

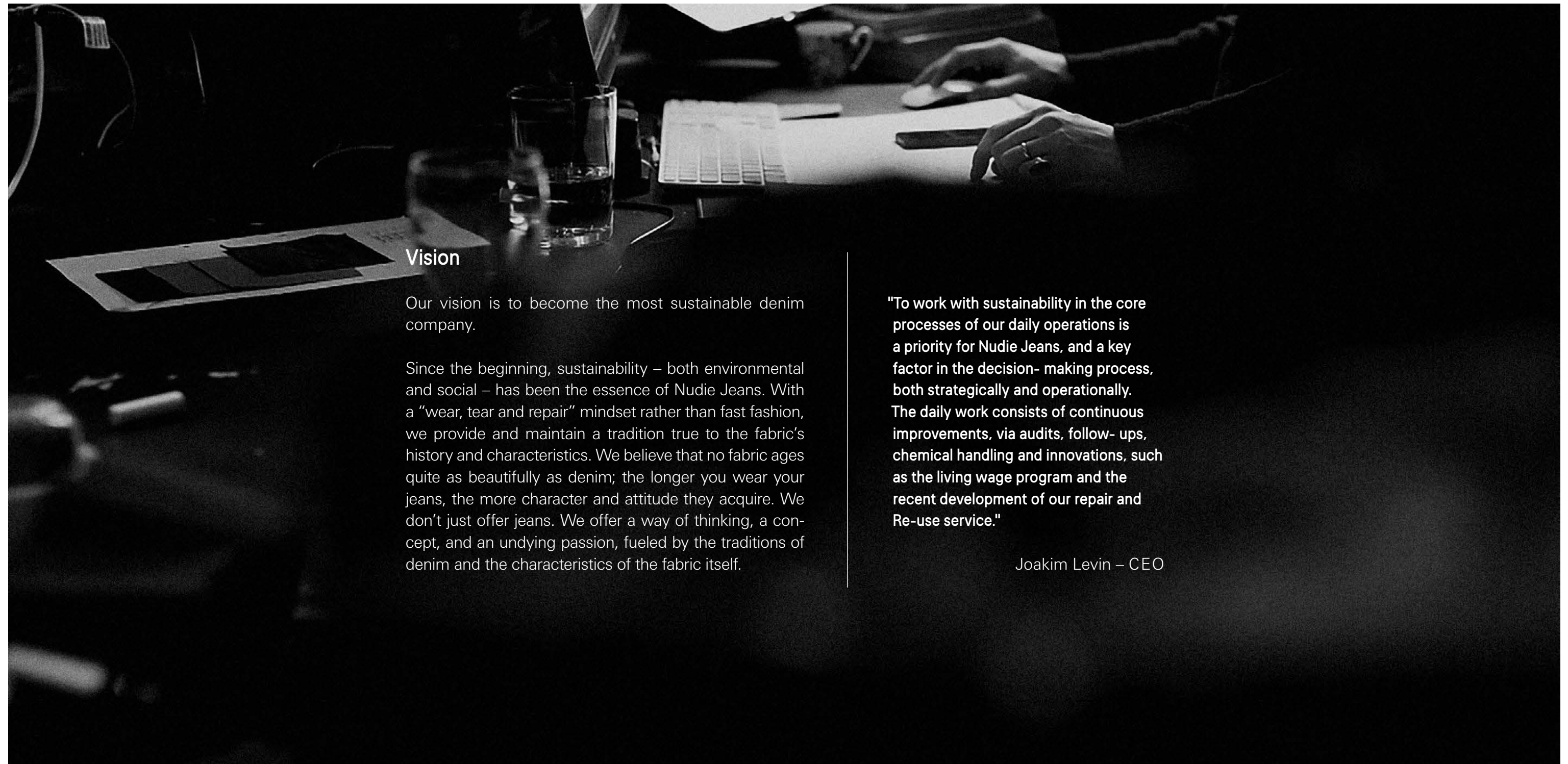
A photograph of a cotton field. In the background, a person wearing a headscarf and a purple shirt is working among the cotton plants. The foreground is dominated by a close-up of a large, white cotton flower with a brown center. The sky is clear and blue, and mountains are visible in the distance.

Nudie Jeans Sustainability report 2018

Nudie JEANS CO

TABLE OF CONTENT

Comments from the CEO and Sustainability department	4
Nudie Jeans	5
Nudie Jeans value chain and stakeholders	6
Highlights 2018	9
Sustainable materials	11
Nudie Jeans Sustainable material tool	13
Materials used by Nudie Jeans	16
Certifications	20
Sustainable production	22
Working conditions at our suppliers	23
Transparency	31
Chemicals	32
Transport	33
Climate	34
Sustainable Products	36
Repair	37
Reuse	38
Recycle	39
Bags and packaging	40
Collaborations	42
This is Nudie Jeans	45
Nudie Jeans as a workplace	47
Internal sustainability work	49
Next steps forward	51
Structure of the report	53
Materiality analysis	54



Vision

Our vision is to become the most sustainable denim company.

Since the beginning, sustainability – both environmental and social – has been the essence of Nudie Jeans. With a “wear, tear and repair” mindset rather than fast fashion, we provide and maintain a tradition true to the fabric’s history and characteristics. We believe that no fabric ages quite as beautifully as denim; the longer you wear your jeans, the more character and attitude they acquire. We don’t just offer jeans. We offer a way of thinking, a concept, and an undying passion, fueled by the traditions of denim and the characteristics of the fabric itself.

“To work with sustainability in the core processes of our daily operations is a priority for Nudie Jeans, and a key factor in the decision- making process, both strategically and operationally. The daily work consists of continuous improvements, via audits, follow- ups, chemical handling and innovations, such as the living wage program and the recent development of our repair and Re-use service.”

Joakim Levin – CEO

COMMENTS FROM THE CEO AND SUSTAINABILITY DEPARTMENT

Building a sustainable and innovative denim brand is what Nudie Jeans is all about, and 2018 was an exciting year full of progress. We had over 98% sustainable garments in our collections, the highest number to date. We have made it possible for more people to buy our most sustainable product – Re-use jeans – since we launched Re-use Online, incorporating Re-use jeans in our online shop. We have repaired more Nudie Jeans than ever and with our Mobile Repair Station we have traveled to new destinations to repair our customers' jeans.

In 2018, we replaced our leather patches with patches made from recycled paper for all our denim, marking yet another important step in our sustainability work. We also focused much of our communication on sustainability, with the campaign Get the Balance Right, to deliver the message about our organic cotton, living wages and repair and Re-use activities.

In general, we believe in communicating by doing, and our products carry the sustainability message. We also value the opportunity to educate our customers by promoting sustainable consumption patterns.

In 2018, we created our own sustainable material tool to further clarify how we define sustainable materials, and our sourcing strategy has become even more firmly rooted, which helps us tackle future challenges, while staying true to Nudie Jeans' core values, with concern for human rights, development, security and anticorruption. Following this direction gives us a good chance to incorporate sustainability in all aspects of our products in our daily operations.

As part of an industry with such a high use of natural resources, we must acknowledge our role and

focus our efforts on high-risk impact areas, which for us are cotton growing and wet processing.

We are very proud of what we have accomplished so far, and by continuing our practical approach to sustainability, we will take further steps toward a leading position in the fashion and denim industry.

In the coming years, in addition to our existing sustainability work, we will take action to map, reduce and compensate for our carbon emissions with the goal of becoming carbon neutral for our full supply chain by 2025.

Joakim Levin, CEO
Sandya Lang, Sustainability Manager
Eliina Brinkberg, Environmental Manager

NUDIE JEANS

Nudie Jeans is a Swedish denim brand founded in 2001 by Maria Erixon. The company is independent and privately owned by Maria Erixon, Palle Stenberg and Joakim Levin (CEO).

Nudie Jeans are sold in over 50 countries. There are currently 31 Nudie Jeans Repair Shops, all of them offering our Free Repair service. The Repair shops are located in Gothenburg, Stockholm, Oslo, London, Munich, Malmö, Zurich, Barcelona, Berlin, Sydney, Melbourne, Brisbane, Tokyo, Nagoya, Osaka, New York, Amsterdam and Los Angeles. In 2018, we opened a new Repair shop in Australia and re-opened the Repair shop in Los Angeles in a new location. In addition, Nudie Jeans are sold online at ww.nudiejeans.com, plus other selected online and retail stores.

Nudie Jeans timeline

- 2001** – Started working with Amnesty Sweden
- 2004** – First organic T-shirts were produced
- 2006** – Gathered all suppliers for a first Sustainability meeting
- 2009** – Received Sustainability award from Elle magazine
 - Joined Fair Wear Foundation
 - Joined Textile Exchange
- 2011** – Introduced Fair Trade cotton in our basic garments
- 2012** – Full denim collection made with 100% organic cotton
- 2013** – Released the Production Guide online
 - Launched the new store concept Nudie Jeans Repair Shop, starting in Soho, London
 - Started Nudie Jeans living wage program
- 2014** – Received the FWF Best Practice award for our work with living wages
- 2015** – Joined Chetna Coalition
 - Won Observer Ethical award, Sustainable Style
- 2016** – Received the Sustainability prize at Habits fashion show
- 2016** – Expanded our living wage program
- 2017** – Reached 100% organic cotton in all cotton products
- 2018** – Launched Re-use Online
 - Changed patches from leather to Jacron
 - Launched Get the balance right campaign
 - Won the Sustainable Fashion Award
 - Won the Lux awards – Best denim brand

The reporting organization is Nudie Jeans Marketing AB, one of thirteen organizations in the group Svenska Jeans Holding AB. Nudie Jeans Marketing AB is the buying part for all organizations.

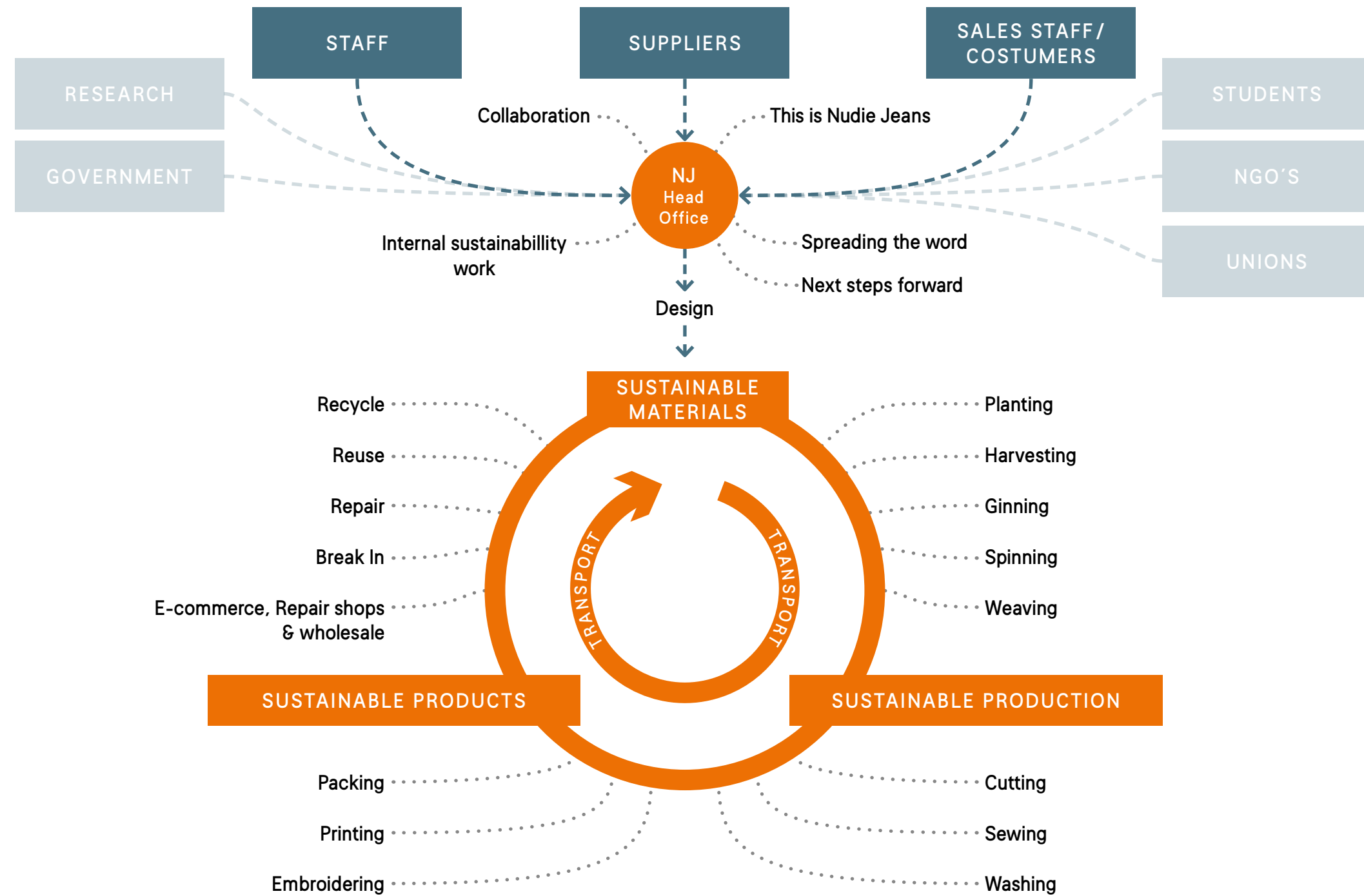
Org number: 556628-9277

In 2018, turnover for the reporting organization amounted to EUR 34,9 million.

Svenska Jeans Holding AB is a private limited company incorporated under the laws of Sweden. Svenska Jeans Holding AB is owned by Maria Erixon, Joakim Levin and Palle Stenberg, who each own 1/3 of the shares.

Nudie Jeans value chain and stakeholders

The illustration shows the Nudie Jeans value chain and our stakeholders. It also defines the main chapter in this sustainability report in which we present the Sustainable materials, Sustainable production and Sustainable products we work with, as well as our workplace.

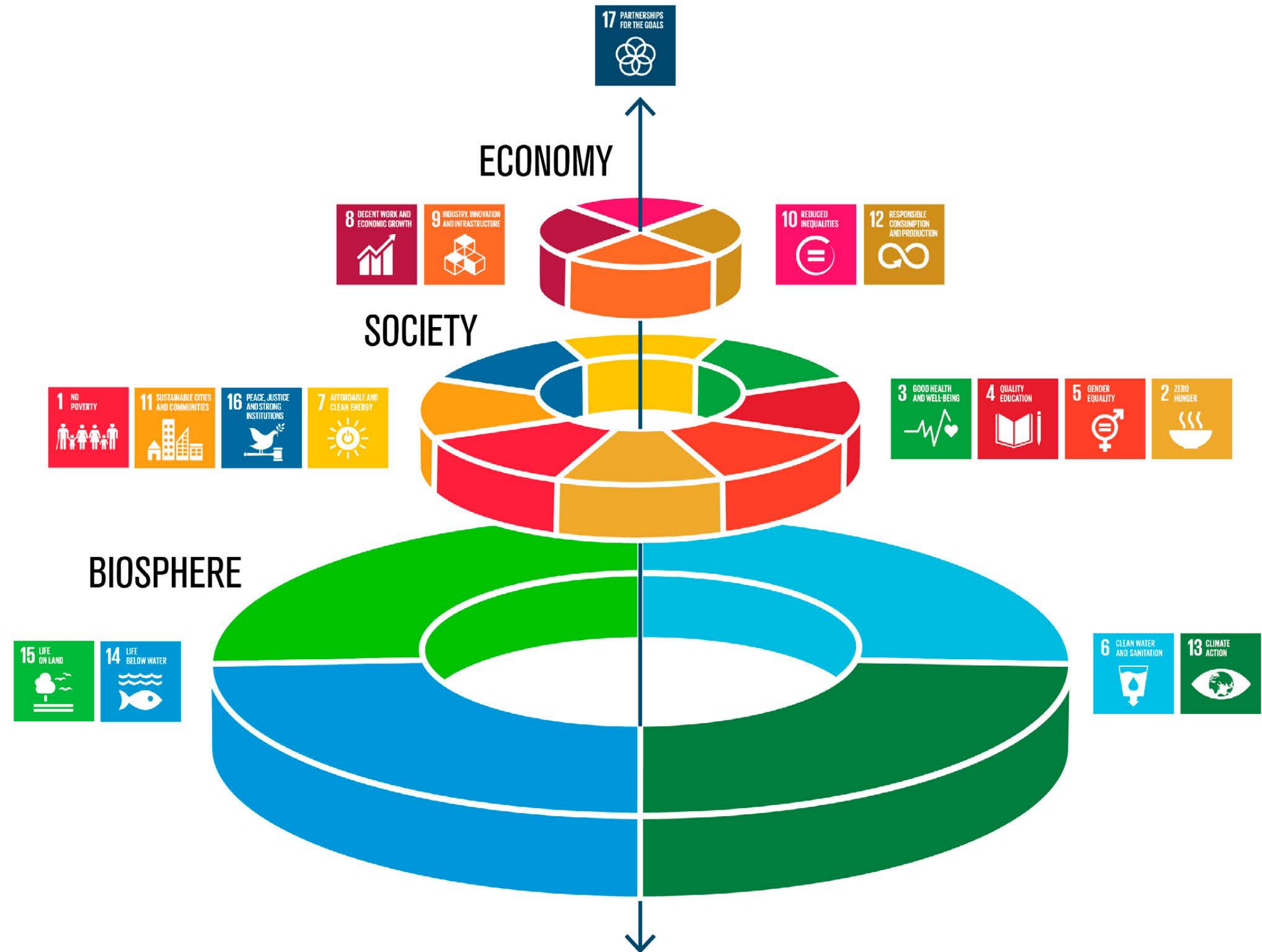


Sustainable Development Goals

The illustration of the Sustainable Development Goals representing an holistic way of looking at the economy, society and the planet which is in line with how Nudie Jeans work with sustainability.

Johan Rockström, part of Stockholm Resilience Center, creator of the model¹, explains:

"This model changes our paradigm for development, moving away from the current sectorial approach where social, economic, and ecological development are seen as separate parts. Now, we must transition toward a world logic where the economy serves society so that it evolves within the safe operating space of the planet."



1. Credit: Azote Images for Stockholm Resilience Centre

We have chosen to include the Sustainable Development Goals (SDGs) 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16 and 17 in the report to capture the areas we have identified as the ones in which we have the greatest impact. In the text below we highlight the SDG sub targets mapped to our current work, and our activities shown with page references for further reading.

-  **1.1 Eradicate extreme poverty**
1.2 Eradicate national poverty
 - Living wage (page 25, 26)
 - Fair Trade (page 16, 20)

-  **2.5 Diversity of seeds**
 - Organic cotton in India (page 12)
 - Hungerprojektet (page 46)

-  **3.8 Access to quality essential health-care services**
 - Suppliers' health check-ups for employees (page 28)
 - Organic cotton (page 11, 16)

-  **4.1 Education for all**
4.4 Relevant skills for employment
 - Supplier training (page 28)
 - Supporting Chetna schools (page 12, 24)

-  **5.1 Eliminate discrimination**
5.2 End violence
5.5 Equal opportunities
 - Fair Wear Foundation and trainings (page 23, 27, 28)
 - Living wage (25, 26)

-  **6.5 Water management**
6.6 Protect ecosystems
 - Water treatment plants (page 22)
 - Organic cotton (page 11, 16)
 - Internal sustainability work (page 49)

-  **7.2 Renewable energy**
 - Solar panels at suppliers (page 32)
 - Wind power at suppliers (page 32)

-  **8.5 Decent work**
8.6 Youth in employment
8.7 Eradicate forced labour
8.8 Secure working environments
 - Fair Wear Foundation and trainings (page 23, 27, 28)

-  **9.3 Smallscale enterprises**
 - Chetna Coalition (page 12)

-  **10.3 Eliminate discrimination**
10.4 Wage protection policies
 - Living wage (page 25, 26)
 - Fair Wear Foundation and trainings (page 23, 28)

-  **No actions**

-  **12.1 Sustainable production & consumption**
12.2 Use of natural resources
12.4 Management of chemicals
12.5 Reduce waste
 - Fair Wear Foundation (page 23, 27)
 - Eco-cycle (page 36)

-  **13.3 Improve education awareness raising**
 - Educating our customers (page 49)
 - Internal sustainability work (page 49)

-  **14.1 Reduce marine pollution**
 - Guppy friend washing bag (page 17)
 - Water treatment plants at laundries and fabric suppliers (page 22)

-  **15.1 Sustainable use of ecosystems**
 - Chetna organic cotton (page 12)

-  **16.2 End violence and abuse against children**
16.3 Equal access to justice for all
 - Amnesty Sweden (page 43)

-  **17.9 Capacity building**
17.16 Multistakeholder Partnerships
17.17 Encourage partnerships
 - Fair Wear Foundation, Alliance for Responsible denim Fairtrade, Textile Exchange, Fur Free alliance, Italy Working Group, RISE, CSR Västsverige, Mistra Future Fashion, University of Gothenburg, Chetna Coalition, Amnesty (page 42, 43, 44)


HIGHLIGHTS 2018

Hey Vegans!
In 2018, we let go of leather on denim and have moved on to patches made with recycled paper.

Leather's out, paper's in.



In spring 2018, we introduced **Re-use Online**, limited drops of pre-loved denim, available in our web shop. During the year we more than doubled the sales of Re-use denim.



With our **Mobile Repair Stations** and new **Repair Partners** we made it possible to repair more jeans than ever.

For the full year of 2018, we **produced 98.8% sustainable products**. We define a garment or accessory as sustainable when it contains at least 70% sustainable materials.

We are proud to say that we only work with organic cotton, as the largest environmental impact of our products is from growing the raw material. 2018 was the first full year of using **only certified organic cotton** for all of our product groups.

Made with 100% organic cotton



Our **NPS Score in 2018 was 80.4**

"Sustainable awesomeness"

"Organic cotton, vegan patch, transparent production process, the focus on Re-use, and very cool jeans!"

"Great organic product and awesome deal with lifetime repair. Love the company ethos"

"Sustainable, organic, stylish quality items from company with passion."


We are in the Fair Wear Foundation **Leaders category** for the 5th year in a row.

26.5% of the global workforce producing Nudie Jeans products received our extra share, as **a step toward living wages**.

We won the **Fashion and life style awards – best denim**.

We won the **Sustainable fashion award 2018**.

Get the balance right



With the **Get the Balance Right** campaign we continued to spread the word about our sustainability work.

A fun way to connect with our customers was on the **FWF live Q&A marathon**, where we answered questions about sustainability.

We participated throughout the year in the **Living Wage Incubator** – a great way to learn more and develop our living wage strategy and implementation with our suppliers.

In 2018 we **repaired 55,173 pairs** of jeans, and **collected 10, 557 pairs** for Re-use for new products and as patching material, which means we saved 44,000 kg of clothes from being thrown away and 386, 000, 000 liters of water.



We conducted a total of **11 social audits** at our suppliers and held worker and management **trainings with 86% of our suppliers** that are eligible for trainings.

We once again received the **Environmental Diploma** for our internal environmental work at our Head Office and Swedish Repair Shops.

We had **99% of our supplier base** under monitoring.

We placed in the **leaderboard 100% club for preferred manmade cellulose**s in Textile Exchange's Preferred Material Benchmark for 2018.



SUSTAINABLE MATERIALS

Nudie Jeans endeavors to take responsibility for the full product, which means we want to take responsibility from the raw material to the end of life of the product.

Nudie Jeans is characterized by timeless design. We want to create timeless and seasonless garments, clothes you want to wear every day and keep over time, garments that last, and garments that can live through repairs. Long before circularity became a buzzword, we focused on longevity and knew that garments you love – you keep. We believe that denim is a material that grows more beautiful with time. Starting with a pair of dry denim and wearing them every day will produce the most beautiful and personal wear and tear and the jeans will tell the story of the life you spent wearing them.

Exploring new sustainable fabrics and fibers is also part of the design process at Nudie Jeans - working closely with our fabric suppliers, adapting new developments and keeping track of new technolo-

gies. In 2018, we included more recycled fibers in our collection and thereby decreased our environmental impact.

100% Organic Cotton

We are proud to say that we only work with organic cotton, as the largest environmental impact of our products is from growing the raw material. The first goal was reached in 2012 when all denim was made in organic cotton and the journey has continued since. In 2017, we reached the same goal for the rest of our product groups. 2018 was therefore the first full year of only using certified organic cotton for all our cotton garments.

Choosing organic cotton means we take responsibility for biodiversity and for the eco system services that create and maintain everything we need for our own survival and the survival of our business. We recognize that the loss of ecosystem services always has the greatest and harshest im-

act on people who already live in poverty. Learning more about our business impact and choosing raw materials that do not increase the risk of biodiversity loss are therefore constant endeavors for us. Through these actions, we work in line with Sustainable Development Goal (SDG) 15 which focuses on the importance of sustaining and even strengthening biodiversity and eco systems on land. By choosing to only work with certified organic cotton, we find in particular that we have a positive indirect impact on target 15.1, Conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, and target 15.5, Halt the loss of biodiversity.

In the very first steps of our production, with the decision to purchase organic cotton we are working in line with SDG 12, Responsible consumption and production and target 12.2, Sustainable management and efficient use of natural resources.



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDG's in a smaller size, according to significance for Nudie Jeans' impact.



Chetna Organics

Our Indian Fairtrade and organic cotton are procured through the organic cotton cooperative Chetna Organic Agriculture Producer Company Ltd. The cooperative supports farm associations with information about organic farming methods, seed developments and expanded livelihood options. By supporting the work of Chetna Organics, we have an indirect positive impact on several SDGs. These include SDG 1, No poverty, as Chetna Organics builds a procurement structure for farmers that helps them secure buyers for their cotton and thus a more reliable income; SDG 2, which focuses on Zero hunger through more sustainable agriculture. Our Chetna-procured cotton indirectly supports the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species which comprise target 2.5.

Chetna Coalition is the name of the value chain network supporting Chetna Organics. The Coalition is composed of brands, suppliers and producers with a mutual interest in collaboration on

organic cotton growing, and Nudie Jeans has been a member of the Coalition since 2015. Chetna Coalition has several development projects, such as supporting schools attended by farmers' children, with learning materials and computers. This work is in line with SDG 4, Quality education, where the work is most relevant for target 4.1, Completion of primary and secondary education for all; target 4.3, Access to higher education and/or non-formal education and training for all; and target 4.4, Relevant skills for employment, decent jobs and entrepreneurship for all. Both the focus on sustainable water use in cotton farming as well as renovation and installation of proper toilets in schools are related to SDG 6, Clean water and sanitation and all of the goal's targets.

Structurally, Chetna Coalition is an example of how our work supports SDG 9, Industry, innovation and infrastructure, and specifically target 9.3, Increase the access of small-scale industrial and other enterprises to market, value-chains and financial services.

NUDIE JEANS SUSTAINABLE MATERIAL TOOL

Although organic cotton is the main material we work with, we strive to use other sustainable materials for non-denim products. In 2018, we created the Nudie Jeans Sustainable Material Tool with the aim of guiding our designers and product developers to achieve Nudie Jeans goal to work with 100% sustainable materials.

The Nudie Jeans Sustainable Material Tool is based on Made By's Environmental Benchmark for Fibers and the Higg Materials Sustainability Index (MSI). We have chosen these two benchmarks because they complement each other with both a clear classification (Made By) and more detailed insight into the complexity of the impacts of different fiber types (MSI). Other benchmarks, such as Textile Exchange's Preferred Material benchmark which we participate in annually, offer instead a comparable benchmark of volumes and fiber type usage from a brand perspective. The Preferred Material Benchmark therefore provides valuable insight into industry material use, rather than serving as a fiber classification tool.

The Nudie Jeans Sustainable Material Tool has three categories of sustainable fibers, all of which are defined as Sustainable by Nudie Jeans. By sorting them as seen below, we want to highlight the most sustainable and circular fibers, with the aim of pushing our development further and chal-

lenging the industry to scrutinize the definition and use of sustainable fibers.

To complement the Sustainable categories, there is a Non-Sustainable category for fibers that may be used for Nudie Jeans products, that are not defined as Sustainable, and a Do Not Use category for fibers that should not be used in Nudie Jeans products at all.

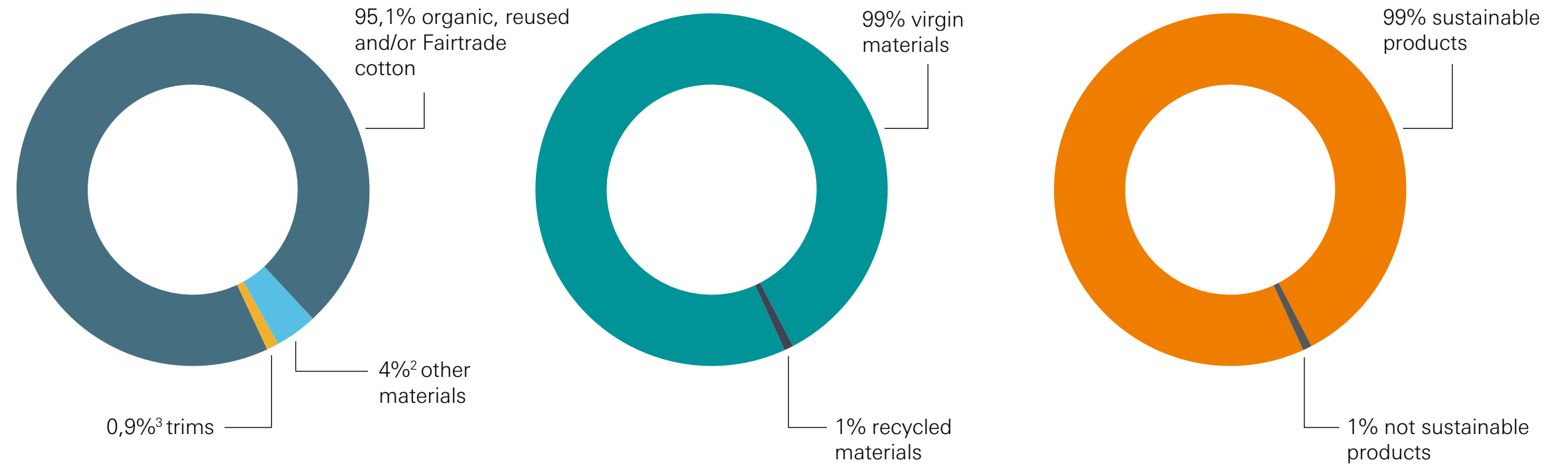
1. Scope: Recycled, Recyclable, Reused and Biodegradable.
2. Scope: Recyclable but not biodegradable, certified virgin materials. RWS or GOTS certified wool.
3. Scope: RWS or GOTS certified animal hair and fibers. For leather; certified organic meat and vegetable tanning processes.
4. Scope: Conventional virgin fibers, high process chemical usage, lack of controlled animal welfare.
5. See Nudie Jeans Animal Welfare Policy

SUSTAINABLE FIBERS		
CLASS 1 ¹	CLASS 2 ²	CLASS 3 ³
Recycled cotton	Recycled polyester	Certified alpaca
Reused Nudie Jeans	Recycled nylon	Certified yak
Recycled wool	Certified organic cotton	Certified mohair
Traceable, organic and/or Fairtrade cotton.	Certified wool	Certified organic silk
Certified organic jute	Certified organic linen	Certified and vegetable tanned leather
TENCEL™ Lyocell	Certified organic hemp	

NOT SUSTAINABLE ⁴		DO NOT USE ⁵
Conventional linen	Virgin elastane / spandex	Feather and down
Conventional hemp	Virgin polyester	Leather from aborted animals such as slink, karakul and Persian lamb
Conventional cotton	Virgin nylon	
Fairtrade conventional cotton	Conventional and virgin wool and animal hair	Hair from animals reared in cages
Better Cotton Initiative (BCI)	Virgin acrylic	Fur
Viscose	PLA	Leather and skin from wild-caught animals, exotic animals or vulnerable and endangered species
Bamboo viscose	Leather	
Acetate	Peace silk	Conventional silk
Modal	Cupro	Mohair and Cashmere will be phased out in all Nudie Jeans products with start of collection W19

Sustainable products

To monitor our progress in the use of sustainable materials and sustainable products we put together a chart with sustainable statistics for each collection. For the full year of 2018, we produced 98.8% sustainable products. We define a garment or an accessory as sustainable when it contains at least 70% sustainable materials. To guarantee the sustainability of the fibers and textiles, we ask for supporting certificates from our suppliers. The styles that did not pass this limit was the leather jackets, leather accessories and the Guppy Friend washing bag. 2018 was the first year we started to measure our total material usage. This is also one of the KPIs we will include in our sustainability reports also for coming future.



2. Other materials: Polyester 0,5%, Nylon 0,4%, Elastan 1,7%, TENCEL™ Lyocell 0,01%, Wool 0,4%, Leather 0,6%, Jacron 0,4%

3. Trims: Copper 0,6%, Zink 0,03%, Stainless steel 0,2%, Polyamide 0,1%



MATERIALS USED BY NUDIE JEANS

Organic cotton

Nudie Jeans only uses organic cotton. Choosing organic cotton means that we reduce our environmental impact from the very first step in the process of making a pair of jeans. Organic cotton is grown without any artificial fertilizers, pesticides or genetically modified seeds. Organic farming methods eliminate the risks associated with hazardous chemicals used in conventional cotton farming. This is not only important for the people working on the fields but also for the soil as it is not contaminated by toxic pesticides. Cotton is a highly water intensive crop, but by supporting small-scale organic cotton producers and methods for more effective irrigation, saving water is possible.

Around 85% of the organic cotton used for Nudie Jeans products is sourced from Turkey, and our second largest sourcing country for cotton is India. We have visited cotton fields where our cotton grows in both Turkey and India as a part of our traceability work and for our interest in learning more about the raw material. In 2018, Nudie Jeans products used 386,3998 kg organic cotton, including organic Fairtrade cotton, which makes up 95 % of all our material use.

Organic Fairtrade cotton

Of the organic cotton we use, the cotton sourced from Chetna Organics is also Fairtrade certified. This means we have both the positive aspects of organic cotton and the Fairtrade system that guarantees fair working conditions and correct payment to the farmers for their cotton. In 2018, we used 12,890kg of organic Fairtrade cotton.

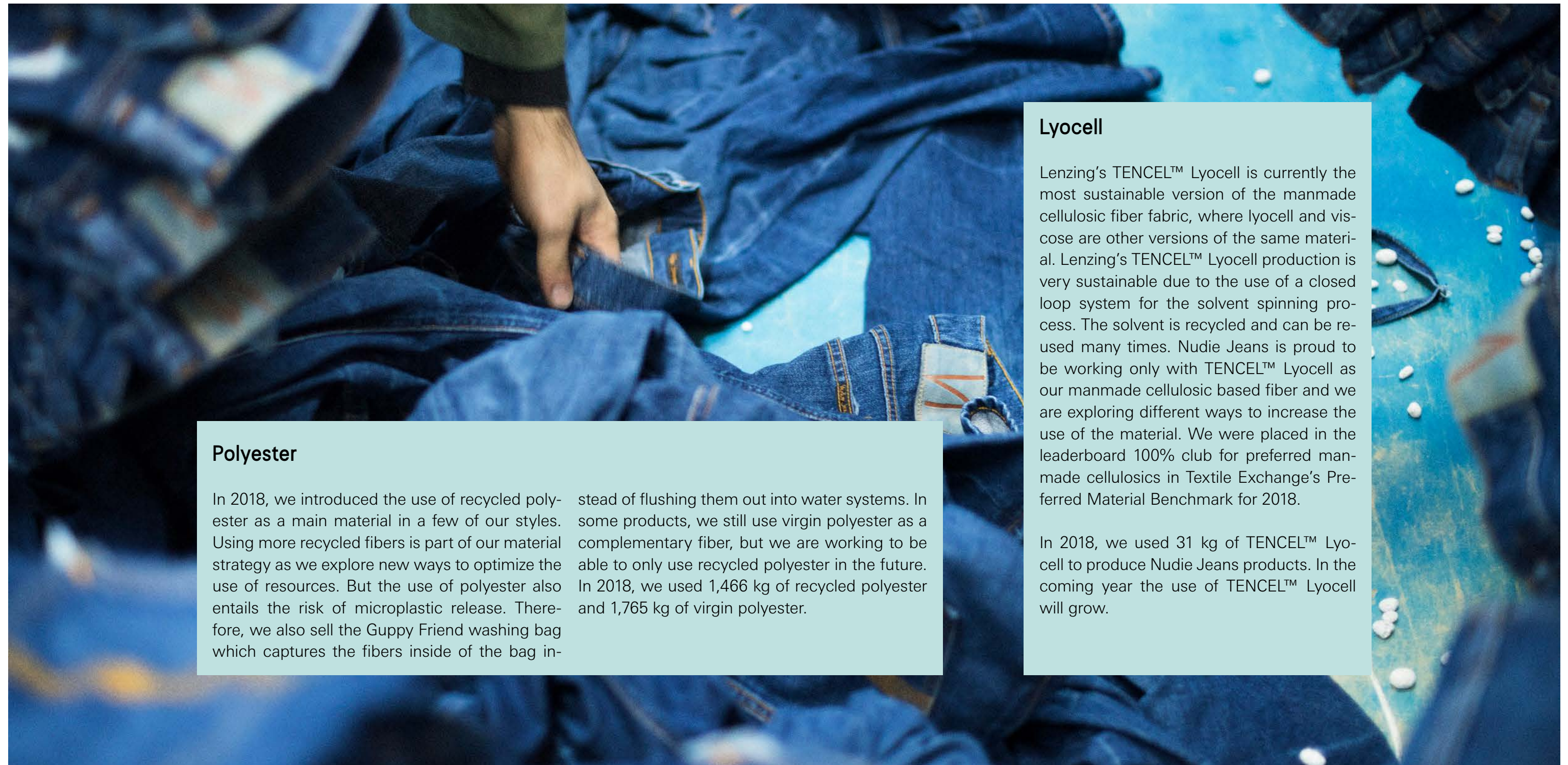
Recycled cotton

Using recycled cotton is a great way to decrease our environmental impact, as cotton is a resource-intensive crop to grow. During 2017 we had a few styles made in recycled cotton, and we will see the comeback of the use of recycled cotton during 2019, but during the year of 2018 this was not used. During 2018 we used recycled cotton in a few of our tops. In total, we used 23 kg of recycled cotton.

Reused denim

To recycle cotton on the fiber level is one way to be more sustainable and decrease our environmental impact. But reusing the actual fabric is an even better option. In 2018, we have reused old Nudie Jeans brought in by customers, in different ways. The majority became patches used in the repair service, but we have also used the fabric from old Nudie Jeans to make new products, such as the bucket hats, that were part of our Fall18 collection. We used 23kg of reused denim to make our bucket hats. We have also washed and, when needed, repaired them to sell in our Re-use range – and we have started a new exciting recycling project that you will learn more about in 2019.

In 2018, we have continued our work to find new purposes for our second-choice jeans – jeans that did not make the cut for inclusion in our collections due to minor defects in size measurements or wash results, but which we realized were the perfect choice for cutting off and using as shorts. In 2018, we began selling our old stock fabric through Rekotex, where the fabric can be bought and repurposed by other players. By examining our existing resources in innovative and creative ways, we can continue to reuse old products by turning them into new ones, which is one of the best ways to be sustainable.



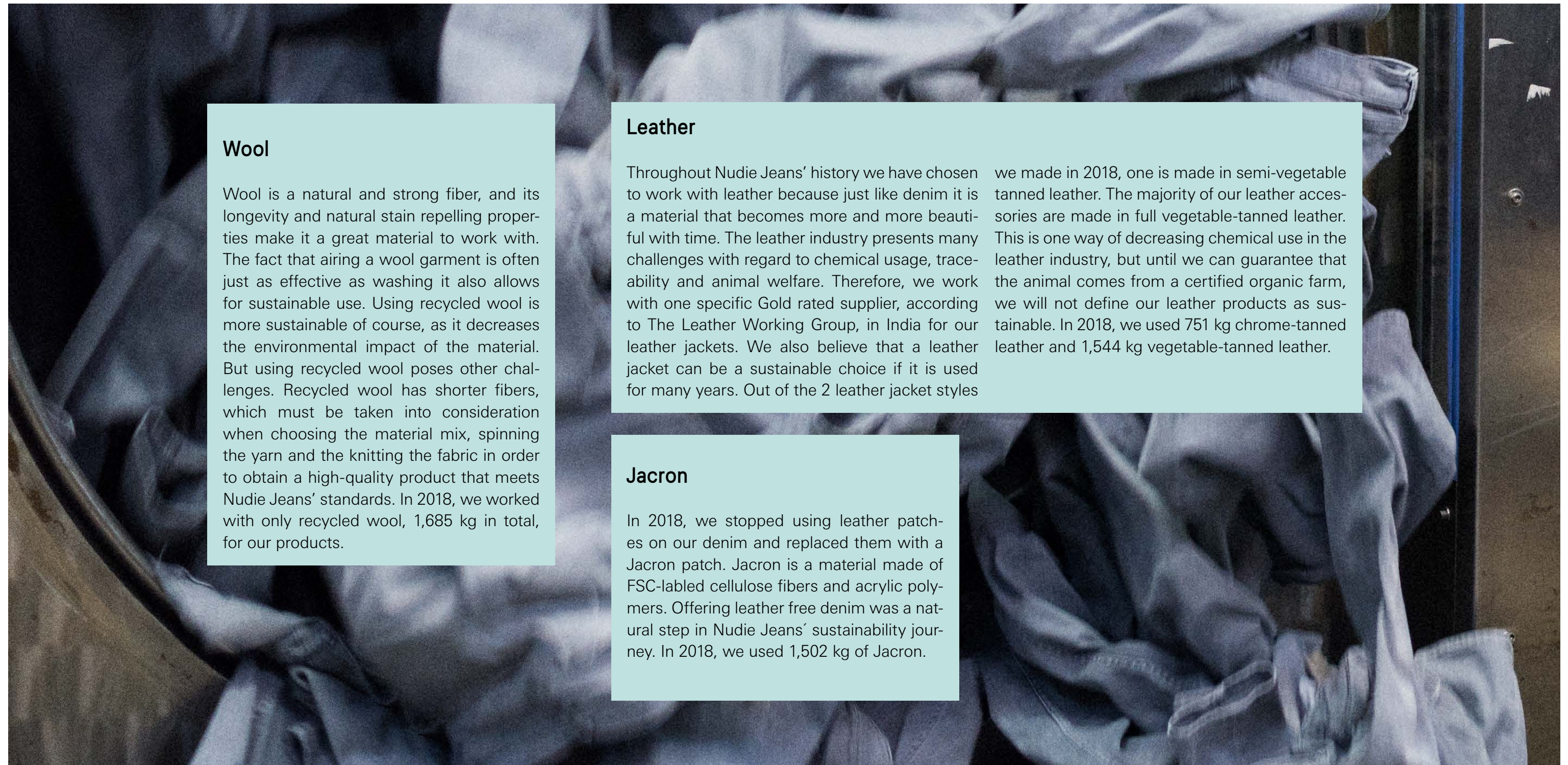
Polyester

In 2018, we introduced the use of recycled polyester as a main material in a few of our styles. Using more recycled fibers is part of our material strategy as we explore new ways to optimize the use of resources. But the use of polyester also entails the risk of microplastic release. Therefore, we also sell the Guppy Friend washing bag which captures the fibers inside of the bag instead of flushing them out into water systems. In some products, we still use virgin polyester as a complementary fiber, but we are working to be able to only use recycled polyester in the future. In 2018, we used 1,466 kg of recycled polyester and 1,765 kg of virgin polyester.

Lyocell

Lenzing’s TENCEL™ Lyocell is currently the most sustainable version of the manmade cellulosic fiber fabric, where lyocell and viscose are other versions of the same material. Lenzing’s TENCEL™ Lyocell production is very sustainable due to the use of a closed loop system for the solvent spinning process. The solvent is recycled and can be reused many times. Nudie Jeans is proud to be working only with TENCEL™ Lyocell as our manmade cellulosic based fiber and we are exploring different ways to increase the use of the material. We were placed in the leaderboard 100% club for preferred manmade cellulose in Textile Exchange’s Preferred Material Benchmark for 2018.

In 2018, we used 31 kg of TENCEL™ Lyocell to produce Nudie Jeans products. In the coming year the use of TENCEL™ Lyocell will grow.



Wool

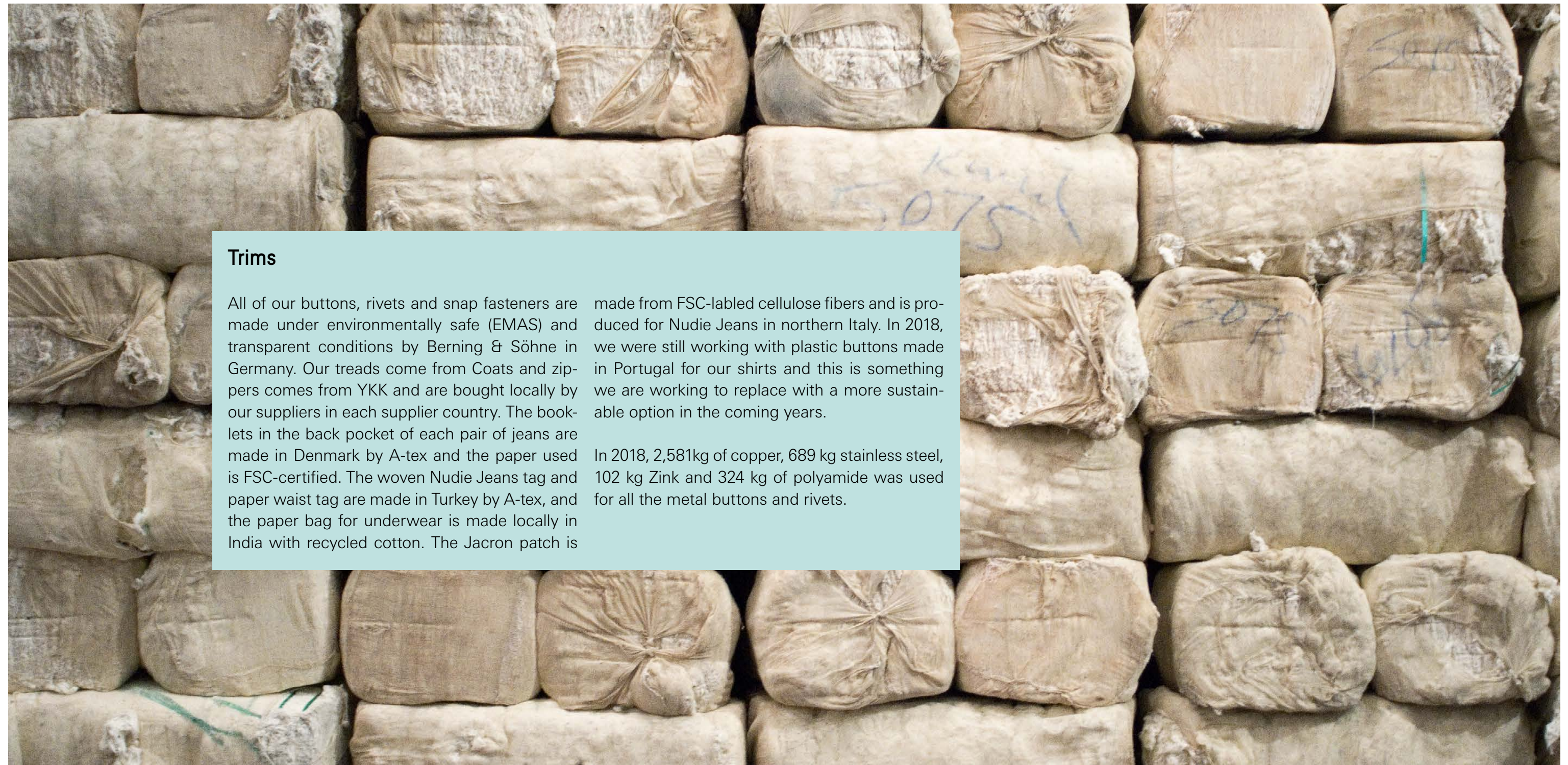
Wool is a natural and strong fiber, and its longevity and natural stain repelling properties make it a great material to work with. The fact that airing a wool garment is often just as effective as washing it also allows for sustainable use. Using recycled wool is more sustainable of course, as it decreases the environmental impact of the material. But using recycled wool poses other challenges. Recycled wool has shorter fibers, which must be taken into consideration when choosing the material mix, spinning the yarn and the knitting the fabric in order to obtain a high-quality product that meets Nudie Jeans' standards. In 2018, we worked with only recycled wool, 1,685 kg in total, for our products.

Leather

Throughout Nudie Jeans' history we have chosen to work with leather because just like denim it is a material that becomes more and more beautiful with time. The leather industry presents many challenges with regard to chemical usage, traceability and animal welfare. Therefore, we work with one specific Gold rated supplier, according to The Leather Working Group, in India for our leather jackets. We also believe that a leather jacket can be a sustainable choice if it is used for many years. Out of the 2 leather jacket styles we made in 2018, one is made in semi-vegetable tanned leather. The majority of our leather accessories are made in full vegetable-tanned leather. This is one way of decreasing chemical use in the leather industry, but until we can guarantee that the animal comes from a certified organic farm, we will not define our leather products as sustainable. In 2018, we used 751 kg chrome-tanned leather and 1,544 kg vegetable-tanned leather.

Jacron

In 2018, we stopped using leather patches on our denim and replaced them with a Jacron patch. Jacron is a material made of FSC-labeled cellulose fibers and acrylic polymers. Offering leather free denim was a natural step in Nudie Jeans' sustainability journey. In 2018, we used 1,502 kg of Jacron.



Trims

All of our buttons, rivets and snap fasteners are made under environmentally safe (EMAS) and transparent conditions by Berning & Söhne in Germany. Our treads come from Coats and zippers comes from YKK and are bought locally by our suppliers in each supplier country. The booklets in the back pocket of each pair of jeans are made in Denmark by A-tex and the paper used is FSC-certified. The woven Nudie Jeans tag and paper waist tag are made in Turkey by A-tex, and the paper bag for underwear is made locally in India with recycled cotton. The Jacron patch is made from FSC-labeled cellulose fibers and is produced for Nudie Jeans in northern Italy. In 2018, we were still working with plastic buttons made in Portugal for our shirts and this is something we are working to replace with a more sustainable option in the coming years.

In 2018, 2,581kg of copper, 689 kg stainless steel, 102 kg Zink and 324 kg of polyamide was used for all the metal buttons and rivets.

CERTIFICATIONS

Working with certified raw materials is enormously important to us at Nudie Jeans. The organic cotton used for our products is certified in accordance with Global Organic Textile Standards (GOTS), the Organic Content Standard (OCS) or the US Department of Agriculture, (USDA Organic) depending on the origin and supplier.

All cotton sourced in India through Chetna Organic is both Fairtrade and GOTS certified.

With new materials entering Nudie Jeans' production range, we are also increasing the range of certifications with which we work. For manmade cellulosic textiles such as TENCEL™ Lyocell the FSC certification is applicable, while for recycled yarns, we work to use the Global Recycled Standard.





SUSTAINABLE PRODUCTION

We do not envision a trade-off between profit and people, or between manufacturing and environmental responsibility. These issues are major factors in our choice of suppliers. As with most other clothing brands, we do not own the factories in which our clothing is made. However, together with the garment factories with which we collaborate, we bear the responsibility of providing a safe, fair and ethical working environment for everyone involved in the manufacturing of our garments.

At Nudie Jeans we look not only for a good product and high quality at a reasonable price; we also believe in taking greater responsibility for our actions. Our consumers are not just interested in the quality of the products they buy; they also care about the work behind the brand and the social and environmental conditions of its production process. At Nudie Jeans we want sustainable and healthy development for people and the environment.

Our responsibility is to select the suppliers who can ensure that no one involved in our production – whether supplier or subcontractor – is denied their basic human rights or suffers any injury. Our conscious choice of suppliers is based on long-term relationships and our sourcing policy. Our work at our suppliers is connected to many of the SDGs, and SDG 1, No poverty, targets 1.1 Eradicate extreme poverty and 1.2 Eradicate national poverty comprises one of our priority areas.

The work we do to raise wages at our suppliers is the most concrete example of this effort. Our living wage concept has evolved over time and is now an integrated part of our purchase process from our Indian suppliers, but we and the industry still have a long way to go. Our effort to facilitate trainings and committee work are in line with SDG 5, Gender equality and target 5.1 Eliminate discrimination, 5.2 End violence, and 5.5 Equal opportunities. The work we do is also in line with the SDG 10, Reduced inequalities with targets 10.3 Eliminate discrimination and 10.4 Wage protection policies, where we have seen workers' committees being formed and more female supervisors in charge.

Minimizing chemical pollution is necessary to secure access to safe and clean water, which is part of SDG 6, Clean water and sanitation. The water use starts already at the raw material stage, as cotton is a highly water intensive crop. More resource-efficient irrigation systems, such as drip irrigation or reuse of rainwater, are used by many of the farmers who supply our fabric suppliers with cotton. In the production phase efficient and qualitative water management is crucial. Our larger suppliers have their own water treatment plants and our smaller suppliers have waste water treatment systems in accordance with local municipalities. Collecting wastewater in tanks that are regularly checked by, transported to, and treated by the municipality is a common system. The work that our suppliers do in

regard to water management is in line with target 6.6. Protect and restore water related ecosystems, as well as the SDG 14, Life below water. By only working with suppliers with proper water management systems that do not release waste water into the natural water systems, we also have an impact on target 14.1 Prevent and reduce marine pollution.

SDG 8, Decent work and economic growth is the overall goal for the work we do with our suppliers. By implementing our Code of Conduct we contribute to a better working environment throughout the supply chain which connects to target 8.5, Decent work, and target 8.8 Secure working environments. We have also identified SDG 12, target 12.1, Responsible production and consumption, as the main part of what we do. We want to offer products made sustainably and responsibly and influence our customers to consume in a more sustainable way.

We are aware that our activities also have potential negative indirect impacts, and we admit that we need to work with all relevant SDGs on a more thorough level. One example is SDG 13, Climate action where in recent years, we did not have specific goals or practical work, even though we know our production has a large negative impact on the climate. From growing cotton throughout the production, emissions are released which negatively impact the climate. In the coming years, this will be one of our major commitments: to map our



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDG's in a smaller size, according to significance for Nudie Jeans' impact.

emissions, work to reduce where possible and to compensate for the emissions we cannot avoid. Regarding SDG 14, Life below water, we do not currently have any active work besides offering the Guppy Friend. Guppy Friend is a washing bag that can help reduce microplastics in the ocean, but we are aware that at the same time, we use plastic bags as packaging materials for some of our products, bags which could potentially end up in the oceans. SDG 7, Renewable energy, is another example in which we are contributing to an indirect positive development by placing orders with suppliers using renewable energy, but we also have a large part of our production in Europe, where non-renewable energy is still used at many of our suppliers. Many of the SDGs with which we work are connected and impact each other.

WORKING CONDITIONS AT OUR SUPPLIERS

We strive to take responsibility at every step of the way, from choosing the most sustainable materials to only working with carefully selected partners, all of whom are required to comply with our Code of Conduct. Our membership in the Fair Wear Foundation (FWF) is a key element in ensuring that everyone across the production chain works under fair conditions and their Code of Labour Practice is incorporated into our Code of Conduct.

FWF is a third-party non-profit organization that works with brands, factories and NGOs to verify and improve conditions at suppliers. Nudie Jeans has been a member since 2009 and we actively work to improve the working conditions in our supply chain to make sure all suppliers and subcontractors comply with the eight standards in the Code of Labour Practice. FWF performs an annual Brand Performance Check on all its mem-

RANKED IN FWF LEADER CATEGORY SINCE 2014



Legally binding employment contract

“Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programs”

SDG 12 and 8 are closely connected with the labor practice: “Legally binding employment contract” which is important for the employee, ensuring awareness of the rights and duties of the employment. The SDGs are also linked to each other, as decent working conditions form the basis of sustainable production.

bers. Nudie Jeans has been ranked in the Leader category for five years in a row, since 2014.

An essential aspect regarding working conditions at our suppliers is that employment needs to be a free choice, both in terms of starting and ending the relationship with the employer. We carefully select our suppliers and only choose those that can ensure and show evidence that no one is forced to work through any incentives such as lump sums, debts or similar. Nudie Jeans publicly commits to respecting human rights as stated in the UK’s Modern Slavery Act 2015 and the UN Guiding Principles on Business and Human Rights (UNGPR). This is stated in the Human Rights and Anti-Slavery Policy available online. Embedded in this policy is the essence of the FWF Labour Practice of Employment is freely chosen.

Having a secure employment contract is highly valuable for most employees, as it guarantees the right to social security and the position is regulated by laws. This is especially important in countries where



Employment is freely chosen

“There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105)”

SDG 12 and 8 are closely connected to the labor practice: “Employment is freely chosen” since any type of bonded labor entails keeping the employee in an unhealthy relationship to the employer and will in many cases be linked to abuse and harassment. In addition, it does not contribute to decent working conditions. The SDGs are also linked to each other as decent working conditions form the basis of sustainable production.

social security is not as strong as in other countries. It is a standing point on the agenda when visiting our suppliers to discuss the terms of employment and make sure that as many workers as possible, if not all, have an employment contract.

Generally, the risk of overtime are high in the textile industry. We actively work to reduce overtime at our suppliers. In recent years, some of our suppliers in India managed to eliminate overtime completely among their permanent workers by better organizing the production flow. In 2018, our audits only documented overtime at one of our suppliers.

Closely related to Employment is freely chosen and reasonable hours of work is the labor practice No exploitation of child labour. Over the years, the textile industry has been subjected to the risks of having child labor in the supply chain. For Nudie Jeans, the suppliers at the greatest risk of having child labor in the supply chain are the cotton farmers, where production is labor intensive. In other parts of the production chain it is less likely either because not as much labor is required or a highly skilled professional is required, such as a tailor. To reduce the risk of child labor in our supply chain, we have chosen to procure cotton from Chetna Organics, which can offer both Fairtrade and organic cotton from a farmers' association with regular audits

from Fairtrade to ensure good working conditions and that no child labor take place. Chetna cotton is used for the cotton garments produced in India for Nudie Jeans and in 2018, and Chetna has developed documented traceability back to the farmers.

Through Chetna Coalition (to read more about Chetna Coalition see page 10) we have also supported the local community by donating computers to the school for the farmers' children and given support in other social projects related to the school. In 2018 we donated EUR 5,300 to support their projects. During the year we visited the organic Fairtrade cottonfields in eastern India to learn more about organic farming and how we can support the local communities and small-scale business models relating to SDG 9 and target 9.3, Small-scale enterprises.



Reasonable hours of work

“Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

(ILO Convention 1)”

SDG 12 and 8 are closely connected to the labour practice: “Reasonable hours of work” since excessive of overtime is generally well acknowledged throughout the fashion industry and does not lead to a decent working conditions. The SDGs are also linked to each other, as decent working conditions form the basis of sustainable production.

No exploitation of Child Labour



“There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, In any case, not less than 15 years.” (ILO Convention 138) “There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children from the age of 15- 18 shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.” (ILO Convention 182)

SDG12 and 8 are closely connected to the labor practice: “No exploitation of Child Labour” as child labor can never be part of a sustainable supply chain produced the opposite of decent working conditions.

Right to a living wage

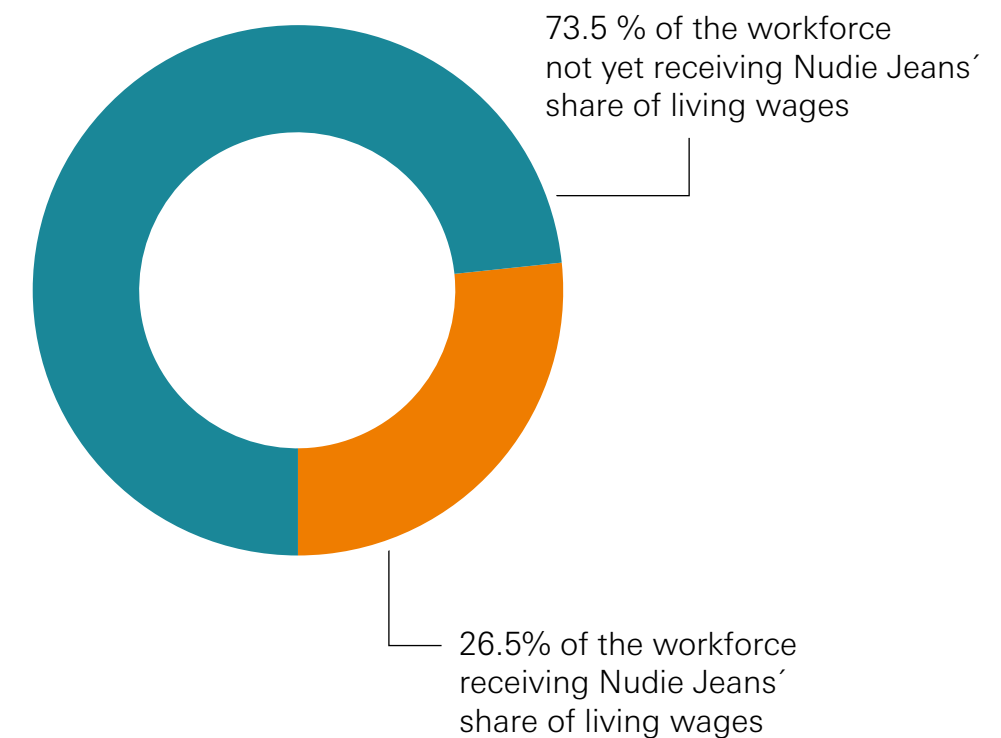
Since 2013, we have been paying our share of living wages for our products at one of our Indian suppliers⁴ and since 2016, almost 2,400 workers have received an additional amount from Nudie Jeans as a step to increase the wages at selected suppliers. This is the most visible action related to SDG 1, No poverty and target 1.1, Eradicate extreme poverty and 1.2, Eradicate national poverty.

We began this initiative in support of the notion that everyone who produces a Nudie Jeans product should have a wage they can live on. The approach to working practically with living wages in the supply chain has been discussed and debated in the industry for a long time and we have chosen to have a very local collaboration, directly with our suppliers, and we have not engaged in trade union or governmental discussions or initiatives in the producing countries.

Different stakeholders, including FWF, have verified that payments have reached the workers.

Both Nudie Jeans and the supplier feel positively towards expanding the living wage payments. Therefore, Nudie Jeans has reached out to other brands that source from the factory to expand living wage payments to other production departments at this vertical supplier. Currently, another brand is also paying their share of living wages at this supplier, in accordance with the methodology developed by Nudie Jeans and the factory. In 2016, we decided to expand our living wage payments to the spinning mill, going beyond the scope of FWF requirements. In 2017, we had meetings to prepare for the first payments of our share of living wages at the spinning mill. Payments were made in early 2018. During our visit in late 2018 we discussed the possibility of including the workers in the knitting and processing units as well, which was decided in early 2019.

The living wage benchmark is based on a survey of the employees. The survey looked at calorie intake, school fees in the area, and cost of



4. Armstrong Knitting mill, Tirruppur, India

living in the factory area. Local stakeholders were also consulted. The estimate is annually revised to match the rising cost of living. We believe that allowing the factory to oversee the calculation is most sustainable in the long-term as it strengthens the factory’s own commitment to living wage payments. In 2016, we took the decision to expand our living wage payment program to include another one of our Indian suppliers⁵, located in Bangalore . One year of preparation led to the first payment in May 2017, and we made the second payment to employees in November 2018; representatives from Nudie Jeans participated in the distribution ceremony. In 2018, we continued to discuss the possibility of expanding the program with our other main sewing units in Tunisia and Turkey. Our participation in the FWF living wage incubator where we meet other brands facing similar challenges is helpful for us to take this work forward.

5. Suvastra, Banglaore, India

Payment of a living wage



“Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay”

SDG 1, 12 and 8 are closely connected with the labor practice: “Payment of a living wage” as a living wage enables societies to eradicate poverty and, as an added effect, contributes to better food and health, education and sanitation. SDGs covering decent work and a decent salary form the basis of sustainable production.

Reducing risks in our Italian supply chain

After years of auditing and seeing partial improvements at our Chinese subcontractors in the Italian supply chain, we took the decision in 2018 to eliminate the subcontractors completely. The subcontractors were mainly used for manual treatments, but by applying other treatment methods, the manual work is no longer needed. While working with the subcontractors, which form an integral part of the Italian denim industry, we could not guarantee that our production was carried out under fair conditions, and transparency was lacking regarding the numbers of hours worked, and the opportunity to verify wage levels. We now use other treatment methods such as laser, and if manual work is done, it is made on the premises by employees of the laundry.

Audits and training

Our Code of Conduct applies to all suppliers and subcontractors involved in our production. It makes no difference to us if our suppliers are located in a high-risk country or a low-risk country.

In 2018 we performed a total of 11 audits, four in high-risk countries and seven in low-risk countries. The audits in high-risk countries were conducted by Fair Wear Foundation’s (FWF) audit teams, and the audits in low-risk countries were performed by independent consultants⁶. During the year we also put effort into following up the audit results and non-compliances from the previous year.

According to the latest FWF Brand Performance check, reporting on the 2017 activities, we monitored 99% of our production units. The number of worker complaints was also higher in 2018; many of the new complaints were related to the same events at the Indian supplier. The reports of these complaints are publicly available on the website of FWF.

6. <http://mostcsr.com/>

	2013	2014	2015	2016	2017	2018
FWF Category	Good	Leader	Leader	Leader	Leader	Leader
Percentage of suppliers under monitoring	99	97	99	98	96	99
Percentage of production in low risk countries	91	86	74	80	61	49
Percentage of suppliers visited during the year	97	98	98	95	96	99
Number of complaints received	1	2	4	1	7	9
Percentage of suppliers participating in WEP	66	66	37	26	87	86

Although auditing is one of the processes that can improve conditions at the factory level, we also see the need for employee education and training in order to make sustainable improvements. This is the reason why, for several years, we have involved our suppliers and their employees in the much appreciated FWF’s Workers’ Education Program (WEP).

In recent years, suppliers in India and Tunisia participated in the Fair Wear Foundation’s WEP. Nudie Jeans facilitated and paid for training at the suppliers, covering 87% of our purchase volume in the countries where FWF’s WEP was offered.

The training in Tunisia was a follow-up training session of the previous year’s training and included an introduction to FWF, FWF standards, communication and the grievance mechanism, as well as information on the complaints mechanism.

In India, the factory participated in workers’ training, raising awareness about workplace standards and grievance systems, and developing working anti-harassment committees. Other types of training programs have been provided for line supervisors, where the focus has been on leadership and team-work, as well as types of harassment and how to identify them. They also had separate train-

ing with a local NGO. The training programs are our contribution to SDG 4 and targets 4.1, Education for all, as well as 4.4, Relevant skills for employment. At some of our suppliers, employees have been receiving annual health check-up which is in line with SDG 3, Ensure healthy lives and promote wellbeing for all at all ages, and more specifically target 3.8, Access to quality essential health services. The anti-harassment training is connected to SDG 5, Gender equality, and target 5.1, Eliminate discrimination and the labor practice “No discrimination in employment”. In practice, we encourage suppliers to have relevant policies in place, to encourage the development of more female line supervisors, to look into the wage structure and have representative committee groups consisting of both men and women of different ages, and from different departments and skill levels.

The committee work is an important way to involve all workers and ensure their voices are heard and that all voices are equal, without discrimination. We see our program for raising wages toward a living wage as one way to reduce inequality, as both men and women can have a stable income on which it is possible to live.



Safe and healthy working conditions

“A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assuring that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.”


SDG 3, 6, 8 and 12 are closely connected with the labor practice: “Safe and healthy working conditions”. Good health, and safe and hygienic conditions at the workplace are basic conditions for ensuring a decent workplace and a sustainable production.



Freedom of association and right to collective bargaining

“A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assuring that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.”

SDG 12 and 8 are closely connected with the labor practice: “Freedom of association and right to collective bargaining” as this empowers workers to influence their own situation in the work place. The SDGs are also linked to each other as a decent workplace is the basis of sustainable production practices



There is no discrimination in employment

“Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111).”

SDG 5,8, 10 and 12 are closely connected with the labor practice: “There is no discrimination” as gender equality and reducing inequalities are vital for making sure that this labor standard is adhered to, contributing to a decent workplace and a sustainable production.

Grievances system

Each factory unit has a poster with information on the labor practices in the local language and the phone number to the local complaints’ handler. This can be used by any employees at a facility where Nudie Jeans has production. If a complaint is raised, we have the obligation to investigate it with the factory and push for the necessary remediation. We believe that a high number of complaints is a positive sign; it shows that the workers understand their rights and have the courage to file a complaint. The publicly available complaints reports on FWF’s website have categorizations such as “new,” “under remediation,” “resolved” or “closed” to ensure transparency throughout the process. The complaint system is illustrated below.

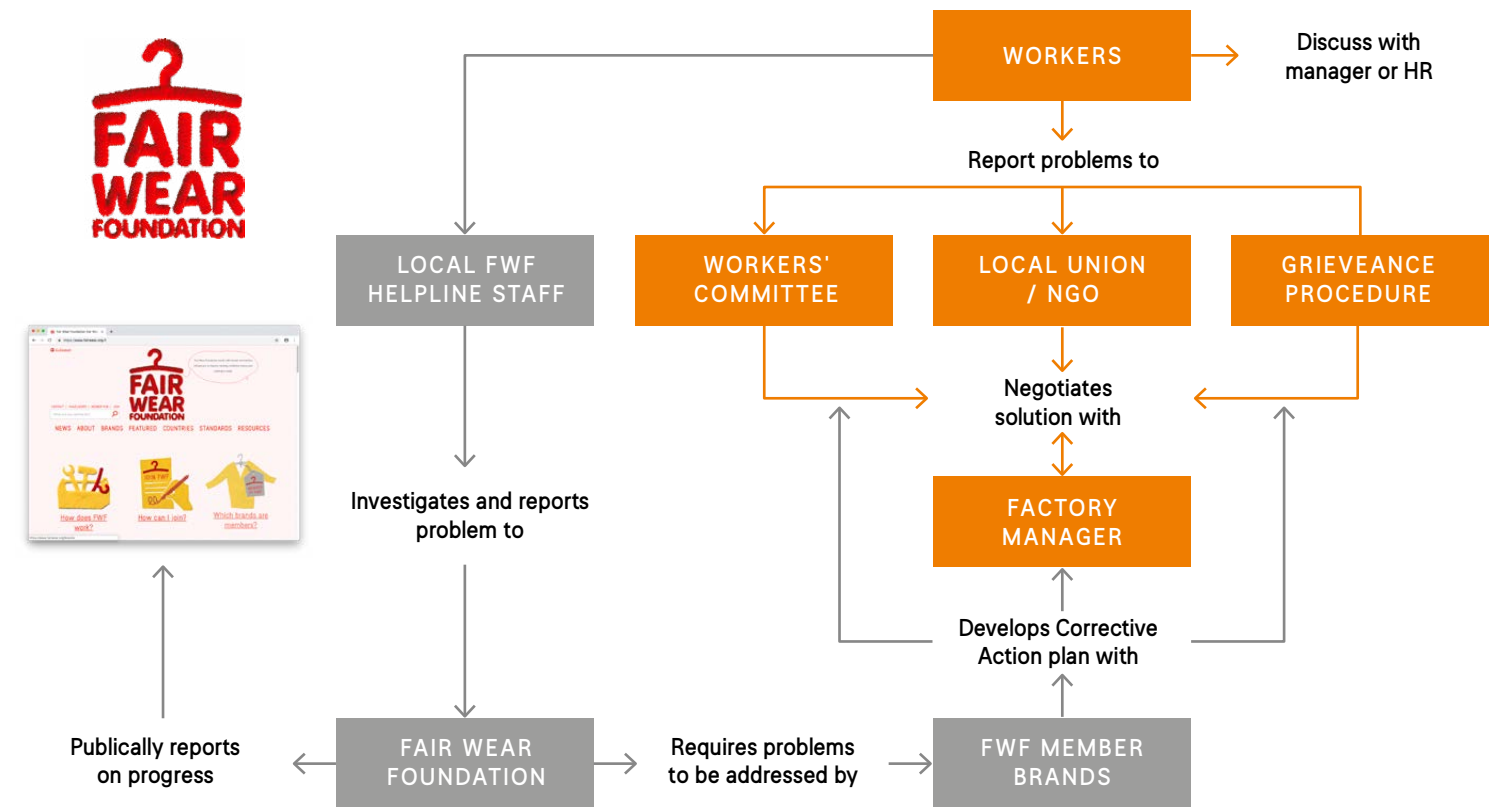
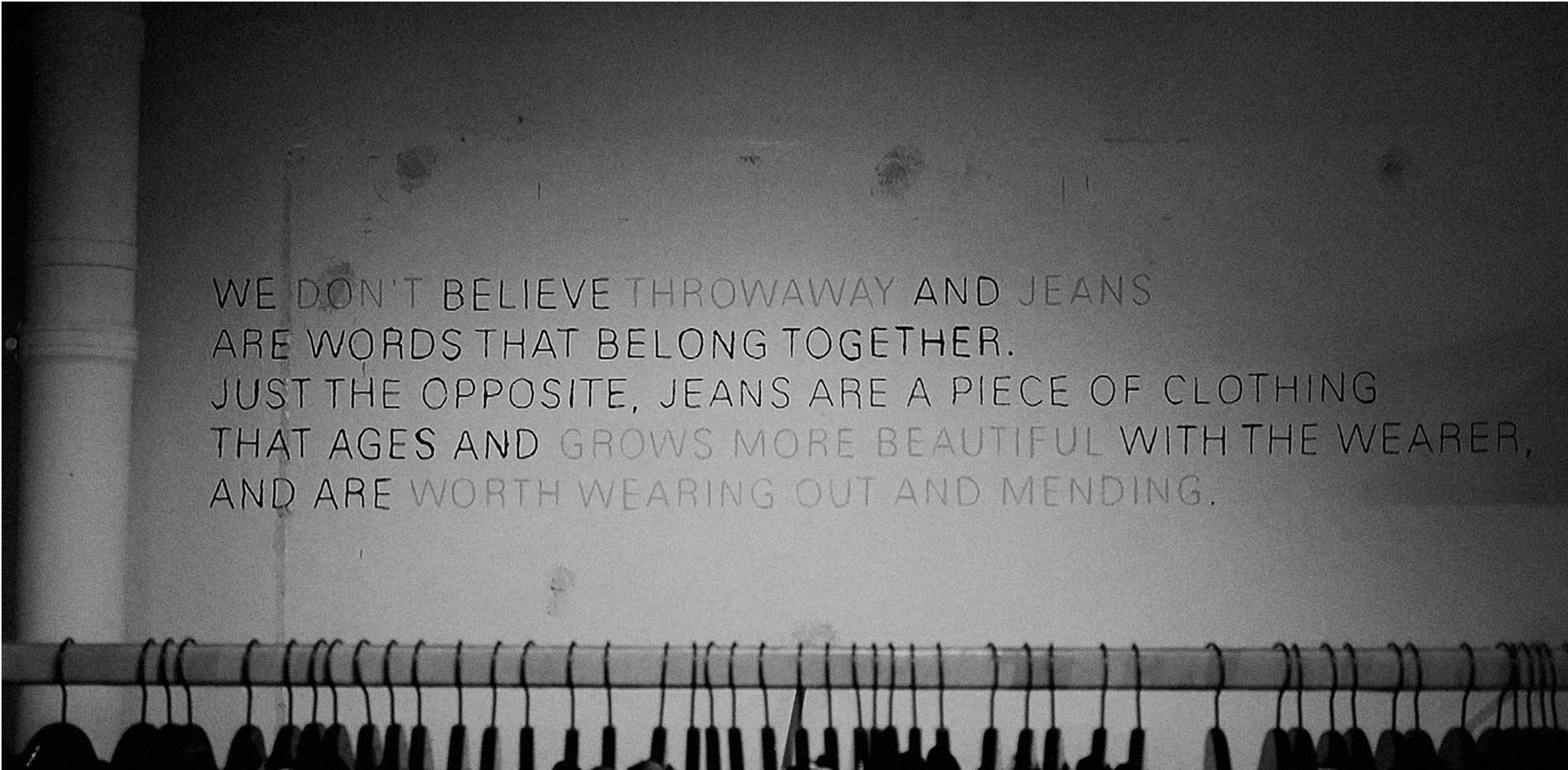


Figure. Scheme for complaints remediation routes produced by Fair Wear Foundation and used with permission. Orange = primary complaints route. Grey =secondary complaints route.



WE DON'T BELIEVE THROWAWAY AND JEANS
ARE WORDS THAT BELONG TOGETHER.
JUST THE OPPOSITE, JEANS ARE A PIECE OF CLOTHING
THAT AGES AND GROWS MORE BEAUTIFUL WITH THE WEARER,
AND ARE WORTH WEARING OUT AND MENDING.

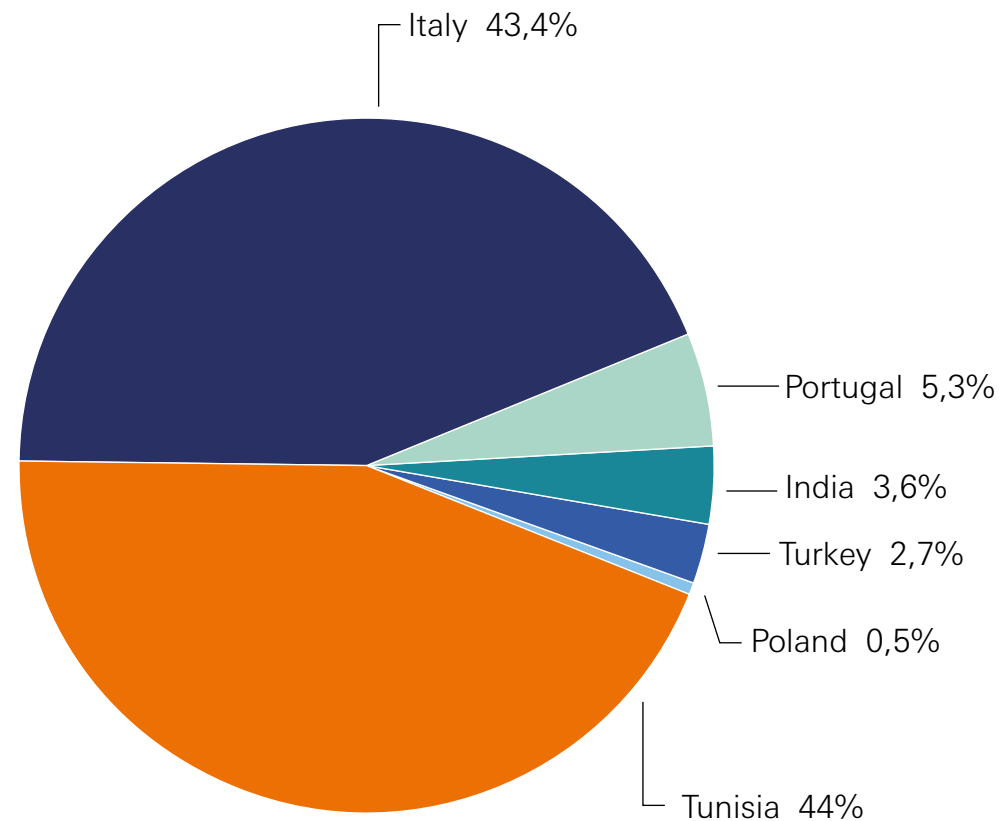
TRANSPARENCY

For Nudie Jeans, transparency is a key part of the sustainability work. We believe that only by knowing all steps, from the trims to the stitching processes and everything in between, will we be able to address non-compliances and take responsibility in our supply chain. The Production Guide is an essential tool in which we present our production chain online. The information is visually displayed on our website where you can click on the products and receive detailed information about the production premises.

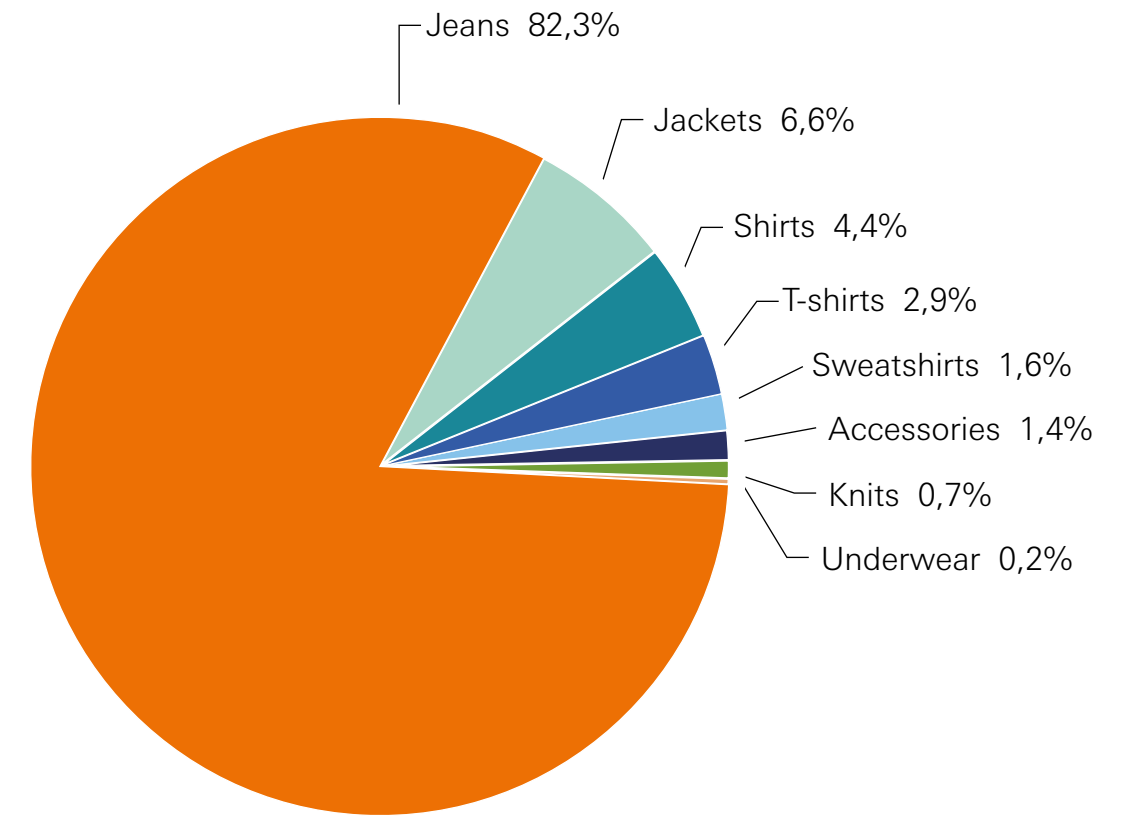
The Production Guide is updated four times a year according to the season presented in the Repair Shops. In the Production Guide we also publish information on audit procedures, materials, transportation, audit summaries and general supplier info.

We put a lot of effort into keeping the supply chain as short and tight as possible, where we have mapped all suppliers and subcontractors working with our products, including sewing, laundry, packing and printing. The raw material suppliers are mentioned with links to their websites.

Production countries 2018



Product categories 2018



CHEMICALS

We recognize that chemicals are needed in the production of textiles, but our challenge is to reduce the use of harmful chemicals and to increase the use of better chemicals. This is a big challenge, but in 2018 we have taken steps in the right direction. We only work with suppliers with approved wastewater systems, as chemicals released with waste water are a large source of chemical pollution.

Nudie Jeans requires all of its suppliers, whether production is outside or within Europe, to comply with European legislation and regulations on chemicals. All Nudie Jeans suppliers must sign and follow our Chemical Policy, including our Restricted Substance List (RSL). Our RSL is based on the European chemical legislation REACH, but with stricter limitations for many of the listed chemicals. Nudie Jeans' RSL is in line with the

best practices within the textile industry and legislation in our production countries outside the EU. Each season, we conduct random chemical testing to check that the requirements of the RSL are upheld for our production.

The Chemical Policy and RSL form our basic requirements, and we continuously communicate with our suppliers about the chemicals used, as well as the handling and storage of the chemicals. It is high important for the suppliers to provide their employees with the right personal protective equipment (PPE), and also to offer training to increase awareness and knowledge of how to use PPE correctly and why it is important.

In 2018, we continued to map which denim qualities and washes could be made according to GOTS criteria, and we have encouraged our sup-

pliers to become GOTS certified, or to increase their use of GOTS certified chemicals.

Energy and water

Textile and garment manufacturing is an energy intensive industry. Nudie Jeans' energy impact, as the seller and indirect producer, reaches all the way to the growing of the raw material throughout the chain of production through the end of life of the garment. Our ability to influence the impact differs depending on the stage of production or user phase, and we acknowledge that our business creates the largest part of its energy consumption outside of our own organization.

So far, we have not yet had the possibility to collect energy or water consumption data from our full production chain. We are working with en-

gaged suppliers that value sustainability and invest in energy and water saving technologies. One example is the Save Blue concept developed by our main fabric supplier⁷ where around 55% of water is saved during the dyeing process. Another good example is our Indian supplier, which covers 100% of their energy with wind and solar power, and more and more suppliers in our supply chain are switching to renewable energy sources. Step by step, we are increasing our impact in line with SDG 7, Affordable and clean energy, and especially target 7.2, Increase the share of renewable energy in the global energy mix. We follow all our suppliers' developments with interest and aspire to gather more precise data for both energy and water consumption for our production in the coming years.

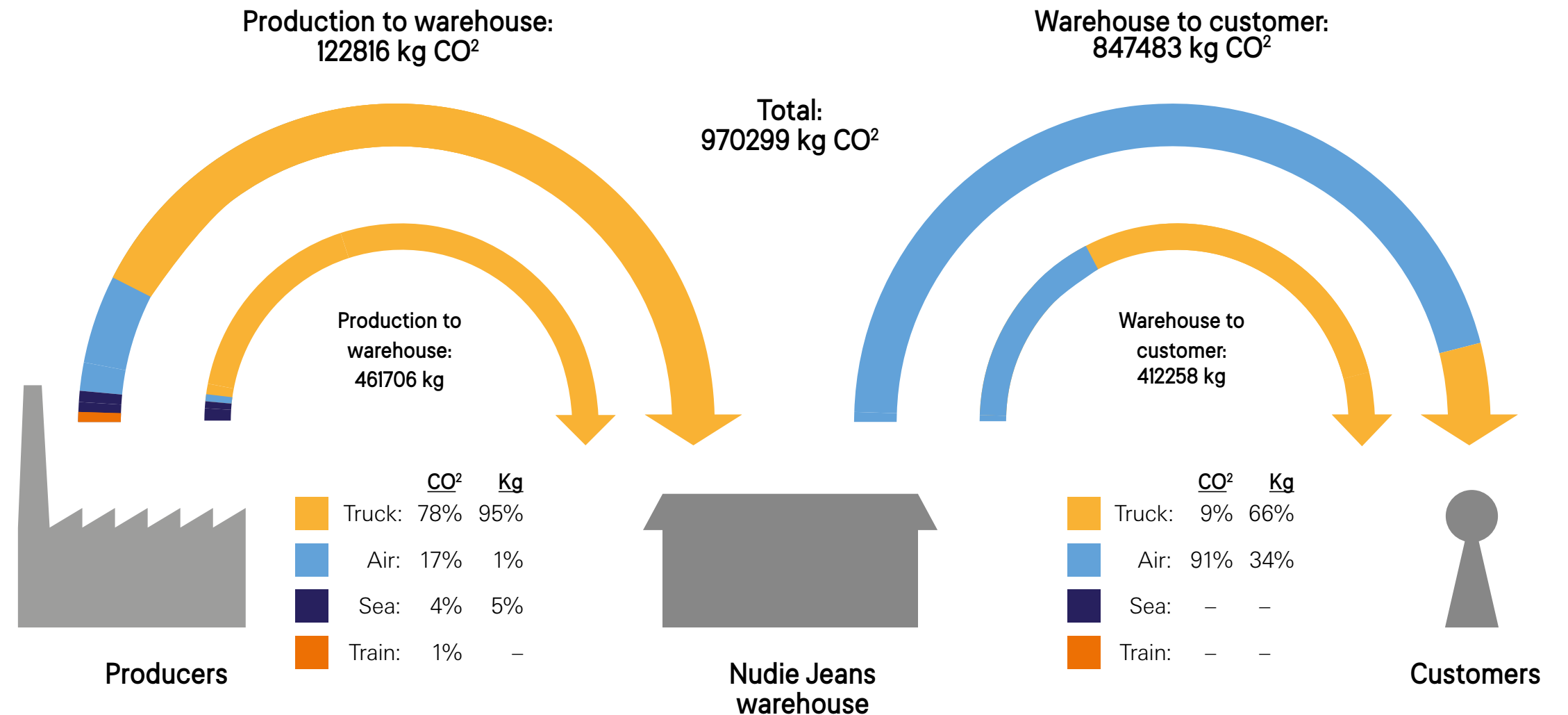
7. Bossa Denim, Adana, Turkey.

TRANSPORT

With transport to every continent in the world we inevitably have a carbon footprint. We collect this data from all logistics partners that we work with. We transport the incoming goods by truck, train or sea freight. We try to use trains as much as we can but due to the size of shipments and availability this is not always possible. For outgoing shipments from our warehouse in Sweden we use trucks for delivery in Europe and airfreight for all other destinations.

At Nudie Jeans we are always working to minimize our emissions. We try to pack our goods in the most effective way and combine the deliveries from Tunisia with the Italian production before transporting it to Sweden. We are working on our production planning to allow the suppliers to deliver according to the timeframe decided so we can ship as much as possible by sea freight and avoid airfreight where possible. Still, the carbon footprint created by the transport of our goods represents a large part of our environmental impact. In 2018, our total Co2 kg emissions from transports increased by 5% compared to 2017. Both incoming and outgoing deliveries increased their emissions by 5% each.

The increased emissions in 2018 are due to our growing delivery volumes. Airfreight deliveries to customers have intensified, largely due to the fact that our online business has grown by over 16% in the last year, so naturally transport and emissions have increased. We have almost doubled



the volumes of goods delivered to Germany by truck, including a growing online business as well as increased retail and wholesale business. The positive aspect of this is that the emissions are not expanding at the same speed as our increased deliveries, which means the actions taken by our logistics partners to streamline and decrease their own emissions are showing good results.

The illustration shows that the majority of the incoming deliveries are made by truck, 95% of the total incoming transport weight. In CO2 emissions this equals 78% of the emissions created by incoming transports. The emissions from incoming air freight only carried 1% of our total weight of incoming deliveries. This means that a very small part of our deliveries from production to our warehouse is made by air freight, but CO2 emissions are larger with air freight than with truck.

The majority of the outgoing deliveries, in weight, are transported by truck, 66%, while the outgoing truck transports only create 9% of our CO2 emission for outgoing deliveries. 34% of the total outgoing deliveries, in weight, are made by air freight, but they create 91% of our CO2 emissions for outgoing deliveries. Since we report on a yearly basis, some goods are still at the warehouse by the end of the year and are not yet delivered to customers.

CLIMATE

Since July 2016 we have been part of UPS' Carbon Neutral program, where we counter balance the carbon dioxide emissions our exports have generated through carbon offsetting. Carbon offsetting is achieved through different projects, for example reforestation or the development and installation of renewable energy power plants. The projects are verified by Société Générale de Surveillance (SGS). In 2018, our CO2 emissions from UPS deliveries reached 840 tons.

In 2018, Nudie Jeans scope for carbon offsetting include all business travel made within Nudie Jeans, as well as all transports, excluding UPS, as they have their own carbon neutral program. We have decided to use the UN Carbon Offset Platform to compensate for the emissions we cannot avoid, by supporting projects that reduce emissions else-

where. We have invested in [biogas production](#) in the area of Tamil Nadu, which is where some parts of our Indian production are based. The project is certified Gold Standard and has several co benefits that support the local land use, welfare, and health and safety. In total, we have compensated for around 319 tons of CO2 in 2018 through the UN Carbon Offset Platform.

Our bags and packages supplier Avisera has created its own label for all of their bags and packages; they plant trees to compensate for the carbon emissions created throughout the production process. All of our bags and packaging are made under this label and in this way, we support their tree-planting activities. In 2018, the production of our bags and packages created 89 tons of CO2 emissions and to offset this, Avisera has planted

around 12,000 trees in South America as part of their program.

In late 2018, Nudie Jeans decided to join the newly started Swedish Textile Initiative for Climate Action. We have joined this initiative with the purpose of, together with other Swedish textile brands, developing a roadmap and an action plan to reduce our climate impact. The first step that will be taken in 2019 is to map our supply chains climate impact to create a basis for setting clear goals. This work will go hand in hand with SDG 13, Climate action, and specifically target 13.3, Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



SUSTAINABLE PRODUCTS

Nudie Jeans strives to take responsibility from the raw material throughout the entire production chain to create a sustainable product. But we do not stop there, through the work we do in our Repair Shops, offering free repairs, reselling second-hand products and reusing worn-out products we are also working toward creating more sustainable consumption patterns. We know that sustainable consumption is built on an array of different actions, and we hope to offer some of them. Our eco cycle is a good example of how we practice this idea. The eco cycle is always with us, from decision-making in the design process to the choice of material, to interior design choices in our Repair Shops and a communication tool when meeting customers in-store. There will never be one universal solution to the challenge of closing the loop. We will need to find many different solutions, explore possibilities and create a variety of ways to reuse and recycle. Sustainability lies in diversity, and a continuous effort.

The work we do both in our production and in stores is a good example of how our efforts are in line with SDG 12, Responsible consumption and production. The work touches upon targets 12.2, Sustainable management and efficient use of natural resources, 12.4, Achieve environmentally sound management of chemicals and all wastes throughout their life cycle; 12.5, Reduce waste generation (through prevention, reduction, recycling and reuse) and 16.6, Encourage companies' sustainable practices and integration of sustainability information into their reporting cycle.

clung and reuse) and 16.6, Encourage companies' sustainable practices and integration of sustainability information into their reporting cycle.

Repair shops

Our shops are called Repair Shops because for us, it is just as important to care for and repair the jeans we once sold, as it is to sell new ones. The idea behind the Nudie Jeans Repair Shops is that for them to serve as hubs where our jeans are repaired, resold as second-hand products or handed in to the Nudie Jeans recycling program. Of course, you can buy all of our products in our Repair Shops, but we have also chosen to give the Repair Stations a key position in the store.

When opening new Repair Shops or renovating old ones, we always keep a few things in mind. First, we try to keep as much of the original surfaces as possible and only renew what is necessary. Materials are simple, solid and durable, chosen to be sustainably sourced, treated, reused and recycled.

Regarding surface treatment, we use organic or environmentally friendly alternatives as far as possible such as paints, oils, waxes or powder coating. We try to use the most sustainable alternative when it comes to material choices. For example, we only use FSC-labelled wood and Carb2-certified fiber boards.

The Forest Stewardship Council offers a certification to ensure responsible forest management. Carb2 ensures no formaldehyde has been used in the production process. Newly produced lights in stores are always LED in order to save energy. And when functionality permits, we use as many vintage and second-hand items as possible, for example, chairs, smaller merchandise furniture, lamps and old store counters that can be rebuilt to suit today's needs.

Break in

No matter how your Nudie Jeans looked when you bought them, they all began as a pair of dry denim. Even the pre-washed and pre-distressed styles were dark indigo denim at first. Our jeans are not designed to be used a few times and then thrown away. We cherish well-worn and mended jeans. Jeans that become a part of us when worn a long time, just like a second skin. At every stage -from harvesting the cotton, to indigo dyeing and weaving, down to the sewing - men and women have been worked hard to create our products. That is why we value the product so highly and will always believe in the worth of repairing and reusing.

We recommend our customers to wear their Nudie Jeans for 6 months before the first wash. The outcome depends on who you are and how you live your life in the jeans. But regardless of the lifestyle,



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDG's in a smaller size, according to significance for Nudie Jeans' impact.

your jeans become a log of the time gone by, and they will end up as one of a kind, shaped by you.

An important part of the break-in process is of course not to wash your jeans too often. Airing them instead of washing will also save water. And this is the first part of the smart but still so simple eco cycle. Following the eco cycle makes your Nudie jeans more beautiful while also saving.



REPAIR

Every pair of Nudie Jeans, no matter where they are bought comes with a promise of free repairs. This is not only about mending our customers favorite jeans; it is about prolonging and giving the denim new life. Repairs are a deeply rooted part of Nudie Jeans to encourage caring for things and repairing plays an important role in a sustainable consumption.

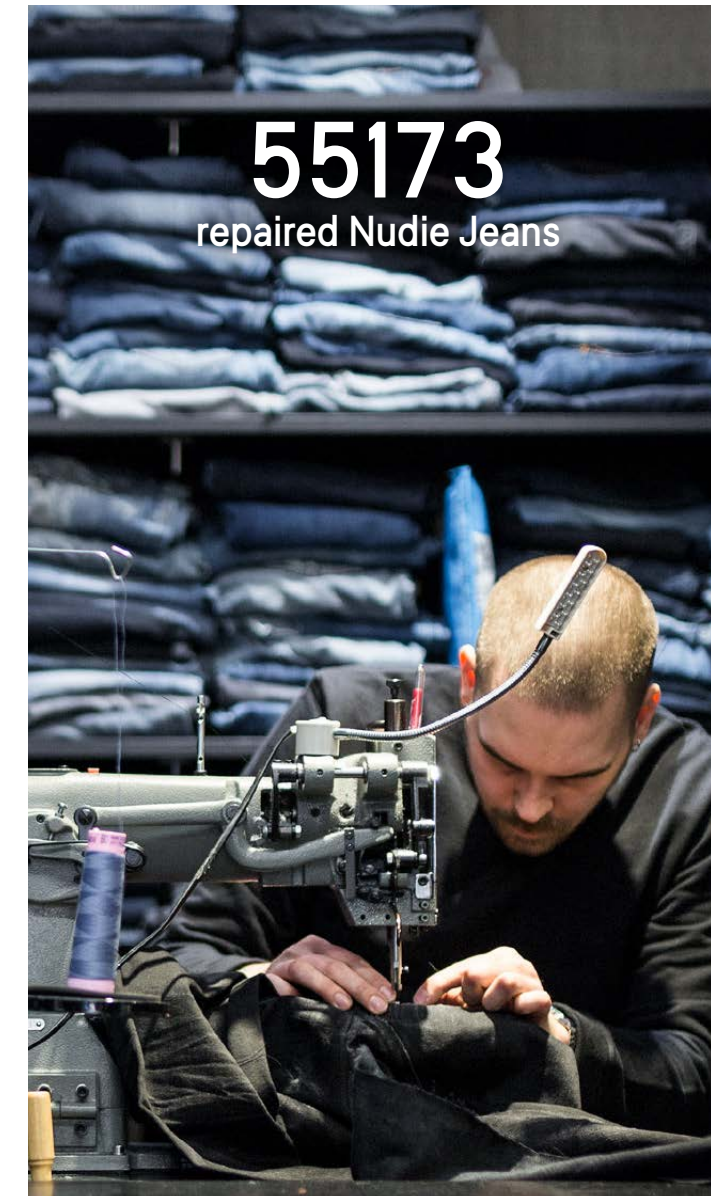
In our Repair Shops, we offer free repairs of all Nudie Jeans. If it is not possible to visit a Nudie Jeans Repair Shop, it is always possible to order a Repair Kit free of charge from our website. The Nudie Jeans Repair Kit contains thread, patches and a few more necessary things for a DIY repair. In 2018, we pushed the repair possibilities even further and traveled to many of our wholesalers with our Mobile Repair Station, making it possible to repair even more jeans. All the Mobile Repair Stations together repaired the same number of jeans as one of our London stores.

In 2018, we have also started the new concept Repair Partners, where key wholesale partners have been given the trust and opportunity to be part of this important part of our work. This means that during the year, we have increased the possibilities of repairing and prolonging the life of our garments,

which also shows in the statistics. In 2018, all of our repair spots together repaired a total of 55,173 pairs of jeans, which is almost 6,000 pairs more than in 2017. We also sent out a little less than 2,000 Repair Kits, making it possible for our customers to repair even more jeans in their own homes.

Just arrived

To be able to meet the high demand for repairs in the shops we have invested in extra repair staff in all our Repair Shops. In Sweden we continued the collaboration with the organization Just Arrived to find new colleagues with specific skills in tailoring. Just Arrived specializes in the recruitment of people who have recently arrived in Sweden and matches their skills to the needs of companies. The collaboration has been successful, and our new staff members have added a lot of knowledge and positive contributions to the working atmosphere. Our work with Just Arrived began with the ambition of repairing more jeans while increasing our social responsibility locally in Sweden and resulted in just another great way to find new colleagues.



REUSE

Prolong the life of a garment is even more sustainable than recycling. It can be done by using the garments for a long time, reselling the garment, reusing the fabric to create something new, making patches for repairing or making materials for new products. At Nudie Jeans we do all of this, all to reduce waste. We offer our customers 20% of a new pair of jeans when handing in an old pair of Nudie Jeans.

The jeans that we sell again in our Re-use range are washed and then repaired if needed, and ready to become a new customer's favorite pair. We are also proud that we can label our Re-use jeans with "Bra Miljöval", the Swedish "Good Environmental Choice" eco label issued by the Swedish Society for Nature Conservation (Naturskyddsföreningen). In 2018, we introduced Re-use Online, where in limited drops we made pre-loved denim available in our web shop. The results were great, and all five drops sold out within a few days.

Nudie Jeans wants to take responsibility for the impact that we create, which is why we have chosen to explore ways to reuse the fabric of our old denim by turning it into new products that we can sell again, as a first step before recycling on a fiber scale. Prolonging the life of the jeans by selling them as Re-use is also a way to showcase the value of the garment. In 2018 we sold around 2,900 pairs of Re-use jeans.



RECYCLE

When we have used and reused denim for a long time, we need to explore recycling, as the last step of closing our loop. Recycling reduces waste, saves energy and reduces the consumption of virgin raw materials. Cotton fibers last much longer than we normally tend to use or wear our clothes. A pair of jeans can be recycled in various ways, there are challenges; in both the mechanical and chemical recycling processes. We are constantly looking for new ways of extending the life of our cotton fibers.

In the exploration of recycling our own products, we endeavor to keep the organic cotton separate from the conventional cotton in the recycling process. This way, it can be used again as recycled organic cotton, which we think is the very best alternative. By exploring ways of recycling our own products we know that the input of recycled cot-

ton is organic, along with the input of new cotton. The new product would therefore be both organic and recycled.

To be able to scale up this circular idea to more than just one or a few projects, we need a steady inflow of our own denim to be used as raw material. This means that the more Nudie Jeans we can collect in our Repair Stores the better, both for reuse purposes and for recycling. In 2018, we collected around 10,500 pairs of old Nudie Jeans in our Repair Shops. This is an increase of 3,000 pairs compared to 2017, and we hope that more and more customers will hand in their jeans to us when they no longer want them. This way we can continue to prolong the life of the cotton fiber, regardless of whether this is as a pair of Re-use jeans, patches, new accessories or as a new fiber blend in a new pair of jeans.



BAGS AND PACKAGING

We care a great deal about taking responsibility in the production of our clothing. We therefore find it equally important to care for how we package and distribute our products to the customer. All bags and gift boxes used in our Repair Shops are made from 100% recycled paper and are FSC certified. The Forest Stewardship Council offers a certification to ensure responsible forest management. Since 2017 we buy all of our paper bags, gift boxes and plastic bags for our webshop from Avisera's ÅterBära program. This enables Avisera to invest in tree planting to counterbalance the CO2 emissions from the packaging materials.

When ordering products from our website they are delivered in plastic bags made from RE-LDPE and RE-HDPE, which is a recycled plastic containing around 40–80% recycled materials and 60–20% new plastic.





COLLABORATIONS

To reach our goals to take responsibility for our impact, we cannot work alone. Collaboration is essential to smaller businesses. That is why we are open to collaborations with other brands. We are also part of different industry initiatives and working groups which all are steps toward working more in line with SDG 17, Partnerships for the goals and are well mapped toward targets 17.9, Capacity building, 17.16, Multistakeholder partnerships and 17.17, Encourage partnerships.



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDG's in a smaller size, according to significance for Nudie Jeans' impact.

Mistra Future Fashion



The Mistra Future Fashion program is a cross-disciplinary research program that holds a unique system perspective on the fashion industry. Its vision is to close the loop in fashion and clothing – enabling a systemic change in the Swedish fashion industry, leading to a sustainable development of the industry and society.

The program aims to deliver insights and solutions that will be used by the Swedish fashion industry and other stakeholders to significantly improve environmental performance and strengthen global competitiveness. Nudie Jeans is taking part in the research, particularly in relation to the recycling of fibers and reuse of the fabric.

mistrafuturefashion.com

Amnesty International



For many years we have collaborated with Amnesty Sweden. Some examples are the Human Rights t-shirt competition in 2007 and the Empowerment Challenge in 2011. A portion of the proceeds from our sales have been donated to Amnesty’s work. Now we support Amnesty’s work with children’s rights by donating EUR 5 for each pair of children’s jeans we sell. Every child should have the right to a safe childhood, in accordance with SDG 16, Peace, justice and strong institutions, and its targets 16.2, End violence and abuse against children, and 16.3, Equal access to justice for all.

amnesty.org

Fair Wear Foundation



We have been members of Fair Wear Foundation (FWF) since 2009. Nudie Jeans fulfills most of FWF’s management system requirements and goes beyond some of them. About 50 % of Nudie Jeans’ total purchasing volume is sourced from low-risk countries such as Italy and Portugal. Together with factories audited by FWF teams in Tunisia, Turkey and India, we have monitored nearly 100% of the 2018 purchasing volume and therefore meet the FWF’s monitoring threshold. In addition, we also conducted audits in Portugal and Italy with an independent auditor.

A stable relationship with suppliers give us a strong basis for effectively monitoring working conditions. We are an active member of the living wage Incubator where chosen FWF brands work with the challenges around implementing a living wage.

The latest Brand Performance Check is available on Nudie Jeans website, as well as on the FWF website. Nudie Jeans has been in the “Leader” category for five years in a row, since 2014.

fairwear.org

Fur Free Alliance



We signed the Retailer Commitment Against Fur agreement by the Fur Free Alliance in 2015. The Fur Free Retailer Program is an international initiative to provide consumers with accurate information about a retailer’s fur policy, allowing them to make an informed choice when shopping. The program recognizes and supports retailers that have committed to a no-fur policy. Taking an ethical and public stand against fur fashion offers us a chance to promote a public policy against violence and cruelty, and to lend support to international efforts to end this unnecessary and cruel fashion choice. In 2018, we developed our animal welfare policy stating what animal-related materials can and cannot be used by Nudie Jeans. The policy is available on our website.

furfreealliance.com

Italy Working Group

The Italy Working Group (IWG) is an initiative that began in 2017 in which a number of brands wish to share experiences and collaborate in order to improve labor standards in Italian supply chains. The purpose of the group is to educate brands on the current labor standards and practices in

Italy, to develop strategies and approaches to improve labor standards and practices through Italian supply chains, and to share experiences and efforts to improve labor practices. In 2018, the IWG has involved local stakeholders and mapped risks in Italian regions.

RISE



Since 2015, we been a member of Kemikaliegruppen (The Chemical Group) at the Research Institute of Sweden (RISE). This is a platform for chemical knowledge in the textile production chain, for staying updated regarding chemical legislation and regulations, communicating chemical requirements to our suppliers and responding to questions from the media and consumers on this issue. We meet four times annually and share experiences and knowledge with other brands, NGOs, experts within the field and authorities.

swerea.se

Textile Exchange



We have been a member of Textile Exchange since 2009. Textile Exchange is a global non-profit organization that works to make the textile industry more sustainable. Textile Exchange inspires and equips people to accelerate sustainable practices in the textile value chain. The organization focuses on minimizing the harmful impact of the global textile industry and maximizing its positive effects. In 2018, we participated in the annual Textile Exchange conference and gained new insights for our coming work.

textileexchange.org

Chetna Coalition

The Chetna Coalition is a network of brands, suppliers, and producers with a mutual interest in collaboration on organic cotton growing. Chetna Coalition's primary level of impact is economic sustainability, with a focus on the drivers of shared value. The top priority is to secure and improve the economic sustainability of the Farmer Producer Organization and raw material producer community growing the cotton. In 2018, we visited the cotton fields in Odhisa, India to learn more about organic farming and how to support the local communities.

chetnaorganic.org.in

Global Fashion Agenda



Nudie Jeans joined Global Fashion Agenda's 2020 Circular Fashion System Commitment in 2017. In joining this initiative, Nudie Jeans has signed the commitment to be part of the transition to a circular fashion system. By taking on this commitment we have also created action points on how we will increase the volume of collected used Nudie Jeans in our Repair shops, increase the volumes of sold Re-use Nudie Jeans, and increase the share of garments made from recycled post-consumer textile fibers. In 2018 we moved rapidly toward our goal; see more on page 35.

globalfashionagenda.com

Alliance For Responsible Denim



Since 2016 we have been part of the Alliance for Responsible Denim (ARD), a collaborative initiative from the House of Denim, Made-By, Circle Economy and the Amsterdam University of Applied Science. The ARD gathers actors from the denim industry with the purpose of taking steps together toward more sustainable denim production. 2018 was the last year of the original set up of the ARD. Much of the focus has been on summarizing the work, presenting the results and

planning the next steps. The work of the ARD was showcased at the UN's High-Level Political Forum in New York with great success. For Nudie Jeans, the collaboration with our main denim supplier on development of a recycled denim has seen good progress. A new set up of a smaller, action-oriented group of brands will continue the work of the ARD in the coming year.

denimalliance.org

CSR Västsverige



We are an active member of CSR Västsverige, Sweden's largest CSR network for the private, public and NGO sector. This is a platform for learning, sharing experiences and knowledge, where we participate in meetings with other member brands from different sectors to discuss CSR-related topics. In 2018 we participated in the discussion group Sustainable Businesses.

csrvastsverige.se

THIS IS NUDIE JEANS

Spreading the word

Another part of our business which we consider extremely important – and enjoyable – is all the opportunities to spread and share information and knowledge; information about what we are doing, the importance of organic cotton, and the importance of taking responsibility in production and working in a transparent way.

2018 was significant in terms of sustainability communication. We launched the Get the Balance Right campaign worldwide and had the opportunity to visit several European cities to speak about our sustainability work. In conjunction with the campaign, we released the Get the Balance Right magazine. We also had a successful live Q&A on Facebook with the FWF Fashion week Marathon.

We place great emphasis on having sales staff in our stores who are aware of how we operate who can answer all kinds of questions, from chemicals in the dyeing process to working conditions, and on how customers should care for their garments – because meeting customers is also an opportunity to spread knowledge. It is when meeting customers, both in-store and online, that we can tell them about our repair service, our sustainabil-

ity work and the 20% discount we offer on a new pair of jeans when handing in an old pair, for example.

Apart from educating our store staff, we also regularly educate everyone who works at our Head Office and in the wholesale department and on the webshop so that everybody is kept up to date on the latest news regarding our sustainability work. For us, sustainability should not belong to one company department; it is something that is a part of everything we do, and a part of everybody who works with us. The monthly newsletter on sustainability activities is one way to spread this information internally.

We are invited to speak about our sustainability work and how it has developed over time, at meetings and courses held in the textile industry and at universities, and we give several interviews each year to students and researchers. In 2018, we gave public speeches at Gothenburg School of Business, Economics and Law; Chalmers University of Technology; the Organic Cotton Round Table; Circular Economy; Miljöstrategidagarna; Habits Modebranschensdag; Agenda 2030 Sustainable Development Goals and Perfect World Foundation's annual gala. We are open about sharing our knowledge because we believe we must work together to be able to further develop the field of sustainability.

Written about Nudie Jeans

- www.livingit.euronews.com/2018/10/03/the-best-sustainable-scandi-fashion-brands
- www.livekindly.co/sustainable-demin-brand-nudie-jeans-ditches-leather-vegan/
- www.sportswear-international.com/news/portrait/Brand-Profile-Thats-Nudie-Jeans-recipe-for-success-14102
- www.denimdudes.co/supply-chain-sidekicks-bossa-nudie-jeans/
- www.surfstitch.com/blog/all/planet-positive-nudie-jeans-co-denim-done-right.html
- www.vegan-good-life.com/nudie-jeans-goodbye-leather-patch/

We love to share our knowledge and experiences with customers, the industry and our employees. But we also love it when customers share their denim experiences with us. We want our customers to share pictures of their jeans on social media and tell us their story, and what they have gone through with their jeans on their breaking-in journey. This is a way for us to share our passion for a well-worn-in pair of jeans with our customers. Not only do we love having the opportunity to see how our jeans develop over time, it also inspires us for future washes or limited editions. It is a way for us to bring our customers' experiences with their jeans back into the design process. At Nudie Jeans, social media is the major tool for showing what we do and communicating with customers. In 2018 we had a number of good articles with a focus on sustainability as well as some highly viewed and liked posts on our Instagram account, especially for the Hey Vegans campaign and posts regarding our repair and Re-use activities.

The Hey Vegans campaign, in which we introduced the replacement of the leather patch with a paper patch, gave us massive feedback, both positive and negative from customers. We appre-



ciate all the interaction we received, and we stand proud of our decision to take a step away from leather in our denim and to discuss the subject with our customers. The Hey Vegans post "Our beef is over" was one of the more appreciated posts of the year and a fun way to communicate sustainability as it is a big part of our business.

The launch Re-use online and the associated post had a great impact and was a way for us to educate our customers on the importance of valuing second-hand garments and the need to prolong the life of already produced clothes.

In 2018, we participated as garment donor in the Swedish Hungerprojektet initiative, a project to raise resources for eliminating global hunger, a practical action under SDG 2, No hunger and more specifically target 2.1, End hunger.

To measure our customer satisfaction, we use an NPS Score. The average score for 2018 was 80.4. Given the NPS range of -100 to +100, a positive score, or NPS above 0, is considered Good, +50 is Excellent, and above +70 is considered World Class. From the comments given with the scoring, we see that sustainability is very important to our customers.

"Perfect fit on the jeans. Denim of very good quality. Ecological. And the supreme service at the repair shops with free repairs and length adjustments. Superb."

"Sustainable, organic, stylish quality items from company with passion."

"I like the style and most important it's organic!"

"Organic cotton, vegan patch, transparent production process, the focus on Re-use, and very cool jeans!"

"Great organic product and awesome deal with lifetime repair. Love the company ethos"

"Sustainable awesomeness"

Awards 2018

We were happy winners of the LUX awards – Best denim brand 2018 and the Sustainable Fashion Awards 2018 where we also had the honor of choosing an NGO that works with sustainability with which to share the prize.

NUDIE JEANS AS A WORKPLACE

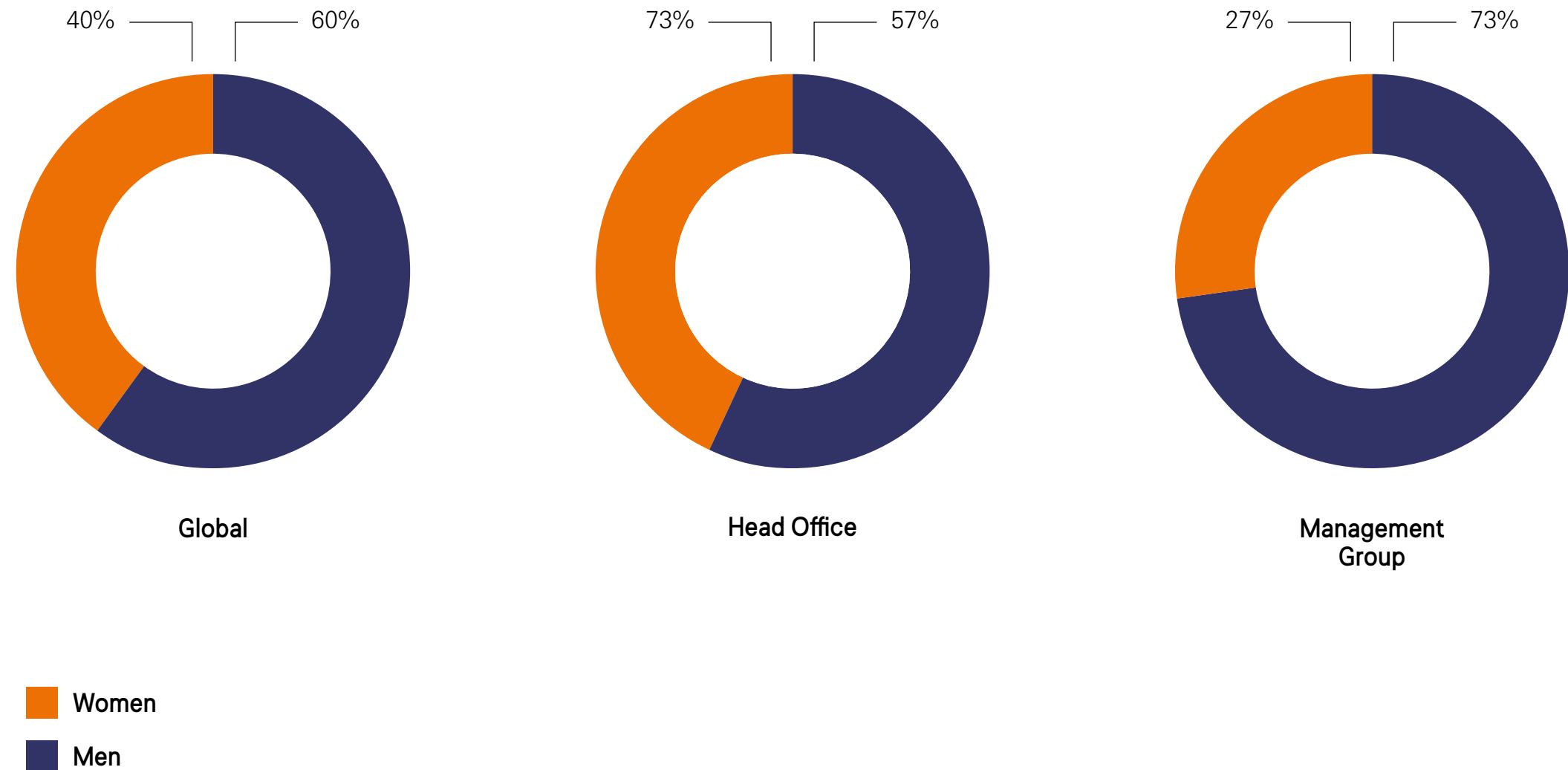
At Nudie Jeans, in addition to our collections, we consider our employees our most important resource. They provide the vigor and strength needed for Nudie Jeans future. Nudie Jeans has 171 employees globally and the Head Office in Gothenburg employs 70 people. The management group consists of 11 members.

The Head Office covers all aspects of the business including design, product development, sustainability, wholesale, retail, e-commerce, finance, marketing, supply chain management, customer service, IT and HR.

The majority of the employees at Nudie Jeans Marketing are employed full-time. Numbers from 2018 show that only 6% of all employees worked part time, of which 1.5% are men and 4.5% are women.

All Nudie Jeans employees with children are entitled to parental leave. In 2018, a total of 11 people were on parental leave, 45% men and 55% women. All employees that were on parental leave have returned to work.

In 2018, a total of 54 employees were on sick leave, 29 men and 25 women. In total these employees were absent for 3,550 hours. Men account for 44% of this leave and women 56%. Due to personal privacy, we have decided not to report the male/female division of long-and short-term sick leave.



Ethics and integrity

Our employee handbook contains terms and definitions of employment, including different policies and guidelines that cover among other ethics and integrity. In 2018, HR work focused on the internal work culture. We are continuously improving the working environment, which includes surveys and safety inspections. In 2018, we created a diversity and equality plan in which areas such as unfair treatment, diversity and equality between the sexes on all levels have been analyzed. An additional survey is conducted each year.

In 2018, we held a workshop day at Nudie Jeans Head Office regarding the Nudie Jeans culture, where we discussed how a good Nudie Jeans colleague should be. It was highly appreciated by employees and will be followed up in the coming year with a policy on internal culture and behavior.

It is our objective to provide a work environment free from elements that would deter our employees from doing their best. All concerns may be expressed through our open-door policy. The management at Nudie Jeans maintains this open-door policy to discuss any issues the employees may have. The management group has regular meetings in which issues can be raised both from a strategic and operational perspective.

The aim of the office's HR policy is that all of our employees should find themselves in a pleasant environment and climate and should feel they are in a stimulating, open workplace where they can grow. Employees are hired based solely on Nudie Jeans' personnel requirements and the qualifications of each individual candidate.

We will not discriminate, tolerate or condone discrimination based on age, color, religion, sex, ethnicity, sexual orientation or disability. We will comply with all local, state and federal laws related to employment. We believe that a workplace with an equal division between sexes results in a more creative and stimulating work climate. For this reason, we try to ensure that all work teams are mixed. The company wants to and does invest major resources in training, personal development, the work environment, and working tools to create a stimulating, open workplace that develops people and careers. It is our desire for all employees to achieve their highest potential. The company will do its best to provide the opportunity and offer training and guidance whenever possible.

INTERNAL SUSTAINABILITY WORK

Environmental diploma

We are constantly working to reduce our environmental impact, both on a production level and internally in our Repair Shops and Head Office. We have therefore chosen to work with the environmental management system and standard called Svensk Miljöbas, which is a national environmental standard adopted for smaller businesses and organizations. All of our Swedish-based Repair Shops and Head Office map their environmental impact, everything from statistics on the use of printer paper to electricity consumption, waste separation, recycling, and to registering all chemicals used. Yearly improvement strategies are created to drive the work forward. Each year the work is assessed by a third-party auditor that also issues the Environmental Diploma. In 2018 we began the implementation of the standard in our European Repair Shops.

We endeavor to have control of and insight into not only our production chains environmental and social impact, but also our own Repair Shops and Head Office. It is important to understand that our own day-to-day work also makes an environmental impact, and to explore ways of reducing it. Working with an environmental standard and



being audited annually is one way to develop and sustain our efforts. For example, all of our Repair Shops and Head Office use electricity from renewable energy sources, and we increase the portion and volume of sorted waste for recycling year on year, not to mention the steady annual increase of repaired jeans and jeans sold second-hand. All employees at the Head Office and retail organization are provided with environmental training on a regular basis, which connects with SDG 13, Climate action, and target 13.3, Improve education and awareness-raising.

Anti- corruption

Nudie Jeans goal is to work with suppliers that share our ambitions and values regarding human rights, labor practices, the environment and ethics. To achieve this goal Nudie Jeans has developed a scoring system which evaluates countries according to our values. The corruption percent-

age (0–100) index is one of the indices that we have incorporated as a basis for the evaluation. The sourcing policy contains different requirements for high-risk and low-risk countries.

In 2018, we started creating a policy for gifts and bribes that will be implemented in 2019. In general, when we receive unexpected gifts, we save them and have a lottery for all Head Office employees, regardless of whom the gift was intended for. We allow gifts if they are brought to the attention of the immediate manager in a transparent way.

Since the policy is still under construction, no information regarding incidents and/or actions taken can be reported for 2018. However, we intend to do so in the 2019 report.

Data privacy

In 2018, all departments of Nudie Jeans Head Office have started their internal work toward becoming GDPR compliant. Work with GDPR is ongoing and therefore, Nudie Jeans has created a GDPR committee to discuss all related topics. No complaints concerning breaches of customer privacy or personal data incidents occurred in 2018.



NEXT STEPS FORWARD

We are proud to be where we are today. But we are where we are because we have never hesitated to try out new ideas and we welcome creative thinking, not only from management but from everyone who works with us. Some of the decisions we have taken have changed over time, while others— which seemed crazy at first glance—have proven to be the best we have made. We are not afraid to try, – we think this is the best way to grow. Looking forward, we have goals to work towards and challenges to deal with. We do this with both enthusiasm and excitement, because we can never know for sure what the future will bring, but we know that we can make something good of it.

Challenges

Transparency

We would like to be able to guarantee traceability and transparency, even in the recycling program. In other words, we want to be sure that the organic cotton can be handled separately and that

we can continue to take responsibility for the recycled product.

Chemicals

We also face the challenge of continuing to work with our supplier to substitute the use of harmful chemicals in production with less harmful chemicals

Living wages

One challenge within the living wages concept is examining which other suppliers would benefit from the Nudie Jeans initiative. Another challenge is how to develop and adapt the concept to different suppliers and countries with different laws, regulations and factory structures. We also see a challenge in upscaling these projects.

Climate

We understand that our business has a negative impact on the climate, due to our production processes, travel and transports and we take on

the challenge to reduce and compensate for our emissions.

Repair and Re-use

One of our main challenges is to develop our recycling program, where we can upscale the recycling of jeans at the same pace as our growth.

We need to continue to spread the word about our repair service so that we can prolong the life of more jeans and collect a higher number of used pairs.

Commitments and goals

Transparency

We want to continue to be the frontrunner when it comes to transparency, and by continuing to share our knowledge and being part of collaborations, we want to lead the industry to further development in the use of sustainable materials and reduction in the use of chemicals

Chemicals

We want to continue to assess what products can be made according to GOTS restrictions as a step toward substituting harmful chemicals in production, and when possible, choose the GOTS certified option.

Living wages

We want to develop our living wages project, to include more of our suppliers. From our experience with working with living wages at our suppliers for the last six years, we know that we need to

have locally adjusted implementation strategies. We will investigate all our main suppliers and their employees' need for a living wage by 2022.

Climate

We want to continue to map our CO2 emissions, reduce where possible and compensate for our emissions. For 2018 we have compensated for all Nudie Jeans business travels and transports.

- Our goal for 2019 is to include the electricity use in all of our Repair Shops, sales offices and our Head Office in the carbon offsetting initiative as well as the emissions from our business cars. This means we would become carbon neutral for scope 1⁸ and 2⁹ in the beginning of 2020.
- Our goal for 2021 is to be carbon neutral for all of our own operations as well as for our main suppliers. To actively decrease our emissions, we will also decrease our emissions

coming from business travel by 20% per employees to the end of 2021.

- For 2025, we want to become carbon neutral for our business' total emissions, including our full supply chain, from raw material to ready product. In other words, this means we would compensate for scopes 1, 2 and 3¹⁰.

Repair and Re-use

We want to develop our repair and Re-use recycling activities. We want to increase our sale of Re-use jeans, because prolonging the lifetime of a garment is an unquestionable way of reducing its environmental impact.

- By 2019, we will increase the number of repaired jeans by 5% globally.
- With regard to our repair activities, our goal is to open 50 new permanent Repair spots, including Repair shops, franchise shops and Repair partner in the coming years.

Global Fashion Agenda

As part of our 2020 Circular Fashion System Commitment within the Global Fashion Agenda (GFA) we have created targets to increase our circularity operations by 2020. The targets Nudie Jeans has set are:

- By 2020, we will increase the number of collected used Nudie Jeans by 20% globally.
- By 2020, we will increase the total number of second-hand Nudie Jeans sold by 30% globally.
- By 2020, at least one style in our collection will be made of recycled post-consumer Nudie Jeans collected from our garment collection scheme

8. Scope 1 Direct CO2 emissions

9. Scope 2 Electricity indirect CO2 emissions

10. Scope 3 Other indirect CO2 emissions

STRUCTURE OF THE REPORT

Nudie Jeans' sustainability report for 2018 reflects the activities performed at the Head Office in Gothenburg and our own retail stores, but also includes the impact we create through our production suppliers in Italy, Portugal, Tunisia, Turkey, Poland, Sweden and India.

The denim industry has a high impact on local communities and the environment, and we work the best we can to minimize the negative effects and contribute with positive impacts where possible, in a social, economic and environmental manner. We hope that by sharing and being transparent about our work we will inspire others to take their responsibility for their full product where the impacts occur.

We have mapped our value chain and identified where our biggest impacts lie and which topics we need to report on. We start from the GRI standards and the sustainable development goals and have identified our most important stakeholders as customers, suppliers and employees.

When conducting our stakeholder analysis, we have presented the identified topics to our stakeholders; customers, suppliers and employees through an online survey and workshops. The stakeholders have prioritized the topics and the analysis of this is shown in the materiality analysis. Biodiversity and socio-economic compliance are

two areas we decided not to report on this year, due to the limitations of data from our suppliers.

Materiality analysis

In our materiality analysis we have considered all relevant GRI standards that are related to our supply chain and selected the disclosures relevant for our business. In addition, we have added data for other relevant areas for Nudie Jeans that we want to report on as they are significant to our sustainability work. This has led to the structure of this report where we can follow Sustainable materials, Sustainable production, Sustainable products, and information on Nudie Jeans as a workplace.

This is a GRI-referred report in which we have focused on Nudie Jeans Marketing AB as the reporting company, the social, economic and environmental data presented in this report reflects the activities and impacts of this unit and its suppliers only. For the coming years, we will consider including other companies in the group depending on their reporting availabilities. We have included all activities for the full year of 2018.

The report refers to Nudie Jeans Marketing AB and the impact our work has at Head Office, retail and at our suppliers. We will however also include

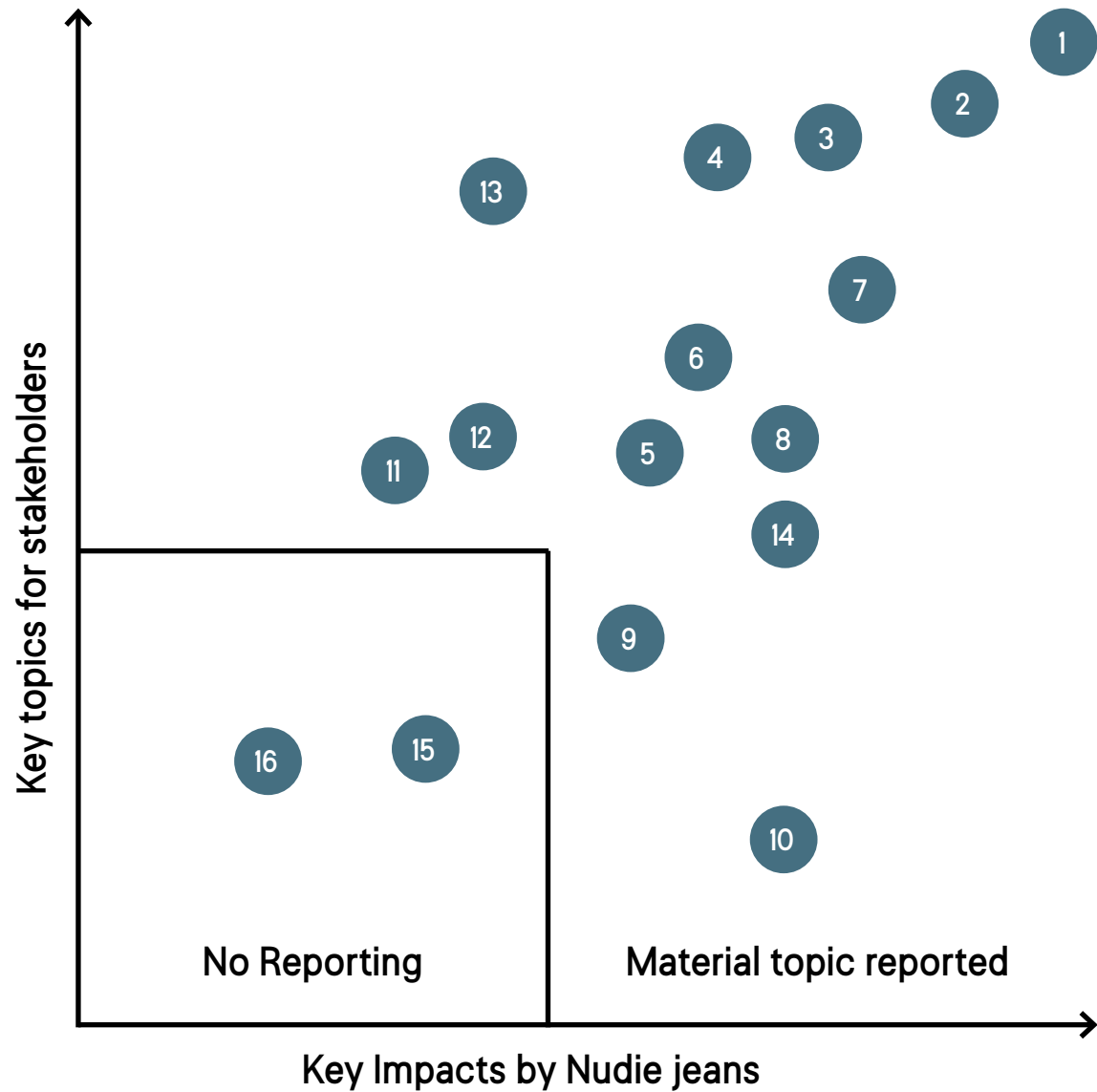
sustainable activities such as the repair services and environmental work that take place in the Repair Shops, but that are developed and coordinated from Nudie Jeans Marketing AB. By reporting on both the positive and less positive impact points of Nudie Jeans, together with the balanced information we publish in our Production Guide, and in the audit summaries, we aim to be transparent in terms of what we have accomplished so far, but also our challenges.

When writing this report, we had our primary stakeholders in mind: employees, suppliers and customers, but the report is also directed at anyone with an interest in Nudie Jeans' sustainability work including NGO's, other brands, suppliers or students.

To develop materiality matrix, we have conducted surveys with our sales staff, our staff at Head Office, and our suppliers and we had discussions with the management to verify the accuracy of the stakeholder analysis and materiality analysis.

The timeframe for creating this report has been good. We have allocated resources and time and we continued our work in the digital sustainability reporting system, www.worldfavor.com, to make this process more systematic. The sustainability report is published around the same time as our yearly business report.

MATERIALITY ANALYSIS



OUR FOCUS AREAS	OUR PRIORITY TOPICS	SUSTAINABLE DEVELOPMENT GOALS	IDENTIFIED GRI STANDARDS	PAGE
Sustainable Materials	Design: 1. Material & Certifications 14. Animal welfare		301: Material 303: Water 404: Training & education 413: Local community	11–20 32 27–28 12, 24
Sustainable Production	7. Fair Wear Foundation Code of Labour Practice 2. Transparency 4. Chemicals 5. Training 8. Living wages 6. Energy & Water		303: Water 302: Energy 306: Effluent and waste 401: Employment 402: Labour management relations 403: OHS 404: Training & education 405: Diversity & equal opportunities 406: Non- discrimination	32 32 16, 39 23–29, 47–49 23–29, 47, 48 28 27–28 29, 48 29, 48
A Sustainable Product	9. Repair, Reuse 3. Recycle 10. Transport		407: Freedom of association 408: Child labour 409: Forced or compulsory labour 413: Local community 414: Supplier social assessment	28 24 23 12, 24 27–28
This is Nudie Jeans	13. Internal sustainability work 11. Communication 12. Collaboration		205: Anti-corruption 306: Effluent and waste 401: Employment 404: Training & education 405: Diversity & equal opportunities 406: Non- discrimination 418: Customer privacy	49 16, 39 23–29, 49–49
	Non-material topics: 15. Socio economic compliance, 16. Biodiversity			

THANK YOU

