

# **AIAYU RESPONSIBILITY REPORT 2021**

# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>3</b>
<b>MISSION</b> .....	<b>4</b>
<b>AIAYU'S MATERIALS</b> .....	<b>5</b>
<b>MATERIAL EXPLANATIONS</b> .....	<b>5</b>
GOTS Cotton.....	5
“Beyond Organic” Cotton.....	6
Llama Fiber.....	6
Yak & Sartuul Wool: Green Gold Animal Health Project.....	6
<b>AIAYU'S MATERIAL MATRIX</b> .....	<b>7</b>
<b>AIAYU'S MATERIAL USE AND IMPACTS IN 2021</b> .....	<b>8</b>
Positive Impacts.....	8
Areas to Improve.....	8
<b>AIAYU'S PRODUCTION PARTNERS</b> .....	<b>9</b>
<b>CERTIFICATIONS</b> .....	<b>9</b>
<b>INDIA</b> .....	<b>9</b>
Social Responsibility.....	9
Reducing Environmental Impact.....	9
<b>BOLIVIA</b> .....	<b>10</b>
Social Responsibility & Reducing Environmental Impact.....	10
<b>NEPAL</b> .....	<b>10</b>
Social Responsibility & Reducing Environmental Impact.....	10
<b>AIAYU'S RESPONSIBILITY GOALS: 2021-2025</b> .....	<b>12</b>

# INTRODUCTION

Responsibility has been at the core of Aiayu since we began 17 years ago. Despite this long legacy, we are passionate about remaining ambitious, actively pursuing strategies to reduce our environmental impacts and ensure that each person who has a hand in making an Aiayu product is paid fairly and treated with respect.

Accountability is a key part of this – to make sure we are living up to the needs of our customers, our production partners, and the planet. To hold ourselves accountable, we want to share the progress of Aiayu's responsibility journey, including the areas we need to work on and the goals we are striving for.

The unescapable truth is that we are in an era of overproduction and overconsumption. It always takes resources to create something new, even if every possible measure is maximized to reduce environmental impact.

As a result, Aiayu's approach to design, the materials we choose, the production partners we work with, and what we do to extend the lives of our products, are of critical importance.

In our experience, it is the well designed, high-quality pieces made from responsibly sourced natural materials which inspire care, repair, and long-term use – while balancing the well-being of the people and ecosystems involved in making them.

# MISSION

Our mission is to participate in and support a more responsible textile industry by creating a thoughtful selection of timeless, durable items that are produced with the greatest respect for the people and ecosystems on our entire value chain.

We achieve this mission in the following ways:

- Selecting natural materials which are 1) grown and raised by traditional, small-scale fiber producers using regenerative methods, or 2) have leading, third-party environmental & social responsibility certifications.
- Creating products which support traditional cultures of craftsmanship, farming, and herding.
- Building long-term, respectful, and mutually beneficial relationships with our production partners based upon fair payment terms, flexibility, and loyalty.
- Reducing the amount of chemicals used in our products by choosing GOTS certified value chains, undyed product lines, and avoiding synthetic materials
- Offering a repair service to extend the life of our products and inspire our customers to buy less and care for what they already have

# AIAYU'S MATERIALS

In line with our mission, Aiayu consciously selects nature's most beautiful and responsible materials.

We search for regenerative natural fibers, often those that are less common in the textile industry, which support traditional farmers and herders as the caretakers of the ecosystems around them.

When we do decide a popular material is best – we commit to sourcing it responsibly through the best available methods, whether that's a certification, recycling programme, NGO, or close supplier relationship.

Below is an explanation of Aiayu's most used materials in 2021

## MATERIAL EXPLANATIONS

### GOTS Cotton

Over 97% of the cotton used in 2021 was certified by the Global Organic Textile Standard (GOTS). Considered the gold standard of organic cotton certifications, we are proud to have been GOTS certified since 2017.

GOTS ensures the raw material is certified organic and enforces strict environmental, social, and chemical criteria are at every step of the supply chain until a product reaches a customer. Because the entire chain must be certified, this means that even the facilities we might not have direct contact with, such as spinning mills or dye houses, are adhering to high standards of responsibility. Aiayu is audited by GOTS each year to make sure we are following all the necessary procedures.

### “Beyond Organic” Cotton

GOTS is a very high standard, but we want to go “beyond organic” – choosing cotton which comes from farms with strong social and economic protections for farmers and practice regenerative agriculture. While organic is defined by what is not done, like avoiding harmful chemical inputs and techniques, regenerative agriculture is defined by using methods which create positive impacts and build healthy, biodiverse agricultural ecosystems.

For example, our fiber partner Chetna Organic uses regenerative principles like the following:

- No to low tillage to maintain soil health
- Cover cropping to protect soil health and minimize erosion
- Food crop rotation to improve soil health and increase local food security
- Use of In-situ nitrogen fixing plants for soil health
- Application of biomass and livestock-based compost for soil health
- Non-GMO seed banking for seed sovereignty and protection of heritage varieties
- Water recharging structures for water conservation and erosion protection

In 2021, Chetna was in process of receiving the Regenerative Organic Certification, the first regenerative agriculture certification, and successfully became certified in early 2022. Chetna is also Fair Trade certified, paying premiums into farmer-led collectives and operating on contracts which ensure farmers earn higher and more stable wages.

Another “beyond organic” material partner is Organic Cotton Colours (OCC), based in Spain. There are ancient varieties of cotton which are naturally colourful, growing in shades of brown, cream, or even green. OCC supports over 300 Brazilian family farmers who still grow this rare and colourful cotton today. Over the last 30 years, OCC has built direct relationships with farmers based on fair trade principles. All of OCC’s cotton is rainfed and grown according to regenerative practices, where farmers work with nature to preserve and enrich local ecosystems.

### **Llama Fiber**

Llama fiber is where the story of Aiayu began and still the material at the heart of Aiayu. Our llamas live in Bolivia’s highlands on small family farms, where they graze freely in the mountains during the day and return home at night. Many of the llamas are fully integrated into the farms where they live and are used for a variety of reasons – from milk, to fiber, fertilizer, or as working animals. The highlands of Bolivia are not well suited to industrial-scale agriculture, so llama fiber is a crucial source of income for rural families in the region.

Llamas are perfectly adapted to their environments, and everything from their feet, the way they graze, their low water intake, and slow metabolisms are designed to be gentle on their local ecosystems. As of now, llama fiber is not nearly as in demand as their more popular camelid relative, the alpaca, so the small, traditional scale of llama fiber production remains unchanged. Llamas come in varying tones of brown, grey, cream, so many of Aiayu’s llama knits are pure and undyed,

### **Yak & Sartuul Wool: Green Gold Animal Health Project**

Aiayu uses Sartuul wool and yak fiber from nomadic herders in the Green Gold Project, now known as the [National Federation of Pasture User Groups of Herders of Mongolia](#). The project aims to protect and restore both Mongolia’s grasslands and the traditional livelihoods of its nomadic herders.

To do this, the programme works with herders and local universities to carefully track and study the health of grasslands all over the country. In areas which have been degraded, herders and researchers suspend grazing and take action to restore plant and soil life. To avoid future overgrazing, herders organize collectives which manage a rotating grazing schedule to ensure the land can fully recover between seasons.

Sartuul sheep and yak are selected for the programme because they are indigenous to the Mongolian steppe, and like llamas, are perfectly suited for sustainable grazing in that ecosystem. Their wool comes in a range of beautiful shades, so many of Aiayu’s Sartuul & yak knits are pure and undyed.

## AIAYU'S MATERIAL MATRIX

Through Aiayu's material choices, we seek to balance the needs of the people behind our products, the planet, and our commitment to making the highest-quality essentials we possibly can. To translate this into practice, we have developed a Material Matrix to schematically show and assess the materials we work with.

Each material has been evaluated taking into consideration a range of factors across its entire lifecycle – from the raw material through consumer use and disposal. The known environmental impacts of a material, such as the emissions, water, and chemical footprints were assessed, trying as much as possible to use information specific to the material supply chains we work with.

We also thoroughly investigate our materials for human rights risks, involvement of NGO or social programmes, and opportunities to support craftsmanship & cultural heritage. Lastly, as proponents of products that are made to last, the physical characteristics of a material are of the utmost importance. As such, the durability, recyclability, biodegradability, and comfort of a fiber are heavily weighed.

PREFERRED	GOOD	MEDIUM	AVOID
"Beyond Organic" virgin cotton <sup>1</sup>	GOTS Organic Cotton	Linen	Polymaide
Recycled Cotton <sup>2</sup>	Eri Silk	Recycled Polyamide	Polyester
Sartuul, Yak, Cashmere, & Camel (from Green Gold Animal Health Project)	RWS Certified Wool <sup>3</sup>	Non-Mulesed Wool <sup>4</sup>	Conventional Cashmere
Llama	Nomadic Tibetan Sheep Wool <sup>5</sup>	Recycled Polyester	Conventional Cotton
Certified Recycled Wool <sup>6</sup>	Nomadic Tibetan Cashmere <sup>7</sup>		Conventional Wool
Certified Recycled Cashmere <sup>8</sup>	Recycled Silk		Conventional Silk
Climate Beneficial Wool <sup>9</sup>			
EU Linen <sup>10</sup>			
GOTS Organic Linen			
Organic Cotton Colours <sup>11</sup>			

<sup>1</sup>Cotton that is certified organic, rainfed AND one of the following: 1) GOTS + Fair Trade Cotton certified 2) from [Chetna Organic](#) 3) from [Regenerative Organic Certified](#) partner 4) from producers which practice regenerative organic agriculture with outcomes or methods verified by a third-party. <sup>2</sup>Fiber that is GRS/RCS certified, or from Aiayu's or supplier's internally sourced production waste. <sup>3</sup>Wool certified by the Responsible Wool Standard. <sup>4</sup>Must have non-mulesed certificate with country of origin of raw fiber. <sup>5</sup>Wool & Cashmere sourced from traditional, small nomadic herds in Tibet by our Nepalese workshop. <sup>6</sup>Fiber that is certified Global Recycle Standard (GRS) or Recycled Content Standard (RCS). <sup>7</sup>Wool & Cashmere sourced from traditional, small nomadic herds in Tibet by our Nepalese workshop. <sup>8</sup>Fiber that is certified by Global Recycle Standard (GRS) or Recycled Content Standard (RCS). <sup>9</sup>Wool from Fibershed Climate Beneficial Fiber pool, from Fibershed verified producer. <sup>10</sup>Linen that is grown, processed, dyed, and spun/woven/knit in the EU. <sup>11</sup>Regenerative organic, rainfed, undyed Brazilian colour cotton from [OCC](#).

## **AIAYU'S MATERIAL USE AND IMPACTS IN 2021**

In 2021, 94% of the materials Aiayu used were in the Preferred or Good category – with 44% being Preferred and 50% Good. The remaining 6% were fibers in the Medium and Minimize categories, which was equally split 3% each.

### **Positive Impacts**

- In 2021, 99% of Aiayu's cotton use was certified organic and 97% was GOTS certified.
- 38% of our cotton volume was “beyond organic”, meaning it was rainfed, regenerative, and with programming to increase the economic wellbeing of farmers.
- Less than 1% of the total material volume Aiayu used in 2021 was from synthetic fiber.
- 13% of Aiayu's revenue in 2021 came from undyed products. Dyeing is a water, chemical, and energy intensive process and we always prioritize choosing undyed fibers to reduce our impacts.
- 72% of the animal fiber Aiayu used in 2021 was from the Preferred category, supporting regenerative, traditional fiber producers - namely, llama fiber from Bolivia and Sartuul & yak wool from the Green Gold Project in Mongolia.

### **Areas to Improve**

While we are happy that the vast majority of our fibers are in the upper two categories, we still aim to reduce and/or upgrade our use of the materials in the Medium and Minimize groups. In particular, we prioritize improving the animal fibers we work with in these categories, such as conventional cashmere and non-mulesed wool, and to remove all virgin synthetics. Additionally, we want to level-up a large portion of our Good fibers to the Preferred level, particularly in regards to organic cotton.

To accomplish this, and to align further with our mission, our focus areas will be increasing our use of fiber from the Green Gold Project, strengthening our Indian organic cotton sourcing to fully traceable, “beyond organic” fiber, and scaling our use of recycled materials. To learn more, please read Aiayu's Responsibility Goals: 2021-2025



# AIAYU'S PRODUCTION PARTNERS

Respectful partner relationships are the foundation of Aiayu, and we deeply believe that responsibility is a joint project between us and our producers. Therefore, we make sure to bring fair payment terms, mutual respect, reasonable lead times, and long-term commitments to all our partnerships – so our suppliers can invest in reducing their environmental impacts and providing fairly-paid, safe, high-quality jobs to their communities.

Aiyu works with a range of producers, from small artisanal workshops to larger more industrial partners. We have a tailored approach to how we manage responsibility depending on a partner's size, the nature of the products being made, and their location.

## CERTIFICATIONS

Certifications are one important piece of Aiayu's responsibility practice. However, they are not feasible for suppliers working on a small scale, and we do not believe they replace the trust and relationships that must be built with each partner. Nevertheless, to ensure everyone involved in making an Aiayu item is paid fairly and treated with respect, we ask our larger production partners to have leading social responsibility certifications, like SA8000 or BSCI.

Regardless of size, product, or location, Aiayu asks each production partner how much they pay their employees each year, to safeguard that fair wages are being paid. Wages will be included in the Responsibility Report for 2022.

## INDIA

India is where Aiayu's largest partners are, and while it is the most "conventional" textile producing country we work in, we have 7 suppliers who share our passion and commitment for doing things responsibly. Each has leading social and environmental certifications, pays fair wages, and is proactive about minimizing their environmental footprint in their facilities.

### **Social Responsibility:**

100% of our Indian suppliers are GOTS certified and exclusively source from GOTS certified supply chains, guaranteeing a baseline of social responsibility – including wages, human rights, and worker health & safety - both in their own facility and across each stage of production.

In addition to being GOTS certified, we require that all our Indian partners have top-tier social certifications. We choose partners who have been audited and approved by SA8000, BSCI, or minimally Sedex (only approved with additional due diligence).

100% of our Indian partners have one of these social certifications, with 6 out of 7 having SA8000 or BSCI.

### **Reducing Environmental Impact:**

In India, since all our suppliers are GOTS certified, we rely heavily upon the standard for a high level of environmental management from field to finished garment.

GOTS mandates that suppliers at all stages track and have goals to reduce their energy, water, and waste footprints. It also requires that they have stringent chemical management practices in place which cover the product, worker safety, and any form of waste.

In addition to this, 5 out of the 7 Indian partners we worked with in 2021 used renewable energy in their facilities and all had highly efficient wastewater treatment systems.

## **BOLIVIA**

Bolivia is the soul of Aiayu and where the brand began back in 2005 with a small line of llama knitwear. We have been working with our Bolivian production partner continuously for the last 17 years, and it is one of the most important relationships to us.

Our partner makes hand finished, machine knit items and highly artisanal, entirely handknit products from top-quality llama fiber sourced locally. Not only are these knits beautiful, durable, and timeless – their production supports Bolivia's growing textile economy, the country's long tradition of handknit craftsmanship, and traditional, small-scale llama producers.

### **Social Responsibility & Reducing Environmental Impact**

Our Bolivian partner makes everything under one roof – from yarn spinning, to dyeing, and knitting – in a facility with a highly efficient wastewater treatment and recycling system. They are also Oeko-tex 100 Standard certified, which ensures chemical safety.

Also, almost 49% of the llama products Aiayu made in 2021 were undyed, greatly reducing the chemical, water, and energy resource use of these items.

Aiyu began working in Bolivia in 2005 in collaboration with DANIDA, the Danish Development Agency, to create the first responsible knitwear factory in the country.

The aim of the project was to support the country's economy through job creation and by bringing the legacy of Bolivia's knit craftsmanship to the world. Our partner is still achieving these goals and we are proud to continue to this work with them.

## **NEPAL**

Aiyu works with three Nepalese partners, two small, highly artisanal workshops, and one producer who make knits on a larger scale.

Our handmade products support Nepal's beautiful cultural heritage and the region's tradition of nomadic livestock herding. The items we make on a larger scale provide important investment and capability development for Nepal's young textile industry.

This strategy enables us to build a diversified and sustainable business in Nepal while we explore and develop using unique fibers in the region, like yak and Sartuul wool.

### **Social Responsibility & Reducing Environmental Impact**

One of Aiayu's primary goals in Nepal is to sustain cultures of craftsmanship and traditional fiber production. Our smallest Nepalese partner carefully spins, dyes, and looms beautiful pillows and scarves by hand. The owner of the workshop sources cashmere and wool from small, nomadic herds in Tibet. These products are a true ode to Nepalese craftsmanship and support a whole network of traditional artisans and herders.

Aiyu works with the Green Gold Project through our second Nepalese partner, who expertly makes our Sartuul and yak knits from the Mongolian yarn. Through this partnership, we can support both Nepalese

knit craftsmanship and livelihoods and sustainable grazing initiatives of Mongolian herders. To further reduce environmental impacts, all the yak fiber Aiayu uses is undyed, with undyed Sartuul being added in future collections.

Our largest Nepalese partner is the first Sedex certified knit factory in the country and makes all our machine knit cashmere items. In 2021, we launched an undyed cashmere style with this partner and are searching for ways to improve our cashmere sourcing – whether through recycled or regenerative virgin fiber sources.

## AIAYU'S RESPONSIBILITY GOALS: 2021-2025

To reduce Aiayu's water, chemical, and emissions footprint, we aim to prioritize undyed fibers.

- In 2021, 13% of Aiayu's revenue was from undyed products, by the end of 2023 we want to increase this to 20% by increasing our undyed product range.

Synthetics fibers made-up less than 1% of Aiayu's total material use in 2021

- To further reduce Aiayu's chemical and emissions footprint, we aim to phase out all virgin synthetics by the end of 2024 via elimination or by switching to recycled versions when they are necessary for product functionality and durability.

97% of Aiayu's cotton is organic and GOTS certified. We strive to move "beyond organic" by choosing cotton that is either recycled or from producers who utilize regenerative agriculture principles in addition to an organic certification.

- In 2021, 38% of Aiayu's cotton production met this goal. By 2025, 50% of the cotton we use will be from regenerative organic or recycled sources.

Conventional cashmere and non-mulesed wool accounted for 4% of Aiayu's total production volume in 2021.

- To combat land degradation and to reduce Aiayu's emissions footprint, we aim to replace 50% of this volume with recycled, leading third-party certified, or regenerative fiber by the end of 2024.

Aiayu is passionate about paying our production partners fairly so they, in turn, can provide good jobs to their communities.

- 100% of Aiayu's production partners pay above minimum wage, by the end of 2024 Aiayu will evaluate all our partner's wages against appropriate living wage benchmarks