



NUDIE JEANS

Social Report 2020

nudiejeans.com

Start date membership: November 2009

Reporting period: January 2020–December 2020

Nudie JEANS co


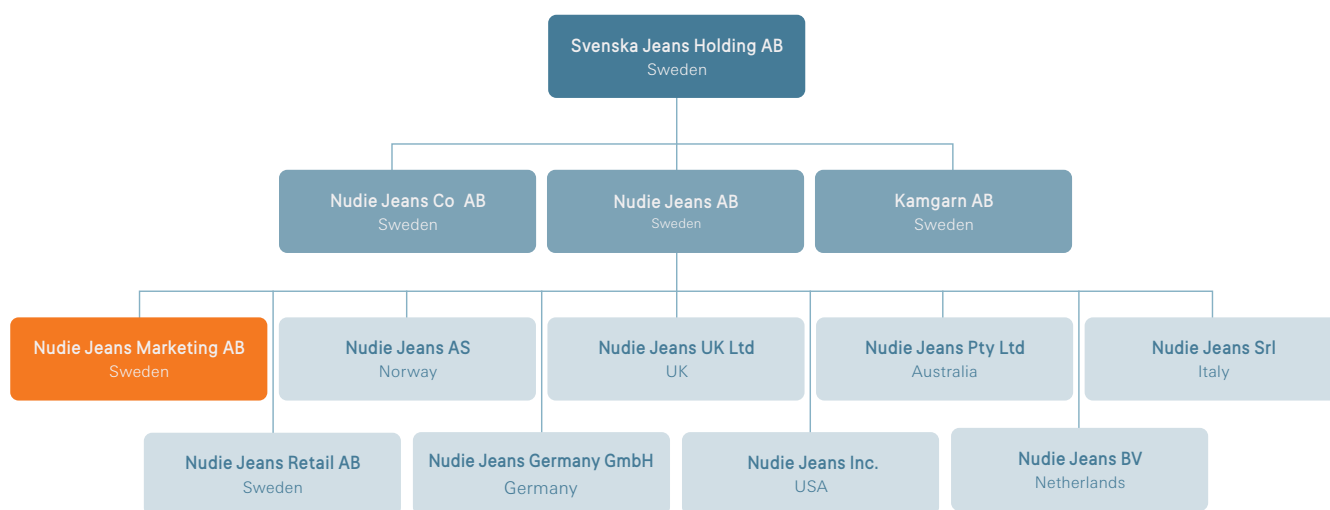


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1. Organisational chart

The organizational structure below shows the Nudie Jeans company group, consisting of thirteen entities where **Nudie Jeans Marketing AB** is the purchasing part and all transactions for production of our products are through this entity.



2. Summary: goals & achievements 2020

"In terms of our sustainability ambitions and work, last year made it even more clear that sustainability is one of our core pillars. Much of our sustainability-related work was carried out as planned despite that the pandemic affected our daily life and other parts of the business. We managed to complete some long-lasting projects such as Product transparency and GOTS certification and started some new ambitious work such as the grievance and capacity building program in Turkey. Our long-term focus on sustainable services makes us an even stronger competitor on the market post-Covid-19, and giving us loyal partners, customers and employees, and hope for the future."

//Joakim Levin CEO Nudie Jeans

In 2020, we performed a total of 8 audits, four in India, two in Tunisia, one in Portugal and one in Germany. The audits carried out in India and Tunisia were conducted by Fair Wear Foundation's (FWF) audit teams, and the audits in Portugal and Germany were performed by independent consultants. During the year, we also worked on following up the audit results and non-compliances from the previous year although the work shifted focus from regular audit follow up to Covid- 19 follow up at the suppliers.

The number of worker complaints was, despite the pandemic, low with two complaints from employees at one of the Turkish suppliers. The reports of these complaints are publicly available on the FWF website.

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. Therefore, for several years, we have involved our suppliers and their employees in the popular FWF Workplace Education Program (WEP). In recent years, suppliers in India, Turkey and Tunisia participated in the Fair Wear Foundation's WEP. Nudie Jeans facilitated and paid for training at the suppliers. To support our suppliers in implementing our code of conduct we had plans to train suppliers during the year, due to the pandemic we only managed to hold WEP training at one subcontractor in Tunisia.

Our engagement with suppliers continued but we also carried on with collaboration with other FWF brands and initiating cooperation with other brands regarding remediation work and improvement work at several of our main suppliers in Italy, Tunisia and Turkey. We are also collaborating with researchers analysing our sustainability work.

In 2020, we continued to support our suppliers through the pandemic, below is a list of actions in the supply chain.

- We conducted a risk analysis for each production country to understand where the biggest risks in our supply chain were.
- We had close dialogues with our suppliers and monitored developments in each production country.
- We paid manufacturers for finished goods, and for goods in production.
- We reduced and reorganized orders, some of them to accommodate the capacity at the suppliers.
- We did not cancel any ready orders.
- We prefinanced organic cotton seeds for the Indian cotton farmers and prepaid fabrics to selected suppliers.
- We made additional advance payments for salaries at selected suppliers as part of our living wage program.
- We provided flexible delivery dates.
- We were flexible with production locations on suppliers' request, within our monitored supplier base.
- We continued to monitor developments in each country and acted responsibly toward all our stakeholders, including retailers, throughout the year.

- We provided informational videos for employees of suppliers in India and Turkey.
- We participated in social dialogues on numerous occasions during the year, with a focus on COVID-19 in the producing countries, with stakeholders from the community, third-party organizations, suppliers and NGOs in producing countries (FWF, Cividep, SAVE, COVID Fashion Commitments, Fair Action and ETI, among others).
- We sent out a survey to map the impact of COVID-19 on suppliers.
- We supported many of the global initiatives released during the year, including the ILO – Call to Action, the COVID-19 statement from the MSIs including Fair Wear Foundation, and the Ethical Fashion Report's COVID Fashion Commitments.
- In addition, we signed up for the 2020 Circular Fashion pledge, committing to help achieve UN Sustainable Development Goal 12 and to increase work toward a more sustainable and responsible industry.

Besides the continuous improvement in the supply chain, we intensified the transparency work and our support of the cotton farmers in Turkey by joining the Sag Salim program. We have put continuous focus to our climate work and started to map our emissions according to the Green House Gas Protocol.

In 2020, we participated in more than 130 interactions including interviews and public speeches, to share our knowledge with different networks, PhD and undergraduate students, researchers, and journalists. Included in these interactions were the 46 public speeches we held globally and digitally, including presentations and panel talks, at various online events with different target groups and purposes.

We are very proud of what we have accomplished so far, and by continuing our practical approach to sustainability, we will take further steps to maintain our leading position in the denim industry. In the coming years, the focus will be on adapting the business model to future challenges and to take an active part in working towards a more sustainable society.

3. Sourcing strategy

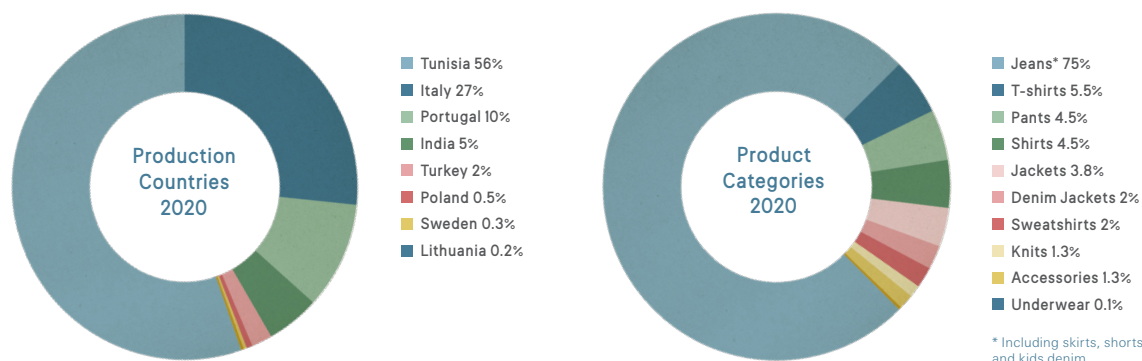
3.1. Sourcing strategy & pricing

Nudie Jeans is not an aggressive sourcing company, we are working with suppliers that we have established a good relationship with and that share our values. When we do need to find new suppliers, we will either look for these ourselves or our agents will suggest new ones. We always visit the production location and discuss our criteria with the management before production starts. All new suppliers need to meet Nudie Jeans' expectations regarding quality, price, product development, lead-time, working conditions and ability to work with sustainable materials. In order to assure this, we developed our sourcing strategy, where all suppliers must:

- Sign the Nudie Jeans code of conduct before production starts (if a direct supplier).
- Have documented high social, ethical, and environmental ambitions.
- Have vertical manufacturing or a limited number of subcontractors.
- Be transparent regarding all units in their production chain and open to auditing as well as be visible on our production guide.
- Have the potential for a long-term partnership and growth with Nudie Jeans.
- If located in a high-risk country, demonstrate a democratic environment in the workplace.
- If located in a high-risk country, be able to show proof of decent working conditions.
- Agree to FWF Workers Information sheet to be posted and allowing access for the audit team.
- Sign the Nudie Jeans Chemical Policy.

In 2020, due to the pandemic we did not have the chance to visit all of our suppliers. In normal cases, when choosing a new supplier, we always evaluate them from a health and safety perspective, previous audit reports are collected, and the code of conduct is explained and discussed with the supplier at an initial visit at the factory. The willingness of the factory management to cooperate and be transparent is a very important element when deciding to start a business relationship. We have an audit assessment manual which we use to evaluate all new possible collaborations.

In 2020, our production based in Europe reached 38%. During the year, the division of production per production country, based on total production value in 8 countries, is shown below:

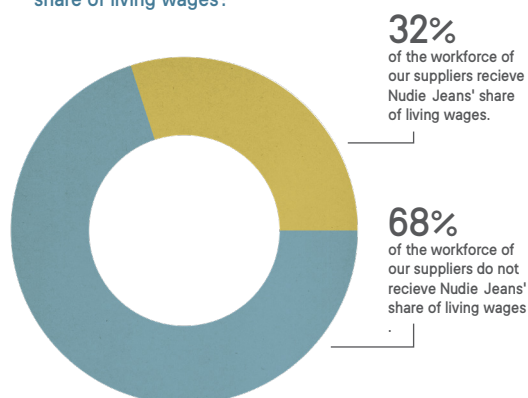


According to the latest Brand Performance check, 88% of our production volume are produced at suppliers where we have had a business relation for at least five years and 78% of our production volume comes from production locations where we buy at least 10% of the production capacity.

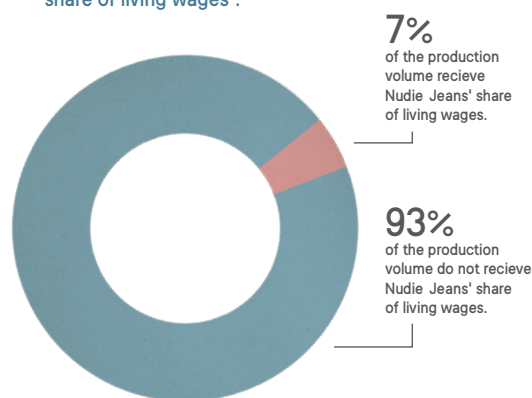
NUDIE JEANS PURCHASING PRACTICES

Nudie Jeans strive to have long term relations and healthy discussions with all our suppliers. The Nudie Jeans purchasing practices include forecasting, production based on actual orders and for some products, prefinance of organic cotton seeds and forecasting of the cotton volume. The product prices are subject to discussions mainly if new technologies, treatments and other details are added, but considerations for sustainability aspects such as certification costs, labor wage costs, our share of living wages and Fairtrade premiums are also an important part for our buyers to consider in the discussion with suppliers.

Employees in the supply chain who receive Nudie Jeans' share of living wages¹:



Proportion of the production volume in which employees receive Nudie Jeans' share of living wages²:



¹ & ². Calculated on tier 1 and 2 suppliers. In addition, we pay our share of living wages to 836 employees in Tier 3.

Since 2013, we have been paying our share of living wages for our products at selected Indian suppliers, and during the last years just over 2450 workers have received an additional amount from Nudie Jeans, as a step toward increasing wages at selected suppliers.

At most of our suppliers, wages are collectively bargained, especially in Europe. 3,514 employees at our suppliers in Tier 1 and 2 are covered by a collective bargain agreement (CBA), which is 43 % of the workforce and 93% of the production volume. Adding the number of CBA-negotiated wages to the share of living wages paid by Nudie Jeans listed above, 5,969 employees in 2020 – 74% of the workforce in our supply chain³ – received either salaries according to their negotiated CBA or an additional amount paid by Nudie Jeans, representing around 95% of our production volume. This leaves about 26 % of employees in our supply chain who are paid a salary not collectively bargained, being above minimum wage but below a living wage, representing 5% of the production volume.

In 2020, we initiated discussions on implementation of our share of living wages at our leather supplier in India, and our shirt supplier in Turkey and both suppliers were enthusiastic about it which will be of great importance working on the implementation in 2021.

3.2. Production cycle

During the past years we have reworked our production cycle, where the sales periods are shorter while the production periods are longer. As a result, the production is less time-pressed which decrease the risk of short deadlines and overtime work. We also have an open dialogue with our suppliers regarding their peak and low seasons, where we try to place orders/styles that are running during the whole year more specifically to the supplier's low seasons to balance their workload. The suppliers are receiving the orders from our own retail, online and wholesale sales departments at the same time. If new fabrics are needed, a pre purchase of the fabric based on estimated quantity can be made to make sure the production lead-time can be kept. The lead-time for production varies for different product groups, if a new fabric is developed or if we are using stock yarns.

For garments with longer lead-times for fabrics and production of for example outerwear, we pre estimate the quantity and send the orders approximately one month earlier than other orders. For example, for denim production and t-shirt production, from the date when the factory receives the order, they have 12 weeks to produce before dispatch from the factory.

We have today four collections a year (Spring, Summer, Fall and Winter) where Spring and Fall are main collection and Summer, and Winter are smaller collection. We also have two capsule collections and in addition, running styles all year around, which are never out of stock items.

In 2020, none of the audits showed excessive overtime, but two of the audits showed that the factory did not have a proper working hours registration system.

In 2020, due to covid-19 we reduced the Winter 2020 collection, as there was not enough time for the retailers to sell the previous collection. The reduction of orders was taken strategically on the planning and development stage, in the early stages of the pandemic. We focused on a tighter collection, with items easier to sell online. The core products with fabrics on stock were bought as reorders throughout the year, giving the suppliers a better planning for the production. Overall, this strategic planning has been given us, our suppliers, and our retailers better possibilities to handle the daily operations during the pandemic.

3.3. Factory Relations

Under normal circumstances, we always visit the suppliers before taking a decision of sourcing. When on site, we make a visible inspection of the factory as well as discuss sustainability issues with the management to get an understanding of their view on this work. If we look for a new supplier, it is important for us to know that the supplier share our sustainability

3. Calculated on Tier 1 and 2 suppliers.

vision and the concern for environment. We are also asking for the possibility to read existing audit reports, and we check during the first visit what has been implemented of the findings. All staff visiting suppliers on Nudie Jeans behalf uses the Nudie Jeans supplier assessment manual and checks general points for improvements and possible risks. The visits are normally done together with the sustainability manager, buyer and/or the head of product development.

In 2020, we were not able to make visits at our suppliers and we have been using some subcontractors that has been visited by Nudie Jeans country representatives but not by Nudie Jeans employees from the head office. No new main suppliers were used during 2020. Throughout the year we had online meetings with our suppliers to follow up on the covid-19 situation as well as general updates regarding environmental and social sustainability as well as maintaining the relationship. None of the online meetings included a virtual tour of the factory floor so the information regarding the situation in the factory has been based on email, meetings and visits from our local representatives in cases whenever visits were possible.

3.4. Integration of monitoring activities and sourcing decisions

During the year, sustainability, supply chain and product development department have regular evaluations of suppliers, where we discuss how they perform. The sustainability manager is responsible for bringing up critical issues related to working conditions or health and safety risks that might affect the production. When Nudie Jeans place orders, the key factors are quality, price, working conditions and the ability to meet our environmental requirements. As we mostly have only one product type made at each supplier, the order stock fluctuates with changes in sales. This means that it is hard for us to reward a supplier with more orders when they improve their performance regarding to code compliance. We do not weigh in sustainability when we divide orders between suppliers as we believe that all our current suppliers are on a high level and the decision is more due to technical issues and choice fabrics connected to a certain supplier. A more formal way of evaluating suppliers were discussed in 2020 and is going to be implemented in 2021.

Our ambition is to cooperate and work with other clients using the same suppliers as we do. In 2020, we have done so with several FWF members as well as other companies. In our cooperation with these brands, we have shared our audit reports, updates on CAPs and encouraged them to join our living wage efforts. We plan to continue this cooperation in 2021 and expand it to other factories where we see a need for this.

4. Coherent system for monitoring and remediation

When we plan for coming audits and select suppliers to be audited, we make an evaluation based on the current status of the supplier; if and when the latest audit has been done, status on improvement work, status on complaints and the related communication and follow up. If we have any new suppliers, we strive towards auditing them in an early stage of the cooperation. We are working with the goal of re-auditing suppliers each 2–3 year if the follow up and the remediation work is running smoothly. If we see the need for a re-audit or a verification audit at a supplier before this time interval, we have the economical flexibility of planning for audits more frequently. We work with the same audit strategy for all our suppliers, based in low- risk as well as high risk countries, including subcontractors. The corrective action plan gives us a very good overview of the current situation and pinpoint the most important areas for improvement which also helps us prioritise our follow up work. We can see that the issue with Payment of Living wages is an important topic throughout the supply chain and is also one of Nudie Jeans focus area.

Factory	Country	Product Group	Production Process	Auditor
Berning	Germany	Trims	Button manufacturing	Most CSR
Inovastamp	Portugal	T-shirts	Printer	Pedro Martins
Universal colours of Tunisia	Tunisia	Canvas	Printer	FWF
Chennai management services	India	Leather Jackets	CMT	FWF
Denim Authority	Tunisia	Jeans	CMT	FWF
Sustainably crafted clothing	India	Shirt	Sewing (no orders placed in 2020)	FWF
Suvastra	India	Shirt	Sewing	FWF
Global wash care	India	Shirt	Laundry	FWF
Professione Moda	Italy	Jeans	Sewing	Most CSR

During audits, a corrective action plan (CAP) is written with a time frame agreed between the auditor and the factory management. Relevant Nudie Jeans staff is informed about the outcome of the audit and the CAP.

The follow up of the CAP is coordinated by the Nudie Jeans sustainability manager. The first step will be done through email communication in which the supplier updates Nudie Jeans on the progress. At a second stage an on-site visit will be scheduled. In cases where we have agents, such as Portugal, they will be involved in the follow up visits.

Nudie Jeans strives to have a close communication with the supplier regarding the measures taken to improve working conditions. This includes discussing how Nudie Jeans can assist the supplier in reaching the corrective actions required. Documentation of the progress with the CAP is done in a CAP-excel sheet and kept on the common server at Nudie Jeans.

4.1. Berning/Germany

Bering and Söhne is our button supplier, mainly for our denims but also for our canvas and tops.

The audit was carried out by an auditor for MOST CSR, an Italy based consultancy firm who are following the methodology from FWF. Nudie Jeans had two representatives on site at the day of the audit. There were only three findings:

Communication and awareness: some of the employees were not aware about the Code of Labour Practice and other guiding documents. This was remediated immediately by informing about the Guideline to Social Accountability to all employees. Evidence of a fire drill was not in place; it was then planned to be hold in May 2020 but was postponed to 2021 due to covid-19. At the entrance of Production area, the pedestrian crossing was not clearly defined, special topic for Visitor. This finding was remediated immediately by definition of crossing areas refreshed / repainted, Crossing areas was also marked on the Floor.

4.2. Inovastamp/Portugal

Inovastamp is one of the printers used by our main supplier Gabritex. We made a visit in 2019 and the first audit in 2020.

The result of the audit was connected to the construction of the building which was under work. The finding was around the management system, lacking fire training, emergency alarm system, fire and evacuation training and grievance channels for the employees. Of these findings only the one related to a grievance channel were implemented, the others have been postponed due to covid 19.

4.3. Universal Colours of Tunisia/Tunisia

The audit at Universal Colours of Tunisia was a follow up audit after the last verification audit.

Some of the previous findings were corrected, but there were also some new findings. The audit and WEP training were carried out just before the pandemic, but the lock down and general situation has affected the subcontractor to remediate the points in the Corrective action plan. During 2020 the factory made some improvement for example developing the disciplinary policies and made the employees aware of it and the worker's representative took part of the audit result

The remaining points to correct is about safe and healthy workplace, bonus payments and factory communication and we are working on the follow up in collaboration with our main supplier Denim Authority.

4.4. Denim Authority/Tunisia

Denim Authority is our main supplier for denim and thus an important partner. The audit was carried out in October 2020, and we have been working on the follow up in collaboration with another FWF member. Some of the findings from previous audit has been corrected, for example occupational health and safety training, fire and evacuation training and certifications for ISO 45001, ISO 9001, GOTS and ZDHC certification and BSCI audits (Score A). Moreover, the company has an independent medical service, with regular monitoring of the workers' state of health. The occupational physician visits the company 3 times a week and conducts awareness-raising sessions on various OSH topics and dangerous positions. The company has an agreement with a midwife who visits the company once a week.

Regarding the safety measures, things that were improved from previous findings: the fire detectors were installed in the sewing unit, the cutting unit, the storage, and the washing unit. Emergency exits routes are marked in all workshops. Emergency exits are in sufficient number, indicated, equipped by anti-panic doors and with emergency lights. A new and spacious chemical warehouse was organized, well ventilated, well lighted, and clean.

The most urgent points in the corrective action plan are including the topic of living wages, factory communication and working hours. In detail, the factory did not yet calculate on a living wage benchmark for the local area, there were a need for further awareness training among employees, and an approved working schedule by the labor inspection was missing. In addition, there were some points related to safe and healthy working conditions; PPEs are not used by all employees even if they access to it, some policies are missing, and the country specific issue with short term contracts. The follow up is ongoing and has been carried out through online meetings in 2020 and early 2021.

In end of 2020, we also engaged Denim Authority in a pilot program regarding recycling of our post-industrial waste, a collaboration with UNIDO⁴ to develop the recycling industry in Tunisia.

4.5. Chennai Management Services/India

Chennai management Services is our supplier for leather jackets. The audit at Chennai management services was followed a visit in 2019.

The findings were mainly related to factory communication, freedom of association and safe and healthy working environment. All the findings were closed in within the timelines agreed, only one point regarding installations of smoke detectors were postponed being decided in 2021. In 2020 we also started to discuss the implementation of our share of living wage payments at this supplier which will be implemented later in 2021.

4.6. Sustainably Crafted Clothing/India

During 2020, our main supplier Dibella was presenting this new supplier Sustainably Crafted Clothing (SCC) to us. We visited the site in November 2019 and discussed potentially to place orders here. we had an audit done here in mid-2020, and we will place the first orders in 2021. The findings, which were few for a completely new factory, were remediated within the set timeframe, except for two findings which will be closed within June 2021.

The findings were classified as medium and related to awareness and health and safety at the workplace, and consisted of lacking emergency signboard above the canteen, pest control to be done in the canteen, forklift should be used, signboards for the surveillance cameras among other things.

Our share of living wages is planned to be paid to the SCC once we start production there.

4. nudiejeans.com/blog/sustainability-is-no-longer-a-trend-it-is-a-profound-change-for-a-better-future

4.7. Suvastra/India

Suvastra is one of our shirt suppliers, located in India. The audit at Suvastra was done in November 2020, capturing the situation after many months of covid restrictions. Suvastra faced major labor loss when many of the employees travelled back to their native villages after locking down. Some workers returned while others are still absent, this has put the factory in a complex situation – to recruit new employees or wait for the absent employees to return. The worker situation has affected the awareness of health and safety and other procedures among the workforce as some of the ones leaving was also part of the worker committees. The finding after the audit showed most issues in regard to this; lack to awareness and training.

4.8. Global Washcare/India

Global wash care is the laundry we use for our shirt and connected to the stitching unit of Suvastra.

The audit was carried out in mid-December 2020, and the findings were mostly related to payment and safe and healthy working conditions. One example was that bonus was not paid in full during 2020 to employees, the supplier could only pay 50% of the bonus, due to the financial situation caused by covid 19. In this case, our main supplier Dibella decided to pay the pending bonus to the employees of Global wash care. Most of the findings were remediated within a month, but some points regarding the awareness and training will be improved in the coming months.

5. Complaints handling

In all production units, including subcontractors, we have posted the Code of Labour practice in the local language for the employees to read. The content should also be informed verbally to the workers by the factory manager or through trainings. This is how the employees learn about the FWF complaints system, as well as through the WEP trainings focusing on workers' rights.

When receiving a complaint, we immediately have an internal meeting or meeting with other FWF brands to set a strategy as complaints are handled differently depending on the situation. In most cases, we inform our main supplier directly that a complaint has been filed and try to give all details without disclosing sensitive details about the plaintiff. In some cases, the supplier will then investigate the complaint further, in other cases, or as a second step, we will visit the supplier directly. In certain cases, we can involve our local production team or an NGO we collaborate with. A direct visit will usually be accompanied by an external consultant or an FWF audit team.

We consider a high number of complaints to be a positive sign; it shows that workers understand their rights and have the courage to file a complaint.

In 2020, despite the pandemic, only two complaints were registered. This was initially a concern, but as we have increased efforts with training and visits in the previous year, making sure that employees can access the complaints number in the factory or dormitories, and we have had dialogues with local NGOs concerning the welfare of the workers, we conclude that there might be a delay in the complaints from the suppliers heavily affected by the pandemic and more complaints might be expected for 2021.

CASE 1, TURKEY

The complaint states that an anonymous complainant (most probably factory worker he/she) felt maltreated (verbally) by an administrative staff member (he/she). The details of the problem are not disclosed. The complainant also mentioned he/she is very pleased with the owner of the company. Salary and overtime payments are paid officially. Their main concern is the behavior of that administrative staff.

The remediation process included consulting the factory top management and FWF training team and FWF brands sourcing at this supplier.

The discussions included defining a quick and pragmatic action plan to tackle the complaint was very transparent, very straight-forward, involving realistic and important perceptions of the world and world of work during a pandemic and after a heavy earthquake which shook everybody in the Izmir area. The factory management and the brands are aligned and emphasize the importance of making sure that nobody (no worker, no admin staff, etc.) should face any disadvantage as an outcome of solving the complaint.

The factory will conduct separate communication meetings emphasizing the importance of non-violent communication.

A WEP training on communication and non-violent dialogue is welcomed at the factory and will be offered to be planned and scheduled in the new year 2021 by the member brands. The complaint was registered as resolved in December 2020.

CASE 2, TURKEY

According to the complainant, some workers felt pressured to work overtime for a period of three months. The complainant claimed that, the workers who had a closer relationship with the line supervisors were not obliged to stay for overtime work and could go on leave easily. According to the complainant, the rest of the workers were afraid of saying that they did not want to stay for overtime. The complainant claimed that when this was requested, the line supervisors responded in saying that it is peak season, and they did not give permission.

According to the factory it is another side to the story and explained the situation with the workforce:

- Over time is especially made in peak seasons and impossible to avoid because brands can accept 1–2 weeks delay only. This means that the production needs to be more efficient.
- Over time is freely chosen. The factory owner holds a speech each week (started with this 4–5 months ago) to share the importance of working safe, health is priority, to share production planning and informs to everyone what is expected planning wise if OT might appear and requests who is able to work more. The reason for this speech is because the conditions change all the time (with respecting rules and regulations on OT)
- If people do not want or cannot work OT is not obligatory and for that reason people are free to decline OT and it is not forced! The factory management spreads this message with all workers. OT is freely chosen and there is no discrimination on this because people can decline.

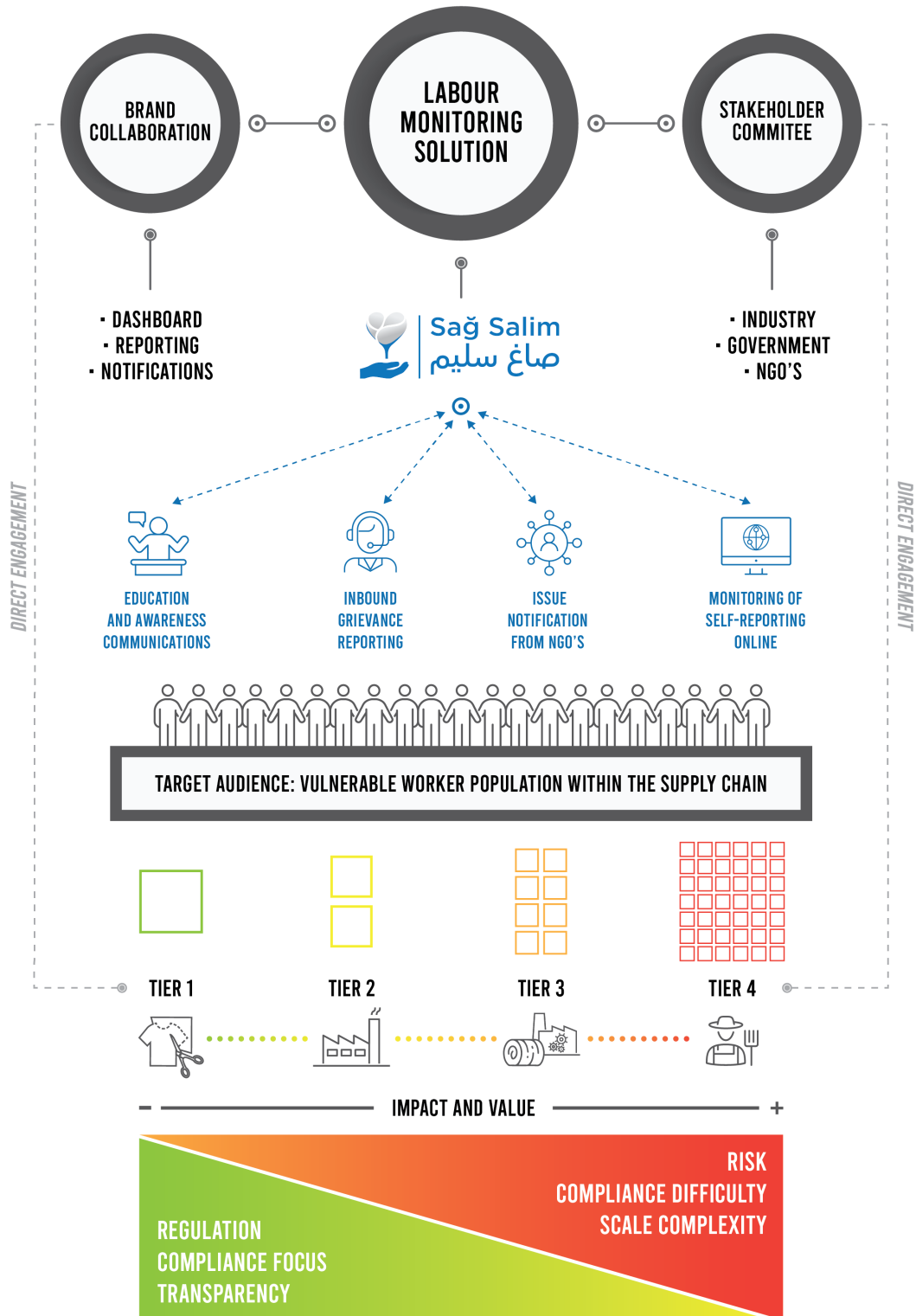
The FWF brands sourcing at the factory agreed in discussion with the factory to organize:

1. Online supervisor and management training: on short term they want to make an online session for the line supervisors and the management at the supplier with focus on communication. Reason why this is proposed, is to have an effective training on short term which is specialized and only focusses on the line supervisors and management communication, so that the situation can be improved where possible at this moment until the onsite factory social dialogue training can take place.
2. Factory Social Dialogue training: End April/May we want to organize the factory social dialogue training.
3. Second, on site follow up supervisor and management training: The second, face to face follow up session of the online supervisor and management training, touch base on the situation, improvements made.

In addition to the FWF complaints handling, we have engaged in the Sağ Salim program in Turkey. The program is a due diligence program developed in 2020 by Outland Denim in collaboration with Precision Solutions Group (PSG) to support the most vulnerable workers in the garment industry's supply chain. Nudie Jeans joined the program in October 2020.

The program actively seeks out instances of deliberate exploitation, slavery, and unsafe working conditions and puts methods in place to resolve them. The areas targeted are, but not limited to, organic cotton farms in Izmir region in Turkey from which Nudie Jeans denim's cotton is sourced, but also aims to cover other tiers of the supply chain. The Sağ Salim program directly engages with workers to provide a persistent labor monitoring solution across multiple tiers in the supply chain and leverages a cross-sector stakeholder committee to investigate and remediate issues. Below is an illustration of the Sağ Salim Framework.

Sağ Salim framework developed by Precision Solutions Group and Outland Denim.



6. Training and capacity building

6.1. Activities to inform staff members

We normally conduct sustainability themed presentations, including information on the FWF membership, several times a year for both global wholesale sales staff as well as the staff in our own Repair Shops. These presentations are often a mix of both information on Nudie Jeans general sustainability work, and how we are working with FWF and what the membership means, but also more interactive parts such as quiz and case discussions. These presentations are often very appreciated as it reminds everybody of the important work that we do, and it puts a reality and purpose behind the work, beyond only selling products.

In 2020, employees at the head office, the global sales offices and store staff have been continuously updated on progress and relevant information in meetings as well through our project management system, Asana. A monthly sustainability newsletter is sent to all staff of Nudie Jeans as well as to all agents and staff in production countries. By educating the salesstaff in the shops we have a great opportunity to spread the word of what we are doing directly to the customers.

6.2. Activities to inform agents

All production agents and Quality controllers are receiving the monthly sustainability newsletter, which includes information on audits in production countries, articles and other work related to production countries and sustainability.

The agent we are working with in Portugal have worked for us for many years and are well updated on how we are working with the code of labour practises. Even if Portugal is rated as a low risk country, Nudie Jeans are working with equally rigid audits and follow up work as with suppliers based in high risk countries. Therefore, we are also very conscious about keeping our agent up to date, and to involve her in the continued communication on follow ups and the remediation we do with our suppliers in Portugal. The agent Nudie Jeans work together with in Turkey are themselves very committed to sustainability issues and developments and are used to help us follow up according to FWF standards.

6.3. Activities to inform manufacturers and workers

We have instructed all our suppliers to post the FWF Workers Information Sheet at all production sites including subcontractors such as laundries and pressing houses. This is also checked when we visit the suppliers. It is required to put up the posters in all relevant languages in many locations if the factory is spread over a large area.

The FWF Worker Education Program trainings was held at one factory in Tunisia in 2020. We also provided the suppliers with information videos to show for their employees concerning their rights and issues related to covid-19.

In recent years, suppliers in India, Turkey and Tunisia participated in the Fair Wear Foundation's WEP. Nudie Jeans facilitated and paid for training at the suppliers. The training in Tunisia was a follow-up of the audit result at this supplier where awareness raising was needed, and included an introduction to FWF, FWF standards, communication as well as information on the complaint's mechanism.

The feedback from the WEP trainings over the years has been very positive. Workers were happy to attend this training and provided feedback that they had a better understanding of FWF Code of Labour Practice.

7. Information management

In 2020, we have worked with collecting the Workers info sheet and signed questionnaires. Our renewed project around product transparency was a good starting point when communicating with suppliers on product locations throughout our supply chain.

In addition, we have our own staff as well as good communication with our main suppliers to identify the subcontractors in our supply chain.

8. Transparency & communication

We have, for the first year, reported on our sustainability work in the Brand and Retail Module (BRM) of Higg. This module enables us to track, measure and share our sustainability work with value chain partners. From next year we will be able to share the result with the public, as the reporting will be going through a third-party verifying process. The reporting on our sustainability work through the BRM have worked as an inspiration to develop certain aspects of our sustainability work as well as shed lights on the part of this work that needs further developments. We were incentivized to take part in the module by Zalando that will use the BRM as a way tracking the developments of the brands that the platforms work with.

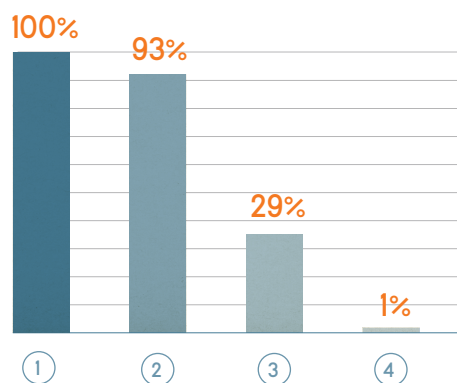
We support the **Transparency Pledge** by having a full list of all our suppliers available for download on our website, that includes supplier from the raw material stage and onwards to the sewing of the garment. To show this amount of information is unique. At the time of this writing, we have about 25 sewing suppliers, 28 subcontractors for laundry, printing, and embroidery. In addition, about 55 suppliers involved in fabric and material processes, 15 trims suppliers, and 20 raw material suppliers.

Important to us is to visit the supply chain partners that are producing our products to understand the conditions under which our products were made and to build relationships with our supply chain partners. As seen in the illustration above we have visited 100% in Tier 1 93% in Tier 2, 36% in Tier 3 and 1 % in Tier 4. However, 1% of the suppliers in Tier 4 represents 10 % of raw material volume in our supply chain. In total, we visited 58 % of our full supply chain.

Supply chain visited by Nudie Jeans.

We have defined the supply chain tiers as follows below.

- ① Sewing, garment knitting, assembly.
- ② Laundry, embroidery, garment printing, garment dyeing.
- ③ Fabric processes: spinning, weaving, knitting, fabric dyeing, fabric printing, trims, input material.
- ④ Raw material suppliers incl. ginning.



In 2020, we were also listed as the only brand that had full transparency in the report Out of sight: A call for transparency from field to fabric by Fashion Revolution⁵.

We put significant effort into keeping the supply chain as consolidated as possible. For consumers to see how everything is connected, we developed the **Production Guide** in 2013. The Production Guide is an essential tool in which we present our supply chain online. The information is presented visually on our website, where the visitor can click on the products for detailed information about the production premises. The Production Guide is updated four times annually according to the collection seasons presented in the Repair Shops. In the Production Guide, we publish audit procedures, materials, transportation, audit summaries and general supplier information. It also lists the raw material suppliers and links to their websites.

In 2020, we took further steps in our transparency work by launching **transparency on product level**. We initiated a new project aiming to develop and present transparent information on the product level on our website. The goal is to present both social and environmental information for each product, we have so far included audit summaries for the audited factories and supplier info for each step in the production chain. During the year, FWF also increased the transparency requirements for brands, something for which we have been advocating for years. This results so far is a transparent supplier register on the FWF website for the members which could hopefully lead to a public list in the coming years.

5. https://issuu.com/fashionrevolution/docs/fr_tna_out_of_sight_report_2020

In 2020, we increased the sustainability communication, and in particular the journal posts describing different sustainability activities. As Nudie Jeans has grown to become a global denim brand, students, researchers, and journalists from all over the world regularly ask us to share our insights and experiences from the textile industry. We believe that knowledge of the current situation and industrial history, from both internal and external perspectives, is crucial to understanding the challenges we face to find efficient solutions and lead the industry toward continuous improvements.

In 2020, we participated in more than 130 events including interviews and public speeches, to share our knowledge with different networks, PhD and undergraduate students, researchers, and journalists. Included in these events were the 46 public speeches we held globally and digitally, including presentations and panel talks, at various online events with different target groups and purposes. We also spoke at the Swedish embassy in Berlin, the Legacy summit in Australia, Première Vision in Paris, Sustainable packing conference in Copenhagen, sustainable fashion summit in Seoul among others.

During the year, the country studies for Tunisia, Turkey, Italy and India made by FWF have been great resources when preparing for meetings with suppliers. The risk assessment for Turkey have also been of great use during the year as the political situation has been unstable.

In addition, we attended seminars and discussions with Save the Children regarding Homeworkers and child labour, Her project regarding factory trainings and UNIDO – for a pilot on waste recycling project in Tunisia with our suppliers. This kind of discussions are valuable for our internal development and understanding for these issues and helps us in our due diligence work in production countries.

9. Stakeholder engagement

During the year, the FWF Covid-19 dossier, the country studies for Tunisia, Turkey, Italy and India made by FWF have been great resources when preparing for meetings with suppliers. The risk assessment for Turkey have also been of great use during the year as the political situation has been unstable.

The organizations we have chosen to partner with have all their specific purpose and area of work that aligns with Nudie Jeans Sustainability work. The most crucial networks for our daily operations are the membership in STICA, RISE, Fair Wear Foundation and Textile Exchange.

FAIR WEAR FOUNDATION

We have been members of Fair Wear Foundation (FWF) since 2009. We have been an active member of the living wage Incubator, where selected FWF brands work with challenges related to implementing a living wage. The latest Brand Performance Check is available on Nudie Jeans' website, as well as on the FWF website. Nudie Jeans has been in the "Leader" category for seven years in a row, since 2014.

→ fairwear.org



SWEDISH INITIATIVE FOR CLIMATE ACTION

The purpose of the Swedish Textile Initiative for Climate Action (STICA) is to support the apparel and textile industries and their stakeholders in the Nordic region to, at a minimum, reduce greenhouse gases in line with 1.5 C of warming, as outlined by the United Nations Framework on Climate Change and the Paris Agreement.

→ sustainablefashionacademy.org/STICA



RISE

Since 2015, we have been a member of Kemikaliegruppen (The Chemical Group) at the Research Institutes of Sweden (RISE). It is a platform for chemical knowledge in the textile production chain, for staying updated on chemical legislation and regulations, for communicating chemical requirements to our suppliers and for 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 in the field and authorities.



→ ri.se

TEXTILE EXCHANGE

We have been members of Textile Exchange since 2009. Textile Exchange is a global non-profit organization that works to make the textile industry more sustainable. Textile Exchange inspires and equips people to accelerate sustainable practices in the textile value chain. The organization focuses on minimizing the harmful impact of the global textile industry and maximizing its positive effects.



→ textileexchange.org

CHETNA COALITION

The Chetna Coalition is a network of brands, suppliers, and producers with a mutual interest in collaborating on organic cotton growing. Chetna Coalition's primary level of impact is economic sustainability, with a focus on the drivers of shared value. The top priority is to secure and improve the economic sustainability of the Farmer Producer Organization and the raw material production community that grows the cotton. In 2015 and 2018, we visited cotton fields in Telangana and Odisha, India to learn more about organic farming and how to support the local communities.

→ chetnaorganic.org.in

AMNESTY INTERNATIONAL

We have collaborated with Amnesty Sweden almost since the beginning



of the brand. Some examples include the Human Rights T-shirt competition in 2007, and the Empowerment Challenge in 2014. A portion of the proceeds from our sales have been donated to Amnesty's work. We are currently supporting Amnesty's work with children's rights by donating EUR 5 for each pair of children's jeans we sell. In 2020, we raised EUR 4468 for Amnesty Sweden, in support of every child's right to a safe childhood and have since 2001 raised 5,3 million SEK in total to Amnesty's work.

→ amnesty.se

SAĞ SALIM

We joined the program Sağ Salim during 2020, aiming to increase transparency in the part of the supply chain not known to most brands, the cotton farmers. The program was initiated by our main fabric supplier and another denim brand and the purpose is to create a grievance channel and capacity building program for cotton farmers, cotton pickers and agricultural workers in Turkey.



→ [Read more](#)

GLOBAL FASHION AGENDA

Nudie Jeans joined Global Fashion Agenda's 2020 circular Fashion System Commitment by 2017. In joining this initiative, Nudie Jeans signed the commitment to be part of the transition to a circular fashion system. Taking on this commitment involved creating action points on how we will increase the volume of used Nudie jeans that we collect in our Repair Shops, the volume of Reuse Nudie Jeans sold, and the number of styles made from recycled post-consumer textile fibers. In 2020 we reached our goals set up within commitment.



→ globalfashionagenda.com

FUR FREE ALLIANCE

We signed the Retailer Commitment Against Fur agreement by the Fur Free Alliance in 2015. The Fur Free Retailer Program is an international initiative to provide consumers with exact information about a retailer's fur policy, allowing them to make an informed choice when shopping. The program recognizes and supports retailers that have committed to a no-fur policy. Our animal welfare policy states which animal-based materials can and cannot be used by Nudie Jeans and is available on our website.



→ furfreealliance.com

10. Corporate Social Responsibility

Below is some of the highlights of 2020 within the field of sustainability.

- We launched The Ture Blanket - a blanket made with recycled post-consumer Nudie jeans and recycled wool
- Free Repairs - In 2020 we repaired 45900 jeans.
- We produced 98,6% Sustainable products According to our Sustainable Material Tool we define a garment or accessory as sustainable when it contains at least 70% sustainable fibers.
- We are proud to say that we only work with organic cotton. 2020 was the third full year in which we used only certified organic cotton for all our cotton products.
- We were ranked as FWF leaders – for the 7th year in a row.
- We had 97 % of our supply chain under monitoring.
- Our CEO was awarded first price in Sustainable leadership 2020.
- Nudie Jeans won Drapers Sustainable Fashion Award for our progress towards circularity.
- Nudie Jeans was shortlisted as top 3 in the Traders category in Fairtrade award,
- Nudie Jeans nominated for the annual award category Courage and Pace by the Swedish Environment Protection Agency
- Nudie jeans became GOTS Certified, allowing us to launch our first GOTS certified products in our online shop.
- We reached a new level of Product transparency - all tiers of the supply chain for WI20 collection.
- We mapped all our emissions and water data from our full supply chain in accordance with the Greenhouse Gas Protocol for the second year in a row. We have also offset our business' full emissions through the UN Carbon Offset Platform.
- We joined the Sağ Salim program – Supporting a grievance channel and capacity building program for cotton farmers in Turkey.

In addition to the action carried out the supply chain due to the pandemic, we also implemented different actions to other stakeholders:

OUR EMPLOYEES

- In an effort to secure as many jobs as possible, all Nudie Jeans employees at the head office went on furlough, working 60%.
- To minimize the spread of COVID-19 in society, all employees who were able to, were encouraged to work from home.
- We launched the winning temp app, a system to measure the temperature on employee motivation and wellbeing at work.
- Guidelines to prevent the spread of COVID-19 for employees at the office including e.g. social distancing, cleaning routines and quarantine routines

OWN RETAIL AND EMPLOYEES

- Our retail staff have completed online surveys to capture their well-being and motivation at work.
- We regulated the maximum customers in stores: depending on local restrictions and size of the store.
- We provided Hand sanitizers, sign with information on the door, gloves, plexi-protection in the UK and Sweden and mouth protection in Germany, US, UK, and Netherlands.
- We made it easier for customers to shop at our stores, by having an option to service only one customer if needed, by appointment booking, selling by link and stickers: to keep distance on the floor.
- Guideline with care-instructions in-store and how to service customers was provided by HR department.
- Guidelines to prevent the spread of COVID-19 for employees working in or stores including e.g., social distancing, maximum of visitors and use of facemask.

RETAILERS

- We offered support and flexible deliveries of goods for suppliers who were in lockdown.
- We had close communication with our wholesale organization and distributors.
- We offered more generous payment terms and discounts to affected retailers.
- We postponed our own sales within one month to the benefit of our retailers.