

A high-angle, close-up photograph of a person's hand reaching into the circular, metallic drum of a washing machine. The drum is filled with a large, crumpled mass of dark blue denim fabric. The hand, wearing a silver watch, is positioned on the right side of the frame, touching the fabric. The metallic surface of the drum is highly reflective, showing bright highlights and shadows that create a sense of depth and texture. The overall lighting is dramatic, with strong highlights on the metal and deep shadows within the folds of the denim.

NUDIE JEANS

SUSTAINABILITY REPORT 2016

www.nudiejeans.com

Nudie Jeans co
THE NAKED TRUTH ABOUT DENIM

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VISION

THE NAKED TRUTH ABOUT DENIM

We love jeans, a passion we share with everyone who mourns a pair of worn-out jeans as a close friend. Jeans share the same soul and attitude as music. The inspiration springs from the same dreams. Besides denim, only leather has the ability to age so beautifully formed by its user into a second skin. Your jeans live your lifestyle. The longer you wear them, the more character and attitude they get.

"Making sure that our product is made under fair working conditions have been a top priority since day one for Nudie Jeans and is always a key factor in the decision-making process both strategically and operationally. The daily work consists of continuous improvements, via audits, follow ups and innovations as for example the living wage program."

– Joakim Levin, CEO



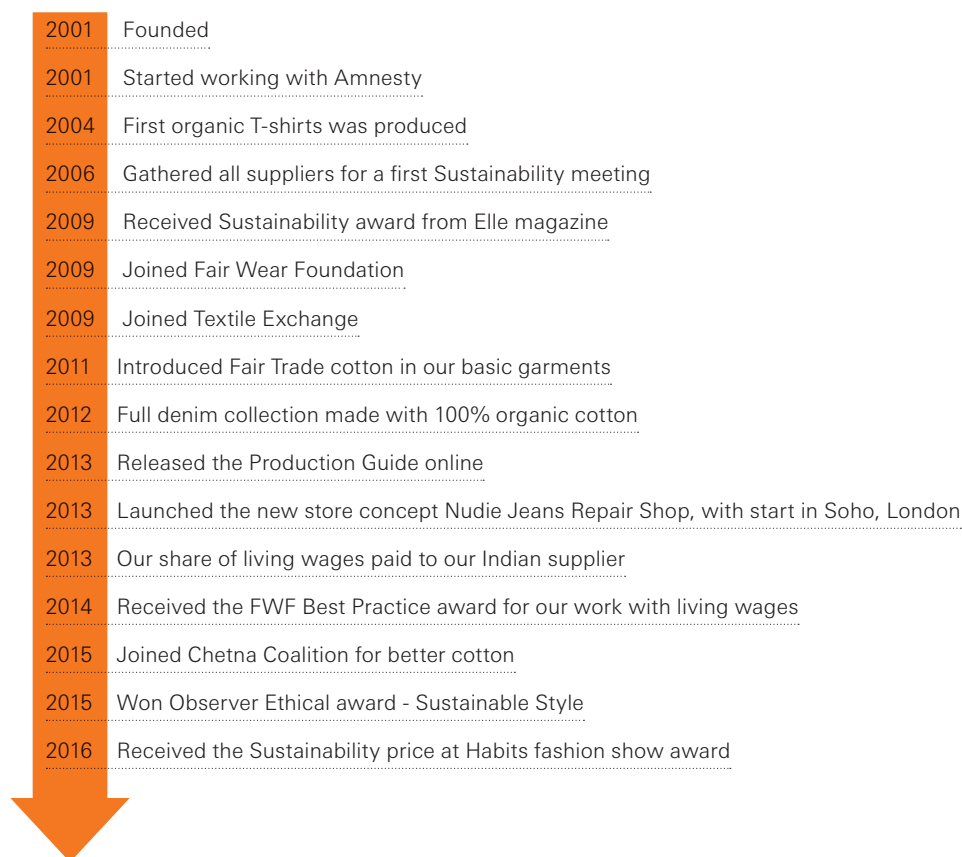
THIS IS NUDIE JEANS

Nudie Jeans is a Swedish denim brand founded in 2001 by Maria Erixon, currently our senior advisor creative director. The company is independent and privately owned by Maria Erixon, Joakim Levin and Palle Stenberg.

It retails in 40 countries around the world with 25 concept stores, 5 in Sweden, 1 in Norway, 1 in Switzerland, 1 in Spain, 2 in UK, 2 in Germany, 6 in Australia, 5 in Japan, 2 in US. Nudie Jeans is also represented in 1, 600 multi-brand stores globally. The brand operates a webshop that ships worldwide and the company as a whole sold about 800,000 pair of jeans in 2016.

Since the Fall/Winter 2012 collection, all jeans are made from 100% organic cotton. Sustainability is one of our core values and is reflected in everything we do. We strive to achieve long-term relationships with a few selected suppliers and currently 63% of our production takes place in Europe.

NUDIE JEANS TIMELINE



ALL
NUDIE JEANS DENIM
IS MADE WITH

100%
ORGANIC COTTON

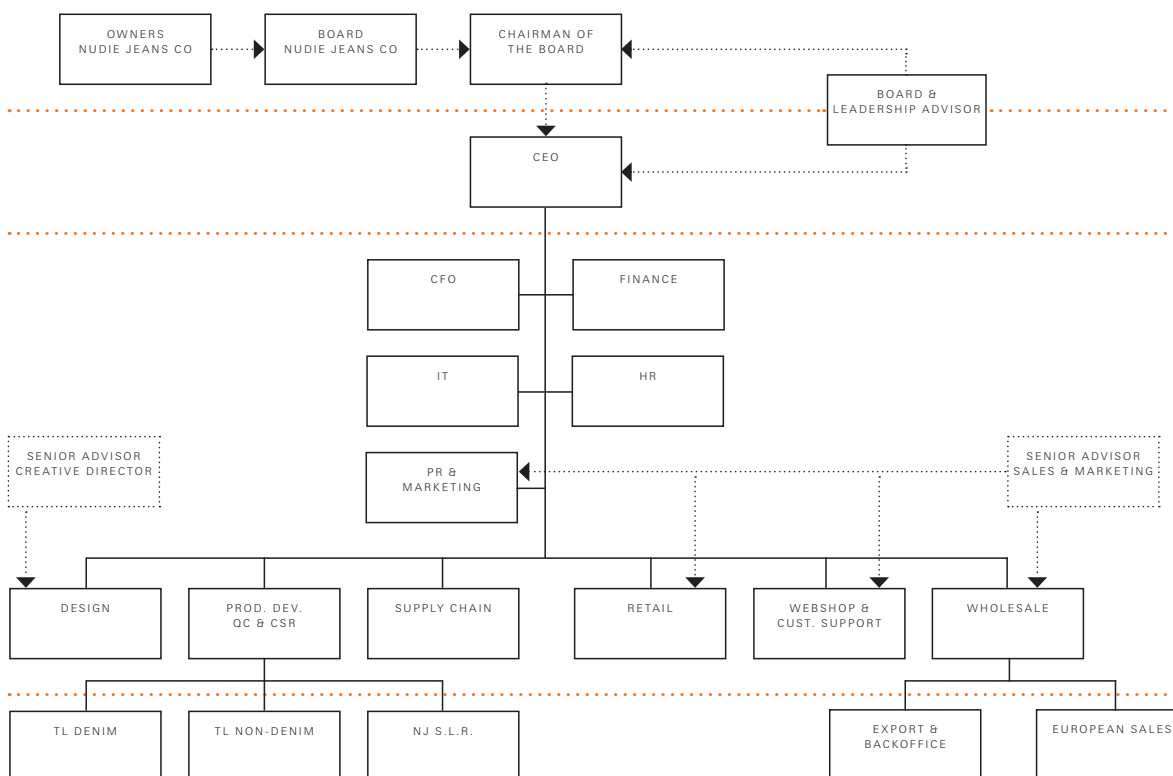
ALL
NUDIE JEANS DENIM
COMES WITH A PROMISE OF

free repairs

ALL
NUDIE JEANS PRODUCTS
ARE MADE IN A

fair way

SVENSKA JEANS GROUP



ECO CYCLE

We don't believe "throwaway" and "jeans" are words that belong together and our eco cycle is a good example of how we practice the idea. The eco cycle is always with us, from decision-making in the design process to the choice of material, to being part of our interior design in our repair shops, and a communication tool when meeting customers in store. It is everything that we do.

BREAK IN

For many people nothing beats the smell of a new pair of dry jeans. It is, literally, the smell of craftsmanship. At every stage, from the harvesting of the cotton, through to the indigo dyeing and the weaving, to the sewing, men and women have used their hands to create your jeans.

When you slip into a new pair of dries, another kind of craftsmanship begins – the breaking in. For some people, breaking in jeans is a sport. And for all of us, it's definitely a challenge. Breaking in a pair of dry jeans is a journey that lasts six months. The outcome depends on how you travel. Sitting around in the office won't grace the denim as much as if it is used while repairing motorbikes. Regardless of your lifestyle, your jeans become a log of the months that pass – you might even end up with a few amusing anecdotes regarding different stains, abrasions, or scrapes.

When you've come this far, you and your new stiff dries will have gone from being separate entities to a unified whole – a second skin. Compared to a new pair of dry jeans, the smell of a well-worn pair of jeans just before being washed is a completely different matter. It's a smell that could most probably raise the dead. But it's most definitely the smell of a winner.

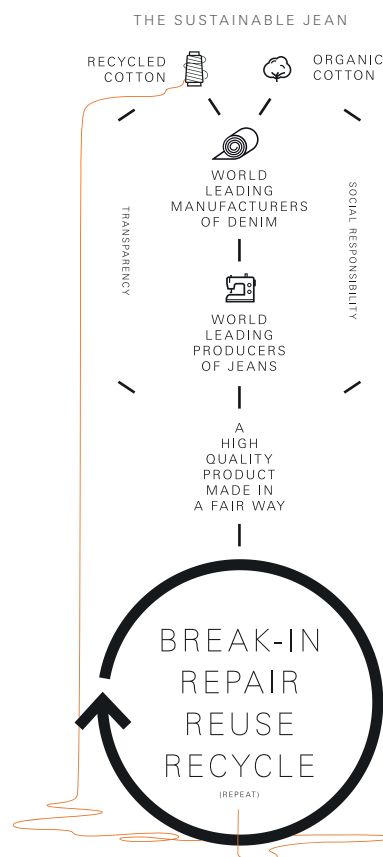
REPAIR

We know that when your favorite pair of jeans break, you don't want to throw them away. They might not be new any longer but they are most certainly more unique, beautiful and full of character.

At our repair shops we offer free repairs on all Nudie Jeans. Because extending the life of your favorite pair is a fairly easy task and we have a few ways of doing this. If you live anywhere near one of our Nudie Jeans Repair Shops, we offer repairs free of charge. If, on the other hand, you don't have the option to come by one of our repair shops, we can send you a repair kit free of charge. The Nudie Jeans Repair Kit contains thread, patches and a few more things necessary to do your own repair.

The repair service is greatly appreciated among customers, but it also serves as an important factor when it comes to reducing the environmental impact in the user phase. Being able to prolong the life of the jeans contributes to a more sustainable consumption.

We have gathered statistics from our repair shops in Sweden, Norway, United Kingdom, US and Australia, and in 2016 we repaired 44021 pair of jeans. 7690 more pairs than 2015.



REUSE

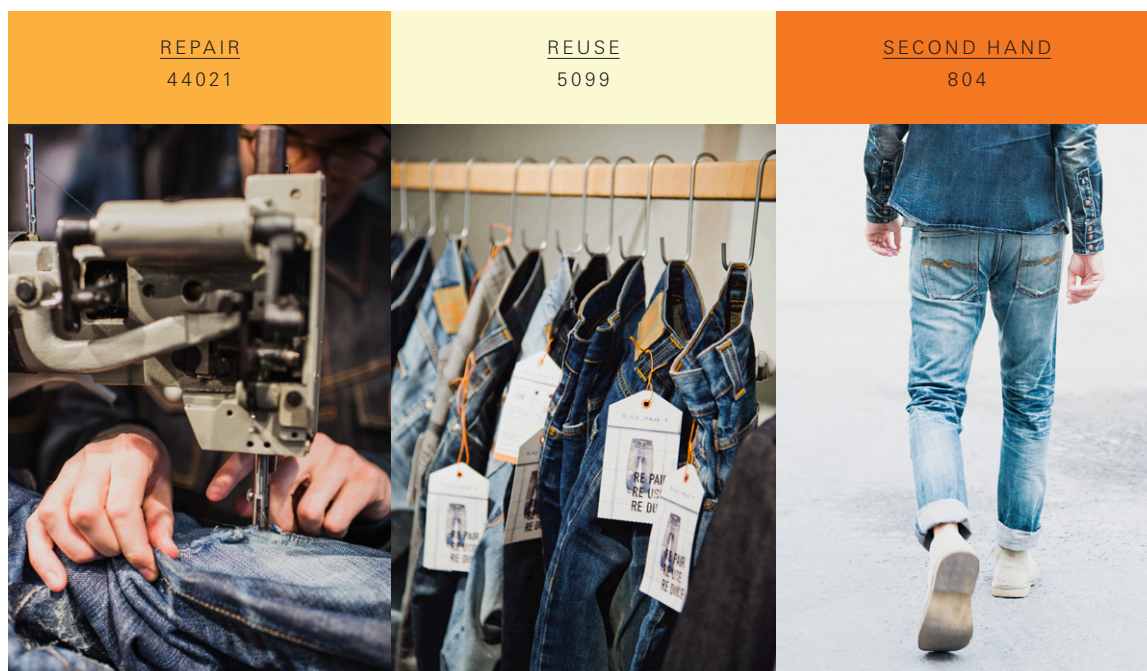
Jeans are an item of clothing that age and grow more beautiful with the wearer, and are worth wearing out and mending. If your jeans have become too small, too big or if you and your favorite pair don't really get along anymore, you can hand them in to one of our repair shops and get 20% off when you buy a new pair.

We wash and repair each pair and return them to the shop as second-hand articles. These used and repaired jeans have achieved the Swedish "Good Environmental Choice" eco label.

Jeans that we don't sell second hand we use as patches to extend the life of other customers' jeans that are handed in to us for repair.

We are proud to be able to take responsibility for our products, even after our customers no longer use them. By providing this option we reduce the risk that the jeans will end up in the bin. And best of all is that the jeans we receive might become someone else's favorite pair.

Of the total 5099 pairs of jeans handed in, a total of 804 pairs were sold again as second hand:



RECYCLING

Jeans can be repaired over and over again. But eventually you reach the point when it is time to move on. All good things come to an end. But a pair of worn-out jeans can be used to make something else. Recycling reduces waste, saves energy and reduces the consumption of raw materials.

Cotton fibers actually last much longer than we normally tend to use or wear them. A pair of jeans can be recycled in various ways. We are constantly looking for new ways of extending the life of cotton fiber. We have transformed old worn-out jeans into new ones by cutting and milling the old ones down to a cotton-like pulp which becomes raw material for new yarn.

Since 2013 we have made and sold new products made out of old Nudie Jeans. For example rag rugs, which were made from jeans that were cut into strips and then woven by hand on manual shuttle looms.

Upholstering old chairs and sofas with worn-out jeans is somewhere between reusing and recycling. Over the years we have transformed many dull-looking sofas into beautiful denim patchwork creations for our offices, showrooms and shops. Many creative ideas and important decisions have developed from our philosophy and the eco cycle. How we work with user stories for example, or how we choose to build our stores.

USER STORIES

We love to share our knowledge and experiences with customers, the industry and our own employees. But we also love it when customers share their jeans experiences with us. That's why we are constantly gathering what we call "user stories". We want our customers to share pictures of their jeans on social media and tell us their story, what they have gone through together with their jeans on their breaking-in journey. We have also hosted gallery events where we have showcased carefully selected, beautifully worn-in jeans, which customers have let us borrow or have donated to us. 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 of seeing 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.

STORE CONCEPT

Since 2013 we have decided to call all our stores "Repair Shops". We have done this because we want to communicate to our customers that repair is an important part of what we are doing. Of course, you can buy all our products in our repair shops, but we have also chosen to give the repair stations a key position in the store, because repairing and caring for our clothing is also a key idea in what we are doing.

When opening new repair shops or renovating old ones, we always have 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 as far as possible organic or environmentally-friendly alternatives such as paints, oils, waxes or powder coating. We have recently started a collaboration with AURO Sweden that produces organic paints and surface treatments.

We use, as far as possible, the most sustainable alternative when it comes to material choices. For example, we only use FSC labeled wood and Carb2 certified fiber boards. The Forest Stewardship Council is 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, 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 rebuild to suit today's needs.

RESPONSIBLE PRODUCTION

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

We strive to take responsibility at every step of the way, from choosing organic cotton, to only working together with carefully selected partners, all of whom are required to comply with our code of conduct. Our membership of the Fair Wear Foundation (FWF) is a key element in ensuring that everyone across the production chain works under fair conditions. We have reviewed our transportation requirements and these days we mainly use ship and rail transportation. But we don't stop there.

We want to take responsibility for our products even after they have left the store. In this way we can reduce the environmental impact in the user phase and take responsibility all the way to the end of the product's life.

ORGANIC COTTON

In 2006, Nudie jeans announced one of the brand's key future goals: a 100% organic denim collection. In fall 2012, we launched the first collection in-store.

The implementation of the idea proved to be a struggle. It forced us to change our approach and the way we work. Most of our denim suppliers produced few, if any, organic denim fabrics. At the time, the organic trend wasn't as big as a few years back.

The leading manufacturers of denim clothing are located in Italy and Turkey. Since Turkey is also a major producer of organic cotton, it was a natural step to start there. We started to develop new fabrics that resulted in a selection of high-quality organic weaves. These fabrics were used in all denim articles found in the fall/winter 2012 collection, as well as all the denim collections onwards. We have expanded our organic cotton use to now include almost 100% organic cotton in garments.

ORGANIC COTTON (OF ALL THE COTTON STYLES) 2016



Why does organic cotton matter? Most importantly it is the massive reduction in chemicals and pesticides that are used when growing conventional cotton. When choosing organic cotton, both the people working in the fields and the soil the cotton is cultivated in are saved from the hazardous risks associated with these chemicals and pesticides.

Organic cotton is cultivated without the use of chemicals, pesticides, fertilizer, defoliations and GMOs.

Choosing organic cotton means that we are already reducing our environmental impact from the very first step in the process of making a pair of jeans.

Our denim fabrics are also certified in accordance with Global Organic Textile Standards (GOTS) or the Organic Content Standard (OCS).

FAIRTRADE AND GOTS

The cotton we use for our basic tees, long sleeves, basic sweatshirts, underwear and shirts made in India are organic and Fairtrade certified. The Fairtrade cotton we use is grown and ginned in central India. Using organic and Fairtrade cotton benefits both the environment, the people who grow and handle the cotton and the end consumer.

Fairtrade certified cotton ensures that the farmers have been paid a fair price for their cotton and that we contribute to the growth of the local community through the Fairtrade premium we pay. The organic cotton ensures that an organic farming practice has been observed and that no harmful chemicals have been used in the process.

The Global Organic Textile Standard (or GOTS) is a global textile standard for organic fibers, which also includes ecological and social criteria. The aim of the standard is to ensure organic standards – everything from the harvesting, through the manufacturing process to the labeling – in order to offer the consumer a credible global label

CHETNA COALITION

Our Fairtrade cotton is bought from Chetna Organic, an Indian non-governmental organization. Chetna Organic works with small, marginal farmers to improve their livelihood through sustainable cotton farming.

The Chetna Coalition is a newly-started project where several brands have joined forces and together are working to improve the organic cotton supply chain by planning their procurement for the following year. By communicating their requirements to the farmers within Chetna Organic, the farmers can plan their farming and know from the start that they will have a market for the cotton they grow. At the same time, the various brands can have an assured source of organic fabric when planning their products.

SUSTAINABLE MATERIALS

Although organic cotton is the main material we work with, we strive to use other sustainable materials for non-denim products. We define sustainable materials according to "Made-By Environmental Benchmark for Fibers, category A and B. It includes recycled materials, organic cotton and tencel. Leather and wool are not categorized according to the benchmark.

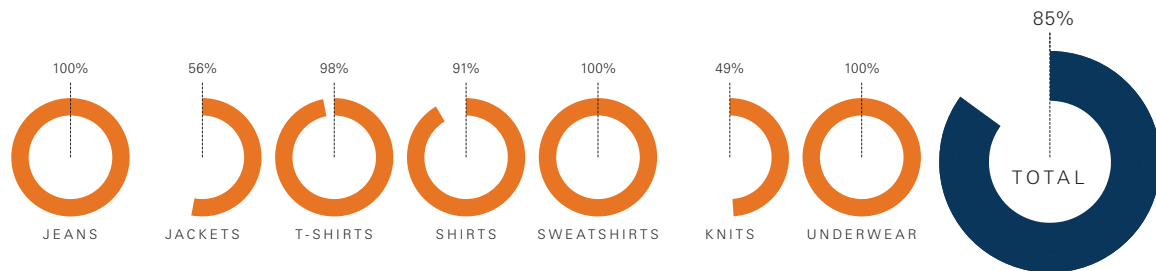
MADE BY ENVIRONMENTAL BENCHMARK FOR FIBERS

CLASS A	CLASS B	CLASS C	CLASS D	CLASS E	UNCLASSIFIED
Mechanically Recycled Nylon	Chemically Recycled Nylon	Conventional Flax (Linen)	Modal® (Lenzing Viscose Product)	Bamboo Viscose	Acetate
Mechanically Recycled Polyester	Chemically Recycled Polyester	Conventional Hemp	Poly-acrylic	Conventional Cotton	Alpaca Wool
Organic Flax (Linen)	CRAILAR® Flax	PLA	Virgin Polyester	Cuprammonium Rayon	Cashmere Wool
Organic Hemp	In Conversion Cotton	Ramie		Generic Viscose	Leather
Recycled Cotton	Monocel® (Bamboo Lyocell Product)			Rayon	Mohair Wool
Recycled Wool	Organic Cotton			Spandex (Elastane)	Natural Bamboo
	TENCEL® (Lenzing Lyocell Product)			Virgin Nylon	Organic Wool
				Wool	Silk
MORE SUSTAINABLE			LESS SUSTAINABLE		



Below you can see the proportion of sustainable material used in our 2016 collections.

TOTALLY SUSTAINABLE MATERIALS



DESIGN

We want to create clothing that is used for a long time; that becomes your favorite garments and is something you want to wear every day. This is also a way of slowing down high-speed consumption, of changing the focus from daily trends and to finding those core products that we want to keep in our wardrobe for a long time. We think it is important to create clothing that can live through repairs and that only becomes more beautiful with time. This is the basis from which our design process proceeds.

CHEMICALS

Nudie Jeans wants to contribute to sustainable development. We achieve this by striving to reduce environmental impact as far as is technically, economically and practically possible within the scope of our business. Nudie Jeans' environmental concerns are in accordance with current national legislation and EU legislation, but also go beyond this by endorsing voluntary schemes and by choosing sustainable materials and production processes where this is possible.

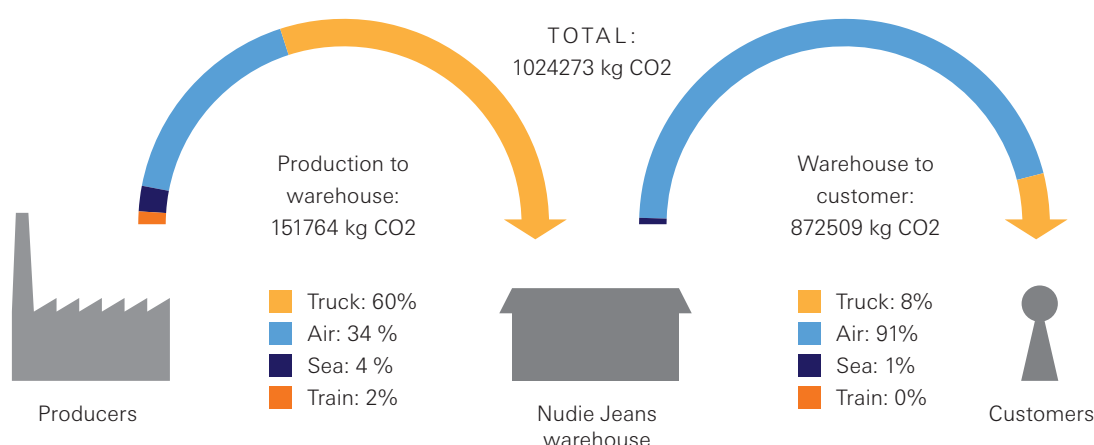
We require all our suppliers, whether production is placed outside or inside Europe, to comply with the European legislation on chemicals.

To meet the high environmental ambitions of Nudie Jeans, we have more stringent requirements regarding chemicals that can remain in the end product (product-related chemicals), as well as chemicals used in production (process chemicals). These requirements form part of our Restricted Substance List, and are in line with best practices within the textile industry and legislation in our sales countries outside the EU.

TRANSPORTATION

We are constantly working to improve our transportation. A main transportation chain is generally arranged as following: Fabrics are transported from Turkey to Italy by truck. The finished product is then shipped from Italy by truck, train or truck-on-train, to our Swedish warehouse, Korallen. For direct deliveries in Europe we use trucks; for direct deliveries to other overseas countries like the USA, Japan and Australia we use air freight. The products made in India are shipped to Europe via sea freight. All items sent to Sweden, and nearby destinations, are transferred through the Korallen warehouse. Korallen also focuses strongly on the environment, including waste handling and recycling of our packaging material.

2016 CO2 KG EMISSIONS FROM PRODUCTION TO WAREHOUSE & WAREHOUSE TO CUSTOMER



The illustration above shows the difference for the CO2 emissions of transportation from production units to the warehouse and then from the warehouse to the customer.

Since July 2016 we are part of UPS' Carbon Neutral program where we counter balance the carbon dioxide emissions our exports have generated through carbon offsetting. The Carbon offsetting is made 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). We estimate to invest around 9000 USD for a whole year of carbon offset through the UPS Carbon Neutral program.

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 is a certification to ensure responsible forest management.

When ordering products from our website they are delivered in plastic bags made from RE-LDPE and RE-HDPE, which is a recycled plastic comprising 80% recycled materials and 20% new plastic. This option is currently among the best alternatives with regards to sustainability and durability in plastic bags.

We believe that it is very important to look at every aspect of what we are doing and to assess if there is a better way of doing it. Thus, our environmental work is in a constant state of development, where we always try to find better alternatives.

SOCIAL RESPONSIBILITY

Most companies demand a good product and high quality at a reasonable price from their suppliers. At Nudie Jeans we also believe in taking greater responsibility for our actions. This includes a lot more than just providing good products at the right price. 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. At Nudie Jeans we want sustainable and healthy development for people and the environment. We want to help improve conditions in the garment industry.

That's why we want everyone who works with us to be concerned about human rights, wages, working hours and social accountability.

Nudie Jeans and its suppliers share great responsibility towards everyone involved in producing our products. Nudie Jeans requires its suppliers to guarantee good working conditions and a good working environment in manufacturing. Our responsibility is to select those suppliers who can guarantee 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 personal confidence.

TRANSPARENCY

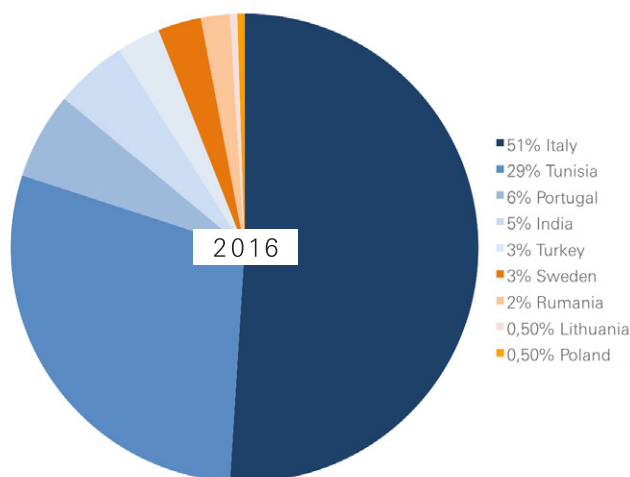
In 2012 we set a new goal: we wanted to have total transparency in how and where our products were made. The goal was divided into transparency and traceability of products. The first step was to focus on being transparent with as much information as possible.

The first step of the transparency project was presented on our website in spring 2013 as the Production Guide. 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.

<http://www.nudiejeans.com/productionguide>

You can also find information on audit procedures, materials, transportation, audit summaries and general supplier info.

In 2016, a high percentage (63 %) of our production took place in Europe. This is due to quality, shorter transportation times to Sweden and also for giving us better control over our production. According to Fair Wear Foundation terminology, 61 % of our production was made in low risk countries and 39% was made in high risk countries.



AUDITS 2016

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

In 2016 we performed more audits and more follow ups than the previous year. In total, we made twentyone audits, four in high risk countries and sixteen in low risk countries as per the schedule below. The audits in high risk countries were conducted with FWF audit teams, and in low risk countries with the independent consultant/ consultancy company MOST CSR. (<http://mostcsr.com/>)

FACTORY	COUNTRY	PRODUCT GROUP	PRODUCTION PROCESS	AUDITOR
LIS	Italy	Jeans	Laundry	MOST CSR
Wash Italia	Italy	Jeans	Laundry	MOST CSR
Bobo	Italy	Jeans	Stitching	MOST CSR
I-trend	Italy	Jeans	Printing	MOST CSR
SN Design	Poland	Accessories	CMT (Cut, Make & Trim)	MOST CSR
Krawiectwo	Poland	Accessories	Stitching	MOST CSR
Officina3	Italy	Accessories	CMT (Cut, Make & Trim)	MOST CSR
San Fa	Italy	Shirts	Stitching	MOST CSR
Dafym	Italy	Jeans	Printing	MOST CSR
Paiba	Italy	Jeans	Press/Packing	MOST CSR
Looktex	Italy	Jeans	Press/Packing	MOST CSR
Metauro	Italy	Jeans	Press/Packing	MOST CSR
GG Production	Italy	Jeans	Press/Packing	MOST CSR
Gabritex	Portugal	Shirts	CMT (Cut, Make & Trim)	Pedro Martins
Intermermaid	Portugal	Knitted	CMT (Cut, Make & Trim)	Pedro Martins
Armstrong Knitting mill	India	Jersey	CMT (Cut, Make & Trim)	FWF
Elegant	Italy	Jeans	Stitching	MOST CSR
Suvastra	India	Woven Shirts	CMT (Cut, Make & Trim)	FWF
Safeway fashion	India	Woven Shirts	Laundry	FWF
I-trend re-audit	Italy	Jeans	Printing	MOST CSR
Fares	Tunisia	Canvas	CMT (Cut, Make & Trim)	FWF

According to the FWF Brand Performance check we have covered 99% of our production units.

	2013	2014	2015	2016*
FWF Category	Good	Leader	Leader	Leader
% of suppliers under monitoring	99	97	99	98
% of production in low risk countries	91	86	74	80
% of suppliers visited during the year	97	98	98	95
Number of complaints received	1	2	4	1
% of suppliers participating in WEP	66	66	37	26

*The figures are taken from the FWF Brand Performance Check, which shows the reality for the year 2015. The next Brand Performance Check, showing the results for 2016, is planned to take place in mid-2017.

In 2016 we remained in the FWF “Leader” category and a high percentage of our production still takes place in low risk countries/Europe. We managed to visit 98% of our supplier bases, including subcontractors. During the year we received four complaints from different factories. We regard this as positive because more employees are aware of their rights, the Nudie Jeans Code of Conduct and the FWF complaints hotline.

GOOD EXAMPLES

We are proud to collaborate with high standard suppliers who have strong environmental and social concerns. In the Production Guide on our website, you can read summaries of all of our audits, where we list both negative and positive points. However, we would like to share some good examples here from the audits we performed in 2016.

OFFICINA3

A first visit to Officina3 in Italy was made in 2015 to check possible collaboration. The company is a joint stock company and the factory performs the following operations for Nudie Jeans production: cutting, serigraphy printing, hot printing, drying, packing. The factory is modern and tidy, and the audit showed a good working environment with open communication between workers and management. The factory manufactures Nudie jeans leather patches.

A Nudie Jeans audit was made in March 2016. The audit showed a good result with few findings. All documents required were available, no discrimination was found and all employees reported being trained regularly on PPE usage and on H&S procedures. The non-compliances found were corrected according to the timeframe decided. The improvement consisted of adding an MSDS for a stain removal chemical, and to provide a second metal container under a wooden pallet in case of spillage. Also awareness to the employees by introducing the FWF Code of Labour Practices.

SN DESIGN

SN Design is located in Poland and manufactures belts and leather accessories. A first visit was made in 2015 to check possibilities of collaboration. A Nudie Jeans audit was done in March 2016. The results of the audit was positive with minor issues to correct. Among the positive points was that employees have a very good relation with management, Employees confirmed that they are all paid on time. They receive an average net wage which is definitely higher than legal minimum, Employees also confirmed that a general and task related training has been done and that medical checks are regularly provided. All employees are covered by the obligatory pension and health insurance. Regarding the points to correct, the major focus was on minor health and safety issues, such as that fire extinguishers were not attached to the wall, not all machines had needle protection and that they did not have a functional time recording system. The follow up communication has been smooth and we are happy to see that the factory improved all points needed.

AKM SPINNING UNIT

During 2016 FWF made new round of audits at all the Armstrong facilities. We could see improvements in most units but we especially glad to see the corrective actions made at the spinning unit. The improvement was mostly significant in the dormitories, they have installed more payphones and allowed mobile phones use. The employees have participated in training in collaboration of a local NGO and has functional committee meetings with participation of the local NGO. One point raised in the CAP was that wages were still low, and Nudie Jeans has therefore during 2016 taken an active decision to pay our share of livingwages also to the employees of the spinning mill. Now we are covering workers from cotton field to finished product with the fairtrade cotton and our initiative to pay our share of livingwages at Armstrong knitting mill.

EDUCATION AND TRAINING

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 in the FWF training program, the Workers' Education Program (WEP).

In 2016, our suppliers in India and Tunisia participated in the Fair Wear Foundation WEP.

The training in Tunisia 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 has been given to 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 training with a local NGO.

There was also an election to the Internal Complaints committee and training for new members including: roles and responsibilities of committee members, ways to take up complaints and procedures to follow while dealing with a complaint.

The training has been much appreciated among the employees, both in India and Tunisia. It gave them a way of expressing their concerns. The workers were very interested in electing members for a new Internal Complaints Committee. They found the FWF labor standards very useful.

LIVING WAGE PAYMENT IN INDIA

Since 2012, Nudie Jeans has been paying its share of a living wage for our production at the Armstrong knitting mill, Tirupur, India.

Together with Armstrong we have calculated a living wage bonus that has been paid to all CMT workers. It has been verified by several different stakeholders, including FWF, that payments have reached the workers. Both Nudie Jeans and Armstrong are very positive about expanding the living wage payments. This is why Nudie Jeans has been reaching out to other brands that source from Armstrong to expand living wage payments to other production departments at Armstrong. During 2016 we decided to include our living wage payments to all departments within Armstrong Knitting mill. Currently, three brands are already paying the living wage share at Armstrong in accordance with the methodology developed by Nudie Jeans and Armstrong.

The living wage estimate is based on a survey taken among the employees. The survey looked at calorie intake, school fees in the area, cost of living in the Tirupur area, as well as consulting local stakeholders such as SAVE and trade unions. The estimate is annually revised to match the increasing cost of living. We believe that allowing the factory to be involved in the calculation is most sustainable in the long term as it strengthens the factory's own commitment to living wage payments.

During 2016 we took a decision to expand our living wage payment program to include another of our Indian supplier, Suvastra. During the year preparations for they pay out has been made and the first payment is to be scheduled in 2017.

ANTI CORRUPTION

At Nudie Jeans we do not accept any kind of corruption or bribe. This is communicated to all employees and suppliers through our Code of Conduct. This means that suppliers cannot offer gifts or other similar items to specific employees in exchange for favors. It also means that no employee of Nudie Jeans can accept gifts from suppliers or partners for personal benefit. As we have grown the last years and becoming a global business, the focus on anti corruption will increase.

COLLABORATIONS

Nudie Jeans have during the years had restricted collaborations, we want to be associated only with partners and organizations who share our views and values. Below is a short presentation of the organizations we have an active collaboration with:

FAIR WEAR FOUNDATION

We have been members of the Fair Wear Foundation (FWF) since 2009. Nudie Jeans fulfils most of FWF's management system requirements, and goes beyond some of them. Nearly 61 % 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 and India, Nudie Jeans has monitored nearly 100% of its 2016 purchasing volume and therefore meets the FWF's monitoring threshold. In addition, the company has conducted audits in Portugal and Italy with an independent auditor. This, in addition to high leverage at suppliers and the stable relationships with suppliers, gives the company a strong basis for effectively monitoring working conditions.

The latest Brand Performance Check is available on the Nudie Jeans website, as well as on the FWF website. Nudie Jeans are in the "Leader" category.



SWEREA

Since 2015, we been a member of Kemikaliegruppen (the chemical group) at Swerea. 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.



MISTRA FUTURE FASHION

The Mistra Future Fashion program is a cross-disciplinary research program that holds uniquely a 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 by other stakeholders to significantly improve the environmental performance and strengthen the global competitiveness. Nudie Jeans is taking part of the research particularly in relation to recycling of fibers and reuse.

CSR VÄSTSVÉRIGE



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.

<http://csrvestsverige.se/>

FUR FREE ALLIANCE

We have been a member of the Fur Free Retailer Program since 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. Fur Free Retailer recognizes and supports retailers who have committed, in writing, 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 its support to international efforts to end this unnecessary and cruel fashion choice.

<http://www.furfreealliance.com/>



TEXTILE EXCHANGE



We have been a member of the Textile Exchange since 2009. The Textile Exchange is a global non-profit organization that works to make the textile industry more sustainable. The 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.

AMNESTY INTERNATIONAL



For many years we have collaborated with Amnesty (Sweden), for example, the Human Rights t-shirt competition in 2007 and the Empowerment Challenge in 2011. A part of our sales have been donated to Amnesty's work. Now we support Amnesty's work with children's rights by donating 5 euros for each pair of children's jeans we sell. Every child should have the right to a safe childhood.

www.amnesty.org

SHARING KNOWLEDGE

Another part of our business that we find very important – and enjoyable – are all the opportunities we have to spread and share information and knowledge. Information about what we are doing, the importance of organic cotton, the importance of taking responsibility in production and working transparently.

We place great emphasis on employing sale staffs in our stores who are aware of how we operate, that can answer all kinds of questions: from chemicals in the coloring, to working conditions, or how customers should care for their garments. Because meeting the customers also means an opportunity to spread knowledge. It is in the meeting with the customer in-store and online via our webstore that we have the opportunity to tell customers about our repair service and that we offer customers a 20% discount on a new pair of jeans when they hand in an old pair, for example.

Apart from educating our store staff, we also, regularly, educate everyone working at our headquarters, wholesale department and webshop so that everybody is kept up to date on the latest news regarding our CSR work. For us, CSR is not a part of the business that only belongs to one division of the company, it is something that is a part of everything we do, and a part of everybody that works with us.

Sometimes we are also invited to talk about our CSR work, and how it has developed over time, at meetings and courses held within the textile industry or at universities. We are very open about sharing our knowledge because we believe we have to work together to be able to develop further within the field of CSR. We are part of several collaborations and participate as much as we can in talks and meetings regarding these issues.

Together with the opening of two more repair shops in 2016, we have also managed to spread the word about what we are doing to more places around the world and to more people. We rarely advertise; we believe that great service and great ideas are spread more effectively by word of mouth. The more customers that are happy with our service and/or our products, the more customers will find their way to us.

During 2016 we had coverage in different publications, we participated in the book *Modeslavar*, (Andersson Åkerblom, Kärnstrand, Leopard förlag 2016) which has a critical approach to the fast fashion businesses.

We also had a article in “Make it last” on our sustainability work and transparency. In the article from the magazine *Glore*, you can read about what a day is like as a CSR manger. And finally, in *Scandinavia Standard*, you’ll find a nice portrait of the brand.

INFORMATION MATTERS:

Research carried out by the School of Business, Economics and Law at the University of Gothenburg shows that customers visiting our online Production Guide and our webshop are more likely to spend a higher amount in the webshop than customers shopping in the webshop who have not visited our Production Guide. According to the study, our Production Guide and transparency work have increased our webshop’s revenues by approximately EUR 0.3 million per year.

“...consumer willingness to buy was substantially improved by Nudie Jeans Transparency project and that the project has increased Nudie Jeans webshop revenues by approximately EUR 0.3 million per year”
Supply Chain Transparency as a Consumer or Corporate Tool: The Case of Nudie Jeans Co by N. Egels-Zandén & N. Hansson. Springer Science+Business Media New York 2015

Modeslavar, Authors: Tobias Andersson Åkerblom, Moa Kärnstrand, Leopard förlag. 2016.

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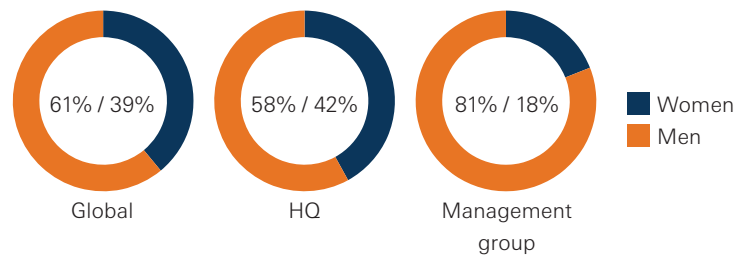
<http://www.scandinaviastandard.com/never-nude-with-nudie-jeans/>

NUDIE JEANS AS A WORKPLACE

WORKING AT NUDIE JEANS

At Nudie Jeans we see our employees as our most important resource and it is our employees, along with our collections, that provide the vigor and strength needed for Nudie's future.

The brand has 134 employees globally and the Head Office is located in Gothenburg employees 62 persons. The management group consists of 11 members. The Head Office covers all aspects of the business including design, production, sales, marketing, supply chain management and customer service.



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

We will not tolerate or condone discrimination based on age, race, color, religion, sex, national origin, sexual orientation or disability. We will comply with the spirit and letter of all local, state and federal laws pertaining to employment. Furthermore, we will not discriminate based on age, race, color, religion, sex, national origin, sexual orientation or disability.

A workplace with an equal division between women and men results in a more creative and stimulating climate to work in. Thus, at Nudie Jeans we are keen to ensure that the way we work is characterized by both female and male views and values. For this reason, we try to ensure that all work teams are made up of both female and male employees.

The company wants to invest and does invest major resources in training, personal development, the work environment, working tools and everything needed to create a stimulating, open workplace that develops people and careers. It is our desire to see each and every employee achieve his or her highest potential. We will do our best to provide the opportunity and offer training and guidance whenever possible.

ENVIRONMENTAL DIPLOMA

We are constantly working to reduce our environmental impact. This takes place at a production level, but it also takes place in our Swedish repair shops and at our Head Office. In respect of our shops and office, every year we perform an audit and assessment of all our activities that have an environmental impact. Everything from statistics regarding the use of printing paper, to electricity consumption, to waste separation and recycling, to registering all chemicals that we use. We comply with a standard called Svensk Miljöbas, which is a national environmental standard adopted for smaller businesses and organizations. Our work is examined every year by a third-party auditor.

After assessing all our activities, we create goals and plans on how to improve. In 2016, a fourth audit was carried out for the Head Office, while it was the second audit for the majority of our repair shops. In 2016 we opened a new repairshop in south of Sweden, Malmö Davidshall. They immediately started to work accordingly to the standard and received the diploma in the fall of 2016.



Implementing the environmental management system was a natural step in the development of our environmental and CSR work. We want to be able to have control of and insight into not only our production chain, but also our own stores 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. To work with environmental certification and perform an audit every year is one way to keep that work alive and developing.

LOOKING FORWARD

We are proud to be where we are today. But we are where we are because we have never hesitated in trying out new ideas, to welcome creative thinking, not only from the management but from everybody working with us. Some 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 of trying – we think this is the best way to develop. And we know that we are standing on solid ground. Looking forward, we have goals to work towards and challenges to work 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 it will be something good.

GOALS

We have come a long way, but there are always things we can do better. And when the industry is developing, we also need to develop in order to stay in the front line.

These are our goals for the coming years:

- We want to continue being the frontrunner when it comes to transparency; and by continuing to share our knowledge and being part of collaborations lead the industry to further development within the use of sustainable materials and reduction in the use of chemicals. The goal is to make it possible for customers to be able to trace their specific garment from cottonfield to end consumer, which means having access to information on exactly where and when the garment was made.
- We want to develop our repair- reuse- secondhand business. We want to increase our sale of second-hand jeans, because prolonging the lifetime of a garment is an unquestionable way of reducing the environmental impact.
- Develop our living wages project, to include more of our suppliers.

CHALLENGES

The future always brings challenges. For us, these are the most important challenges that we face going forward:

- 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.
- One of our main challenges is to develop our recycling program, where we can upscale the recycling of jeans at the same pace as we are growing.
- We need to continue to spread the word about our repair service so that we can prolong the life of more jeans, receive a higher number of reused jeans.
- The challenges of the living wages project are, to examine which other suppliers would benefit from the project, and how to develop and adapt the project to different suppliers and countries. We also see a challenge in the upscale of these projects.
- The coming year will also include focus on how to work with the United Nations Sustainable Development Goals.

THANK YOU!

You have just read the Nudie Jeans 2016 sustainability report. We are happy to be able to share all of this with you and we are excited about continuing this work in the future. If you have any questions or concerns regarding our sustainability work that you were unable to find answer to in this report, we would be happy to help you via email csr@nudiejeans.com.

We are looking forward to yet another exciting year!

