



## DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.**

## DISCLOSURE QUESTIONNAIRE

Company Name: Blue Design

Date Submitted: 01/05/2021

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals	✓	
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries	✓	
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration		✓
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs	✓	
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓

## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Blue Design

UPDATED AS OF:

01/05/2021

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally Intensive Industries
<b>TOPIC</b>	Water Intensive Industries
<b>SUMMARY OF ISSUE</b>	As a textile manufacturer, Blue Design operates in an industry that is water intensive, particularly with regard to the amount of water used during the washing process.
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	100% of Blue Design's revenue is generated from the sale of textiles. The factory operates near Asunción, in the delta formed between the Paraná River and the Paraguay River, where the company uses water from a well on the plant site.
<b>IMPACT ON STAKEHOLDER(S)</b>	As a water intensive industry, textile production poses risks such as water stress or depletion of local water sources if water use is not appropriately managed.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>The company has implemented 2 manufacturing innovations to decrease total water consumption by 77%.</p> <ol style="list-style-type: none"> <li>1) Ozone dry washing machine that eliminates the use of washing when the denim is lightened from dark to light color.</li> <li>2) Laser etching machine that print designs onto the jeans that has eliminated the used of water and Potassium Permanganate.</li> </ol> <p>The company has also reduced the amount of water consumed in the wet processing of garments by 40% in the last year. The company's strategy is to invest in process water treatment processes, to recover as much as possible, and thus avoid negative impact. Currently, the treated process water is reused for irrigation of the company's property and for use in plant toilets. The company has never had penalties or fines surrounding this issue.</p> <p>The company has established the following strategies:</p> <ol style="list-style-type: none"> <li>1) develop and investigate washing processes that consume less water, trying to reduce consumption as much as possible.</li> <li>2) Treat and recycle the process water in the highest possible percentage.</li> <li>3) Training of personnel on the responsible use of water in the workplace.</li> <li>4) Collection and alternative storage of water (rain).</li> </ol>
<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally Intensive Industries
<b>TOPIC</b>	Chemical Intensive Industries
<b>SUMMARY OF ISSUE</b>	As a textile manufacturer, Blue Design operates in an industry that is chemically intensive.
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	100% of Blue Design's revenue is generated from the sale of textiles.

<b>IMPACT ON STAKEHOLDER(S)</b>	As a chemical intensive industry, textile production poses risks to the environment such as pollution of air, land, and water, as well as potential human health risks to those exposed to carcinogenic chemicals.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>The company has substituted chemicals that are harmful to the environment (Chlorine and Potassium Permanganate) and replaced them with laser technologies, ozone and certified organic products which has stopped the use of harmful chemicals and reduced the volume of water used in washing. All chemical products have been verified through gas chromatography to ensure that they do not contain any substance defined in the Restricted Substances List. The company's Environmental Management plan specifies the way in which chemicals should be managed, purified and arranged at the end of the process. All the chemicals used by Blue Design are taken through its gray water to their treatment plant, where it is subjected to physical-chemical purification to neutralize the loads of the chemicals present in the effluents and thus comply with the parameters established according to resolution SEAM 222/02. The firm also acquired from day 1 a first-class treatment plant, it has primary and tertiary treatments to comply with the regulations of the Ministry of the Environment (Res 222/02: Water quality).</p> <p>Although the company operates with chemicals certified as friendly to human health and the environment (in specific concentrations), Blue Design is very aware of the importance of the correct handling of products. Therefore, the following strategies were addressed:</p> <ol style="list-style-type: none"> <li>1) Training of all operating personnel on the nature and risks of the chemicals used and how to proceed in the event of an accident at work.</li> <li>2) Provision of an Industrial Individual Protection Equipment to each of the operators who handle chemicals, consisting of overalls, safety glasses, face masks and gloves.</li> <li>3) Acquisition and use of certified organic chemicals for easier biodegradation.</li> <li>4) Correct disposal of chemicals after the production processes, through the purification in the effluent treatment plant and final disposal of sludge by a third-party company.</li> </ol>
<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Significant layoffs
<b>TOPIC</b>	Company has experienced layoffs over 20% of workers
<b>SUMMARY OF ISSUE</b>	Over the past three years, Blue Design has laid off workers purely for productivity reasons, either due to new incorporations in technologies (Laser that supplants manual sandpaper or Ozone that supplants washing processes), and improvements in the company's logistics software.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	Below of the total percentages of workforce laid off each year for the past three years: - 2017: 25% - 2018: 36; - 2019: 43%
<b>IMPACT ON STAKEHOLDER(S)</b>	Layoffs result in a loss of job and income for employees.
<b>IMPLEMENTED MGT PRACTICES</b>	The increase in productivity and the incorporation of automation are essential elements to maintain and improve the competitiveness of the company in the global clothing market, as well as necessary to achieve the world quality standards required by the premium brands for which it produces. The company complies with all the legal obligations that correspond to a loss of personnel. The company always provided severance pay to the dismissed personnel, as established in the labor code. No conflicts came up as a result of the layoffs and did not negatively affect the plant's socio-economic environment, since the personnel was absorbed by the labor market in the region. The company never had sanctions or fines surrounding this issue.

**OTHER MANAGEMENT  
COMMENTS**

BDA's mission is to be a model company at a global, national and regional level, and respects its contracts with its employees. BDA from its HR sector makes contracts with a long-term vision and scalability of its operators, always ensuring the honest and faithful work of both parties. Among the specific strategies, BDA contracts with absolutely all of its operators, does not form part of any kind or support any type of forced labor or employ personnel who are not in a position to work safely and efficiently in the plant.