

Communication on Progress 2013



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Two years have passed since our participation in the United Nations Global Compact, and I am pleased to convey that *animaná* continues to support its initiative to support the Global Compact's ten principles concerning human rights, labor rights, the environment, and the fight against corruption. We also support the new code of conduct recently designed by the Global Compact and NICE (Nordic initiative Clean and Ethical) which we hope to soon include in our report.

We support and seek to develop these principles within our sphere of influence, making of the Global Compact and its principles part of the strategy, culture, and daily actions of our company.

animaná is the result of almost 20 years of experience in projects related to its objective and it is my personal passion for achieving impact in the fashion sphere, mostly related nowadays and recognized for slave labour and fast fashion. *animaná* was conceived as an alternative to current production and consumption systems, and in reaction to the impacts of commercialization. As a social enterprise, it coexists with the environment, people who inhabit different places around the world and technological evolution.

Today we have gained recognition in ethical fashion market and are working within a complex system. We receive the support of international icons, foundations, renowned individuals of the area, and both local and international institutions that give us the seal of a truly social and environmental enterprise.

animaná strives to achieve sustainable development in all its operations and practices, by being economically viable, environmentally and socially responsible and beneficial, transparent, and committed to the promotion and strengthening of marginal Latin-American communities.

During the last year we continued working on a consolidated network in Argentina and Peru, achieving a systematic processes for quality control, and giving work to hundreds of small scale fiber producers, weavers, and hand-knitters. We have finally reached a stable position in the European market, and started operating in United States. Finally, we look forward to open our first store in Paris, and arrive to Brazilian Market soon.

Sincerely,

Adriana Marina
President



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Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

animaná is guided by the principles of The ETI Base Code in its work to improve the social and economic conditions of its employees. The Code was founded on the conventions of the International Labour Organisation (ILO) and for the improvement of the social and economic conditions of producers by the standards of the World Fair Trade Organization (WFTO).

Moreover, *animaná* is committed towards the continued implementation of progressive practices under the concepts of Ethical Fashion, Fair Trade and Sustainable Development, designed to protect people and the environment.

With dialogue, transparency, equity in the trading conditions and partnership with workers and the communities, we promote justice in International Trade: Quality of life for the communities of artisans and craftsman; Promotion of cultural Diversity; Corporate Social Responsibility.

We minimize the impact on the environment by giving objects continuous life, using less water and energy in the production process, and reducing waste. We use organic raw material (without pesticides, insecticides, and GMO). We use natural, alternative, and recyclable fibers as well as natural dyes.

Any harsh treatment is prohibited.

We promote sustainable development through working directly with local craftsman to include participation of different cultures and to bring about the development of trade.

The change that Ethical Fashion promotes is reflected through transparency in production networks and trade. This concept includes the notion of artisan production as Brand Value (the final price reflects the social costs) that not only distinguishes itself by quality of raw

materials and manufacture, but by the human resources involved in finishing procedures, creating a story behind the product.

The prices that are paid for producers reflect not only the costs of production but are also a guarantee that the basic needs and universal rights of manufacturers are met.

Implementation

We develop activities with different NGO's and other social enterprises of the sector, reinforcing projects that value the skills and knowledge of Andean communities and marginalized groups. We work together with universities, craftsmen and our suppliers in order to facilitate access to information, design and price setting.

We work in networks by forming alliances with projects dedicated to education, sexual education, providing health information, and prevention and treatment for disease, fomenting good practices. We give an incentive to the conformation of solidarity groups and self-sustainable cooperatives, helping to produce solid results from the NGO's work.

The NGO "*Hecho x Nosotros*" is a fundamental branch of our enterprise. It sets its efforts on guaranteeing fair trade practices along the production chain. It recovers and documents ancestral techniques such as the use of natural fibres and dyes, and also promotes them. It cooperates in getting access to international certifications and in the creation of social and economic networks that later have an impact on local development.

Together with *Hecho x Nosotros* we promote the creation of eco-friendly poles of development and local culture based on the principles of "Ethical Fashion."

We have a platform of different social agents in order to be able to empower the artisans in the areas of training, association, management, design, commercialization, and access to markets of consumption with the least amount of intermediaries possible. In this way we create and strengthen a critical mass able to be self-sustainable.

The communities that *animaná* works with in the Andes are largely made up of small-scale family-run farms. As a result of the great benefits and the world's appreciation of raw materials that proceed from the animals they breed, those families sometimes sell these raw materials to large intermediaries. They are the ones who hold the greatest profits in the production cycle.

animaná, together with other organisations, provide a trade network that bypasses the middlemen thus giving added value to the production activities of these families. We seek that transactions are made under the principles of Fair Trade.

animaná brings information to remote places and promotes the South American camelids' fibers classification. *animaná* strengthens projects of use and care of different animal and vegetable species in order to achieve the best quality in the final product.

animaná seeks to improve the levels of competitiveness of producers in order to achieve their integration and consolidation in the productive chain, promoting equity in the commercialization of raw materials and the resulting product. We work on information networks, prices, design and help build up their own networks, to associate and receive a fair profit and revalue their activity.

We are intimately linked to the artisans, communicating inside and outside of our network their achievements and capabilities. We bring them closer to the available resources so that their stories can be told to the world.

Moreover, *animaná* helps various enterprises with their CSR (Corporate Social Responsibility) by facilitating agreements between cooperatives of farmers and those that produce the fibres and the final handcrafted or semi-handcrafted products.

We work on telling the world the real life stories that are behind the producers, the materials, the natural fibers, the know-how, the savoir faire of the ancestral techniques, the real process that is involved in the final products.

We mean to create a self-sustainable model that includes and actively empowers marginal urban and rural communities. We investigate, preserve, document, and spread traditional values and inherited techniques, as well as the use of natural fibers.

We have developed many different workshops together with *Hecho x Nosotros* in order to build the producers' capacities in Design and commercialization, involving schools students focused on Design and local artisans in the North of Argentina. Some of those workshops *animaná* financed itself and others were financed by third parties, through Competitions, who in turn monitored all the activities put in place to carry out the programmes.

Some of our workshops being developed during 2012 – 2013 are:

- Innovative design project: This project supports the export of handmade products made from materials, techniques and talents previously unexplored. These products are made by artisans in Salta.
- Workshop: recovery of ancestral techniques, including carding, hand spinning and the use of natural dyes. This workshop has been organized together with professor Sylvia Quatrocchi in Salta province. In 2013 is being developed together with INTI Salta.

We collaborate together with *Hecho x Nosotros* at cultivating Arts & Crafts centres for local artisans. We consider that many of the capabilities and talents of the northern Andean

regions are weak when it comes to capturing innovative design and tendencies, in getting away from the obvious, in being able to make a synthesis of the past and of each product.

The Arts & Crafts centre is an open space for creativity and dialogue between designers, artists and artisans: a space where ancestral techniques are revived and are mixed together with modern design; a space where they may receive training and management skills.

This space acts as a centre for recovery and diffusion of ancestral techniques, which are often forgotten among our richest inhabitants.

It is dedicated to creating experimental workshops which will activate the furthest memories. This allows us to document and write down these secrets that form an essential part of our lost Andean culture. From these spaces appear art books, films, and cultural manifestations aimed at not only recovering our past, but also creating awareness of the benefits this entails.

Last year we have been working hand in hand with Dominique Peclers, a renowned international fashion consultant of the highest caliber. She helps us to acquire knowledge and gain experience to develop *animaná* as an alternative way of production by sharing knowledge (and spreading it to the world) and her expertise in the markets and other designers and professionals at an international level (Olivia Cesar, Tamara Lisenberg, among others).

During the last year, we have strengthened our team in Perú and worked hard on management skills. We were developing a sophisticated logistic network between Peru, Argentina, Europe and United States.

We are constantly involved in our project, monitoring and controlling the impact we have.

We assess our impact together with Observatory Centres related with universities worldwide. Its objective, in order to achieve local sustainable development, is to be a bridge between the situation and the needs of the artisans by transferring knowledge. These Centres for investigation and education are non-profit organizations studying local development issues and alternative policies to aid vernacular communities.

Incorporation of disadvantaged or marginal groups.

Type of group: Andean and Patagonian rural communities marginalized from the society and the production system, and economic revenues.

In the Andean culture, men and women knitted side by side. With the passage of time and the transformation of the roles we play in society, this job is now left to the women. When men are left out of a project however, due to chauvinism or fear, it ends up causing the project's deterioration.

Because of this *animaná*, together with other organizations and NGO's, promotes the integration of men into handicrafts, in order to recover his identity and strengthen family enterprises.

In 2012-2013, we have been concentrating on working mostly with small groups of artisans, living far from urban areas, almost composed of large families where women are in charge of classifying fibers sheared by men, and men of weaving the products on manual looms.

animaná also incorporates groups suffering from mental disorders.

In Peru, we have been working with a group of people who are deaf, who also have an unequalled sensitivity to weaving.

Last year, we have empowered around 100 artisans directly in Argentina and Perú. Given that each one influences a family of approximately 7 members, indirectly we have empowered the lives of 700 people.

We keep working with the Foro de Moda Etica Latinoamérica (Ethical Fashion Forum Latin America or shortly "The Foro")¹ in the following areas: design issues related to the Ethical Fashion, transparency in the supply chain, and consumer communication, difficulty in accessing European markets (associated to Latin American enterprises), certification of products made from camelid fibres and other natural materials that are not certified despite being completely organic.

Together with the Foro we have given seminars to professionals and students of the area of fashion in Peru, Argentina, as well as in New York, Paris, and London.

¹ The Foro unites professionals, academics, designers, commercial organisations, foundations and artisans in order to change the Latin American fashion industry from within. It encourages alliances between ethically-minded fashion stakeholders to support local sustainable development and encourage a responsible sector.

It is a platform connecting the fashion industry with the producer by transferring knowledge and skills, empowering groups with no access to the industry, adding value to their products, supporting investments in the less favoured communities, generating employment and means of life and promoting respect for their identity and interests.

It looks to gather existing information, promote the principles of ethical fashion in universities, connect the actors (suppliers, retailers, intermediaries, designers, artists, and professionals), create awareness in consumers, and multiply sustainable alternatives for future professionals and scholars related to fashion.

During the last year (2012-2013) we collaborated with The Foro in launching seminars. November 14th we participated at an online talk: Introduction to the Course on sustainability in fashion, joining together 81 participants from around the world. We had a morning with expert panelists from throughout Latin America and the U.S., who addressed the economic, environmental and labor required by industry today, recent trends and developments in the sector, opportunities in the regional production chain; standards and certifications, marketing and market access, marketing tools, among others.

Ethical Fashion trade expositions' participation and institutional memberships

In last semester of 2012, *animaná* has taken part in the Greenshowroom - Berlin and the Source Expo - London (organized by the Ethical Fashion Forum). We have also participated in the Source Summit (online event) providing information on indigenous natural fibers from Latin America, the situation of the local fashion and ethical fashion, and commenting on the actions that we are undertaking in promoting a more sustainable fashion on the continent.

In addition, we have taken part of the First Camelid Producers Meeting of Argentina (July 26, 2012), and Exhíbe Peru 2012: the show that takes place in the framework of the celebration of national holidays in Peru. Here we have contacted and shared market experiences and knowledge with local cooperatives.

Measurement of outcomes

Social certifications & Standards met

As a still young enterprise we are acquiring the necessary tools to be able to apply for B Corp certification during 2013. Despite this, through our transparency, we can guarantee that all our work is done under the principles of fair trade, is natural, and is organic.

We work in alliance with governmental agencies such as PROMPERU in order to achieve international social standards. We are working on developing local certifications that can be introduced to small-scale producers.

animaná works with suppliers that employ production processes that are certified by respected third parties.

animaná supplies its products from artisans in the Andean regions of Peru, Bolivia and Argentina, as well as Patagonia.

These suppliers and producers are associated and are protected by NGOs dedicated to monitor their working conditions and promoting solidarity commerce and responsible consumption.

And last, this year we have officially become the founding members of the Ethical Fashion Forum.

Transparency:

We are working on traceability system of the garments, on diversifying and prolonging their life cycle, and on uniting efforts to link the sale of the product with social goals.

Our entire internal production process is transparent. We show our spaces to businessmen, foundations, organizations and interested individuals who become spokesmen of our work and our auditors. We invite experts, scholars, investigators, institutions, NGO's, and all those interested in discovering our chain of production to experience in the Andes with the artisans and producers. *animaná* connects techniques, materials and craftsmanship from the region together with local and international quality standards and design by having continuous dialogue with international experts such as individuals or foundations. They monitor the production processes.

We familiarize suppliers and producers with Fair Trade and we invest in the communities engaged in the chain of production. We use 100% natural and organic fibres, many of which undergo certifications such as SKAL, GOTS, and FLO, when possible.

We have the support of *Ashoka*, a foundation we spent time working with during 2009. The idea was to carry out a training workshop in the North of Argentina with the goal of empowering young local artisans.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy and Goals

Members of animaná shall demonstrate commitment to promote fashion that minimizes environmental impact of the textile and apparel industry, from design to finishing procedures by:

-Maximizing the use of raw materials from sustainably managed sources, buying locally when possible.

-Spreading the use of raw materials that have the least overall impact on the environment, during its raising, as well as use.

-Respecting the international, regional and national laws that protect animal and vegetable species.

-Promoting the use of alternative, organic, natural and recyclable fibres, without additives such as pesticides, insecticides, and GMO seeds.

-Introducing new behavior such as recycling, reduced use of water and energy for production, and minimizing waste materials through upcycling.

-Using technologies that seek to reduce energy consumption, and supporting renewable energy technological systems that minimize gas emissions.

-Using recycled and biodegradable materials for packing to the extent possible, and dispatching goods abroad by sea wherever possible.

Implementation

Speaking of raw materials

In terms of the raw materials, *animaná* works with natural fibres of the Andes and Patagonia. Fibres obtained from camelids such as llamas, guanacos, alpacas and vicuñas are highly valued for their softness and durability and *animaná* endeavours to protect all camelid

species. The camelids roam free in large pastures in their natural habitat in the Andes and Patagonia. The animals are sheared using manual processes (scissors), and the best fibres are selected. A wide variety of natural undyed colours are chosen ranging from white and light beige to intense blacks.

Other fibers we work with include andean silk, organic pima cotton (in its natural colours which range from natural to yellows and browns), merino wool, chaguar, and other natural raw materials such as onyx, nickel, and silver.

We collect natural fibres (from indigenous species which grow and in other cases are raised spontaneously) and other raw materials under the law system which protects these species, keeping the environment unaltered.

We work together with UNIDO and other local and regional organizations dedicated to the protection and care of the camelids, under the guidelines of international conventions as the CITES - Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Artisans spin the fibres by hand and dye them with pigments obtained from native plants, reviving the techniques inherited from our rich history. We also work with industrially spun fibers, but only in their natural shades or naturally dyed, without any chemicals.

In addition to this, *animaná* supports the re-cultivation of a native Peruvian cotton variety that was grown for some 5000 years until it was replaced by white cotton production of the nineteenth century. The production, processing and export of all these natural fibres are vital for the development of local communities.

animaná promotes and communicates the preservation of and recovery of the historical heritage of techniques and natural dyes used by local Andean ancestors, devastated due to the use of anilines. We are working together with the Peruvian Museum "Museo Nacional de Antropología y Arqueología e Historia del Perú" which is located in Pueblo Libre (Lima, Perú). In this museum we have adopted a piece called CHUSPA in order to further support the activities of the museum in reservation of ancestral techniques and spreading them to the world.

Natural fibres (from indigenous species which grow spontaneously) are healthy. They provide natural ventilation as they act as a thermal insulator. They are also an excellent renewable resource and 100% biodegradable. Their production has a neutral carbon footprint. They are a high-tech option as they have a good mechanic resistance, a light weight, and a low cost. They are also a responsible option: their production, processing, and exportation are of great economic importance to developing regions such as the Andes.

By choosing natural fibres we are fighting hunger, poverty, the disintegration of the environment, and assisting rural communities in their projects.

We promote and strive for the formation of Arts & Crafts centres. There we dedicate ourselves to recovering natural techniques and the way of handling the raw materials. The Andean region is one of the world's richest and largest deposits of biodiversity. It has a significant percentage of genetic resources economically profitable. This percentage includes natural colourings in plants such as the woodlouse or "cochinilla." Other sources of natural colourings or dyes are plants, animals and minerals rich in colours; all of them raised in the Andes.

animaná works with Argentinian and Peruvian enterprises, in recycling processes of alpaca, llama and wool fibre products, by purchasing and re-using rests of fabrics in new products.

Packaging and Transportation

We are also engaged in the process of developing an eco-friendly packaging system. We have developed designs of an eco-friendly packaging using organic cotton, wool waste, and other materials. We usually use recycled carton/cardboard for the transportation and packaging of products.

We try to develop the network with the intervention of other professionals who collaborate in local development for the transportation of merchandise to the central dispatching points to other countries.

We are planning to work hand by hand with other enterprises, organizations and people related to cargo transportation. We privilege those that have less impact on the environment (trains, maritime transport, combined when necessary with road transportation), re-group deliveries and share cargos. Also, those which inform us of the daily itineraries of the different means of transport, aiming at reducing the amount of vehicles in circulation, kilometers per vehicle and kilometers per ton, by increasing the cargo factors and therefore reducing "empty" or "half-empty" circulating vehicles.

When dealing with road transportation we are planning to turn to truck-drivers who transport food to the Andes and return empty.

Measurement of outcomes

Environmental certifications & standards met

It is important to remark that production, processing, and finished products from camelid fibres do not have certification in spite of the fact that they are absolutely natural. Only some cotton wool projects have certifications, most of them being in Perú.

In Peru we are associated with a rank of very advanced cooperatives and NGO's which

provide us with natural and organic products.

We work together with UNIDO, foundations, and local NGO's from the Andes which promote sustainable use of the environment, species of animals, vegetables, and minerals.

We also incorporated our projects to museums, institutes, and art spaces which are dedicated to the recovery of Latin American history.

It is vital for us to collaborate together with other organizations because we believe working as a network boosts our actions and the results we may obtain.

animaná interacts and is enriched by the work of institutions linked to local governments, international organizations (i.e.: FFD, UNESCO, World Bank, UNIDO), financial organizations willing to provide micro-credits, investigation institutions which provide critical analysis of reality and offer alternative solutions, institutions which provide legal advice, and, lastly, universities of fashion and design in Argentina and around the world.

We are engaged in using natural elements in our production process, fibres from animals raised in the wild in order to preserve their conservation. That is why we develop, promote, and participate in workshops and trainings for the recovery of techniques, the correct use of technology, and clean water and energy processes.

We involve local people in the handicraft work and semi-handicraft work. We promote natural energy use and encourage the implementation of solar energy in drying processes.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, Policy and Goals

animaná is committed to conduct all of its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly, and with integrity and transparency in all our business dealings and relationships in our daily operations.

Our policy is directed and applied to those working for *animaná* or associated with *animaná*, including our staff members (whether permanent, fixed-term or temporary or homeworkers), suppliers, consultants, agents, etc. Its purpose is to provide recognition and to help in dealing with bribery and corruption issues.

animaná is critically against all forms of corruption, bribery and extortion (as defined by the Global Compact and International Transparency). We adhere to the OECD Guidelines and Recommendations for Businesses in monitoring internal performance and accounting of the company (Good Practice Guidance on Internal Controls, Ethics and Compliance, included as Annex II to the 2009 Anti-Bribery Recommendation) and support the UN Convention against Corruption.

Implementation

All members of *animaná*, suppliers and associated organizations and individuals are aware of our zero-tolerance policy for corruption, bribery, and extortion.

Measurement of outcomes

No case of corruption has been seen or acknowledged yet. We still are a small company that employs and contacts itself only with respectable partners.

Wherever possible, in *animaná* we try to work only with suppliers and partners that act with transparency and integrity, and undergo procedures for local and international certifications and standards.