



# Nudie Jeans Sustainability report 2017

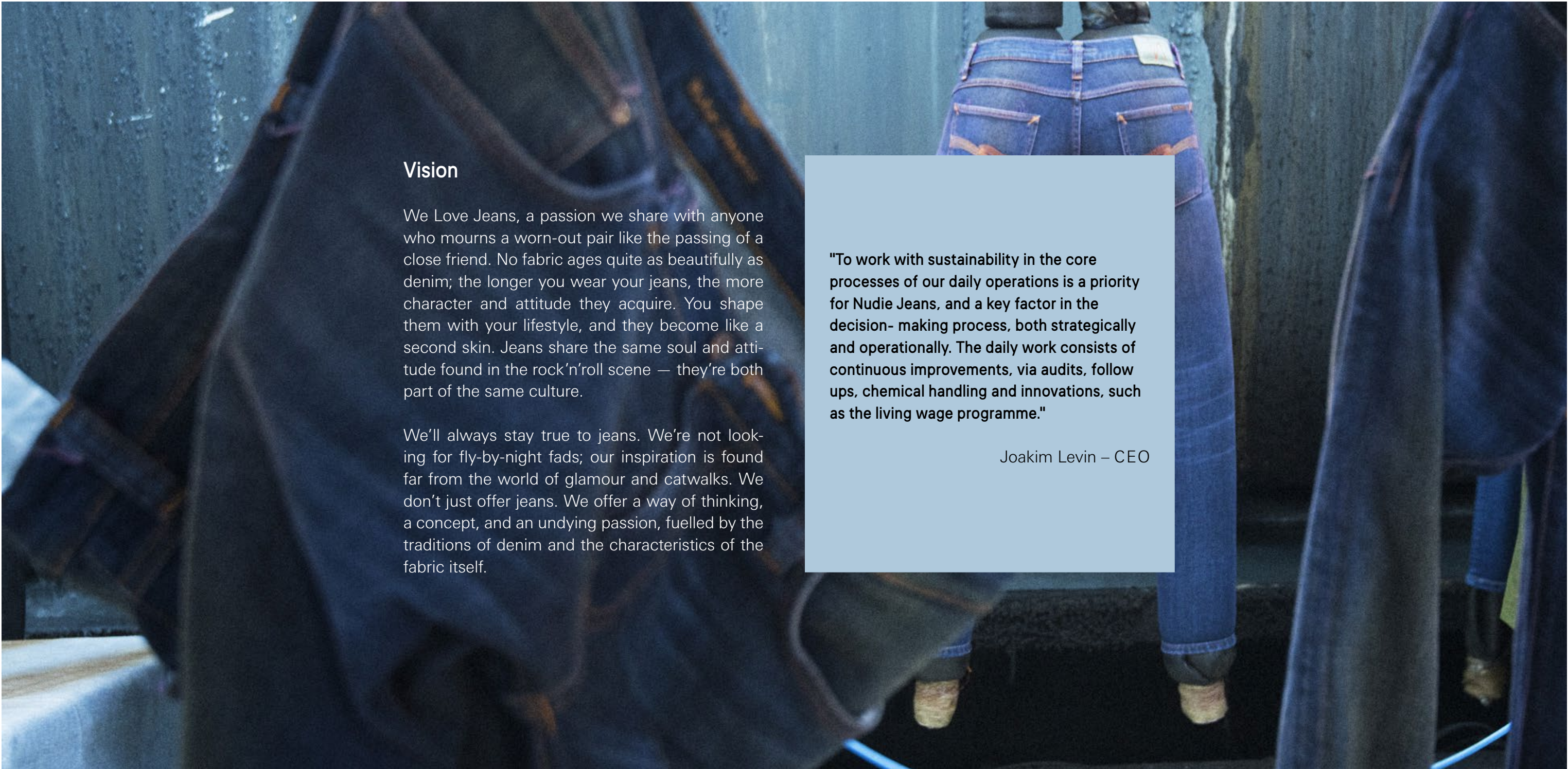
Nudie JEANS co



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## Vision

We Love Jeans, a passion we share with anyone who mourns a worn-out pair like the passing of a close friend. No fabric ages quite as beautifully as denim; the longer you wear your jeans, the more character and attitude they acquire. You shape them with your lifestyle, and they become like a second skin. Jeans share the same soul and attitude found in the rock'n'roll scene — they're both part of the same culture.

We'll always stay true to jeans. We're not looking for fly-by-night fads; our inspiration is found far from the world of glamour and catwalks. We don't just offer jeans. We offer a way of thinking, a concept, and an undying passion, fuelled by the traditions of denim and the characteristics of the fabric itself.

**"To work with sustainability in the core processes of our daily operations is a priority for Nudie Jeans, and a key factor in the decision-making process, both strategically and operationally. The daily work consists of continuous improvements, via audits, follow ups, chemical handling and innovations, such as the living wage programme."**

Joakim Levin – CEO





## COMMENTS FROM THE CEO AND SUSTAINABILITY DEPARTMENT

Building a sustainable and innovative denim brand is what Nudie Jeans is about, and during 2017 we reached new heights. We had over 95% sustainable garments in our collections, we sold more re-used Nudie jeans and repaired more Nudie jeans than ever, and we opened more repair shops around the world. Parallel to that, the company has undergone strategic and organizational restructuring to be prepared for the future. Being part of an industry with such a high use of natural resources, we need to acknowledge our part and focus our work on the high-risk impact areas, which for us are cotton growing and wet processing.

During the year we have focused on incorporating sustainability in the core processes and strengthening our circular model with a focus on repair, reuse and recycle.

We have developed our sourcing strategy to adapt to future challenges while staying true to Nudie Jeans' core values with concerns for human rights, development, security and anti-corruption. Following this direction gives us a good chance to incorporate sustainability in all aspects of our products in our daily operations.

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

Joakim Levin, CEO

Sandya Lang, Sustainability Manager

Eliina Brinkberg, Environmental Manager



## THIS IS NUDIE JEANS

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

Nudie Jeans are sold in over 50 countries. We have Repair Shops (all of them offering our Free Repair service) located in Gothenburg, Stockholm, Oslo, London, Munich, Malmö, Zurich, Barcelona, Berlin, Sydney, Melbourne, Brisbane, Tokyo, Nagoya, Osaka, New York, Amsterdam and Los Angeles. In addition, Nudie Jeans are sold online at [www.nudiejeans.com](http://www.nudiejeans.com), plus other selected online and retail stores. Sustainability, both environmental and social, is the essence of Nudie Jeans. The entire denim collection is made from 100% organic cotton, we offer free repairs and we resell second-hand Nudie Jeans. In this report you can read about how Nudie Jeans works with all aspects of sustainability.

## Nudie Jeans timeline

- 2001 Founded
- 2001 Started working with Amnesty Sweden
- 2004 First organic T-shirts were produced
- 2006 Gathered all suppliers for a first Sustainability meeting
- 2009 Received Sustainability award from Elle magazine
- 2009 Joined Fair Wear Foundation
- 2009 Joined Textile Exchange
- 2011 Introduced Fair Trade cotton in our basic garments
- 2012 Full denim collection made with 100% organic cotton
- 2013 Released the Production Guide online
- 2013 Launched the new store concept Nudie Jeans Repair Shop, starting in Soho, London
- 2013 Our share of living wages paid to our Indian supplier
- 2014 Received the FWF Best Practice award for our work with living wages
- 2015 Joined Chetna Coalition for better cotton
- 2015 Won Observer Ethical award - Sustainable Style
- 2016 Received the Sustainability prize at Habits fashion show award
- 2017 Reached 100% organic cotton in all cotton products
- 2017 Became a member of FWF Living wage Incubator

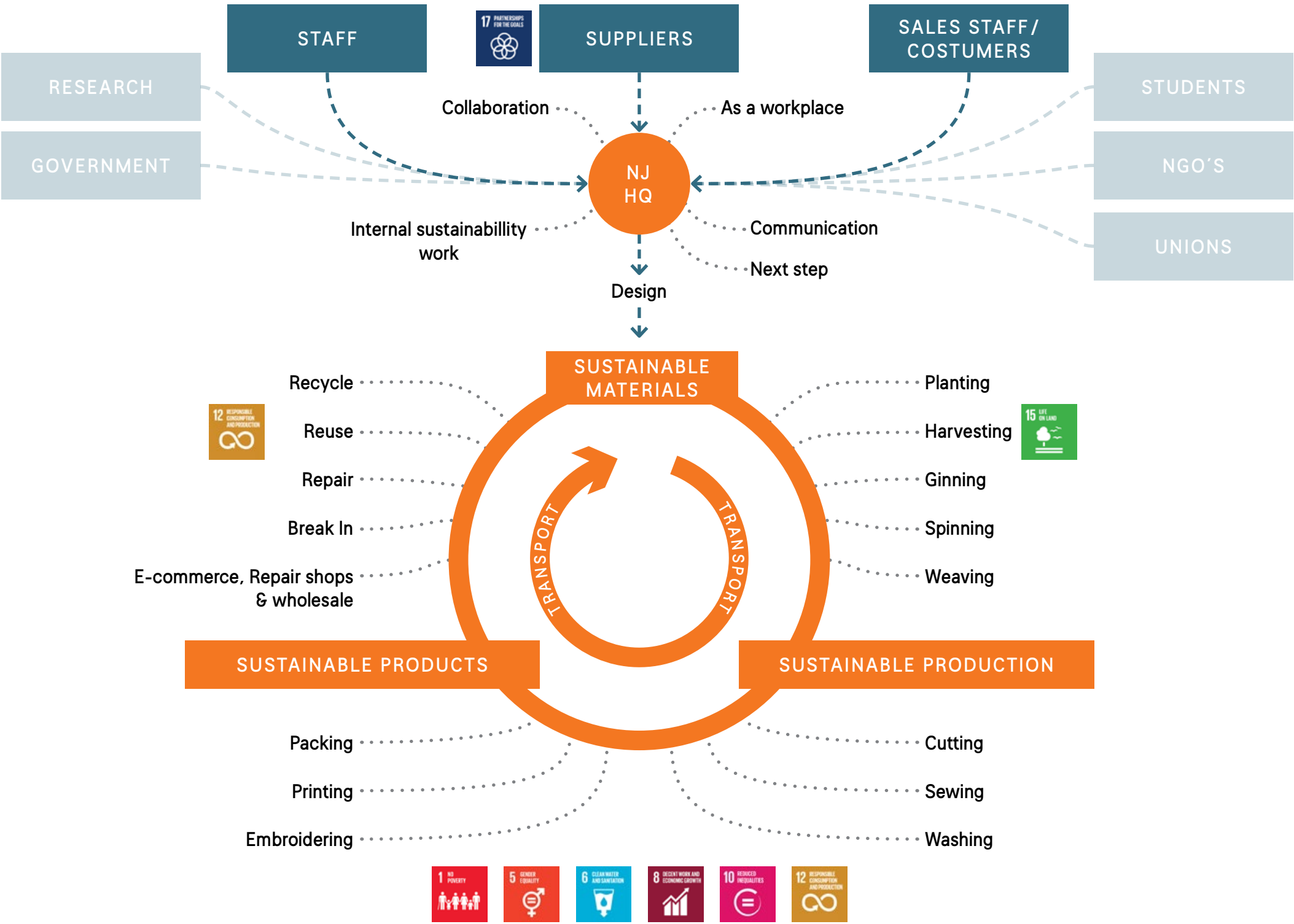
**The reporting organization is  
Nudie Jeans Marketing AB,  
Org number: 556628-9277**

**The total turnover for 2017 was  
EUR 46,8 million.**

**The ultimate parent company in the group is  
Svenska Jeans Holding AB. Svenska Jeans Holding AB is a private limited company incorporated under the laws of Sweden. Svenska Jeans Holding AB is owned by Maria Erixon, Joakim Levin and Palles Stenberg, each have a 1/3 share.**



NUDIE JEANS VALUE  
CHAIN AND STAKEHOLDERS



We have chosen to include the sustainability goals numbers 1, 5, 6, 8, 10, 12, 15 and 17 to capture the areas where we have identified that we have the most impact.



# SUSTAINABLE MATERIALS

Nudie Jeans is striving to take responsibility for our full product, this means that we want to take responsibility from the raw material to the end of life of the product.

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

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

## 100% Organic Cotton

For the past five years we have worked with 100% organic cotton in all our denim. In 2017 we increased the use of organic cotton in our full collection, reaching 100 % organic cotton for all of our cotton products. We are proud to say that we only work with organic cotton, as the largest environmental impact of our products lies in the growing of the raw material. Choosing organic cotton means that we take responsibility for biodiversity, and the eco system services that creates and maintains all the things we need for our own, and our business's, survival. We recognize that the loss of ecosystem services always has the greatest and toughest impact on the people already living in poverty. Therefore, learning more about our business impact and choosing raw materials that do not increase the risk of biodiversity loss is something we are constantly working with. Through these actions we work in line with the 15th Sustainable Development Goal that focuses on the importance of sustaining and even strengthening biodiversity and eco systems on land.






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 Fibres”, category A and B. It includes for example recycled materials, organic cotton and Tencel. Leather and wool are not categorized according to the benchmark, therefore our leather and wool products are not defined as sustainable.

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

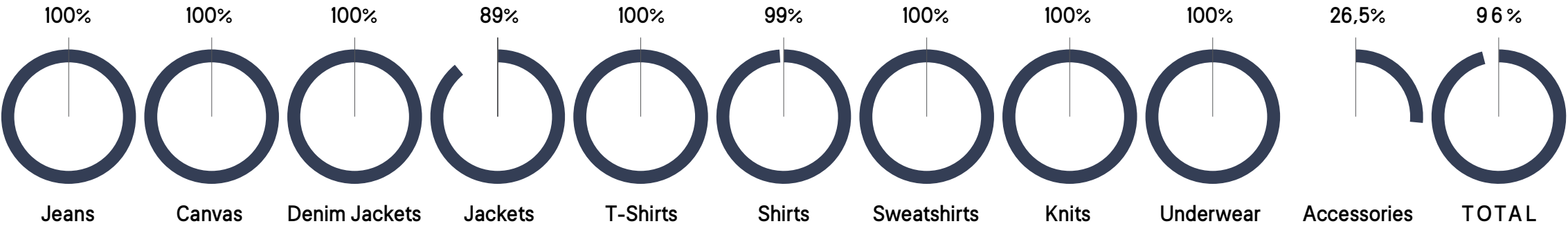
MORE SUSTAINABLE

LESS SUSTAINABLE

 Fashion with respect for people and planet

Sustainable products

To monitor our progress of the use of sustainable materials and sustainable products we put together a chart with sustainable statistics for each collection. For the full year of 2017 we produced 95.7% sustainable products. We define a garment or an accessory as sustainable when it contains at least 70 % sustainable material. To guarantee the sustainability of the fibres and textiles, we ask for supporting certificates from our suppliers.





## MATERIALS USED BY NUDIE JEANS

### Organic cotton

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

The decision to use organically grown and harvested cotton is self-evident. If there is a method to not impoverish the land but to make it and our product stronger and more sustainable, there is simply no other option.

Around 85% the organic cotton used for Nudie Jeans products is sourced from Turkey, and our second largest sourcing country for cotton is India. We have visited cotton fields where our cotton grows in both Turkey and India as a part of our traceability work.

### Recycled cotton

Recycled cotton has during 2017 mostly been used in our knitted products. Using recycled cotton is a great way of decreasing our environmental impact as cotton is a resource intensive crop. The recycled cotton yarn that is used for our products is made in Italy.

### Reused denim

To recycle cotton at a fibre level is one option to be more sustainable and to decrease our environmental impact. But to reuse the actual fabric is an even better option. During 2017 we have used around 1,200 pairs of old Nudie Jeans as raw material for new Nudie Jeans accessories such as caps and backpacks. The largest part of the reused denim is used as patches in our repair service.

We have also during 2017 launched a new project with the purpose of taking care of our second choice garments. This means products that have not made the cut to be part of our collections because of minor defects in size measurements or wash results, but which make a perfect choice to be cut off and used as shorts. In this project we have remade around 500 pairs of these jeans into shorts, and in doing so found new purpose for products that otherwise would have been left over. By looking at our already existing resources in an innovative and creative way we can continue to reuse old products by turning them into new products, which is one of the best ways of being sustainable.





### Linen

In 2017, Nudie Jeans used linen in two styles, a shirt and a t-shirt. Linen is a woven fabric made from the Flax plant. This is a natural fibre and the crop is resistant and needs less fertilizers and pesticides than most other crops. A goal for the future is to use organic certified linen, even if conventional linen has a relatively small environmental impact compared to other textiles.

### Tencel

In 2017, Tencel was used in one Nudie Jeans' shirt. Tencel is made of wood pulp making it a natural fibre. The fibre production is sustainable due to the use of a closed loop system for the solvent spinning process. The solvent is recycled and can be reused many times. The fabric is light and soft which makes it a good fabric for summer shirts.

### Wool

Nudie Jeans uses wool for both knits and accessories. Using recycled wool is a great way of decreasing our environmental impact, but using recycled wool poses other challenges. Recycled wool has shorter fibers and this needs to be taken into consideration when choosing the material mix, spinning the yarn and the knitting the fabric, to get the high-quality product that meets Nudie Jeans' standards. During 2017, we used recycled wool in 7 styles, 4 knitted sweaters and 3 jackets. We are striving towards using as much recycled wools as possible, but sometimes new wool is needed for a specific garment. Wool as a fibre also carries the benefits of being a natural fibre that requires little maintenance in the user phase. Wool has a natural repellence to stains and airing a wool garment is often just as effective as washing.

### Leather

Throughout Nudie Jeans' history we have chosen to work with leather because it is, just like denim, a material that becomes more and more beautiful with time. The leather industry presents many challenges, both in regard to chemical usage and traceability. Therefore, we are working with one specific, Gold rated supplier (according to The Leather Working Group) in India for our leather jackets. We also believe that a leather jacket can be a sustainable choice if it is used for many years. Out of the four leather jacket styles we made in 2017, one is made in semi vegetable tanned leather, and the majority of our leather accessories are made in full vegetable tanned leather. This is one way of decreasing the chemical use in the leather industry, but until we can guarantee that the animal comes from a certified organic farm we will not define our leather products as sustainable.



**Certifications used by Nudie Jeans**

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

All cotton sourced in India through Chetna Organic is both Fairtrade and organic. Using the combination of both certificates we guarantee fair working conditions, correct payments to the farmers and organic farming methods.

With new materials entering Nudie Jeans’ production range, we are also increasing the range of certifications we are working with. For wood-based cellulose textiles such as Tencel we are working with FSC certifications, while for recycled yarns we strive towards using Global Recycled Standard.





SUSTAINABLE 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 manufacturing of our clothes.

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

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 our sourcing policy.

Our work at our suppliers relates to the 1st Sustainable Development Goal, End Poverty, and raising the wages at our suppliers is one of our priority areas. Our living wage concept has developed over the last five years and is now an integrated part of our purchase process from our Indian supplier. Our work on facilitating for training and committee work is in line with the 5th and 10th Sustainable Development Goals, Gender Equality and Reduced Inequalities, where we have seen workers' committees being formed and more female supervisors in charge. Minimizing chemical pollution is necessary to secure access to safe and clean water, which is part of the 6th Sustain-

able Development Goal. Our larger suppliers have their own water treatment plants and our smaller suppliers have waste water treatment systems in accordance with local municipalities. Collecting wastewater in wastewater tanks that regularly are transported to, and treated by, the municipality is a common system. The 8th Sustainable Development Goal, Decent Work and Economic Growth, is the overall goal for the work we do at our suppliers, by implementing the FWF Code of Labour practice we contribute to a better working environment throughout the supply chain. We have also identified the 12th Sustainable Development Goal, Responsible Production and Consumption, as the main part of what we do, we want to offer products made in a sustainable and responsible way and influence our customers to consume in a more sustainable way.






## Employment and Living wages

We strive to take responsibility at every step of the way, from choosing the most sustainable materials, 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.

FWF is a third-party, non-profit organization that works with brands, factories and NGOs to verify and improve workplace conditions. Nudie Jeans has been a member since 2009 and we work actively with improving the working conditions in our supply chain to make sure all suppliers and subcontractors comply with the 8 Standards in the Codes of Labour Practice. FWF performs an annual Brand performance check on all of its members. Nudie Jeans have been ranked in the Leader category since 2014.




**Legally binding employment contract**

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

An essential aspect regarding working conditions at our suppliers is that employment needs to be a free choice, both in terms of starting and ending the relationship with the employer. We carefully select our suppliers and chose only those who can assure and show evidence that no-one is forced to work, by any incentives such as lump sums, debts or similar.

Having a secure employment contract is of high value for most employees as it guarantees the right to social security and the employment is regulated by laws. This is especially important in countries where the social security net is not as strong as in some other countries. This is a standing point on the agenda when visiting our suppliers to discuss the terms of employment and make sure that as many workers as possible, if not all, have an employment contract.



**Employment is freely chosen**

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

**RANKED IN FWF LEADER CATEGORY SINCE 2014**



Generally, in the textile industry the risks connected with overtime are high. We work actively with reducing overtime at our suppliers. In 2017, some of our suppliers in India manage to reduce overtime completely for their permanent workers by organizing the production flow in a better way.

Of equal importance to freely chosen labour is child labour. The textile industry has over the years been subjected to the risks of having child labour in their supply chain. For Nudie Jeans, the suppliers at the most risk of having child labour in the supply chain are the cotton farmers, where production is labour intense. In other parts of the production chain it is less likely as either not as much labour is required, or a highly skilled professional is required, such as a tailor. To reduce the risk of child labour in our supply chain we have chosen to procure cotton through Chetna Coalition, who can offer both fair trade and organic cotton from a farmers' association who has regular audits from Fairtrade to ensure good working conditions and that no child labour occurs. The Chetna cotton is used 100% for of the cotton garments produced in India for Nudie Jeans.

### Reasonable hours of work



"Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)"

### No exploitation of Child Labour



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

### Local communities

Since 2015, we have been engaged in the procurement of cotton through Chetna Coalition. The Coalition is defined as a network of brands, suppliers, and producers with a mutual interest for collaboration on organic cotton growing.

Chet Co's primary lever of impact is economic sustainability, and as a coalition focused on the drivers of shared value for our partners, the top-priority lies in securing and improving the economic sustainability of the Farmer Producer Organization and raw material producer community we source from.

Through Chetna Coalition we have also supported the local community by donating computers to the school for the farmers' children and given support in other social projects related to the school.



Right to a living wage

Since 2012, we have been paying our share of a living wage for our production at the Armstrong knitting mill, Tirupur, India.

Together with the factory we have calculated a living wage bonus that has been paid to all workers. Different stakeholders, including FWF, have verified that payments have reached the workers. Both Nudie Jeans and Armstrong are very positive about expanding the living wage payments. Therefore Nudie Jeans has reached out to other brands, that source from the factory, to expand living wage payments to other production departments at the factory. Currently, another two brands are already paying the living wage share at Armstrong in accordance with the methodology developed by Nudie Jeans and Armstrong. During 2016, we decided to expand our living wage payments to the spinning mill, going beyond the scope of FWF requirements. During 2017, we had meetings to prepare for the first payments of

our share of living wages at the spinning mill and payments will be made in early 2018.

The living wage estimate is based on a survey taken among the employees. The survey looked at calorie intake, school fees in the area, and cost of living in the factory area. Local stakeholders were also consulted. The estimate is annually revised to match the increasing cost of living. We believe that allowing the factory to be in charge of the calculation is most sustainable in the long-term as it strengthens the factory’s own commitment to living wage payments.

In 2016 we took the decision to expand our living wage payment programme to include another of our Indian suppliers, Suvastra, located in Bangalore. One year of preparation lead up to the first payment in May 2017. During 2017 we also started to discuss the possibilities of expanding the programme to one of our Tunisian suppliers, and as a first step we are investigating the wage levels at this factory.

Payment of a living wage



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



Audits and training

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

In 2017 we performed a total of 10 audits, five in high-risk countries and five in low risk ones. The audits in high-risk countries were conducted by Fair Wear Foundation’s audit teams, and the audits in low risk countries were performed by independent consultants/the consultancy company MOST CSR<sup>1</sup>. During the year we also put efforts into following up the audit results and non-compliances from the previous year.

According to the Fair Wear Foundation (FWF) Brand Performance check we have monitored 96% of our production units during 2017, the report reflects on 2016 monitoring activities.

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

1 <http://mostcsr.com/>



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 we, for several years, have involved our suppliers and their employees in the much appreciated FWF training programme, the Workers' Education Programme (WEP).

In 2017, two of our suppliers in India and Tunisia participated in the Fair Wear Foundation WEP. Nudie Jeans facilitated and paid for training at the suppliers, covering 87% of our purchase volume in those countries where FWF Workers Education Programme was offered last year.

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 have 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.

At suppliers where there is an increased risk of noncompliance with the right to freedom of association and collective bargaining, for example in high-risk countries such as Turkey and India, the unionization rate among workers is low. In those cases, we have offered workers training with the purpose of strengthening the internal grievance mechanism. An election, with high participation, was held to select members of the Internal Complaints committee and training was held for new members including: the roles and responsibilities of committee members, ways to take up complaints and procedures to follow while dealing with a complaint.

The committee work is an important way of involving all workers and getting their voices heard, and ensuring that all voices are equal without discrimination. We see our programme for raising the wages towards a living wage as one way to reduce inequalities, as both men and women can have a stable income that it is possible to live on.

**Safe and healthy working conditions**



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

**Freedom of association and right to collective bargaining**



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

**There is no discrimination in employment**



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



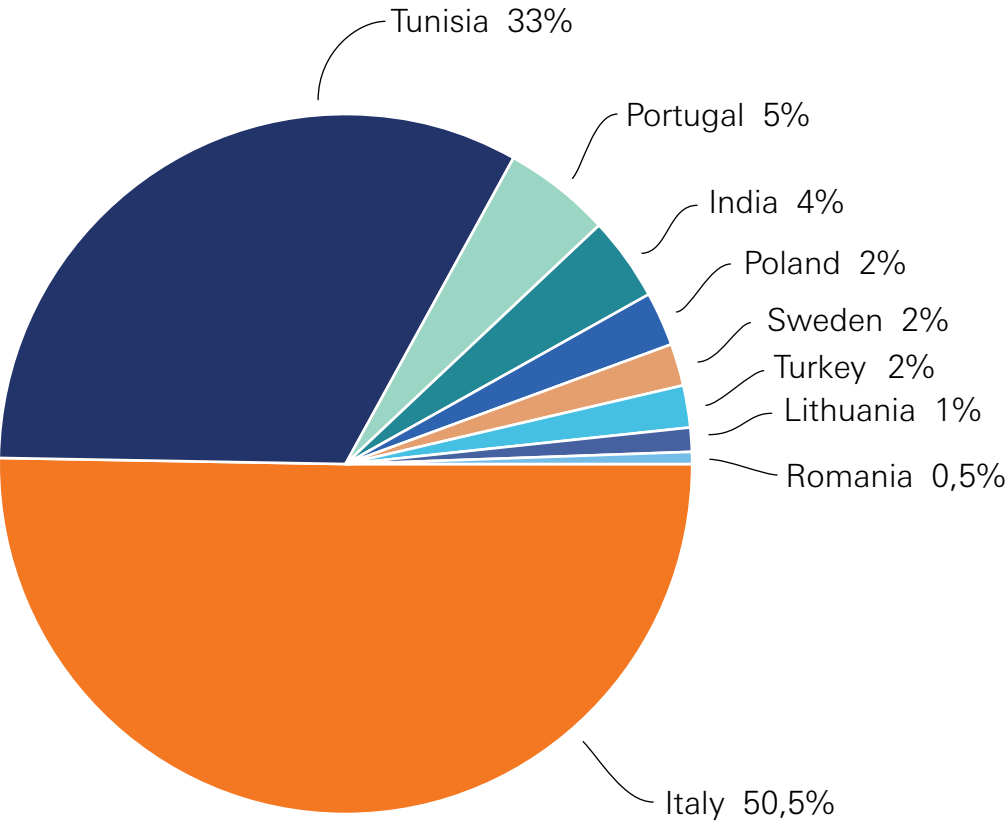
Transparency

For Nudie Jeans, transparency is a key part of the sustainability work. The Production Guide<sup>2</sup> is an essential tool where we present our production chain. The information is visually displayed on our website where you can click on the products and receive detailed information about the production premises. The Production Guide is updated four times a year according to the season presented in the Repair Shops.

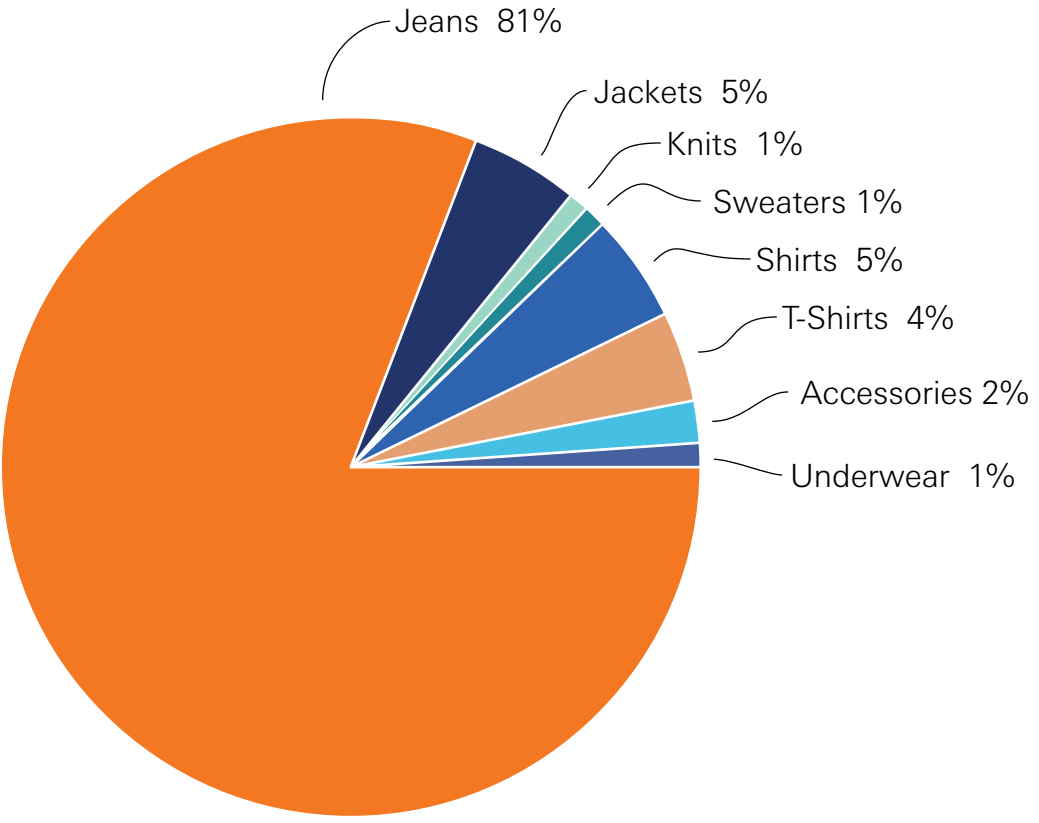
You can also find information on audit procedures, materials, transportation, audit summaries and general supplier info.

In 2017, 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.

Production countries 2017



Product categories 2017



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



## Chemicals

We recognize that chemicals are needed in the production of textiles, but our challenge is to reduce the use of harmful chemicals and to increase the use of better chemicals. This is a big challenge, but during 2017 we have taken steps in the right direction. We only work with suppliers with proper wastewater systems, as chemicals released with waste water are a large source of chemical pollution.

Nudie Jeans require all our suppliers, whether production is placed outside or inside Europe, to comply with the European legislation and regulations on chemicals. All Nudie Jeans suppliers must sign and follow our Restricted Substance List (RSL). Our RSL is based on the European chemical legislation REACH but with stricter limitations for many of the listed chemicals. Our RSL is in line with the best practices within the textile industry and legislation in our production countries outside the EU.

The RSL creates our basic requirements, and we continuously communicate with our suppliers regarding the chemicals used but also the handling and storage of the chemicals. It is of high importance that the supplier provides their employees with the right personal protective equipment (PPE), but also that they offer training to increase the awareness and knowledge on how to use PPE correctly and why it is important.

During 2017 we started to assess which denim qualities and denim washes could be made according to GOTS criteria, and we have encouraged our suppliers to become GOTS certified, or to increase their use of GOTS certified chemicals.

## Energy and water

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

So far, we have not yet had the possibility to gather energy or water consumption data from our full production chain. We are working with engaged suppliers that value sustainability and invest in energy and water saving technologies. One example is the Save Blue concept developed by Bossa Denim where around 55% of water is saved during the dying process. Another good example is our Indian supplier Armstrong, who cover 100% of their energy with wind power. We follow all of our suppliers' developments with interest and aspire to gather more precise data for both energy and water consumption for our production in coming years.

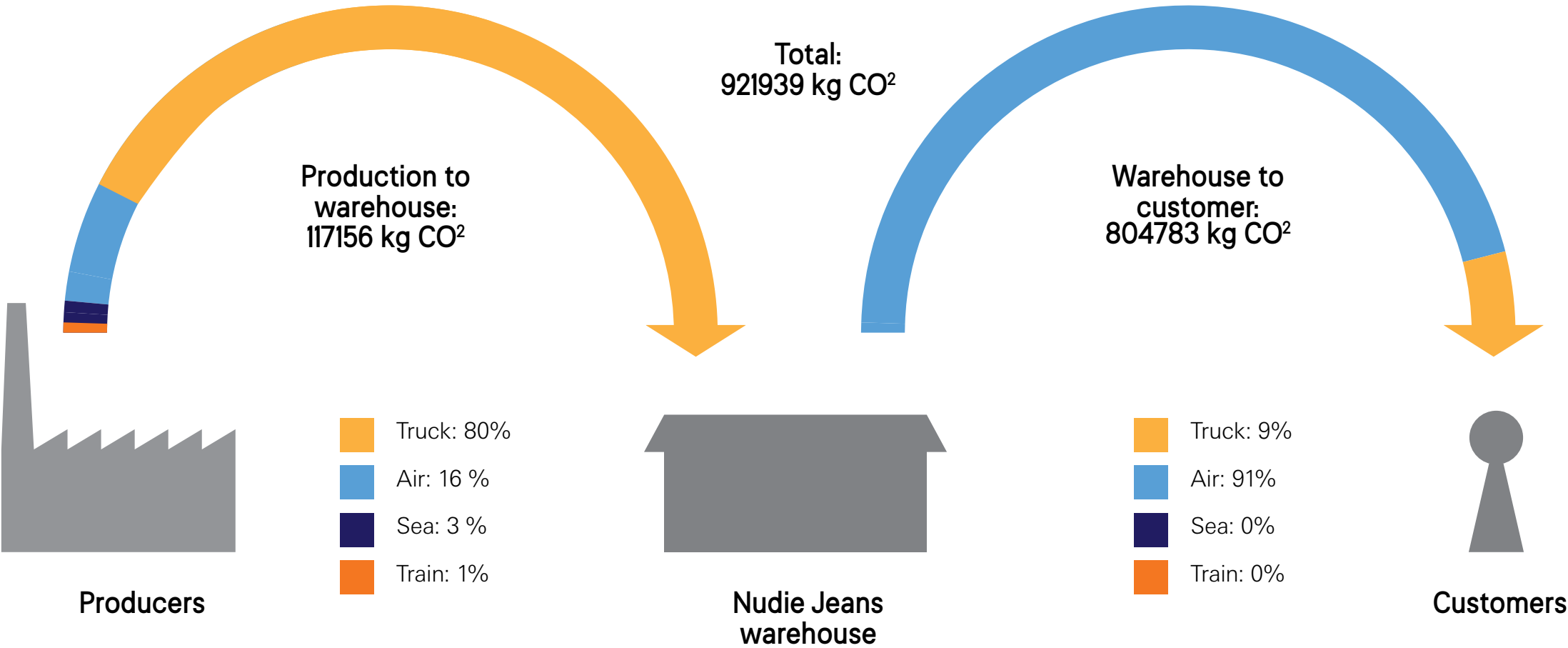


Transport

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

At Nudie Jeans we are always working to minimize our emissions. We try to pack our goods in the most effective way and we are working on our production planning allowing the suppliers to deliver according to the timeframe decided so we can ship as much as possible by sea freight and avoid airfreight where possible. During 2017, we lowered our total Co2 kg emissions by 10%. That was partly due to estimated numbers in the 2016 report. The incoming deliveries lowered their emissions by 22%, while the outgoing deliveries lowered their emissions by 8%.

Last year we managed to lower the emissions by airfreight as we made most of the deliveries by sea, and because we had lower volumes in general. The increased airfreight going out to customers is largely due to the fact that we have increased our online business by over 20% in the last year, so naturally transport and emissions have increased.





### Carbon offset

Since July 2016 we have been part of UPS' Carbon Neutral programme, where we counter balance the carbon dioxide emissions our exports have generated through carbon offsetting. The Carbon offsetting is achieved through different projects, for example reforestation or the development and installation of renewable energy power plants. The projects are verified by Société Générale de Surveillance (SGS). We estimate that we invest around EUR 7 200 for a whole year of carbon offset through the UPS Carbon Neutral programme.

In 2017, Nudie Jeans decided to expand its scope for carbon offsets to also include all business trips made within Nudie Jeans, as well as its transport, excluding UPS as they have their own carbon neutral programme. Within this report's scope we will only report the numbers for the trips made by employees of Nudie Jeans Marketing AB (Head Office). While recognizing the complexity and difficulties of carbon offsetting and knowing that carbon offsetting is not a long-term solution to the issue of increased Co2 emissions, we still want to take the opportunity to make a positive contribution to the climate, while flight travel and transport have their negative impact.

Therefore we have decided to support the Swedish Environmental NGO Naturskyddsföreningen (The Swedish Society for Nature Conservation)<sup>3</sup> in their work focusing on climate change. We have tracked and calculated the Co2 emissions created by our business trips, which in 2017 amounted to 1 354 kg Co2 per full-time employee. We have thereafter donated the same amount as we would have compensated through traditional carbon emissions to Naturskyddsföreningen's work focusing on climate change.

Our bags and packages supplier Avisera have created their own label for all of their bags and packages for which they plant trees to compensate the carbon emissions created throughout the production process. Since 2017, all our newly produced bags and packaging has been made under this label and in this way we support their tree planting activities<sup>4</sup>. During 2017, the production of our bags and packages have created 18 483 kg Co2 emissions and to offset this, Avisera have planted 2 567 trees in South America as part of their programme.

3 <https://www.naturskyddsforeningen.se/in-english/about-us>

4 <http://www.avisera.se/sustainability-2/100-climate-neutral-packaging/?lang=en>



# SUSTAINABLE PRODUCTS

From the raw material, throughout the full production chain, Nudie Jeans works with sustainability and responsibility to be able to create a sustainable product. But we do not stop there, through the work we do in our Repair Shops, offering free repairs, reselling second-hand products and reusing worn-out products we are also working towards creating more sustainable consumption patterns. We know that sustainable consumption is built on a diversity of different actions, and we hope to offer some of them. 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.

## Repair Shops

5 years ago, we took the decision to call all our stores "Repair Shops". We did this because for us, it is just as important to care for and repair the jeans we once sold, as selling new ones. The idea behind the Nudie Jeans Repair Shops is that they are hubs for our jeans to be repaired, resold as second-hand or even handed in to the Nudie Jeans recycling programme. 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.

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 try to use the most sustainable alternative when it comes to material choices. For example, we only use FSC labelled wood and Carb2 certified fibre 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 rebuilt to suit today's needs.





Break in

No matter what your Nudie Jeans looked like when you bought them, they all started out as a pair of dry denims. Even those pre-washed and pre-distressed favourites of yours were dark indigo denim at the very beginning.

For many people, nothing beats the smell of a new pair of dry jeans. Literally, it's the smell of craftsmanship. At every stage, from the harvesting of the cotton, through to the indigo dyeing and the weaving, down to the sewing, men and women have used their hands to create your jeans. And it's there, in the dry denim and in the subsequent act of breaking-in a pair of dry denims that the heart of Nudie Jeans lies.

When you slip into a new pair of drys, 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 who you are and what you're up to. Regardless of your lifestyle, your jeans become a log of the months gone by. If you wear your dry indigo dyed jeans

daily, you will end up with a one of a kind pair of jeans shaped by you.

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



Repair

Every pair of Nudie Jeans, no matter where you buy them, comes with a promise of free repairs. This is about more than just mending those favourite jeans of yours. It's about prolonging and giving the denim a new life. Each repair is a redesign and a mark of what has been. Repairs are a deeply rooted part of Nudie Jeans to encourage the care of things and repairing plays an important part in a sustainable consumption.

In our Repair Shops we offer free repairs on all Nudie Jeans. If our Repair Shops are too far away it is always possible to order a Repair Kit free of charge from our website. The Nudie Jeans Repair Kit contains thread, patches and a few more things necessary to do your own repair. During 2017 we also pre-launched our mobile Repair Stations. In 2018, the mobile Repair Station will be touring, making it possible to repair even more jeans.

In 2017, we repaired 49,235 pairs of jeans in our Repair Shops, which is around 5 200 more than in 2016. We also sent out around 2 000 Repair Kits, making it possible for our customers to repair even more jeans in their own homes.





# Reuse

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

The jeans that we sell again in our Reuse section are all washed and repaired, and ready to become a new customer's favourite pair. We are also proud of being able to label our Reuse jeans with "Bra Miljöval", the Swedish "Good Environmental Choice" eco label issued by Naturskyddsföreningen.

Nudie Jeans wants to take responsibility for the impact that we create, which is why we have chosen to explore ways of reusing the fabric of our old denim by turning it into new products that we can sell again as a first step before recycling on a fibre scale.

During 2017 we sold around 1 200 pairs of Reuse jeans and used around 1 200 pairs of old Nudie Jeans as raw materials for new Nudie Jeans accessories. The majority of the jeans given to us were reused as patches when repairing and prolonging the life of other customers' jeans.



1200  
sold re-use Nudie Jeans



# Recycle

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

In the exploration of recycling our own products we wish to keep the organic cotton separated and not mixed up with conventional cotton in the recycling process. In this way it can be used again as recycled organic cotton. By exploring ways of recycling our own products we know that the in-

put of recycled cotton is organic, as well as the input of new cotton. Our goal is to be able to create recycled and organic products.

To be able to reach this goal we need a steady inflow of our own denim to be used as raw material. This means that the more Nudie Jeans we can collect in our Repair Stores the better, both for reuse and recycling. During 2017 we collected around 7 460 pairs of old Nudie Jeans in our Repair Shops.

There will never be one universal solution to the challenge of closing the loop. We will need to find many different solutions, explore possibilities and create a variety of ways to reuse but also to recycle. It is in the diverseness, and the constant strive, that sustainability lies.



## Recycled cotton

Mechanically recycled cotton: The fabric is shredded to fibres again and new threads are spun. The recycled thread is not as strong as virgin cotton. A blend of 20% recycled cotton and 80% virgin cotton is among the highest proportion of recycled cotton possible to maintain a high quality fabric.

Chemically recycled cotton: The fabric is chemically separated to cotton pulp and thereafter regenerated into cellulosic textile fibres, such as viscose fibres. The recycled material will thereafter become a viscose fabric made of cotton cellulose instead of wood cellulose which is more common as a base for viscose fabrics.



### 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. Since 2017 we are also buying all of our paper bags, gift boxes as well as plastic bags for our online shop from Avisera's ÅterBära programme. This enables Avisera to invest in tree planting to counterbalance the Co2 emissions from the production of packaging materials.

When ordering products from our website they are delivered in plastic bags made from RE-LDPE and RE-HDPE, which is a recycled plastic comprising around 40 - 80% recycled materials and 60 -20% new plastic. This option is currently among the best alternatives with regards to sustainability and durability in plastic bags.





# COLLABORATIONS

To reach our goals to take responsibility for our impact, we cannot work alone. Collaborations are essential to smaller businesses. That is why we are open to collaborations with other brands. We are also part of different industry initiatives and working groups which all are steps towards working more in line with the 17th Sustainable Development Goal, which focuses on partnerships and collaborations necessary for sustainable development.





### Mistra Future Fashion



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

The programme 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 global competitiveness. Nudie Jeans is taking part in the research, particularly in relation to the recycling of fibres and reuse.  
([mistrafuturefashion.com](http://mistrafuturefashion.com))

### Amnesty International



For many years we have collaborated with Amnesty Sweden. Some examples are the Human Rights t-shirt competition in 2007 and the Empowerment Challenge in 2011. A part of our sales have been donated to Amnesty's work. Now we support Amnesty's work with children's rights by donating EUR 5 for each pair of children's jeans we sell. Every child should have the right to a safe childhood.  
([www.amnesty.org](http://www.amnesty.org))

### Italy Working Group

The Italy Working Group is an initiative where a number of brands wish to share experiences and collaborate with a view to improving labour standards in Italian supply chains. The purpose of the group is to educate brands on current labour standards and practices in Italy, develop strategies and approaches to improve labour standards and practices through Italian supply chains and share experiences in relation to Italian supply chains and efforts to improve labour practices.

### Alliance For Responsible Denim



Since 2016 we are part of The Alliance for Responsible Denim (ARD), a collaborative initiative from the House of Denim, Made-by, Circle Economy and the Amsterdam University of Applied Science. The Alliance gathers actors from the denim industry with the purpose of together taking steps towards a more sustainable denim production. The first objectives of the Alliance are to establish measurements, benchmarks and standards for resource use (chemicals, water and energy) and recycled denim. During 2017, we focused our engagement on the Wet Processing Benchmark working group, which aims to improve the environmental impact of denim finishing concerning chemical use. We are also following the developments of the second working group working with Post- Consumer Recycled Denim, where our largest denim supplier is an active member.  
([www.denimalliance.org](http://www.denimalliance.org))

### Fur Free Alliance



We signed the agreement Retailer Commitment Against Fur by Fur Free Alliance in 2015. The Fur Free Retailer Programme is an international initiative to provide consumers with accurate information about a retailer's fur policy, allowing them to make an informed choice when shopping. The programme recognizes and supports retailers who have committed to a no-fur policy. Taking an ethical and public stand against fur fashion offers us a chance to promote a public policy against violence and cruelty, and to lend its support to international efforts to end this unnecessary and cruel fashion choice.  
([www.furfreealliance.com](http://www.furfreealliance.com))



### 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. (www.swerea.se)



### 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. (textileexchange.org)



### Chetna Coalition

The Coalition is defined as a network of brands, suppliers, and producers with a mutual interest for collaboration on organic cotton growing. ChetCo's primary level of impact is economic sustainability, and as a coalition focused on the drivers of shared value for our partners, the top-priority lies in securing and improving the economic sustainability of the Farmer Producer Organization and raw material producer community we source from.

(www.chetnaorganic.org.in)

### Fair Wear Foundation

We have been members of Fair Wear Foundation (FWF) since 2009. Nudie Jeans fulfills most of FWF's management system requirements and goes beyond some of them. 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, Turkey and India, we have monitored nearly 100% of the 2017 purchasing volume and therefore meet the FWF's monitoring threshold. In addition, we also conducted audits in Portugal and Italy with an independent auditor.



A stable relationship with suppliers gives us a strong basis for effectively monitoring working conditions. In 2017 we became a member of the Living wage Incubator where we work with the challenges around implementing a living wage.

The latest Brand Performance Check is available on the Nudie Jeans website, as well as on the FWF website. Nudie Jeans have been in the "Leader" category since 2014. (www.fairwear.org)

### CSR Västsverige

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



### Global Fashion Agenda

During 2017, Nudie Jeans joined Global Fashion Agenda's "2020 Circular Fashion System Commitment". Global Fashion Agenda is a leadership forum with a mission to make sustainability fashionable by mobilizing the fashion system to change the way we produce, market and consume fashion. Every year, Global Fashion Agenda organizes Copenhagen Fashion Summit, the world's leading business event on sustainability in fashion. By joining the "2020 Circular Fashion System Commitment", Nudie Jeans has signed the commitment to be part of the transition to a circular fashion system. By taking on this commitment we have also created action points on how we will increase the volume of collected used Nudie Jeans in our Repair shops, increase the volumes of sold Reuse Nudie Jeans, and increase the share of garments made from recycled post-consumer textile fibres.

(www.globalfashionagenda.com)





# COMMUNICATION

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 in a transparent way.

We place great emphasis on employing sale staff in our stores who are aware of how we operate, that can answer all kinds of questions: from chemicals in the dying process, to working conditions, to 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, both in-store and online, that we have the opportunity to tell customers about our repair service, our sustainability work and that we offer 20% discount on a new pair of jeans when handing in an old pair, for example.

Apart from educating our store staff, we also, regularly, educate everyone working at our Head Office, in the wholesale department and the on-line shop so that everybody is kept up to date on the latest news regarding our sustainability work. For us, sustainability should not belong to one company department, it is something that is a part of everything we do, and a part of everybody that works with us. We get invited to talk



about our sustainability work, and how it has developed over time, at meetings and courses held within the textile industry or at universities, and we give several interviews a year to students and researchers. We are very open about sharing our knowledge because we believe we must work together to be able to develop further within the field of sustainability.

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. 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. 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. At Nudie Jeans, social media is the major tool for showing what we do and communicating with customers. In 2017 we had a few nice articles where sustainability was in focus as well as some highly viewed and liked posts on our Instagram, especially for the repair and reuse activities.

- <https://designforlongevity.com/articles/repairshopping>
- <http://www.twenty6magazine.com/issue-m/lifestyle/interview-sandya-lang-nudie-jeans>
- <https://www.glore.de/magazin/fashion/what-does-a-csr-manager-at-nudie-jeans-do-we-asked-eliina-brinkberg.html>
- <https://www.careofcarl.com/sv/carlmagazine/reportage/2017/12/26/nudie-jeans-en-studie-i-hallbara-jeans-medmansklighet-och-rockn-roll.html> (In Swedish)
- <https://justarrived.se/blog/> (In Swedish)

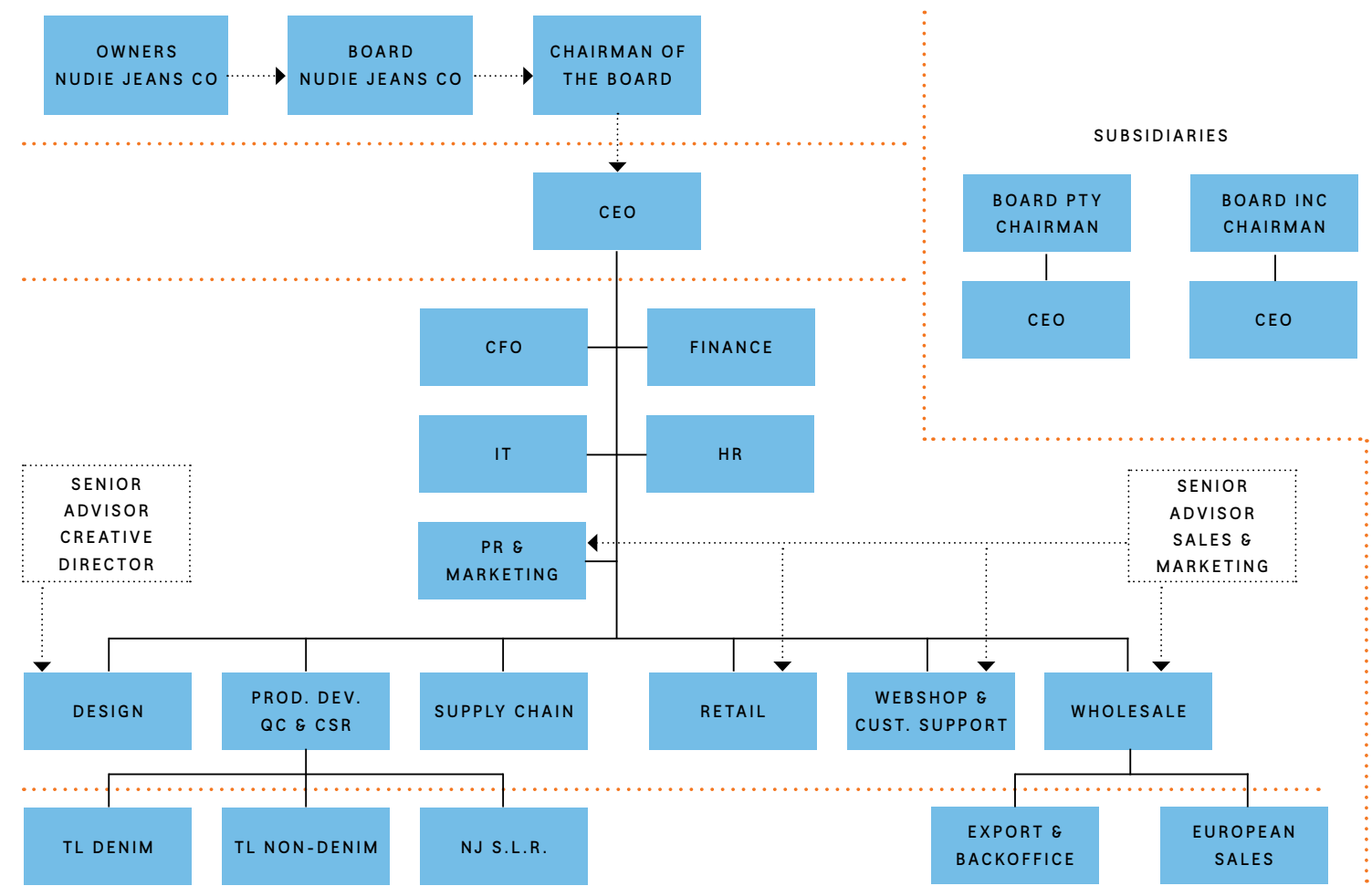
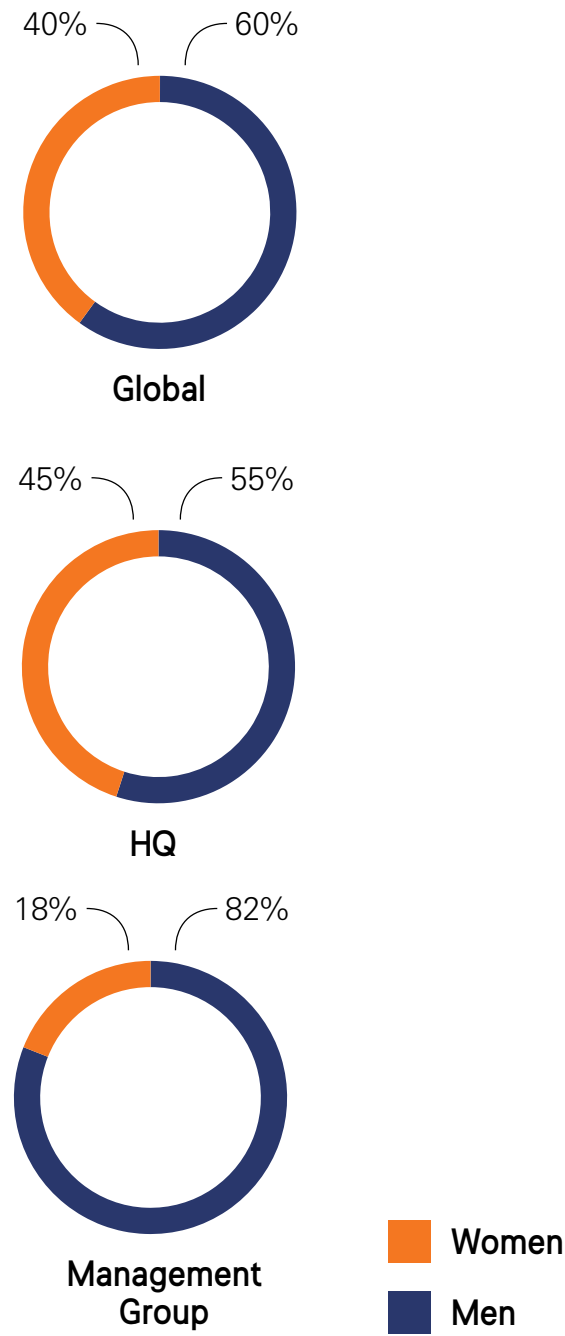


# NUDIE JEANS AS A WORKPLACE

All companies in the group are fully owned subsidiaries except where indicated in the group structure (Kamgarn AB 70% and Nudie Jeans Pty Ltd 60%).

At Nudie Jeans we see our employees as our most important resource and it is our employees, along with our collections, that provide the vigour and strength needed for Nudie's future. Nudie Jeans has 156 employees globally and the Head Office in Gothenburg employs 62 people. The management group consists of 11 members.

The Head Office covers all aspects of the business including design & product development, sustainability department, production, sales, finance, marketing, supply chain management and customer service, IT and HR as well as other functions such as an architect, a visual merchandiser, a photographer and a social media coordinator.





## Ethics and integrity

Our employee handbook contains terms and definitions of employment, including different policies and guidelines that among others cover ethics and integrity. During 2017 we have focused much of our HR work on our internal work culture. We have worked with both surveys of work environments and equality surveys, with the aim of defining areas such as: dismissive behaviour, unfair treatment, equality between sexes when it comes to salary, employment levels and other related areas.

It is our objective to provide a work environment free from elements that would deter our employees from doing their best. All concerns may be expressed through our open-door policy. The management at Nudie Jeans maintains this open-door policy to discuss any issues the employees may have. The management group has regular meetings where issues can be brought up both from a strategical and operational point. 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 discriminate, tolerate or condone discrimination based on age, race, colour, 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. A workplace with an equal division between sexes results in a more creative and stimulating climate to work in. For this reason, we try to ensure that all work teams are mixed. 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 employee achieve their highest potential. We will do our best to provide the opportunity and offer training and guidance whenever possible.



## INTERNAL SUSTAINABILITY WORK

### Enviromental diploma

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



We strive towards having control of, and insight into, not only our production chains environmental and social impact, but also our own Repair Shops and Head Office. It is important to under-

stand that our own day-to-day work also makes an environmental impact, and to explore ways of reducing it. To work with an environmental standard and to be audited every year is one way to keep that work alive and developing. For example, all our Repair Shops and Head Office uses electricity from renewable energy sources and we are increasing the portion and volume of sorted waste for recycling year on year.

### Just arrived

In 2017 we started a collaboration with the Just Arrived team<sup>5</sup> to find new colleagues with specific skills in tailoring to reduce the workload in our Repair Shops in Stockholm and Gothenburg. Just Arrived specialize in the recruitment of people who have recently arrived in Sweden and matches their skills to the needs of companies. The collaboration has been successful, and the new staff have added a lot of knowledge and positive contributions to the working atmosphere. Our work with Just Arrived started off with the ambition of increasing our social responsibility locally in Sweden and resulted in just another great way of finding new colleagues.

### Anti- corruption

Nudie Jeans goal is to work with suppliers that share our ambitions and values regarding human rights, labour practices, the environment and ethics. To achieve this goal Nudie Jeans has developed a scoring system which evaluates countries according to our values. The corruption percentage (0-100) index is one of the indexes that we have incorporated as a basis for the evaluation. In the sourcing policy there are different requirements for countries that are considered to be high-risk and low risk. As we do not have an anti-corruption policy we did not follow up on compliance related to anti-corruption and cannot report on incidents or actions taken.

### Data privacy

During 2017 Nudie Jeans has, together with our lawyer, started to map our internal structure of how to best apply our work with data privacy to comply with the new General Data Protection Regulation (GDPR) that will become effective from 25th May 2018. This work will continue during the spring of 2018. No complaints concerning breaches of customer privacy or losses of customer data have occurred during 2017.

5 <https://justarrived.se/>



## NEXT STEPS FORWARD

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

### Challenges

We would like to be able to guarantee traceability and transparency, even in the recycling programme, 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 programme, 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 and collect a higher number of re-used pairs.

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

The challenges of the living wages concept are to examine which other suppliers would benefit from the Nudie Jeans initiative, and how to develop and adapt the concept to different suppliers and countries. We also see a challenge in the up-scaling of these projects.

### Committments

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

We want to develop our repair- reuse- recycling business. We want to increase our sale of second-hand jeans, because prolonging the lifetime

of a garment is an unquestionable way of reducing its environmental impact.

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

We want to develop our living wages project, to include more of our suppliers. From our experience of working with living wages at our suppliers for the last five years, we know that we need to have locally adjusted implementation strategies. We will investigate all our main suppliers and their need for a living wage within the coming years.

As part of our “2020 Circular Fashion System Commitment” within Global Fashion Agenda we have created targets to increase our circulatory to 2020. The targets Nudie Jeans has set are:

- By 2020, we will increase the number of collected used Nudie Jeans by 15% globally.
- By 2020, we will increase the total number of Nudie second-hand jeans sold by 30% globally.
- By 2020, at least one style in our collection will be made of recycled post-consumer Nudie Jeans collected from our garment collection scheme



## STRUCTURE OF THE REPORT

Nudie Jeans sustainability report for 2017 reflects the activities performed at the Head Office in Gothenburg but also includes the impact we create through our production suppliers in Italy, Portugal, Tunisia, Turkey, Poland, Sweden and India.

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

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

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

cided not to report on this year due to the limitations of data from our suppliers.

### Materiality analysis

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

This is a GRI referred report where we have focused on Nudie Jeans Marketing AB as the reporting company, the data, socially, economically and environmentally presented in this report reflects the activities and impacts of this unit and its suppliers only. For coming years, we will consider including other companies in the group depending on their reporting availabilities. We have included all activities for the full year of 2017.

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

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

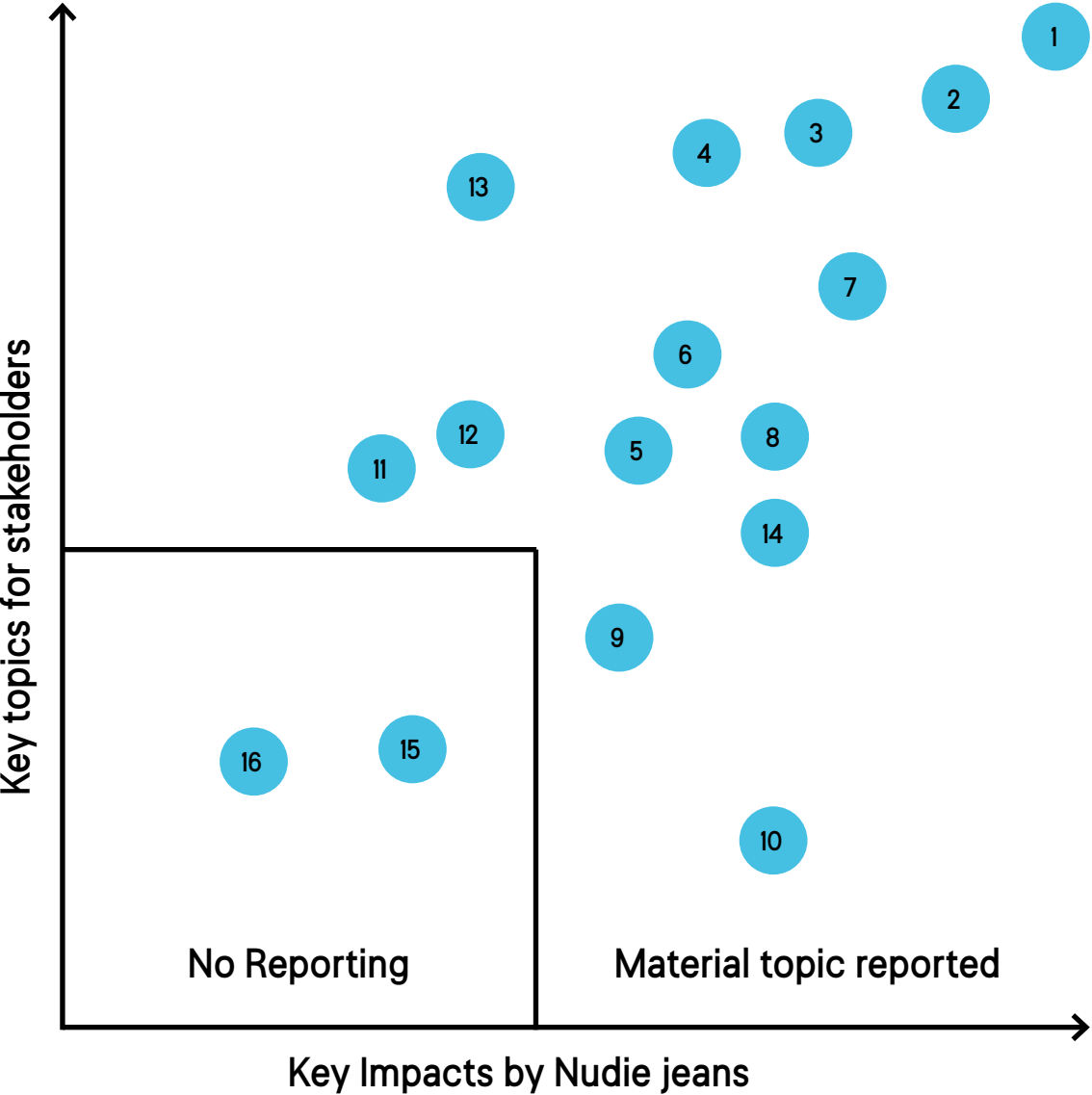
When writing this report, we had our primary stakeholders in mind; employees and customers, but the report is also directed at anyone with an interest in Nudie Jeans' sustainability work including NGO's, other brands or students.










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

The timeframe for creating this report has been narrow, we have allocated resources and we also invested in a digital sustainability reporting system, Worldfavor, to make this process more systematic. The sustainability report will be published around the same time as our yearly business report.



MATERIALITY ANALYSIS



OUR FOCUS AREAS	OUR PRIORITY TOPICS	SUSTAINABLE DEVELOPMENT GOALS	IDENTIFIED GRI STANDARDS	PAGE
Sustainable Materials	Design 1. Material & Certifications 14. Animal welfare		301: Material 303: Water	7-11 8
Sustainable Production	7. Fair Wear Foundation Code of Labour Practice 2. Transparency 4. Chemicals 5. Training 8. Living wages 6. Energy & Water	     	303: Water 302: Energy 306: Effluence and waste 401: Employment 402: Labour management relations 403: OHS 404: Training & education 405: Diversity & equal opportunities 406: Non- discrimination	19 19 9, 25 13 15-16 16 15-16 16 16
A Sustainable Product	9. Repair, Reuse 3. Recycle 10. Transport		407: Freedom of association 408: Child labour 409: Forced or compulsory labour 413: Local community 414: Supplier social assessment	16 14 13 14 15
This is Nudie Jeans	13. Internal sustainability work 11. Communication 12. Collaboration		401: Employment 418: Customer privacy 205: Anti-corruption 306: Effluence and waste 405: Diversity & equal opportunities 406: Non- discrimination	32 34 34 33 32 32
	Non-material topics: 15.socio economic compliance, 16.biodiversity			



THANK YOU

You have just read the Nudie Jeans 2017 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 the answer to in this report, we would be happy to help you via email, please contact: [sustainability@nudiejeans.com](mailto:sustainability@nudiejeans.com).

We are looking forward to yet another exciting year!

