

NUDIE JEANS

Sourcing Strategy

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COMMITMENT

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 for evaluating countries based on our values. The primary preference is always to source from existing suppliers. Nudie Jeans strives to maintain long-term relationships with our primary suppliers, which are based in a limited number of countries. To achieve this goal, we might occasionally have to re-think the product, design or details. We must also take responsibility for sustainable quantities and lead times in the supply chain. When negotiating with suppliers, Nudie Jeans takes all aspects of this policy into consideration.

GUIDELINES

Our evaluation of supplier countries is based on the following guidelines:

- Human Development Index
- Democracy Index
- Global Peace Index
- Corruption Perception Index
- Environmental Index

Nudie Jeans (NJ) combines these indices and calculates our lowest acceptable score per country, corresponding with 48% of the total NJ score for production and 47% of the total NJ score for raw materials, ginning, spinning, weaving and trims.

At existing supplying countries, if the total score for the country falls below our criteria for two consecutive years, a thorough evaluation of existing suppliers in the country will be made as well as an evaluation of how the country's development affects our possibility to uphold our high ambition of responsible production within the country. The evaluation of suppliers will be based on the biannual internal supplier evaluation result, focusing especially on the aspects within the same sustainability areas as the benchmarks whose scoring are the lowest. The length of the business relationship will be taken into consideration as well as the importance of the suppliers for the specific product category. The evaluation will result in a decision of withdrawal in line with Nudie Jeans Exit Policy, or a set up of a monitoring plan until further developments in the scoring can be seen.

Our evaluation of materials is based on the Nudie Jeans Sustainable Material Tool. This tool is based on the Made-By Environmental Benchmark for Fibres and the Higg Materials Sustainability Index (MSI).

1. PRODUCTION

Nudie Jeans aims to conduct production with as few suppliers and in as few countries as possible. The score we follow for production is 48% of the total NJ sourcing score at the lowest.

When sourcing new suppliers for production, the first preference is to work within the existing supplier countries:

High-risk countries:

India
Tunisia
Turkey

Low-risk countries:

Italy
Lithuania
Poland
Portugal
Sweden

When sourcing is not possible from the countries mentioned above, an exception might be made. This must be decided beforehand through a discussion in the product development department together with the sustainability department. In this discussion, the country's NJ sourcing score should be balanced against Nudie Jeans' ability to check environmental and social standards in the production process, the cost of auditing and production control, and the cost of due diligence at an early stage.

1.1 Requirements for new production suppliers in low-risk countries ¹:

- A documented visit from a Nudie Jeans representative, using the audit assessment manual.
- The supplier must sign the Nudie Jeans documents including Code of Conduct, Chemical Policy, FWF Questionnaire before production starts, and post the Workers Information sheet in the factory.
- The supplier must sign the Nudie Jeans Transparency Policy and be open to auditing.
- Have no or limited number of subcontractors, and provide information about them as early as possible.
- Have possibility to produce products with sustainable materials and be able to show supporting documents²

Further points to include in the sourcing decision

- Have documented high social, ethical and environmental ambitions.³
- Have the potential for a long-term partnership and growth with Nudie Jeans.

1 High-risk/low-risk countries are defined according to the Fair Wear Foundation criteria. See www.fairwear.org and search by country.

2 See the Nudie Jeans Sustainable Material Tool.

3 Documentation demonstrating social and ethical ambitions can include certifications such as SA8000, GOTS, ISO and Fairtrade as well policies that are consistent with the Nudie Jeans Code of Conduct or global guidelines such as Global Compact and ISO 26000.

1.2 Requirements for new production suppliers in high-risk countries:

- A documented visit from a Nudie Jeans representative, using the audit assessment manual.
- The supplier must sign the Nudie Jeans documents including Code of Conduct, Chemical Policy, FWF Questionnaire before production starts, and post the Workers Information sheet in the factory.
- The supplier must sign the Nudie Jeans Transparency Policy and be open to auditing.
- Have no or limited number of subcontractors, and provide information about them as early as possible.
- Have possibility to produce products with sustainable materials and be able to show supporting documents.⁴
- Have documented high social, ethical and environmental ambitions.⁵
- Be able to show documentation of decent working conditions.⁶
- Demonstrate a democratic environment in the workplace, such as workers’ committees/ focus groups
- Have the potential for a long-term partnership and growth with Nudie Jeans

2. MATERIALS AND TRIMS

Nudie Jeans aims to source materials and trims from as few countries as possible. The score we follow for material and trims is 47% of the total NJ sourcing score at the lowest and we endeavor to work with sustainable materials, as defined by the Nudie Jeans Sustainable Material Tool.

When sourcing new suppliers for materials/trims, the preference is to source from existing supplier countries:

High-risk countries:

India
 Romania
 Tunisia
 Turkey

Low-risk countries:

Italy
 Lithuania
 Poland
 Portugal
 Sweden
 Japan
 US

When sourcing is not possible from the countries mentioned above, an exception might be made. This must be decided beforehand in a discussion in the product development department together with the sustainability department. In this discussion, the country’s NJ sourcing score should be balanced against Nudie Jeans’ ability to check environmental and social standards in the production process, the cost of auditing and production control, and the cost of due diligence at an early stage.

4 See endnote 3

5 See endnote 4

6 An audit protocol regarding working conditions is accepted as a first indication from a supplier.

2.1 Requirements for new suppliers of materials and trims in low-risk countries:

- A company profile must be submitted.
- Possibility to produce products with sustainable materials and to be able to show supporting documents.⁷
- Signed Chemical Policy for products with chemical risks.
- The supplier must sign the Nudie Jeans Transparency Policy.

2.2 Requirements for new suppliers of materials and trims in high-risk countries:

- A company profile must be submitted.
- Possibility to produce products with sustainable materials and to be able to show supporting documents.⁸
- Signed RSL for products with chemical risks.
- The supplier must sign the Nudie Jeans Transparency Policy.
- Signed Chemical Policy for products with chemical risks.

Further points to include in the sourcing decision

- Be able to show documentation of decent working conditions.⁹
- Have the potential for a long-term partnership and growth with Nudie Jeans.
- Have documented high social, ethical and environmental ambitions.¹⁰

3. SUPPLIERS FOR MERCHANDISE AND GIVEAWAYS

For suppliers of marketing merchandise, we approve supplier countries with 50% of the total NJ sourcing score at the lowest. The preference is to produce with existing suppliers. If this is not possible, the requirements below apply:

3.1 Requirements for marketing merchandise and giveaways in low-risk countries:

- A company profile must be submitted.
- Possibility to produce or deliver products with sustainable materials and to be able to show supporting documents.¹¹
- Signed Chemical Policy for products with chemical risks.

7 See endnote 3

8 See endnote 3

9 See endnote 7

10 See endnote 4

11 See endnote 3

3.2 Requirements for marketing merchandise and giveaways in high-risk countries:

- A company profile must be submitted.
- Possibility to produce or deliver products with sustainable materials and to be able to show supporting documents.¹²
- The supplier must sign the Nudie Jeans Transparency Policy.
- Signed Chemical Policy for products with chemical risks.

Further points to include in the sourcing decision

- Have documented high social, ethical and environmental ambitions.¹³

4. IN-HOUSE PRODUCTS AND SERVICES

For products used in-house, production and certification should be consistent with the Sustainability Policy at Nudie Jeans. For details see “Internal Purchase Policy within the Scope of the Nudie Jeans Internal Environmental Management System (NJEMS).

12 See endnote 3

13 See endnote 4