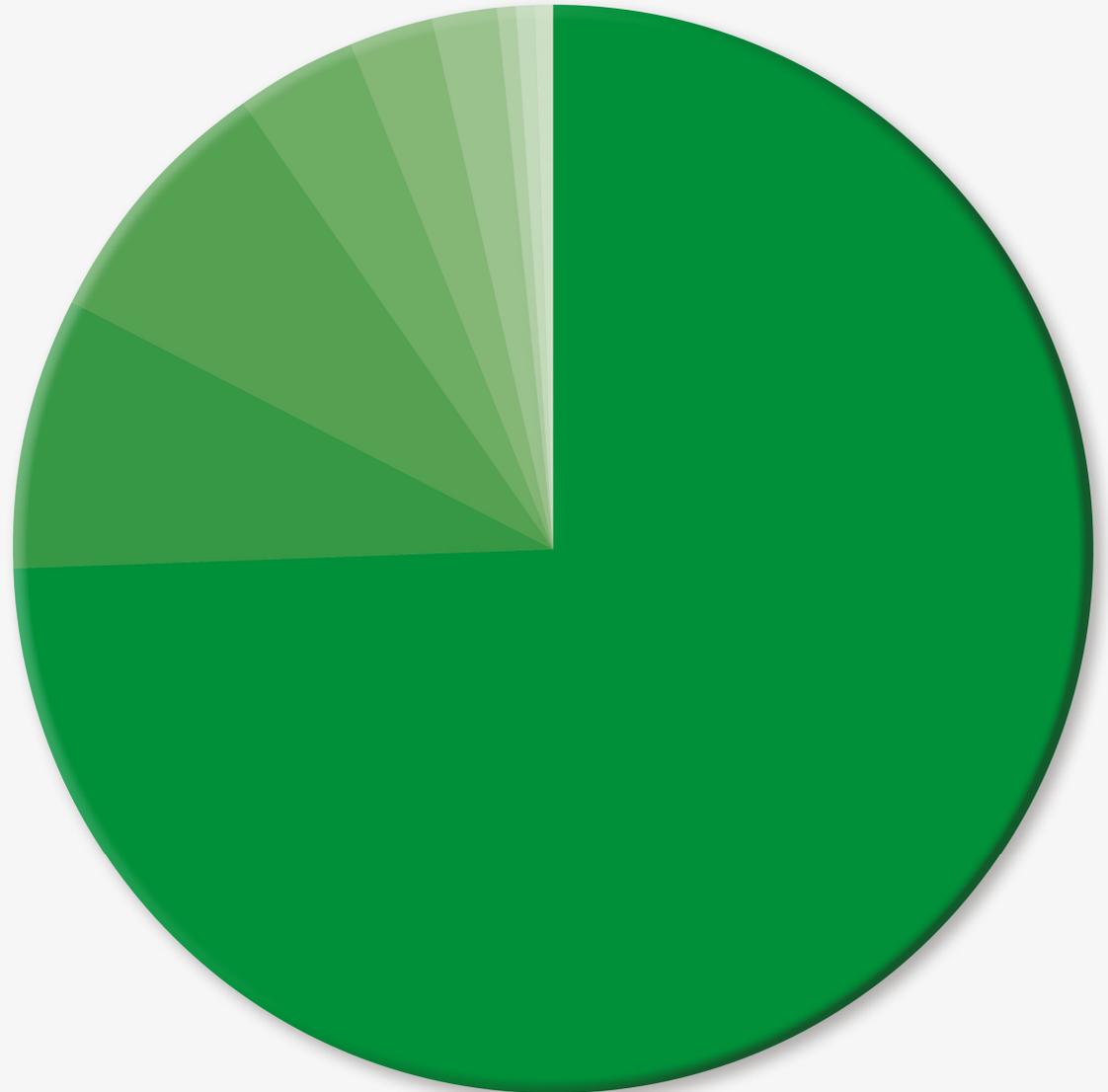
### *Benefits of regular ordering*

- 🕒 Ensures stability of business for factories
- 🕒 Allows adequate production time
- 🕒 Assured hours for staff
- 🕒 More control over working hours
- 🕒 Relieves pressure on factories
- 🕒 Negates the use of overtime
- 🕒 Allows time for quality control
- 🕒 Ensures dedicated production lines for our product
- 🕒 Greater consistency of our product
- 🕒 Helps make a better product for consumers
- 🕒 Creates better transparency of work

### What do we make?

Production breakdown

- 74.5% Cotton
- 8% Organic Cotton
- 7.8% Polyester
- 3.8% Viscose
- 2.5% Acrylic
- 1.9% Wool
- 0.5% Leather
- 0.5% Modal
- 0.5% Nylon



### *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;

- 🌱 *The Bangladesh Government controls the minimum wage.*
- 🌱 *The minimum wage was increased in December 2018 the first adjustment since 2013.*
- 🌱 *A wage increase of 51% was agreed between workers unions, employers and government representatives.*

There are a number of reasons why this apparently simple solution is not as simple as it looks. When higher wholesale purchasing prices are paid to suppliers this will not automatically lead to higher wages. That is why it is of critical importance to have workers’ organisations negotiating the wages and representing their members in relation to the employer.



Without a level playing field and a common wage standard paying a higher purchase price will face a built-in competitive disadvantage as there will always be businesses who try to gain market share by underpaying workers.

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*



## Reemi

Reemi is a social enterprise and non-profit that exists to see humans flourish everywhere, with 100% of their profits going towards helping others. Reemi focuses on women's health because they believe it is under-prioritised in the garment industry, even though the majority of workers are female. For Reemi this begins with menstrual health, providing educational and sustainable products that work for all cultures.

A recent study reported that 73% of Bangladeshi factory workers missed an average of six days of work per month (resulting in unpaid days) due to menstrual issues.

"We believe in partnering with local organisations - building on from what they are already doing and complementing their work with what they tell us they need, so we can achieve greater goals together".

Reemi wants every person to have access to menstrual health education and sustainable, culturally appropriate and affordable products.

They are developing innovative products and avenues to educate, helping provide access to environmental and culturally appropriate, hygienic solutions.

"We're so inspired and encouraged that you and your team have gone the extra mile to really see us fly in 2020! We want to tautoko what you are doing at AS Colour - as I've seen firsthand just how good your factories are and the significance of investing into long term relationships with factory owners.

I want to applaud and thank you for going beyond the factory four walls and investing in the lives of garment workers. Community creates change and we're stoked to welcome AS Colour into your whānau". - Emily & Ashleigh of Reemi.

Click here to read more about [Reemi](#).



### *Amfori BSCI*

The Amfori BSCI platform provides a single point for all supply chain performance information. By sharing monitoring activities' results, we reduce effort, save money and increase consistency in the buying and supply process. Amfori BSCI offers a range of practical auditing tools to help manage our risk and effectively monitor our supply chain.

In 2018 we took the decision to join the wide 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.

The Amfori BSCI Auditing Integrity Programme aims to maintain transparency and reliability in our monitoring process. Assisting us with the challenges of the future, the programme provides a comprehensive, robust and independent acceptance process for audit companies to engage with amfori BSCI activities and ensure excellence in audit quality at the audit company and auditor level.



## 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 8% 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*

The Better Cotton Initiative exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.

AS Colour is committed to improving cotton farming practices globally with the [Better Cotton Initiative \(BCI\)](#).

Through joining the community we will be contributing to the training of farmers and encouraging the worldwide shift to more sustainable cotton production.

To achieve this mission, BCI works with a diverse range of stakeholders across the cotton supply chain to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas.

BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.

Better Cotton is not physically traceable to end products. However, BCI Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source.'

AS Colour is committed to sourcing 50% of our cotton as Better Cotton by 2023.

Our four specific aims:

-  *Reduce the environmental impact of cotton production*
-  *Improve livelihoods and economic development in cotton producing areas*
-  *Improve commitment to and flow of Better Cotton throughout supply chain*
-  *Ensure the credibility and sustainability of the Better Cotton Initiative*



## Testing for harmful substances

OEKO-TEX® is one of the world's best-known labels for textiles tested for harmful substances. It stands for customer confidence and high product safety.

OEKO-TEX® Standard 100 certified, ensures that products are free from dangerous substances—chemicals like pesticides, heavy metals, formaldehyde, and undesirable surfactants. The certification is designed to ensure the effect the dyeing industry has on the environment is minimised and the garments are safe for consumers as well as the people who make and sell them.

100% of our products from Bangladesh are certified by OEKO-TEX and 95% of our China Dye houses are also certified by OEKO-TEX® Standard 100.

The [OEKO-TEX® Standard 100](#) is a testing certification for numerous harmful chemicals, even if they are not yet legally regulated. The certification of products in accordance with OEKO-TEX® Standard 100 is that all parts of an article meet the required criteria.

- 🌱 *Important legal regulations, such as banned Azo colourants, formaldehyde, pentachlorophenol, cadmium, nickel, etc.*
- 🌱 *Requirements of Annexes XVII and XIV of the European Chemicals Regulation and their safe use REACH European Chemicals Agency ECHA*
- 🌱 *SVHC Substances of Very High Concern*
- 🌱 *Requirements from the US Consumer Product Safety Improvement Act (CPSIA)*
- 🌱 *Discussions and developments that are considered to be relevant are taken into account as quickly and effectively as possible through updates to the STANDARD 100 by OEKO-TEX® requirements.*
- 🌱 *Numerous environmentally relevant substance classes.*

For a comprehensive list of substances restricted under REACH – [Click here.](#)



## 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.

**thank you.**

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