

Communication on Progress UN Global Compact

2020



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In the year of the Covid-19 pandemic and the consequent emergence of a “new normal”, I am proud to announce that animaná continues to support the Global Compact's ten principles concerning human rights, labor rights, the environment, and fight against corruption.

Throughout the nine passionate years of advocating for ethical values, our platform has become a space where our diverse network can learn and develop their ideas towards making a difference related to slave labor and shallow consumerism. We have been working for more than two decades building personal experience in projects related to social impact, which includes promoting alternatives to current production and consumption systems. The main offer of animaná to the local and international market is being a social enterprise, whose knitwear and home textiles are based on the little known camelids fibers from Patagonia and the Andes (like alpaca, llama and vicuña) and hand made by artisan's communities with the aim of letting them get as large a share of value adding activities as possible.

With our work we support and seek to achieve the 17 Sustainable Development Goals (SDGs) within our sphere of influence, integrating them into the strategy, culture, and daily actions of our company.

Within this year, the NGO *Hecho por Nosotros* that learns from the good practices of animaná, was part of a select group of experts called upon to contribute to a multistakeholder program held by the UN Economic Commission for Europe (UNECE) on transparency and traceability in the garment and footwear sector.

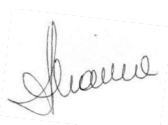
The high standards we promote among our suppliers and business partners lead us to be one of the first certified B-Corporations both in the textile industry and in Argentina. We were recognised at the top 10 B-Corps worldwide and were selected as best B-Corp in 2019.

Also, despite the challenges posed by this 2020, we are happy to announce a new boutique in Buenos Aires, Argentina. It joins the boutique opened in Buenos Aires in 2017, and our flagship boutique born in September 2015 in Paris, France. Each one represents 5000+ artisans and small entrepreneur's joint efforts for a fairer textile industry and more sustainable world.

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.

Yours sincerely,

Adriana Marina
animaná's founder



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Human Rights Principles & Labour 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

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

Principle 4: Elimination of all forms of forced and compulsory labour;

Principle 5: Effective abolition of child labour; and

Principle 6: Elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

animaná is guided by The Ethical Trading Initiative Base Code principles in its work to improve 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).

Within this year's emergence of a *new normal*, the commitment of animaná remains towards a continued implementation of progressive practices under the concepts of Ethical Fashion, Fair Trade and Sustainable Development, designed to protect people and the environment.

Through dialogue, transparency, and equity in trading conditions and partnerships with workers and communities, we promote justice in International Trade, quality of life for the communities of artisans and craftsmen; and encouragement for cultural diversity and Corporate Social Responsibility.

We encourage sustainable development by working directly with local craftsmen to include participation of different cultures and 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 the 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.

Furthermore, within Human Rights Principles & Labour Principles our work is aligned with the following United Nations Sustainable Development Goals for 2030 Agenda:

- SDG 1 No Poverty
- SDG 2 Zero Hunger
- SDG 3 Good Health and Well-being
- SDG 4 Quality Education
- SDG 5 Gender Equality
- SDG 8 Decent Work and Economic Growth
- SDG 9 Industry, Innovation and Infrastructure
- SDG 12 Responsible Consumption and Production
- SDG 17 Partnership for the Goals

The Sustainable Development Goals help animaná to guide and systematize its work in order to be a force of good for everyone, without leaving anyone behind.

Implementation

Principles 1 to 6 are the very basic fundamentals for our operations. Even if rules and regulations effectively make it impossible not to follow these principles, in most countries we operate, we aim to use our buying power to get suppliers to change their mindset and involvement.

We dedicate our daily work to inform about these principles for everyone involved in this industry. We develop activities with various NGOs and other social enterprises in the area/industry, supporting projects that value skills and knowledge of Andean communities and marginalized groups. Moreover, we advocate through collaboration with universities, craftsmen and our suppliers in order to facilitate access to information, design and price setting, and, furthermore, we protect ancestral techniques.

In this regard, the NGO *Hecho por Nosotros* is a fundamental branch of our enterprise. Hand in hand we work towards the creation of eco-friendly poles of development and local culture based on ethical and sustainable fashion principles.

The NGO sets its efforts on guaranteeing fair trade practices throughout the production chain. It recovers, documents, and promotes ancestral techniques such as the use of natural fibers and dyes. The NGO cooperates on getting access to international certifications and the creation of social and economic networks that, later on, have an impact on local development.

The communities that animaná works with in the Andes of Argentina 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 - the ones who hold the greatest profits in the production cycle.

animaná, in cooperation with other organizations, provides a trade network that bypasses the middlemen, giving added value to the production activities of these families. We seek that transactions are made under the principles of Fair Trade.

We conduct information to remote places and advocate for South American camelids fibers classification and strengthen projects involved with the use and care of different animal and vegetable species in order to achieve the best quality in the final product.

Furthermore, in *animaná* we seek to improve producers' quality and competitiveness standards and integrate them into the product chain, encouraging 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. In this way we create and strengthen a critical mass able to be self-sustainable.

Our aim is to create a self-sustainable model that includes and actively empowers marginal urban and rural communities. We investigate, encourage and document traditional and inherited techniques, as well as the use of natural fibers. Additionally, we are 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.

In 2020 a series of webinars were promoted to open dialogue with specialists and activists passionate about the field of sustainable development, creation of opportunities in their local communities and sharing ethical values in the fashion industry.

Also during these years we have developed 300+ workshops together with Hecho por 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 are financed by *animaná* itself and others were financed by third parties, through private support of people of good will, who in return monitored all the activities put in place to carry out the programmes, but also by the government.

Some of our workshops include:

- Sustainable Fibers Cooperatives of women weavers in Tilcara, Seclantás, Puerto Santa Cruz, Cachi Adentro and La Marina.
- Recovery of ancestral techniques, including carding, hand spinning and the use of natural dyes. Workshops are organised together with the professors: Sylvia Quattrocci, Marcelo Ballesteros, Victor Pissoni, Julio Portal in Salta province, Argentina.
- WORKSHOP NU, led by Pilar Obeso, employs female convicts in rehabilitation centers in Mexico (CERESOS).

We were able to build an effective, successful capacity building program due to the financial backing of INNOVES, as we were able to train 600 new artisans and 30 MSMEs. Throughout the capacity building programme endorsed by INNOVES, Hecho x Nosotros was able to participate in and host conversations and webinars promoting women entrepreneurs as well as collaborate with various organizations such as UNIDO-Italia to promote sustainability in the African region.

animaná relies on a group of passionate academics, professionals, designers, artists and craftsmen joined in the desire to build a better supply chain and rebuild a beautiful culture. United together, they contribute their insight, expertise, and skills in order to shape animaná.

In the past eight years, we have worked hand in hand with Dominique Peclers, a renowned international fashion consultant of the highest caliber. She has been collaborating with us since we opened our first boutique in Paris. She has helped us acquire the necessary knowledge and experience to develop animaná as an alternative way of production by sharing her expertise (and spreading it to the world) in market trends.

Moreover, through our development we have strengthened our management team by hiring specialists to manage the boutique, advocated and trained our team to specialize in wholesale trade, and partnered with specialist like Warren Knight and Craig Wilson, Kate Osborne, Tracy Hulett, Beatrice Screve, Valeria Kholostenko, Mariana Ramos, Chere Di Boscio, Mateo Zambruno, Matias Figliozzi, Elena Christopoulos, Marcia Gitman & Victoria Martinez de Oz.

Currently, within animaná we are working hard to reorient our commercial strategy on the retail market in order to be able to maximize the impact we make on consumers and artisans, hoping to provide them with more opportunities.

In partnership with C&A and Ashoka's team, we're working to establish the foundation for a new fashion industry paradigm: Fabric of Change. Fabric of change identifies, supports and

provides visibility to social innovation leaders with the most promising solutions to address social and environmental issues within the fashion industry.

From *animaná* we are still developing training courses in "Sustainable fashion and Latin America". The webinars will be available online and offline in collaboration with fashion schools, and will train educators, students and designers in necessary knowledge and tools to rationalize sustainability in their work. They will introduce sustainable fashion terms into the Latinamerican market, and highlight the great economical and sustainable possibilities that natural fibers have.

As Ashoka presented its social entrepreneurs a new initiative called *Globalizer* with the aim of enabling assets to change the world at a bigger scale throughout the contemplation of strategies and leadership skills needed for systemic change. *animaná's* work ethic and system is unique and innovative, since it allows us to address various issues throughout the NGO, meanwhile we work on concrete alternatives. Between commercialization in stores, online purchases and retailers, we have achieved a continued demand through time that has a direct impact on producers and artisans. Our proposal consists in creating social impact; increase the economical value, contribute to the environment, raise awareness and educate. Our challenge is to create a holistic model that strengthens a product chain of social, economical and environmental impact, for which we need empowered artisans and producers, responsible brands with a strong presence on the market and informed consumers. We assemble a plan for the foreseeable future (2021, 2022+).

animaná is in the process of developing a QR code for each garment tag to establish a more reliable system for the prospective consumer of *animaná's* products. Based on technology, customers will have direct and all-out access to each garment's origin and processes. These websites are initially designed by hand, and the next step is to create an updated website with new information and pictures about the brand that will automatically generate a QR code to add to the garment's tag. This will enable outreach of every product at the boutique. Our mission is that the data and pictures will be updated directly by the producers without *animaná's* intervention; that's why we aim to implement block chain technology and build a reliable system for consumers.

Inclusion of disadvantaged or marginal groups

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

In the Andean culture, men and women are 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 NGOs, promotes the integration of men into handicrafts in order to recover their identity and strengthen family enterprises.

In 2016-2017 we were mostly working with small groups of artisans who were living far from urban areas and who were almost composed of large families where women are in charge of classification of the fibers sheared by men. The main responsibility of men was to weave the products on manual looms.

animaná also incorporates groups suffering from mental disorders that in the North are frequently found because of consanguinity.

In 2018, we empowered around 100 artisans directly in Argentina, Perú and Bolivia. Given that each one influences a family of approximately 7 members, we have indirectly and positively impacted the lives of 700 people.

We keep working with the *Foro de Moda Etica Latinoamérica* (Ethical Fashion Forum Latin America or shortly "*The Foro*") 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) & certifications (we promote to take into account camelid fibers and other natural materials as camelid hair and raw silk that are not certified despite being completely organic).

Throughout the Innovation for the Social Economy program (INNOVE.ES) organized by the Social Development Ministry, Jujuy province will be site to the project *Tejiendo Cambio*'s training sessions, in order to promote the development of camelid fibers as means of economic income and positive social impact.

Measurement of outcomes

Social certifications & Standards met

animaná supplies its products from artisans in the Andean regions of Peru, Bolivia and Argentina, and since 2016, we have been working with artisans from Mexico.

These artisan producers are associated and are protected by our NGOs *Hecho por Nosotros* dedicated to monitor their working conditions and promote solidarity commerce and responsible consumption.

When working with small companies, *animaná* works only with suppliers that employ production processes that are certified by respected third parties.

We are B Corp Certified and selected as top 10 of B Corps worldwide both in 2017 and 2018 and best B-Corp in Latino America 2019.

Also, our work has drawn an interest from ASHOKA and ASHOKA C&A Foundation Fabric of Change programs, two global initiatives supporting social businesses and entrepreneurs.

With the consultative status ECOSOC that *Hecho por Nosotros* has obtained, *animaná* and *Hecho por Nosotros* has been bringing sustainable fashion questions and incorporated sustainable development/Agenda 2030 themes to the industry successfully, by delivering oral declarations at ECOSOC meetings, uniting globally actors to work together for a change of paradigm in the industry and finally, publishing studies and a book about the sustainable development and textile industry nexus.

With the consultancy of JP Morgan, *animaná* was able to work to thrive the brand's presence in Europe, under JP Morgan's program dedicated to increasing social enterprises' impact.

In September of 2018, *animaná* was recognized as the best social firm by the French Chamber of Commerce, thanks to its initiative "Fabric of Change". Moreover, during April 2019, *animaná* was the recipient of ICBC award for foreign trade in the category micro-enterprise for its capacity for international engagement, innovation, contribution to employment and achievements of national companies in foreign trade.

Transparency

The entire internal production process is transparent: all information is shared and invites businessmen, foundations, organizations and interested individuals to become spokesmen of our work and to become our auditors. Are also invited experts, scholars, investigators, institutions, NGOs, and all those interested in discovering our production chain to experience Patagonia, the Andes, its artisans and local producers. *animaná* connects techniques, materials and craftsmanship from the Andes and Patagonia, 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 plan adding a traceability system for the garments uniting efforts to link the sale of the product with social goals.

In base of the ethical values we promote for a sustainable fashion industry, our work familiarizes suppliers and producers with Fair Trade code and we invest in the communities engaged in the chain of production. 100% of our fibers are natural and organic, many of which undergo certifications such as SKAL, GOTS, and FLO, when applicable.

With the support of Ashoka, and IDB Network foundations as we spent time working with during 2009.

Today, we are still working in an alliance with the Ethical Fashion Initiative from the International Trade Center, who are working in opening markets for *animaná*'s artisan products.

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

animaná minimizes 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.

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.
- Communicating the benefits of using natural raw materials that have non- impact on the environment, as are part of nature cycle and can be 100% recycled.
- 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.

Within the Environmental Principles our work is aligned with the following United Nations' Sustainable Development Goals for 2030 Agenda:

SDG 6 Clean Water and Sanitation

SDG 9 Industry, Innovation and Infrastructure

SDG 12 Responsible Consumption and Production

SDG 13 Climate Action

SDG 15 Life On Land

The Sustainable Development Goals helps *animaná* to guide and systematize its work in order to be a force of good and respect for the planet we live on.

A primary focus on the research at an academic level on camelids, natural fibers, sustainable luxury and circular fashion allows us to stay up to date and be prepared for possible exposure opportunities as guests at events or interviews.

Implementation

Raw materials

In terms of raw materials, natural fibers of the Andes and Patagonia are implemented. Fibers obtained from camelids, such as llamas, guanacos, alpacas and vicuñas are highly valued for their softness and durability and animaná's endeavour is to protect all camelid species. The camelids roam free in large pastures of their natural habitat, the Andes and Patagonia. The animals are sheared using manual processes (scissors), and the best fibers are selected. A wide variety of natural undyed colours are chosen ranging from white and light beige to intense blacks.

Other fibers that were used include Andean silk, organic pima cotton (in its natural colours which range from natural to yellows and browns), merino wool (OVIS XXI), chaguar, linen and other natural raw materials such as onyx, nickel, and silver.

We collect natural fibers (from native species which grow on the loose and in other cases are raised spontaneously) and other raw materials from which species that are protected under the law system, aiming to keep the environment unaltered.

Together with UNIDO and other local and regional organizations join forces to work. They are all dedicated to the protection and care of 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 fibers 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, 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 in the nineteenth century. The production, process, and export of all these natural fibers is vital for the local communities' development.

Natural fibers (from camelids, sheeps and species which live spontaneously) are very comfortable for wellbeing and health. 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 mechanical resistance, lightweight, and 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 fibers we are fighting hunger, poverty, the disintegration of the environment, and assisting rural indigenous communities in their projects.

Currently, it is promoted and strived 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 that are 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 fiber products, by purchasing and re-using rests of fabrics in new products.

Packaging and Shipping

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.

Part of the plan is to work hand in 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, kilometres per vehicle and kilometres per ton, by increasing the cargo factors and therefore reducing "empty" or "half-empty" circulating vehicles.

We have relocated our stocks centres near consumers in order to reduce unnecessary carbon footprint. We are working on improving our logistic model as sales grows.

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 conducting all of its business in an honest and ethical manner. A zero-tolerance approach is towards bribery and corruption, and is 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 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 critical 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.

Furthermore, within Anti-Corruption Principles our work is aligned with the following United Nations' Sustainable Development Goals for 2030 Agenda:

- SDG 1 No Poverty
- SDG 2 Zero Hunger
- SDG 3 Good Health and Well-being
- SDG 5 Gender Equality
- SDG 8 Decent Work and Economic Growth
- SDG 9 Industry, Innovation and Infrastructure
- SDG 10 Reducing Inequality
- SDG 12 Responsible Consumption and Production
- SDG 17 Partnership for the Goals

The Sustainable Development Goals helps *animaná* to guide and systematize its work in order to be a force of good for everyone, without leaving anyone behind.

Implementation

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

During the C20, held in Buenos Aires, NGOs from the G20 countries were summoned to discuss and prepare political statements for G20 Summit 2019 about Education, Labour and Inclusion.

Measurement of outcomes

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

animaná only works with suppliers and partners that act with transparency and integrity, and undergo procedures for local and international certifications and standards.

