



# IVY OAK

## SUSTAINABILITY REPORT

Q3 2020

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# **WE ARE NOT JUST ANOTHER LABEL.**

We take a holistic approach to sustainability. This year we launched our 360° Framework to become the most sustainable company we can be. In our quarterly Sustainability Reports we give you updates on where we stand, what we are aiming for and what our challenges are.

Here comes our third Sustainability Report. We hope you enjoy reading it!



# I HIGHLIGHTS FROM OUR PREVIOUS REPORTS

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**100%** price transparency for all product categories

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**93%** recycled content in overall packaging mix

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**First** coats made of recycled wool launched

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**Care Guide** published with tips on how to care for garments

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**Launch** of our vision 'Every product tells its story'

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**100%** traceability to our factories and 30 visits 2017-2019



'We want to use only eco-friendly fabrics & eliminate all hazardous chemicals from our value chain.'

## II ECO MATERIALS

### TARGETS & ACTIONS

- 100% SUSTAINABLE MATERIALS BY 2025

First things first. We are very proud that we reached our first milestone on our journey to 100% sustainable materials: over 50% of our new S/S2021 collection are made with eco-friendlier fabrics! We significantly increased the use of organic cotton, recycled materials and mapped our viscose fabrics to ensure they only stem from good producers. Compared to our last collection (41%) this represents an 11 percentage point increase. To learn more about which materials count towards our goal, you can check out our [Preferred Fibres & Materials Standard](#).

For the new season, we were able to map 100% of the viscose we used against Canopy's Hot Button Ranking to ensure no wood from ancient and endangered forests enters our supply chain by the end of 2020, in line with our [commitment on forest derived materials](#). None of our producers were rated as risk suppliers and we sourced 100% of our styles from the top 5 ranked producers. A big thank you goes to our suppliers who have been incredibly open to support us and to Canopy's entire team who has been helping us with all our questions along the way. We will keep this momentum as we pursue our next viscose goals: pushing market demand for innovative and certified fibres as well as promoting best practices, such as closed loop production systems.

In addition to introducing recycled wool to our coat collection this year, we achieved a significant wool milestone for the new season: all virgin wool is 100% mulesing-free. Mulesing is a procedure to remove skin around the breech of a sheep to prevent flystrike and mostly practiced in Australia. Since most animal welfare NGOs oppose it, we have always been committed to sourcing mulesing-free wool and are happy to have fully implemented this.

Wool is a beautiful material and has great potential for circularity. In the future, we want to explore more recycled options as well as increase animal welfare standards for our virgin wool.

Sometimes the most eco-friendly option can be to use what is already there. For the new season we designed a few styles on leftover fabrics. While we aim to avoid creating deadstock as much as we can, sometimes it is not possible due to unforeseen events. The amount of pre-consumer textile waste in the industry in general is quite high. Reusing them is paramount to reduce the demand for new, virgin fabrics.

In addition to fabrics we also work on our trim footprint. This year we added a button with 25% recycled polyester content to our collection. Although the recycling rate is still relatively low due to technological limitations, we intend to use other materials with lower environmental impact in the coming seasons and hope that technological advances will enable higher recycling rates in the future.

## RESULTS

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52% of styles made entirely of eco-friendlier\* fabrics

21% of the collection made with recycled or leftover content

First button with 25% recycled polyester content introduced

100% of viscose styles stem from Green Shirt Producers\*\*

100% of viscose mapped

100% mulesing-free wool

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All data is for our S/S2021 collection except the data on recycled buttons (A/W2020).

\*Eco-friendlier fabrics are defined as class A and B from our [fabric framework](#);

\*\*This number was updated from 84 to 100% after Canopy's 2020 Hot Button Rating update.

## CHALLENGES & TO DOS

### TRIMS

In addition to our recycled button, we had planned to use organic cotton and recycled polyester zippers in our new collection. Yet, in the end we decided against it because they would have had to be shipped by plane from Asia to Europe, putting into question the environmental benefits of that choice. We saw that taking a holistic approach sometimes means not doing what looks good on paper. In preparation for the next seasons, we are diving deep into eco-friendly trim offerings to make progress on this important topic.

### PROCESSING & DYEING

In addition to sourcing lower-impact raw materials, the processing and dyeing stages are important to address as they use a lot of energy, water and chemicals. Some of our Lenzing and organic cotton fabrics already follow very high standards for those phases. We hope to find further options to employ cleaner, eco-friendlier processing and dyeing for other fabrics as well and will keep updating you on our progress.





'We want to achieve full traceability along our supply chains.'

## III TRACEABILITY

### TARGETS & ACTIONS

- 100% TRACEABLE SUPPLY CHAINS BY 2025

We have focused a lot of effort over the past year on increasing our level of traceability in our supply chains. For the new season we were able to map 100% of our viscose fibre producers and establish this level of transparency as a pre-condition to use viscose with all our suppliers.

We also increased the traceability for tier 2 fabric suppliers by 18 percentage points (96%), for tier 3 yarn suppliers by 14 percentage points (31%) and remained approximately stable at tier 4 fibre producers (36%) compared to last season. Some business partners are still hesitant to provide full transparency as they perceive

this knowledge as a competitive advantage. We are very happy that many of our suppliers see the importance of traceability enabling us to steadily improve. With their support we were already able to tell the full story for two product categories, namely our organic cotton T-shirts and our leather capsule collection.

In the fashion industry, it is common practice for suppliers to handle the procurement for brands. Our vision as a fashion brand is that we want to know exactly what goes into our products so that we can share their history with our customers. That is why we mainly rely on direct sourcing and, where possible, cut middlemen. However, smaller, less visible trims and accessories are often sourced locally. This year we



have nominated sewing thread suppliers for our entire collection. So we know exactly which yarns are used. Since all of our suppliers are true experts in the industry, their input in the procurement process is invaluable to

us in finding the best materials. We will continue to work with them to increase traceability step by step, not only for our manufacturing and fabrics, but also for our trims.

## RESULTS

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96% tier 2  
fabric suppliers  
mapped

31% tier 3  
yarn suppliers  
mapped

36% tier 4  
fibre suppliers  
mapped

100% of viscose  
fibre producers  
mapped

Second product  
mapped to the  
farm region

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\*Data based on S/S2021 collection.

## CHALLENGES & TO DOS

### NEWNESS

From a design perspective, we draw inspiration from new fabrics and want to bring fresh ideas to our collections. Searching for new fabrics and getting all the answers to our questions in time is however a real challenge. Sourcing certified materials and having established trusted and direct relationships with our suppliers helps. We also steadily expand our material libraries of fabrics and trims we know and want to use again.

### INVISIBLE TRIMS

Although we already have a relatively high degree of transparency in our supply chain compared to other brands that rely mainly on middlemen, there are smaller and less visible components such as interlinings, snaps or lace bands that our suppliers largely source themselves, as this is more efficient. To achieve our goal of telling the story of every garment, we will continue to work together to make our vision of traceability a reality, even for the smallest parts.



'We want to integrate sustainability in all our operations and minimize our environmental footprint to combat climate change.'

## IV OPERATIONS & FOOTPRINT

### TARGETS & ACTIONS

- SIGNIFICANTLY REDUCE FOOTPRINT BY 2025 VIA ECO FABRICS, LOW GHG TRANSPORT & SUSTAINABLE PRACTICES
- 100% SUSTAINABLE PACKAGING BY 2022 & REDUCTION OF MATERIAL USE

Raw materials and processing account for a large part of our environmental footprint. By shifting to more eco-friendly fabrics we seek to lower our impacts and greenhouse gas (ghg) emissions. We were excited when one of our supplier Manteco conducted a life-cycle assessment for the recycled wool we used for several of our coats this year: it needed 87% less water, 74% less CO2 and 58% less energy compared to conventional

wool. This excellent result motivates us to switch more wool to recycled qualities.

Logistics are the other major driver of ghg emissions. Our supply chain and production teams were able to achieve a massive shift from air to rail and sea shipments for our overseas production. For the last season two thirds of overseas transport was conducted via rail or ship, which respectively cause approximately 7 and 44 times less ghg emissions than air. While we cannot guarantee that we will be able to avoid plane transport completely, especially in case of unforeseen events, we definitely want to keep up this great work.

Making the small steps count! We introduced Ökobon thermal paper for our cash register in our boutique in Berlin. We switched because conventional thermal paper contains chemical colour developers, historically also including the toxic Bisphenol A (BPA). Ökobon's alternative printing technology is based on physical not chemical reaction, eliminating the need for colour developers. Moreover, Ökobon is made with FSC certified paper from responsibly managed forests and manufactured in Germany.

We recently replaced our smallest cardboard package with a paper envelope. Made in Berlin, the new envelope uses less material, thus accounts for less weight and volume during transport, which saves ghg emissions. We hope that customers can store and then reuse this envelope more easily than the old parcel. For the future we want to work with our supplier to increase the recycled fibre content of the envelope to make it even more eco-friendly.

## RESULTS

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68% of overseas  
transport done by  
rail or sea\*

Zero chemical  
colour developers in our  
thermal paper

New lighter  
packaging envelope  
introduced

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\*Data based on A/W2020 collection

## CHALLENGES & TO DOS

### QUANTIFICATION

There is certainly a lot of truth in the popular phrase "you can't manage what you can't measure". Measuring our impacts informs our strategy and helps us to credibly communicate results. Yet it is also a lot of work to collect data and systematically calculate footprints. Sometimes the resources that have to be spent on this can be used more sensibly for reduction projects with high savings potential. While we would like to measure our footprint more comprehensively in the future, but we must also always consider the benefits of such projects carefully, so that they are in line with the costs.

### IN-BETWEENS

Operating as a fashion brand in a globalised world, a lot of transport occurs in our supply chain. While we have a direct impact on the transportation mode used to transport goods from our factories to our warehouse, we have less information and leverage regarding the transport taking place further down the supply chain. As a first step, we have started to include questions on these invisible transport steps in our conversations with suppliers to get a better picture of the status quo.



'How Covid-19 shifts the way we work and pushes more digitisation in the fashion industry.'

## V INSIGHT

As the last chapter of our report, this time we want to give you an insight into how Covid-19 has impacted and changed practices in the fashion industry – some hopefully for the better.

The fashion industry has been hit hard by Covid-19 and the struggle of many brands has cascaded down the supply chain. On top, most factory audits and visits have been rendered impossible due to travel restrictions and lock downs. On a positive note, this has created increased acceptance of self-inspection, remote engagement and the uptake of technology driven interventions. Yet, social and labour assessments still need on-the-ground interaction and dialogue with workers. Therefore, while video conferencing has been a good way to connect with

many of our partners 'face to face' and even conduct virtual factory tours, we hope we can be on the factory floors again soon.

We have seen a shift to digital technologies also in other parts of the industry. This year's fashion shows and trade fairs all offered online formats. Usually, attending these events requires tickets, travelling, accommodation and time. As a young brand, we welcome the increased accessibility of the lectures, sourcing and networking opportunities that the digital experience has enabled for smaller players. We have had fruitful online meetings with suppliers and were able to review their product portfolios in virtual marketplaces rather than receiving all samples by mail. This certainly reduced ghg emissions

from transport and waste in the sourcing process. On our side, we created an online platform for our B2B partners to show them our new collection rather than travelling each time.

The current crisis is a test of the fashion industry's resilience. While there is a clear need for physical meetings, and digital technologies of course have their

own non-negligible environmental and social impacts, connected to raw materials, electricity use and e-waste, there is an opportunity to diversify, rethink established development and production processes and drive forward digital solutions. It is a call for the fashion industry to get creative and imagine new ways of doing things.