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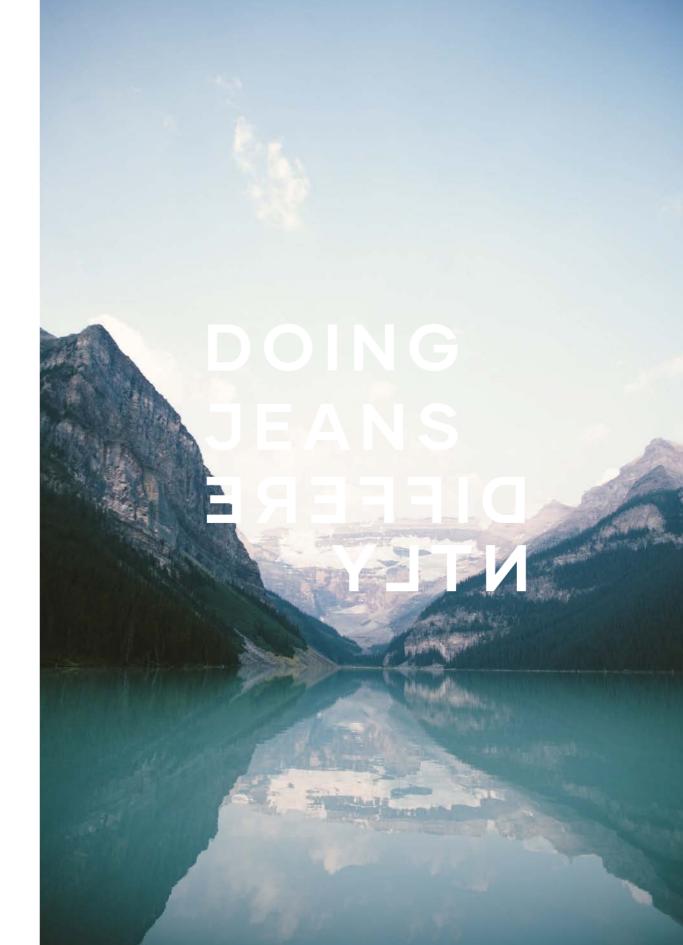


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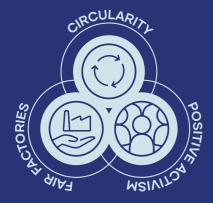


Hi! Thanks for your curiosity and interest in MUD Jeans. This report will share with you our approach as leaders in circular denim. It highlights our goals, obstacles, and progress. 2020 has been a unique year for us all. At MUD Jeans we were proud to see how our circular business model gave us stability and solidarity in a time of crisis. We hope you enjoy reading the report and are as excited about the great progress we have made.

Laura Vicaria CSR Manager



Our Summary



Certified

Corporation

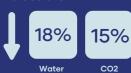
Benelux Region

Score: 124.5



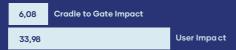
In 2020 we became **Carbon Positive**

Our 2020 LCA impact values are in!



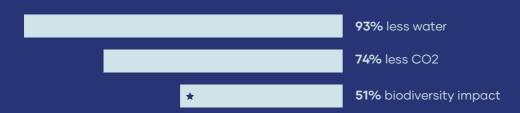
We have reduced our impact even further.

We now know our impact and the potential impact of our customer.



Average CO2 impact when jeans are washed once a week (Warm + Tumble)

Our jeans compared to industry standard



★ MUD Jeans is the first denim brand to measure its Biodiversity impact

MUD Jeans has a fully transparent supply chain



What we are proud of this year:

- A new section on diversity and inclusion: we have made this a permanent addition to this and all future reports. Here we vow to continuously reflect on our efforts and gaps in building a more just, equal, and inclusive brand.
- 1000 signed up to our ambassador program.
- 10,000 people have heard our story through multiple speaking events.
- A supply chain game for primary school (shared with 600 schools).
- We have supported over 240 students with their research through our monthly student calls.



MUD Jeans A Denim Experience

Open up your closet and count how many pairs of jeans you own. Most of us own an average of 6-7 pairs jeans and only wear 4. We don't blame you for your denim addiction, the reality is that we are all victims of the fast fashion system. Since the 90's we have normalized the action of buying a lot of clothes, wearing them a couple of times, and throwing them away. This is what defines a linear model.

The fast fashion industry is responsible for 4% of the global waste production. It is responsible for 20% of the worlds water pollution (thanks to the toxic dyes used in the production of garments), and it generates 1.2 billion tons of greenhouse gases.

At MUD Jeans we do things differently. We strive to lead by example and find an alternative to the fast fashion status quo. By taking the most beloved piece in your wardrobe - your jeans - and making them sustainable and circular, we believe we can revolutionize the fashion industry. MUD Jeans is grounded on a circular business model, meaning that the entire business, and how we manufacture our product, is focused on eliminating waste and centring on positive society-wide benefits. The outcome is a beautiful high-quality product, with minimal environmental impact, and a positive community effect.

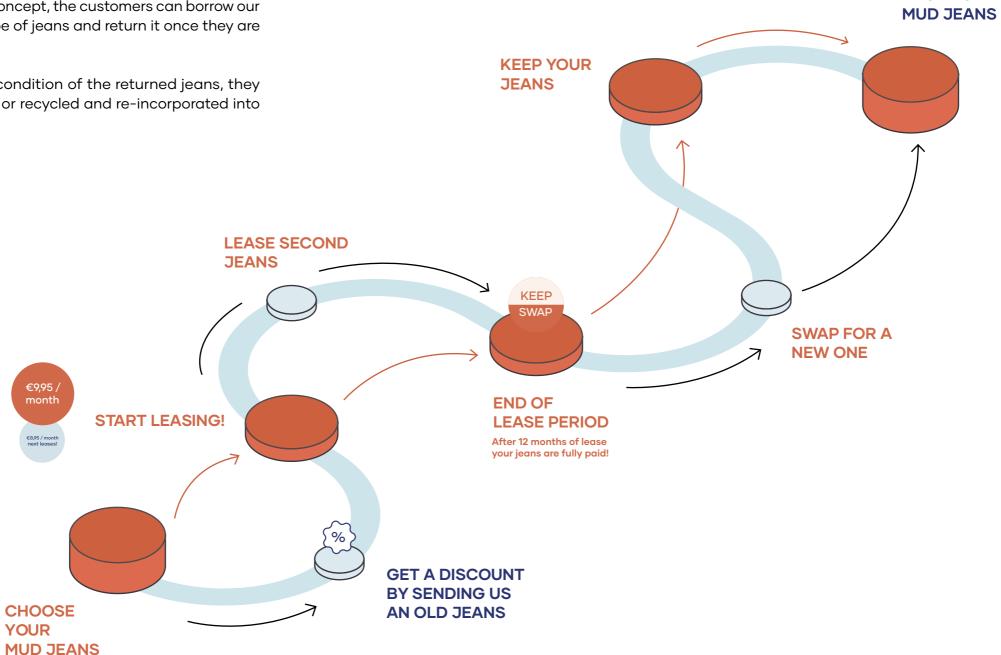
In 2013 MUD Jeans introduced Lease A Jeans, a purchasing model that would free the consumer from responsibility and environmental anxiety of having a new pair of jeans. Instead, they are left only with the worry of "does my butt look good in these?". Through the lease concept, our customers can borrow our material in the shape of jeans and return it once they are done using it. Depending on the condition of the returned jeans, they are either upcycled or recycled and reincorporated into a new pair of jeans.

Through this approach, no jeans end up in landfill and MUD Jeans slowly begins to incentivize a world without waste. Curious how we do this? Keep reading, we will reveal it all.

Lease your jeans for a monthly fee.

Through our lease concept, the customers can borrow our material in the shape of jeans and return it once they are done using it.

Depending on the condition of the returned jeans, they are either upcycled or recycled and re-incorporated into a new pair of jeans.



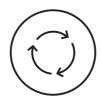
BACK TO

Our Mission and Strategy

Our mission is for the fashion industry to be driven by circular production and conscious consumption. We pioneer with jeans, by taking positive action, being transparent and supporting sufficiency.

We believe that being mindful of nature and people is a necessity. We see a future in which our fashion industry finds a way of producing and consuming that does not stand in the way of our enjoyment nor that of future generations.

To radically change the fashion industry, we need a strategy. Ours is based on 3 pillars:



Circular Economy

For us, the sky is not the limit. We are always busy improving our products and making them more sustainable both socially and environmentally. Our ultimate goal is to make our products 100% circular.



Fair Factories

Mr. Habib Ben Mansour, the owner of our garment factory and laundry Yousstex International, likes to say that we make noble products and we 100% agree with this. By producing consciously, we can directly create a safer and healthier working environment for our colleagues in the factories.



Positive Activism

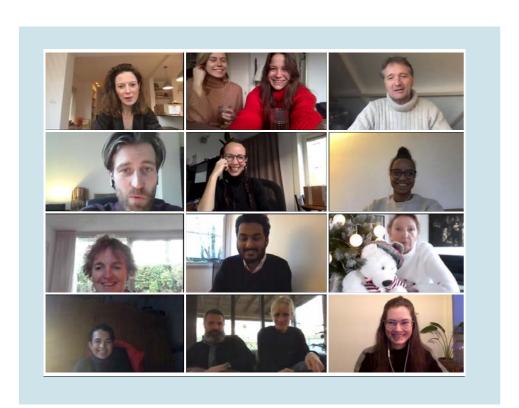
Through our pioneering approach we are changing the status quo within the fashion industry. With a smile on our face, we tell you how our innovative production techniques will change the world for the better. By doing this, we inspire others to start walking the talk. With other brands joining us we can turn this walk into a march.

We pioneer with jeans by taking positive action, being transparent and supporting sufficiency.

In a nutshell

MUD Jeans Strives for continuous improvement. Through our three pillar strategy we have achieved exciting outcomes in 2020.

- 14 employees
- 8 different nationalities in Team MUD
- 71% of Team MUD are women
- Headquarters is based in Laren, the Netherlands
- B Corp, using business as a force for good
- Carbon Positive
- 45,000 jeans sold in 2020
- •100% of MUD Jeans are produced by Yousstex International
- Our jeans are sold in 300 stores in over 30 countries





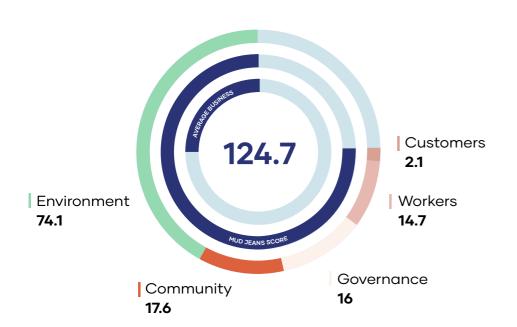


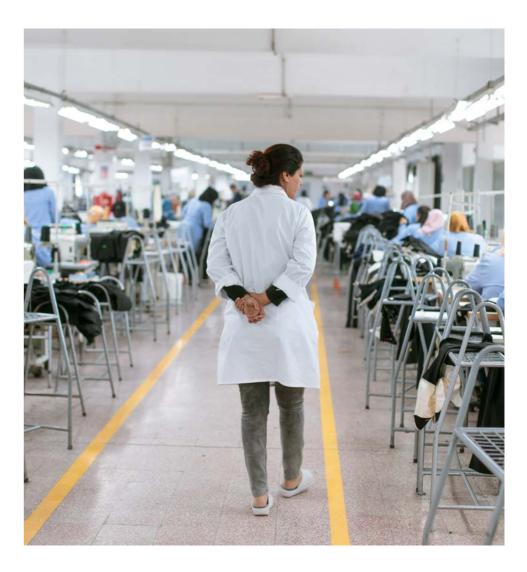


A Proud B Corp

B Corps are a new kind of business that balance purpose and profit. All B Corps are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment. To become a B Corp a company is assessed on their overall positive impact based on the mentioned criteria. Only if the company scores above 80/200 can they call themselves a B Corp. MUD Jeans has been a proud B Corp since 2015. In 2020 we completed our reassessment, hitting 124.7 points. With this new score, we are one of the top 5 B Corps in the Benelux region.







Stakeholders

We work hard to foster strong relationships with all our stakeholders who share our values and vision for the fashion industry. With customers, we make sure to always be in contact via mail, social media, blog, newsletters, and events. We make sure to provide our retailers with options that reflect their needs and don't encourage overpurchasing. With our supply chain partners, we work collectively to create a better fashion industry.

Awards

- Change in business Award 2013
- Circle Challenge by Circle Economy 2013
- Vegan PETA award 2015
- Sustainability Leaders Awards 2015
- B Corporation Best for the World Environment Honoree 2018
- Nominated Koning Willem I Plaquette 2018
- Finalist at Circular Awards 2020
- B Corp-BIA Improvement Award 2020
- ABN AMRO Sustainable Retailer of the Year 2020



Partners

SOCIAL & LABOR CONVERGENCE



















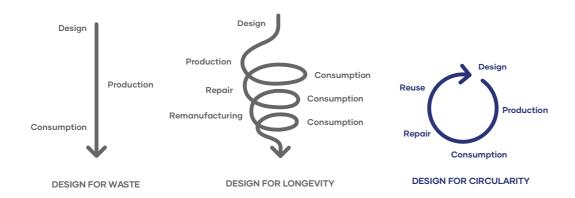


Circular Economy

Understanding Circularity

Circularity is at the core of MUD Jeans' business model. We design, produce, and sell keeping this model in mind. 100% of all our styles are circular.

A circular system aims for a continuous use of resources, while slowly designing out waste. Unlike a linear economy, which just focuses on producing, using, and throwing away, in circularity you apply methods such as reuse, sharing, repairing, remanufacturing, and recycling in order to extend the life of the product and eventually close the loop by using that same material again. Through this method you are minimizing the use of new raw materials, as well as the creation of waste and pollution. Circularity is the most effective and sustainable approach to fashion.





How is MUD Jeans Circular?

Each section of the diagram on next page is an important step in making a pair of circular MUD Jeans. We think very carefully about the material we use, how we design the jeans, who we work with and how we sell our product. When all the steps come together, the outcome is a pair of jeans that is high quality, stylish, and limitless in life and potential. These jeans will live many lives.

Circular Design

Design is how you control how the product is made, how it lives but also how it dies (dramatic I know!). To be a circular brand, you need to think of all of these stages. After all, you want a high-quality pair of jeans, that lives a long time, but that can also be easily recycled and reincorporated into production. At MUD Jeans we do this by keeping it simple. We work with 10 different fabrics, one button, one rivet. We have substituted the leather patch with a non-toxic printed-on version. There are two fabric compositions available, the rigid which is made with 40% post-consumer recycled cotton and 60% GOTS certified cotton, and our stretch which is made from 23% post-consumer recycled cotton, 2% elastane and 75% GOTS certified cotton.

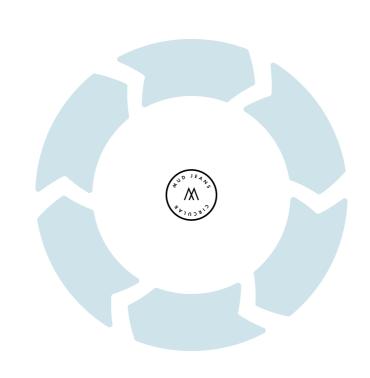


Recycle

All good things must end, they say. Not for MUD Jeans. The life of a MUD Jeans never ends it just restarts. When the jeans are no longer in good condition they are sent to recycle. In this process the jeans are shredded into fibres and remixed with fresh organic cotton in order make new yarns. And so, the cycle begins again.



The elimination of waste is a key component of a circular business. MUD Jeans takes responsibility over the end of life of its jeans and prevents them turning into waste. When the jeans are returned to MUD Jeans, we review them to check their condition. As the saying goes, one man's trash is another man's treasure. Therefore, jeans that are still in good condition are washed and mended and sold as vintage. Once again, it's all about extending the life of our product.



Repair

All of our customers are given access to a free repair service during the first 12 months of their lease or purchase. Through this approach, we encourage our customers to value and take care of their jeans. A simple repair can extend the life of the product by a few months or even years. This has a tremendous positive environmental impact, as it conserves the original energy that went into making the product in the first place.



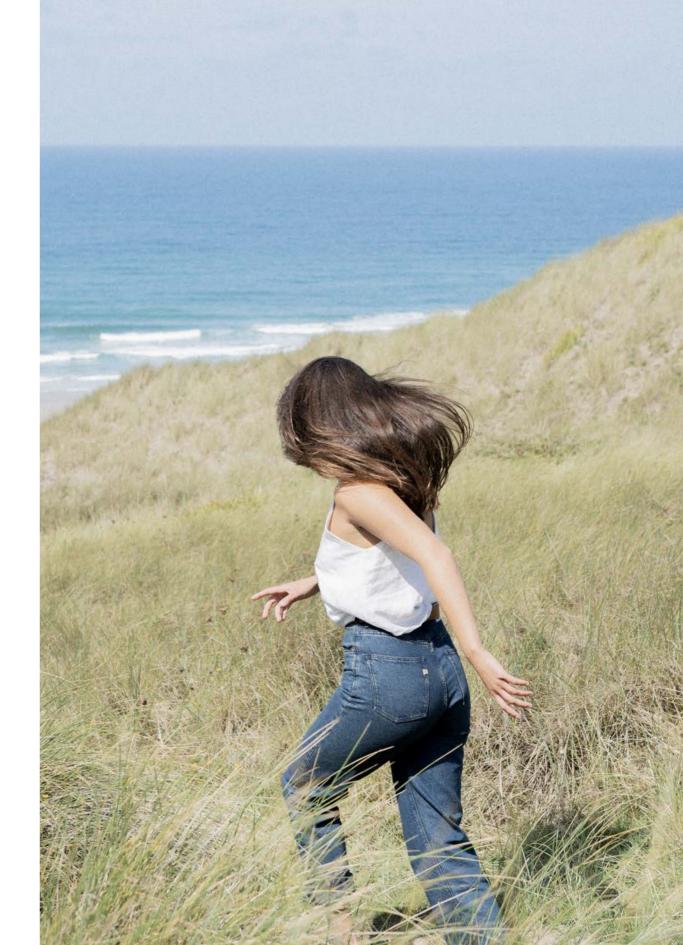
We maintain a very small supply chain. We work with 5 main supply chain partners. By having a small group of partners, we can foster better collaboration and innovation. It also gives us greater control over the making of our jeans. With a short supply chain, we know exactly who is making out jeans, and how and under what conditions they are being produced.



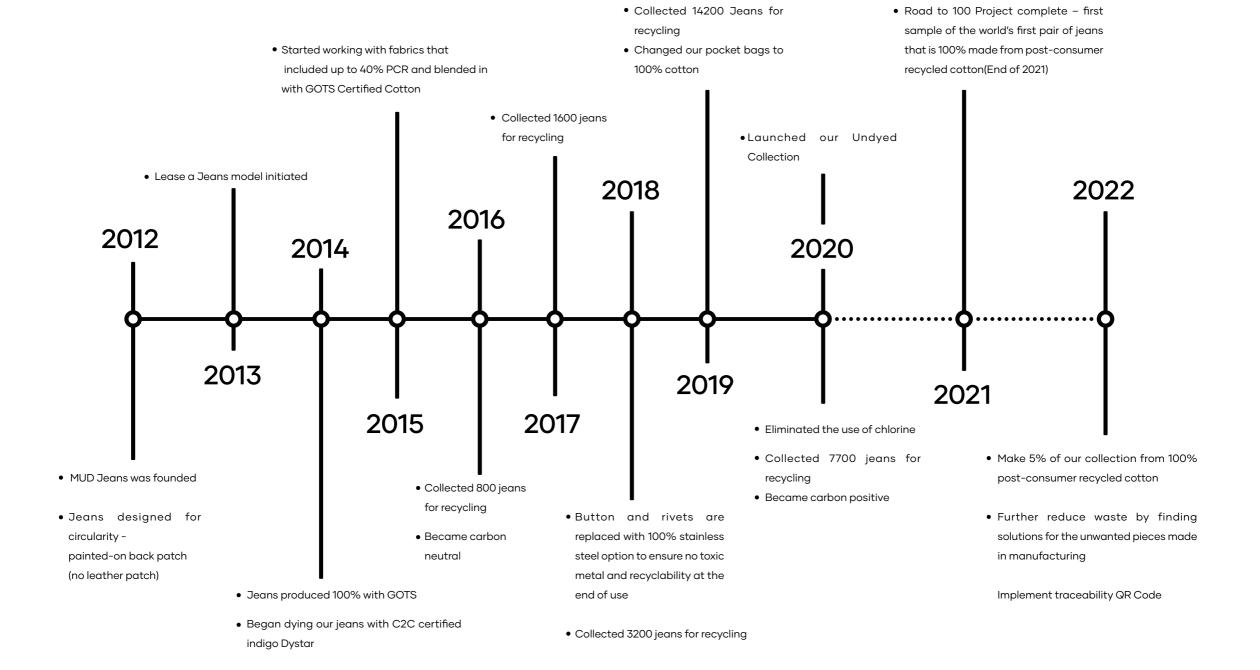
MUD Jeans is unique for its Lease a Jeans model. Our customer can lease a pair of jeans for 12 months for €9.95 per month. At the end of lease, they are encouraged to send back their old jeans and start a new one should they wish to. Through this model our customers are able to enjoy the experience of owning a new pair of jeans, without the environmental anxiety. As a brand it gives us the opportunity to take responsibility over the end of life of our product. Purchasing a pair of jeans in full is of course an option. Both leasers and buyers are given a discount when they return an old pair of jeans with their new purchase.

The MUD Jeans Sustainability Journey

Circularity is a journey. Every step is about finding ways to use materials more effectively. The objective is to build a system where materials can be reused over and over and to eliminate the creation of waste. MUD Jeans is the world's first circular denim brand, and we started our journey back in 2012. As pioneers we hold a responsibility to share our knowledge and to always strive for improvement.



Our Timeline



• Began using foam dyed fabrics (a technique

chemicals and 65% less energy use)

that uses 100% less water, 89% fewer

• Regrow 10,000 trees and save 10,000

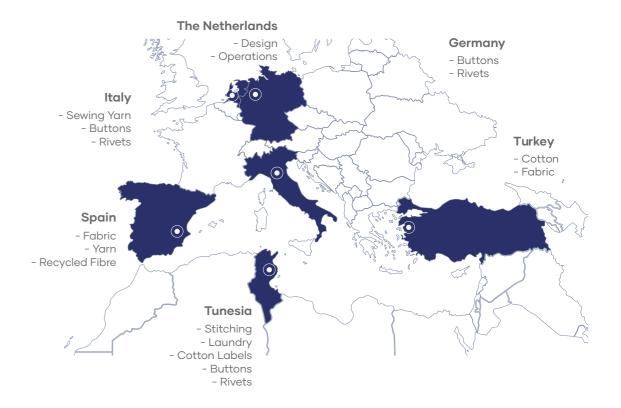
jeans from landfill

Transparency & Traceability

Transparency and traceability are key cornerstones to building an honest brand. More than ever, brands and companies have a responsibility to society, to the environment and to their own customers. MUD Jeans has full traceability of every item that goes into the making of our jeans. This means that we know where our materials come from, and who is making our jeans.

MUD Jeans is unique for the direct relationship that it holds with its 4 main partners (Recover, Ferre, Tejidos Royo, and Yousstex International). MUD Jeans frequently visits the factories, works closely with them, and works hard to foster supportive partnerships. This not only creates trust and solidarity, but also breeds innovation! Check out the map on the right, here you can see the location and name of each one of our material suppliers.

"Traceability and transparency keep us connected to the materials and the people that are involved in the making of our jeans"



Raw Material: GOTS Certified Cotton, Turkey

Recycled Fibre: Recover, Spain

Yarn: Ferre, Spain

Fabric: Tejidos Royo, Spain

Fabric: Orta, Turkey (2020) | Bossa, Turkey (2021)*

Stitching & Laundry: Yousstex International, Tunisia

Sewing Yarns: Cucirini RAMA, Italy

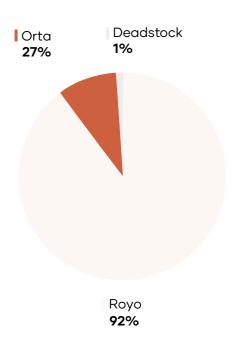
Cotton Labels: IBRODET, Tunisia (2020) | Odeo, Tunisia (2021)

Buttons & Rivets: PRYM, Italy (2020) | BERNING, Germany (2021)

Material Transparency

It is important for us and for you to know exactly what goes into the making of your MUD Jeans.

100% of all our styles are circular. The journey of a pair of MUD Jeans starts with a cotton bulb in Turkey. This cotton travels to Spain and is blended with recycled fibre that is produced in Recover. Ferre, spins these fibres together to make a new yarn. The yarn is taken to Tejidos Royo where its dyed and woven into a fabric. This is the fabric process for 92% of all our jeans. 7% is produced in Orta. The story is much the same, the only difference is its location. The cotton, the spinning and weaving all takes place in Turkey. All fabrics travel to Yousstex International where they are transformed into individual pairs of jeans.

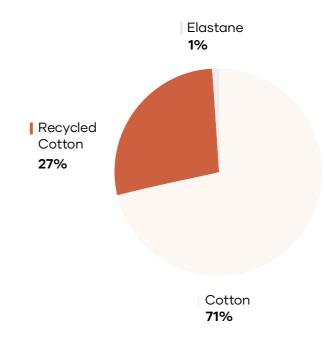


Fabric Purchase Location

1% of our fabric is what they call dead stock. This was old fabric that was unwated and forgotten. We took it and made sure it was used to its full value.

99% of our fabrics use GOTS Certified Organic Cotton and GRS Certified Recycled Cotton. We use top sustainable and high-quality products. Our focus is keeping the use of materials monogamous to cotton (or other cellulose based fibres). This ensures that our jeans can easily be recycled and reincorporated into production. In 2020 our total production consisted of 72% organic cotton and 27% recycled cotton. We had some styles with a small amount of Tencel, but this was less than 1%. The final 1% is the use of elastane to make some of our jeans stretchy.

Working with recycled cotton is not easy, but we push limits and demonstrate that it can be done. 99% of our jeans contain recycled content, 28% of which are made with 40% post-consumer cotton.



Material Consumption Overview

Material Health & Responsible Chemistry

The materials that are used in the making of a product shape greatly the impact that is has on people and the planet. There is always a choice in the materials that are used. At MUD Jeans we carefully select materials that are non-toxic, natural, and sustainably produced.

As a small brand, we rely on certificates to help us ensure that the above-mentioned standards are met. We know that the world of certificates is a labyrinth so here is an overview of the certificates we use and what they stand for.



Certificate What it stands for **Organic Cotton:** These certificates ensure that the cotton was produced with no - Global Organic Textile insecticides or pesticides, and that it Standard (GOTS) is therefore organic. GOTS further - Organic Cotton ensures that the farmers involved were Standard (OCS) respected based on human rights and labour rights. **Recycled Cotton:** These certificates help us ensure that the recycled content does not contain - Global Recycled any harmful substances. GRS Standard (GRS) specifically also makes sure that the - OEKO-TEX Standard materials are traceable and produced 100 with social and environmental standards. **Buttons & Rivets:** These certificates ensure that no harmful substances are used in the - OEKO TEX making of the products, and that they - ISO 14001 & ISO 19000 are produced with environmental Certified management policies. Indigo Dystar Dye: This certificate is given to products that are designed to mimic nature's cycle for the end of life. Therefore, this - Cradle to Cradle Certified product can either be fully recycled. upcycled, or broken down to return to the earth without harm. Dry Indigo: Aitex is a private research association where they carry out testing and certification of textile articles. Their - Aitex aitex certification shows you how much water, energy, and chemicals are used in a particular method or materials. See Dystar Dye, above. Paper Labels: - Cradle to Cradle Certified Zippers: These certificates ensure that the product is produced with high quality - ISO 9001, ISO14001, standards, environmental standards, ISO/TS 16949 and with no prohibited chemicals - OEKO-TEX Standard 100 Packaging: This certificate ensures that the raw material used to make our packaging - FSC Certified boxes come from responsibly managed forest. **MUD Jeans:** This certificate validates that no animal products are involved in any part of the creation of MUD Jeans. - PETA approved Vegan MUD Jeans are 100% vegan.

OEKO-TEX®

OEKO-TEX®

OEKO-TEX®

Chemistry of things

It has been estimated that 8,000 synthetic chemicals are used in the fashion, textile, and shoe industry to turn raw materials in to products. This includes carcinogens and hormone disruptors. These chemicals harm the environment, biodiversity, but also the people that must come in contact with them.

However, not all chemistry is bad chemistry. Everything is made of chemicals; this includes the skin on your body and the coffee you are drinking. The key is in responsibly selecting the chemicals used. MUD Jeans consciously ensures that no toxic chemicals are used in the making of our denim. Between 2018 and 2020 all MUD products have been certified by the Nordic Swan Ecolabel. This certificate reviews all items and procedures and confirms that we only use non-harmful, biodegradable chemicals. In 2021, we will be implementing a new ZDHC based chemical policy.

Unlike other denim brands, MUD Jeans is unique for the elimination of PP spray, chlorine and stone washing from the production process. Instead, we use innovative techniques such as laser and ozone to achieve similar effects. These techniques are not only better for the environment, but also for the health of our colleagues that work at the factories and make our jeans.

What's in our packaging?

Much like our jeans, we keep our packaging simple and sustainable. The cardboard used for our packaging is FSC certified and contains 72% recycled content. We say no to waste and all things plastic. Thanks to the state-of-the-art facilities of our logistics partner, all jeans are boxed based on size. Upon opening your MUD Jeans delivery, you will find only the essentials, your jeans, and relevant documents.



Zero Waste

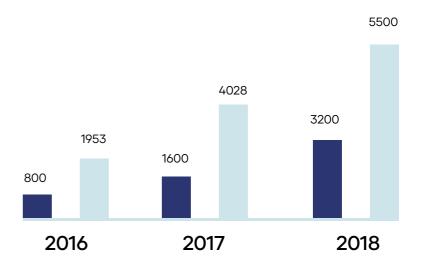
Globally, an estimated 92 million tonnes of textile waste are created each year. In 2019, an estimated 208 million pounds of waste was generated by single-use outfits. That is a lot of waste created from unwanted and unvalued clothes. This is one of the biggest problems of the fashion industry and the linear approach of consumption (make, take, waste).

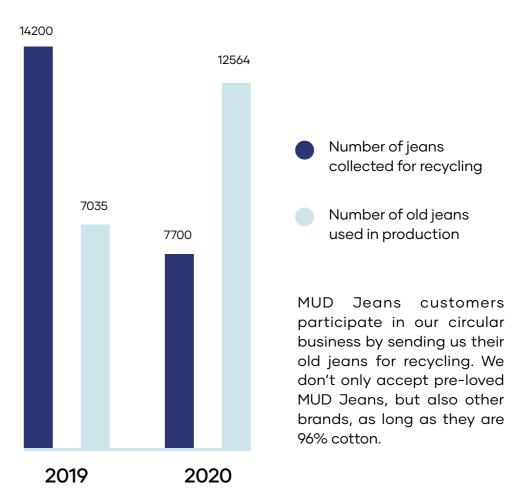
Through our circular model, MUD Jeans eliminates the creation of waste. As a brand, we take responsibility over the end of life of our product. We can make sure that our old jeans come back to us for recycling through our Lease a Jeans Model, which ensures the continuous use of our valuable raw materials. We aim to conduct a business that respects natural resources and functions within the boundaries of the planet.

Waste is not only created at the end of life of the product, but also across the entire production process. These can be the leftovers of chemicals, scraps from production, and unwanted pieces that did not meet the criteria for sale.

At MUD Jeans we make sure to keep an eye on these forgotten waste streams too. Currently the 20% of fabric loss that is created in production is collected and resold to be used as stuffing. The chemical sludge and oil waste that is produced at Yousstex International is monitored and collected by a Tunisian government agency. In 2021, we want to further improve our knowledge about the waste in our production process so that we can begin to find ways to decrease and eliminate it.

Waste Prevented





A Second Chance at Life

Extending the life of your clothes from one to two years reduces its emissions impact by 24%. We empower our customers to be able to make this choice though our repair service and vintage collection scheme.

All customers receive a free repair service during the first 12 months of their lease/purchase. In 2020, 101 pairs of jeans were repaired.

Our vintage scheme is provided to all our customers that send back pre-loved MUD Jeans. The returned jeans that are still in good condition are washed and resold in our vintage collection.

In 2020, we used the power of vintage to create positive impact. On Black Friday, we closed our online shop and invited our customers to shop our vintage collection. All funds raised through the sales of vintage MUD Jeans were donated to Justdiggit, an international NGO founded in the Netherlands. Their work is focused on tackling global warming by re-growing trees and restoring landscapes in the region of Africa. By the end of Black Friday, 91 pairs of jeans were sold, and the funds donated will help regrow 1390 trees from their stumps and restore 51 hectares of land. These trees will help capture carbon, restore biodiversity, facilitate sustainable agriculture, and support local communities.

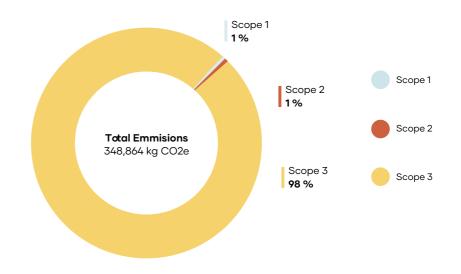
In 2021 our positive impact commitment continues. Through our collaboration with Justdiggit, MUD Jeans will donate the equivalent of one restored tree for every pair of returned jeans. Our goal is 10,000 jeans. This double-whammy commitment is our way of further supporting the planet and the fight against climate change. We work hard to lower and neutralize our impact, but this commitment marks beginning of our positive impact action.

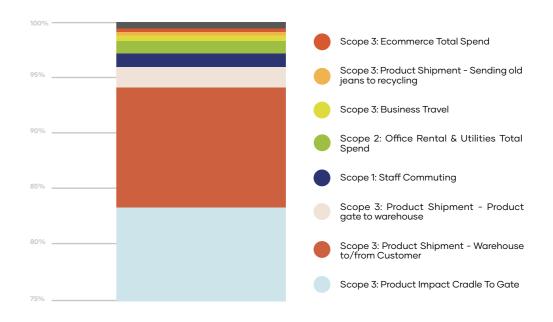


The Impact of a Pair of MUD Jeans

As seen in the transparency and traceability section of this report, many people and locations are involved in the making of a pair of MUD Jeans. This can make it tricky to count and calculate the impact of production, and of the whole brand. Impact calculations are commonly split into 3 sections: Scope 1, Scope 2, and Scope 3. Scope 1 emissions are those that come directly from activities owned or controlled by the organization, such as own generator or car transportation. Scope 2 emissions are indirect, from purchased energy such as heating and electricity. Scope 3 are indirect emissions that take place at third party locations of businesses and services we have purchased, such as the making of the jeans, and the delivery service.

At MUD Jeans, we offset our impact across all three scopes. With the help from the One Carbon World grant we refreshed our calculations to reflect our current business structure. We are a small company, and so most of the impact is in scope 3.





In 2020, we published a brand new LCA in which we updated our calculations and added new production details. We were proud to see great improvement in our production impact from cradle to gate (meaning, from cotton to final jeans). Over the years we have been sharing our impact overview and this year we are focusing on three key areas: Water, CO2 & Biodiversity



Water

On average a pair of MUD Jeans uses 477 L of Water (2020 LCA).

Between 2019 and 2020 we have reduced our average water impact by **18%.**

Industry standard uses 7000 L to make a pair of jeans. Compared with this, a pair of MUD Jeans conserves **93% of water.**

In 2020 we conserved **292 million litres** of water.

In the past 5 years, that has accumulated to **826 million litres** of water. The equivalent of 330 Olympic size swimming pools.

In the standard denim industry water consumption and toxification is one of the biggest areas of impact. MUD Jeans uses zero toxic chemicals and thanks to the innovative production techniques of our supply partners we can produce jeans with high water conservation standards.

Tejidos Royo has two wastewater treatment plants. These thoroughly clean the water that is used in production before it is returned to nature.

Tejidos Royo invented a new way of applying dye to the yarn called Dry Indigo. This foam dying technique uses 100% less water 86% less chemicals and 65% less energy.

Yousstex International **recycles 95% of the water** used through a process called reverse osmosis. The 5% that typically evaporates is replaced with rainwater.

In 2020 we launched our undyed collection. In this collection we skipped the entire dyeing step in production. The outcome is a pair of jeans that uses 7-12% less water per average MUD Jeans style. Our Undyed Jeans are the most sustainable jeans in the world!

Last year we also set some water conservation targets. We not only met our 2020 objective but surpassed it!

Target	2019 Value	2020 Reduction Target (%)	Target Status	2021 Reduction Target (%)	2030 Reduction Target (%)
Water Consumption per pair of jeans (L)	581	10%	Surpassed!	5%	80%



On average a pair of MUD Jeans uses 6,10 Kg of Co2e (2020 LCA).

Between 2019 and 2020 we have reduced our average water impact by **15%.**

Industry Standard uses 23,45 kg of Co2e to make a pair of jeans. Compared to this value a pair of MUD Jeans avoids **74% of Co2** consumption.

One of the biggest drivers of Co2 impact is energy consumption. Our supply chain partners show true initiative in this area. Ferre uses 100% renewable energy in its production and Tejidos Royo is energy self-sufficient through its co-generation station.

MUD Jeans has been carbon neutral since 2016 across scopes 1,2 and 3. In 2020 we became carbon positive! This means that we offset more CO2 than the amount that we produced as a company. We have credited 300 tons of additional carbon offset credits.

Each carbon credit, is a certificate that counts the prevention or removal of one tonne of Co2 and other greenhouse gasses. These credits come from projects that capture or prevent the creation of Co2.

MUD Jeans neutralizes its impact by retiring credits from the Teni Wind Farm project (supported by <u>Blue Dot</u>).

The additional credits that give us our carbon positive status have been allocated in 2 areas. 90% has gone to a Rainforest Alliance certified reforestation project in La Pitanga in South America. The remaining 10% are in the United Nations Platform, supporting renewable energy projects (Supported by One Carbon World).



We achieved carbon positive status with the One Carbon World Grant. With their support, we recalculated our scope 1,2 and 3 emissions, and certified our carbon positive status. In the process, we also became signatory of the UNFCCC Climate Neutral Now pledge.



MUD Jeans made a public commitment to NET ZERO. Here we join the global movement to reduce emissions in line with the Paris Agreement. Because we are already carbon natural, our commitment herby stands in reducing our own impact as much as we can. Each year we review our previously set targets and this year we did pretty good!

Target	2019 Value	2020 Reduction Target (%)	Target Status	2021 Reduction Target (%)	2030 Reduction Target (%)
Climate change (Kg Co2e) per pair of jeans	7,14	15%	Met!	5%	80%



Humanity and life on this planet depend on a harmony of ecosystems that are built from the interaction of different living things.

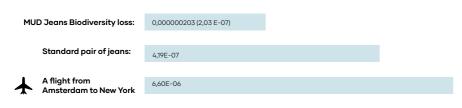
Biodiversity measures the variety of life on our planet. From bees to whales, and pollen to algae. Good biodiversity means healthy ecosystems, and a healthy planet.

MUD Jeans developed its own biodiversity variable. We are the first denim brand in the world to measure our impact in this way.

On average a pair of MUD Jeans potentially affects **0,000000203 (2,03 E-07) species per year.** Our impact is **51% lower** than industry standard. Since 2019 we have reduced our biodiversity impact by **5%.**

We need nature to survive and knowing our impact is an essential first step to taking action. The World Economic Forum Global Risk Report in 2020 stated that biodiversity loss is one of the biggest threats facing humanity in the next decade. MUD Jeans will from now on not only include this variable in its impact analysis, but also set specific impact reduction goals.

Target	2020 Value	2021 Reduction Target (%)	2030 Reduction Target (%)
Biodiversity (Potential loss of species per year))	2,03 E-07	3%	50%



These values represent the potential loss of species per year



Every year we work hard toward continuous improvement. We hope to reach the above-mentioned targets through improved data, material selection, production improvements and product development. In 2021 we will be supporting our supply chain partner Yousstex International in implementing renewable energy into their production. Initiatives such as the Road to 100 Project (which you can read about in the next pages) promise to also reduce our water impact significantly, but also Co2 and biodiversity.

It Takes Two to Tango

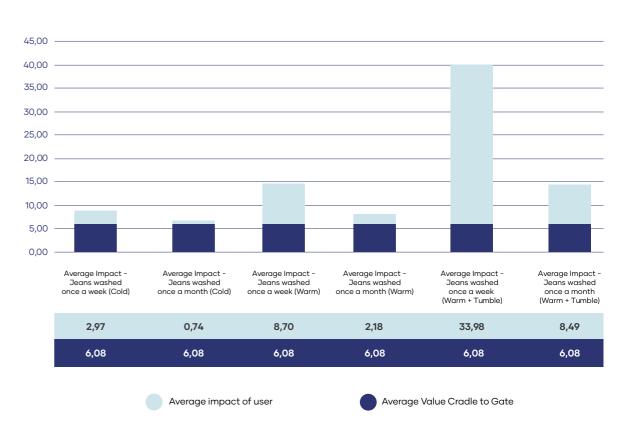
We all have a role to play in the battle of climate change. MUD Jeans takes its role seriously and works hard to continuously lower the impact of our products. However, we cannot control the impact of our jeans once they leave the warehouse. From here the baton is passed to our customers where they decide the impact of their jeans. Through our labels and our website we carefully advise how to care of their denim in the most sustainable way. In the 2020 LCA, we developed impact scenarios to help visualize these choices.

The results are astounding. Washing your jeans at 30 degrees and line drying them is the best choice. Naturally the more times you wear them before washing them the better. The difference in Co2 impact between a cold wash and washing your jeans and tumble drying them ranges between 53-77%.

In the one year lifespan of a pair of MUD Jeans, each customer can contribute 15-75% to the Co2 impact of their jeans. How you take care of your clothes matters.



One year of washing your MUD Jeans



ROAD TO 100

The Road to 100 Project is all about pushing the limits of circular denim. The aim of the project is to make a pair of jeans that is 100% made from post-consumer recycled cotton. The outcome of this project would allow us to make jeans with no new cotton and with the continuous use of materials. That's a big circular step!

This project began in 2019 and completed the first pilot testing in 2020. In 2021 we will begin the second pilot tests with the aim of producing the first sample by the end of the year. This project is in collaboration with Saxxion University and funded by Tech for Future. The main contributor of mechanically recycled fibres is Recover.

We are excited to see the outcome of the project as it holds huge environmental potential. Doing a rough LCA estimation, we expect the R100 fabric to have reduce Co2 emissions by 23%, and water consumption by 76%! These are of course just estimates. We can't wait to crunch the real numbers.



SUSTAINABLE GEALS DEVELOPMENT GEALS

The Sustainable Development Goals (SDGs) are the world's to-do list to achieve a better and more sustainable future for all by 2030. Adopted by 193 countries in 2015, the 17 goals measure our progress towards ending poverty, protecting the planet, and ensuring that people have peace and prosperity. MUD Jeans proudly aligns to this initiative and uses this framework to drive its sustainability efforts.

Here are the 5 main SDGs the MUD Jeans contributes to: (Ordered by numerical value not by importance)





SDG 8: Decent Work and Economic Growth

We stand for fair, safe and healthy working conditions for all the people involved in the making of MUD Jeans. This is mandated by our code of conduct and ensured by a transparent supply chain and third-party audits.



SDG 12: Responsible Consumption and Production

Circularity is at the core of our business model, shaping the way we design produce and interact with our customer.



SDG 13: Climate Action

We have made a public declaration of climate emergency and made a public commitment to Net Zero. MUD Jeans takes climate action by measuring its impact, continuously working to reduce it, and supporting climate positive action.



SDG 14: Life Below Water

MUD Jeans are produced using innovative water conservation techniques, which not only recycle but clean the water. From cotton to jeans, no toxic chemicals are used.



SDG 15: Life on Land

The materials we use, our production techniques, and packaging are designed to minimize out impact on ecosystems and biodiversity. We have measured our impact and have set targets to further reduce it in the future.

Keeping Track of our Circularity Goals

In the 2019 sustainability report we set a couple of goals. Below we review our progress.

Goal	Preview	Mark	Future Action
Present annual LCA to measure our impact and work towards our NET ZERO 2030 Commitment	Big Tick! We completed our 2020 LCA, reviewed our goals and presented our impact across different all 3 scopes.	***	Keep measuring!
Obtain a higher score in our B Corp Re-certification	We re-certified with 124.7 points. This is a big improvement from 87.7 points in 2017	***	Keep striving for continuous improvement
100% of all components of MUD Jeans designed for recycling	We have applied circular design to our buttons and rivets by making them 100% from stainless steel. The goal here was to find a way to remove the buttons efficiently and recycle them and reuse them.	***	We were close but not quite. Recover got a new recycling machine that remove all zippers and buttons. This is great news as it brings more efficiency to the process and more of the jeans can be recycled. During 2020 we had the goal of advancing further in this area however the pandemic made it complicated to find solutions. This goal stands strong in our to-do list.
By 2020, we want to develop a fabric that is made 100% from recycled post-consumer cotton.	We had hoped to have the first sample of this fabric by the end of 2020. While we successfully completed the first round of testing, the pandemic blocked our ability to take it further.	***	In 2021 we will start our 2nd pilot. In collaboration with Saxxion University, we aim to have the first fabric sample by the end of the year.
By 2020, together with Tejidos Royo we will implement the state-of -the-art technology of foam dying into our whole supply chain.	Foam dying is used for one of our fabrics. Our 2019 goal was to gradually start using fabrics that allow us to use this technique. In 2020 we added foam dying to one more fabric on our list. That makes 2!	**	In 2021 we will apply foam dying to our black fabric too.

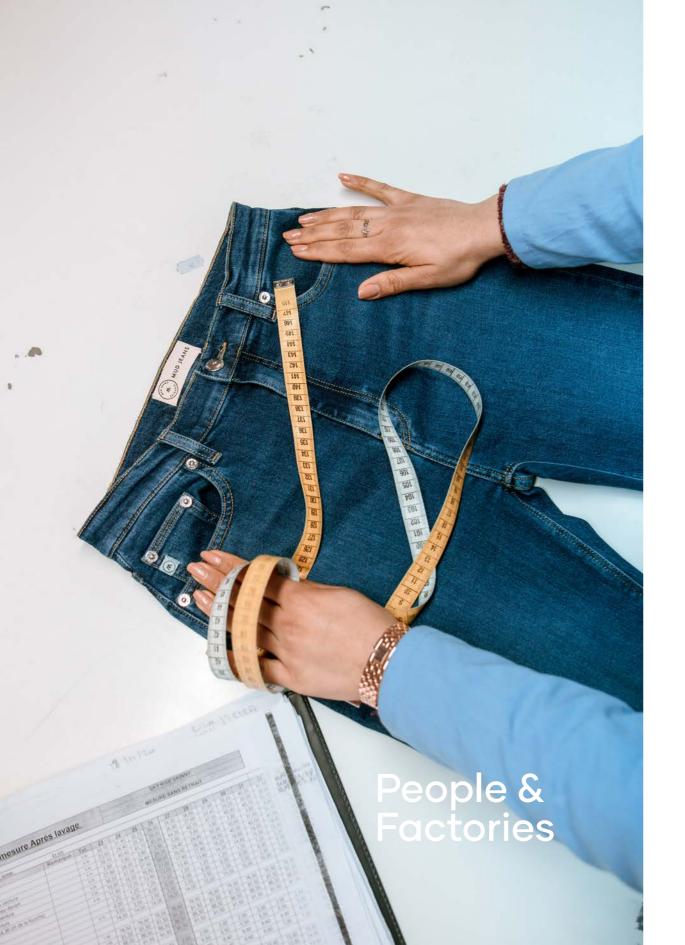
Become carbon positive.	YES! We hit this goal. MUD Jeans 2020 production year is carbon positive.	***	Keep it going! In 2021 we aim to maintain our carbon positive status. This time through the Justdiggit collaboration. For every pair of returned jeans we will restore a tree. Each tree will capture carbon and restore biodiversity. Our 2021 goal is 10,000 trees.
Through our LCA, we will be able to identify the hidden sources of waste that occur within our supply chain, so we can eliminate them as well.	The fabric loss that we produced is recycled and used as stuffing. We had hoped that we could collect it and recycle it in our own production. Progress with this has been slower than expected.	**	In 2021 we want to go beyond fabric waste. We will be launching a new chemical policy where we ask our supply partner to share with us their waste productions. After all, knowledge is power.
Find alternative solutions to packaging with lower environmental impact and greater reusability.	While this has been discussed, finding a good alternative is tricky. However, we have kept this goal in mind as we find packaging solutions for our retailers.	**	This goal remains on our to-do list.
To ensure the long life of our product we aim to take steps to further improve the quality and durability of our jeans.	This goal goes hand in hand with our Road to 100 projects.	***	Await completion of R100 project.
By 2021, empower our customers with full traceability information for the jeans they purchase.	This is well on track. We are working on a new QR code that our customers can scan to find out all the details of their MUD Jeans.	***	We hope to finalise this in 2021.

Above is an overview of our ongoing goals. Through this revision and across this report we have also identified a few additional ones for 2021:

- Develop a MUD Jeans chemical policy
- Begin to measure other areas of waste within our supply chain and
- Support Yousstex International in implementing renewable energy in their production

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- Plant 10,000 trees with Justdiggit



Ethical Production

The fashion industry is a 2.5 trillion-dollar industry, employing 430 million people world-wide. This means that roughly one in eight people contribute their work toward the fashion and textile industry. And while we are all connected to fashion by the simple fact that we all wear clothes, there is a huge disconnect between the clothes we wear, and the people involved in the process of making them. This is rooted in the unbalanced, unjust, and power-centred relationship between brand and garment worker. Garment workers are squeezed into unsafe working conditions and low wages, while brands push for low manufacturing costs. This is fashion's dirty little secret.

This imbalance of power was re-highlighted in the 2020 COVID pandemic period, with global fashion brands refusing to pay for over \$16 billion worth of goods. As shops began to close, brands began to cancel orders, and garment factories were left with no money to pay wages.

We believe that there is an alternative to the unbalanced business approach of fast fashion. As a circular business, MUD Jeans has built connected partnerships with its main supply chain partners. This connection is necessary not only to build an ethical business, but it is a requirement to build a circular one. It is through collaboration and partnership that a business can drive innovation and continuous improvement.

MUD Jeans takes responsibility over all the people that are involved in the making of our jeans. Therefore, every material decision we make and supply chain partner we choose is focused on ensuring that they reflect our values of transparency, equality, fair wages, and safe working conditions.

Every year our supply chain partners are asked to review and sign our Code of Conduct. This document clearly outlines our expectations from our suppliers and employees and the values that we stand for, including labour rights, working conditions and ethical business standards.

Labor rights are both the legal rights and human rights of workers.

Labor rights are very important as they ensure that employees are treated correctly at work and that their rights are protected.

These rights ensure that as an employee you can say no to work you don't want to do, that there is limit to the number of hours you are expected to work, and should you want to, you can unite with your colleagues and together bargain for improvements and change from your employer. For MUD Jeans, the freedom and respect of all employees is paramount. We work hard to have full transparency of our supply chain in order to ensure that everyone involved in the making of MUD Jeans is respected.

MUD Jeans Code of Conduct 1.2.1

"Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The employer shall not interfere with, or obstruct, the formation of unions or collective bargaining." ILO Conventions No. 87, No. 98, No. 135 and No. 154

Everyone is entitled to a safe working environment.

Safety at work relates to the building you work in, to the tools you use, as well as the environment, conditions, and people you are exposed to. It is about respecting the value of life of every individual, and the value of their work. Therefore, as a business we want to make sure everyone involved in the making of MUD Jeans has their health and safety prioritized.

MUD Jeans Code of Conduct 1.6.2

"The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Hazardous chemicals and other substances shall be carefully managed. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment."

We pay the true cost of materials and services to ensure that the people behind our product receive a fair wage.

As you go down the supply chain, ensuring this can be tricky particularly for raw materials such as cotton. MUD Jeans has specifically chosen to only use virgin cotton that is GOTS Certified. GOTS unlike other certificates, ensures that the farmers are treated well and are paid fair wages.

MUD Jeans Code of Conduct 1.7

Fair Wages

Equality

"Wages and benefits paid for a standard working week shall as minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs, including some discretionary income." ILO Convention No. 131

Equality is about ensuring that everyone is treated as equal, regardless of their race, gender, or age.

At MUD Jeans we are strong supporters of this notion and though our Code of Conduct we ask our suppliers to follow it too:

MUD Jeans Code of Conduct 1.4

"There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based on ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation." ILO Conventions No. 100 and No.111 and the UN Convention on Discrimination Against Women

With women making up 80% of the garment workforce, we want to ensure that they are being given equal opportunity and treatment.

At Yousstex International, men and women are paid equally. Distinction in salary is based on job/position in the factory.

Ethical Production

Our Code of Conduct is reinforced by third party audits that each one of our supply chain partners go through individually. RECOVER, Ferrer and Tejidos Royo are based in Spain where they follow and are regulated against EU labor law. They are GRS Certified, verifying their responsible social, environmental, and chemical practices in production. They are certified to the UN Global Compact, a UN initiative working to advance labor rights, the environment and anti-corruption in the business world. Finally, all three are members of the BSCI, a membership that requires an audit covering chemical management, social responsibility, and safety at work.

Orta recently completed both social and environmental audits with Everlane, as well as the Levi's TOE social audit.

Yousstex International completed an audit with the Social Labour Convergence Programme (SLCP) in 2020. It additionally went through a full IWAY audit which covers environmental, social, and working conditions. In 2021 Yousstex will be GOTS Certified.



Our supplier Yousstex International makes us extra proud. They have set up a free school in their factory for employees aged16-20 years. These young employees are given the opportunity to work 16-hour weeks and spend the rest of their time taking classes in language, maths, and textile practical studies. Once courses are completed, students receive a professional qualification diploma.

MUD Jeans Purchasing Practices

MUD Jeans promotes slow fashion through its cross-seasonal collection and timeless denim design. MUD places orders based on a NOOS (Never out of stock) strategy. This consists of making monthly orders based on an analysis of demand for each style. With this approach, we prevent waste from unwanted stock and foster a continuous long-term working relationship with our supply chain partners with transparent pricing and comfortable production timelines. Over time, this has created great trust between all partners.



People

B Corps are businesses that balance purpose and profit. Unlike standard businesses they hold a responsibility to their shareholders, which include employees, customers, suppliers, the community, and the environment. As a proud B Corp, MUD Jeans puts people at the centre of its business and carefully analyses the impact of its decisions on its shareholders. In 2020, we stood by these values by remaining in solidarity with our supply chain partners and supporting our employees by doing our best to secure their jobs and occasionally pamper them with uplifting gifts. We are not perfect, but we are always trying to do and be better for our people.

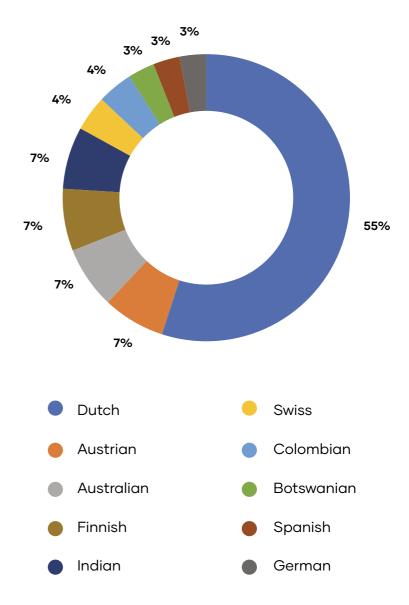
People & Planet

Human rights and the rights of nature are interconnected. MUD Jeans has a strong understanding that the fight against climate change is a fight to protect humanity and human rights. Only with a healthy planet can we continue to have access to food, water, and shelter (all basic human rights). And while we are small, we hope that our circular jeans with minimal environmental impact inspire others to do the same.

Diversity & Inclusion

During the Black Lives Matter movement in 2020 many of us did some serious reflecting, including MUD Jeans. We realized that being anti-racist was just not good enough. We wanted to approach this topic with humility, and so we joined a B Corp working group focused on pro-inclusion and anti-racism. Here the objective was to reflect, be vulnerable and learn something new.

Our first commitment, is to make this section on diversity and inclusion permanent in all our future sustainability reports. Here we vow to continuously reflect on our efforts and gaps in building a more just, equal, and inclusive brand. We vow to make diversity and inclusion a continuous conversation.



MUD Jeans is a fun group of mixed nationalities. Even Loui, the office dog adopted from Greece, is quite multicultural. We are proud of this mix, but we want to do more in light of diversity and inclusion. First, we aim to spend the next year learning, participating in conversations, and analysing our own privilege. We want to measure more, work with different people, and be conscious of the image we choose to represent. Our approach to this topic, much like our approach to everything, is one of continuous improvement.

Keeping Track of our Social Goals

Goal	Preview	Mark	Future Action
By 2020, we will conduct a new social audit so we can better assess the wage situation and set appropriate action points.	In 2020, two types of social audits took place at Yousstex International. This was the IWAY audit and the SLCP audit.	***	In 2021, Yousstex International will be GOTS certified.
By 2020, we will conduct a new social audit to better evaluate the working environment at Yousstex.	In 2020, two types of social audits took place at Yousstex International. This was the IWAY audit and the SLCP audit.	***	In 2021, Yousstex International will be GOTS certified.
Expand our focus and communication on ethical factory conditions.	We launched a new website in 2020. Here we worked hard to increase the details of our supply chain partners.	* *	This is a goal driven by continuous improvement. Each year we want to do more and better.

1 star: On the to-do list, 2 stars: Getting the ball rolling, 3 stars: It's a good start, 4 stars: Almost there, 5 stars: Mission Accomplished



This is an overview of our ongoing goals. Through this revision and across this report we have also identified a few additional ones for 2021:

- Increase our intake of data on diversity and inclusion (internally and in our supply chain)
- Incorporate diversity into marketing decisions;
- Bring more information on diversity to our team; and
- All future sustainability reports to track and review progress on diversity and inclusion.



We love our planet and want future generations to enjoy this planet too. That's why we generate a positive impact by pioneering with our jeans, by changing the status-quo of the fashion industry and by empowering other businesses and consumers to become circular. We do this by being transparent, by sharing knowledge and by giving consumers the tools to make the change. Our social media channels are important in getting these stories across.

As frontrunners in circular denim we became an exemplar company of successfully running a circular business. We hope that our circular success story empowers other entrepreneurs, people, and students to go circular.

Our communication channels, and numbers of followers:



- Instagram 50k
- Twitter 16k
- Facebook 16k
- LinkedIn 6k
- Ambassador Program 1k

Speaking events (a summary):



- Eye 2020 Webinar
- Circular Design webinar
- HVA webinar
- Dus Wat Gaan We Doen online festival
- Green Is The New Black live event
- Duurzame Week online festival
- Circular Economy Forum
- IKEA Annual Meeting
- Nyenrode University Events

Statement campaigns:



- Fashion Revolution Week
- Turning Black Friday Blue
- World Water Day
- ISaved Sustainability Report 2019
- Net Zero Campaign B Corp

Educate

For the ones not so aware of what the circular economy embodies we are here to explain.

Every first Monday of the month our CEO Bert van Son hosts a Zoom session to answer questions from students worldwide. We are proud of the theses in which MUD Jeans's circular approach is being named as an example. In turn, the students keep us sharp with their curious minds and inventive ideas.



- Monthly Student Webinar
- Sustainability Report Webinar
- B Together B Corp Webinars



Edutainment is 100% MUD Jeans. Enjoying the learning process is key in making change in this world. It should be fun. Therefore, we launched Go Circular, a podcast series discussing environmental and circular topics in accessible conversations between Laura Vicaria our CSR Manager and interesting guests

Co-activate

We know we're not going to change the world by ourselves. That's why we partnered up with several other disruptors, B Corps and environmental and social companies to share our overlapping philosophies to each other's audience.



























Changing the Fashion Industry

We joined and launched several initiatives to make an impact in the fashion industry. Achieving a more sustainable future will especially happen if we exchange knowledge and stand up together.

"If you want to go fast, go alone. If you want to go far, go together."

African Proverb

Jeans Redesign: A project run by the Ellen MacArthur Foundation. This project encourages all participants to set goals based on the circular economy principles they developed.

Denim Deal: A coalition that aims to make the use of post-consumer recycled cotton in denim a standard in the Netherlands by 2023. This coalition is supported by the Dutch government and has brought together key industry members including collectors, recyclers, mills, manufacturers, and brands. This denim deal is part of the Green Deal and forms part of the government's efforts to stimulate the increased adoption of circular economy.

Road to 100: In collaboration with Saxxion University and funded by Tech for Future, we are working to develop a pair of jeans that is 100% made from post-consumer recycled denim.

Switching Gear Network: An initiative driven by Circle Economy and Fashion For Good to map the barriers and drivers of renting and re-commerce. By sharing our knowledge, we hope it incentivizes the industry to adopt their own versions of these models.

Textile Exchange: A global NGO that want to help brand and suppliers to become more sustainable. Annually we participate in their Preferred Fibre or Material report.

Green Deal: We are part of the EU's Green Deal, under the topic: Sustainable After The Crisis | Circular Textile. We joined forces with various parties who are committed to this ambition and are working towards circular collections, with commitment as high as possible on the R ladder and in recycling and regional reprocessing.

Double VAT: We are part of a group of companies that is trying to create a level playing field by having the double VAT lifted. This does not stimulate companies to start recycling.

BVM: This is a new legal form that provides better recognition and thus appreciation for the social character of our social entrepreneurs. It becomes easier for financiers, suppliers and consumers to recognize fair and social enterprises, and to do business from this shared vision. In this way, we will build together on a social and fair entrepreneurial Netherlands.

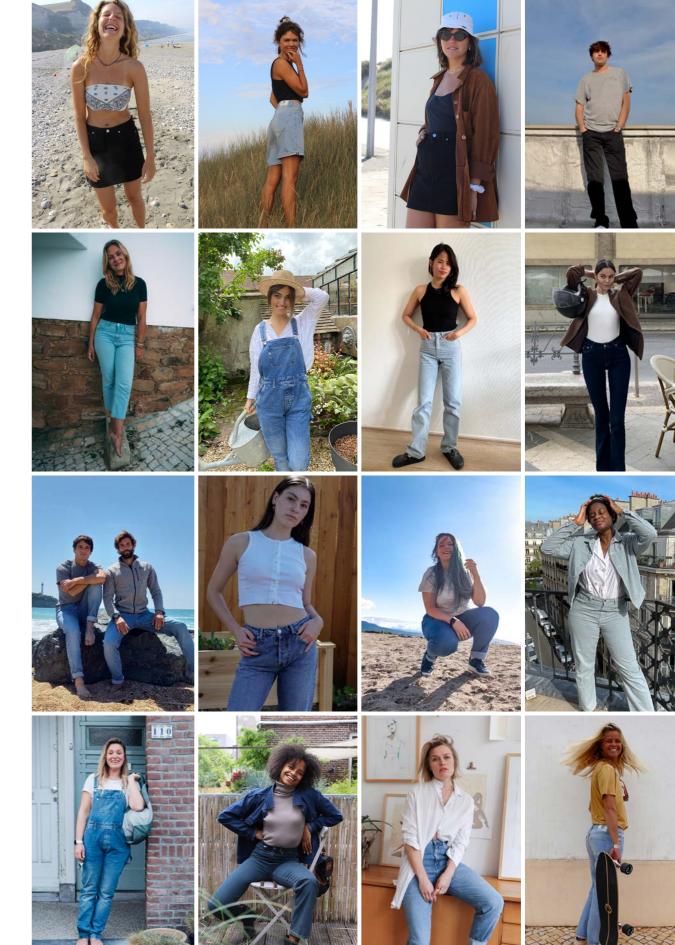
Inclusivity & Diversity

In 2020, every brand understands the importance of being more diverse and inclusive. At MUD Jeans, we know we can make progress and be more diverse.

To be clear about the definition, diversity means the difference within a group of people. That difference can be gender, sexuality, disability, body image. Inclusion is about different identities feeling being valued, leveraged, and welcomed within a given setting.

Our aim is to make diverse and inclusive content. Making content that resonates with our audience so that they see themselves in our content. This asks for more than an image. It requires thinking more deeply, doing research, understanding different perspectives and pain points.

We aim to be more diverse in our image choices and models we are displaying. And we are currently conducting research (interviews and podcasts) to better understand the desires of our diverse community.



Looking Back & Future Goals

2020

1. Ambassador Program:

1000 people signed up to the program.

4. Circular Toolkit:

A supply chain game for primary school (shared with 600 schools), and a circular toolkit for high school has been created.

2. Talks:

10000 people listened to our story. We joined or organized a talk on a weekly basis, which became an integrated part of our business.

5. Monthly Webinar:

We used it as an accelerator for student's research, with an average of 20 sign-ups per webinar.

3. Communicate On Factory Workers:

We highlighted our factory workers several times in 2020.

6. Connecting with Followers:

Due to COVID-19, we only met face-to-face with our audience in February 2020 in Paris, though we did host several webinars.

2021

1. Ambassador Program:

2,500 people signed up to the program.

4. Circular Toolkit:

Share the toolkit actively with students and professors and include students in communications.

7. Diverse:

Have a more diverse mix of people we display.

2. Talks:

Create an archive of all talks so we better exchange the knowledge.

5. Monthly Webinar:

We aim to actively share insights from the webinars, putting them in our archive and reach 35 sign-ups per webinar.

8. Circular Summer School:

Organize events to inspire professionals with circular business methods.

3. Communicate On Factory Workers:

Be more transparent on worker conditions and show more of their knowledge.

6. Connecting with Followers:

We aim to launch Lease A Jeans with events to connect to our audience.

9. Across Industry:

More brand collaborations across industries in order to inspire a larger audience.

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