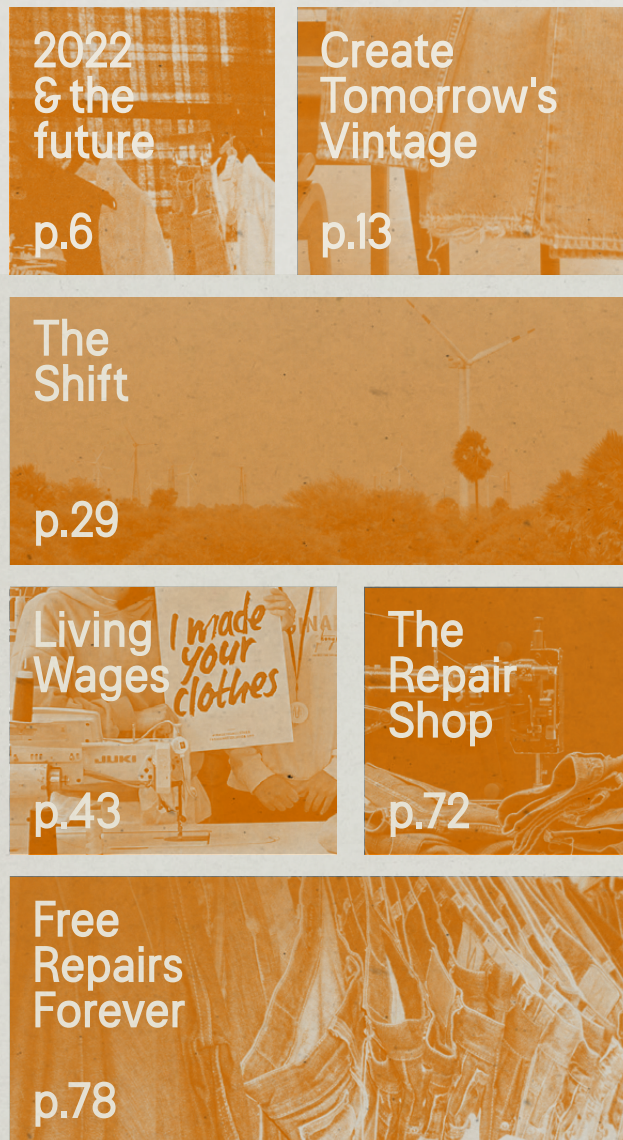


Nudie Jeans Sustainability Report 2022

Nudie Jeans co


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Standpoint

Throughout the report you will find orange text boxes marked with an "!", in these we want to show our standpoint on a specific subject.



Information

Throughout the report you will find blue text boxes marked with an "i", in these we want to inform about a specific practice or subject.

Nudie Jeans in short



Nudie Jeans is a denim brand founded in Gothenburg, Sweden in 2001. With wear, tear, and re-pair-way of thinking rather than fast fashion, the Swedish denim company provides and maintains a tradition true to the fabric's history and characteristics. Nudie Jeans is sold in Nudie Jeans Repair Shops, online, and at third-party resellers. Nudie Jeans is present in more than 50 markets.

The reporting organization is the group of companies where Nudie Jeans AB is the controlling company. For 2022, the company group included twelve legal entities, where Nudie Jeans Marketing AB is the buying party for all organizations.

In 2022, sales for the reporting organization amounted to SEK 493,1 million, which was an increase from 2021 by 3%. For further reading, see chapter 06. Financial information.

Nudie Jeans AB is owned by Svenska Jeans Holding AB which is a private limited company incorporated under the laws of Sweden. During 2022 Svenska Jeans Holding AB was owned by Maria Erixon Levin, Joakim Levin and Pelle Stenberg (1/3 each of the shares). In the beginning of 2023 Pelle Stenberg sold his shares and Joakim Levin is now controlling the majority of the shares in Svenska Jeans Holding AB.



Highlights 2022

Free repairs forever

In 2022 we repaired 65,386 jeans.

CO2 and water mapping

We mapped all our emissions and water data from our full supply chain in accordance with the Greenhouse Gas Protocol for the fourth year in a row. We have also offset our business' full emissions through the UN Carbon Offset Platform.

Highest level of transparency

We reached a new level of product transparency — showing all tiers of the supply chain, including CO2 emission and water use.

Create material change

We were placed in the Leading category in the Textile Exchange Material Change Index for the fourth year in a row.



Certified only

When we use virgin cotton, we are proud to say that we only work with certified organic cotton. 2022 was the sixth full year in which we used only certified organic cotton for all our cotton products.

95,6% Organic, certified or recycled fibers

Of all fibers we used in 2022, 95,6% were fiber we define as sustainable according to the Nudie Jeans Sustainable Material Tool.

HIGG Brand and Retail Module score (2021)

In 2022 we went through the verification process of Higg Brand and Retail Module with the scores:
Total Environmental: **71,4%**
Total Social: **70,2%**



Climate Action Roadmap

We created the first draft of our Climate Action Roadmap that will lead our way forward to reach our climate targets set in line with Science Based Targets and the Paris Agreement's 1,5° degree pathway.

Leaders — again

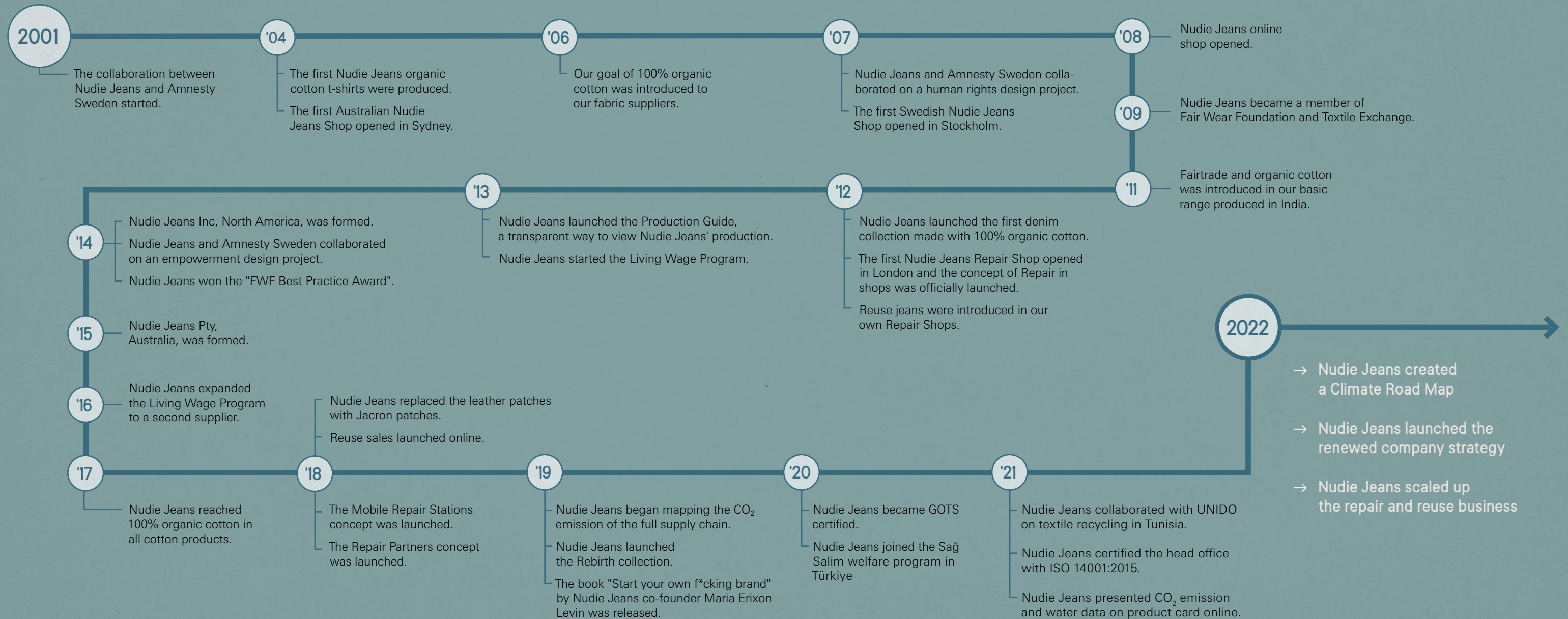
We were ranked as FWF leaders — for the ninth year in a row.



Reverse supply chain


In 2022, we increased our capacity for Repairs and Reuse, by partnering up with the Scottish textile circularity expert ACS Clothing.

The Nudie Jeans timeline





The world of

Nudie Jeans

 **Repair Shops**
29 shops in 24 cities

 **Repair Partners**
×8

 **Circularity Partners**
×1

 **Production**

① **Sweden**
Accessories

② **Lithuania**
Jackets

③ **Poland**
Accessories

④ **Portugal**
Jackets, knits, pants,
sweatshirts, t-shirts,
underwear and accessories

⑤ **Italy**
Jeans, and jackets

⑥ **Tunisia**
Jeans, jackets, pants and shirts

⑦ **Türkiye**
Knits and shirts

⑧ **India**
Jackets, sweatshirts, shirts,
t-shirts and underwear

Reflections on 2022 and the future

2022 was an eventful year for Nudie Jeans.

While the external circumstances from the aftermath of COVID-19, the war against Ukraine, inflation increases, and rising energy costs have created a less predictable world to navigate, internally we have never been more confident about our direction for the future by renewing and clarifying our company strategy. The strategy is focused on amplifying sustainability and incorporating it deeper into our core practices.

A series of high-impact decisions established the direction for the operational work in the second half of 2022, a central part of which was increasing our repair and reuse business. In reworking our strategy, we are now exploring different activities to align our operational work with the renewed direction.

A positive sign that we are moving in the right direction is the increased number of repairs: more than 65,000 pairs of jeans were repaired globally in the last year. Another milestone was the imple-

mentation of our stores' omnichannel solution. In addition to being an excellent service for customers, this entails a further positive impact on climate reduction targets as we move forward. For the fourth year, we mapped our water use and CO2 emissions for Scope 1, 2 and 3, and to cover our total emissions, we invested in carbon offsetting. At the end of the year, we developed our Climate Action Plan, outlining the concrete actions we need to take to deliver on our climate goals in accordance with the 1.5° C pathway.

During the year, we carried out our first third-party verification of our HIGG Brand and Retail Module, including a third-party verification of our annual emission mapping. The verification resulted in a high score that captures how we work with sustainability integrated into many of our processes. We are proud to see the organization's efforts to take on new challenges and tasks that are transforming more and more of our core processes. By keeping our practical approach to sustainability, we will take further steps to maintain our leading position in the denim industry.



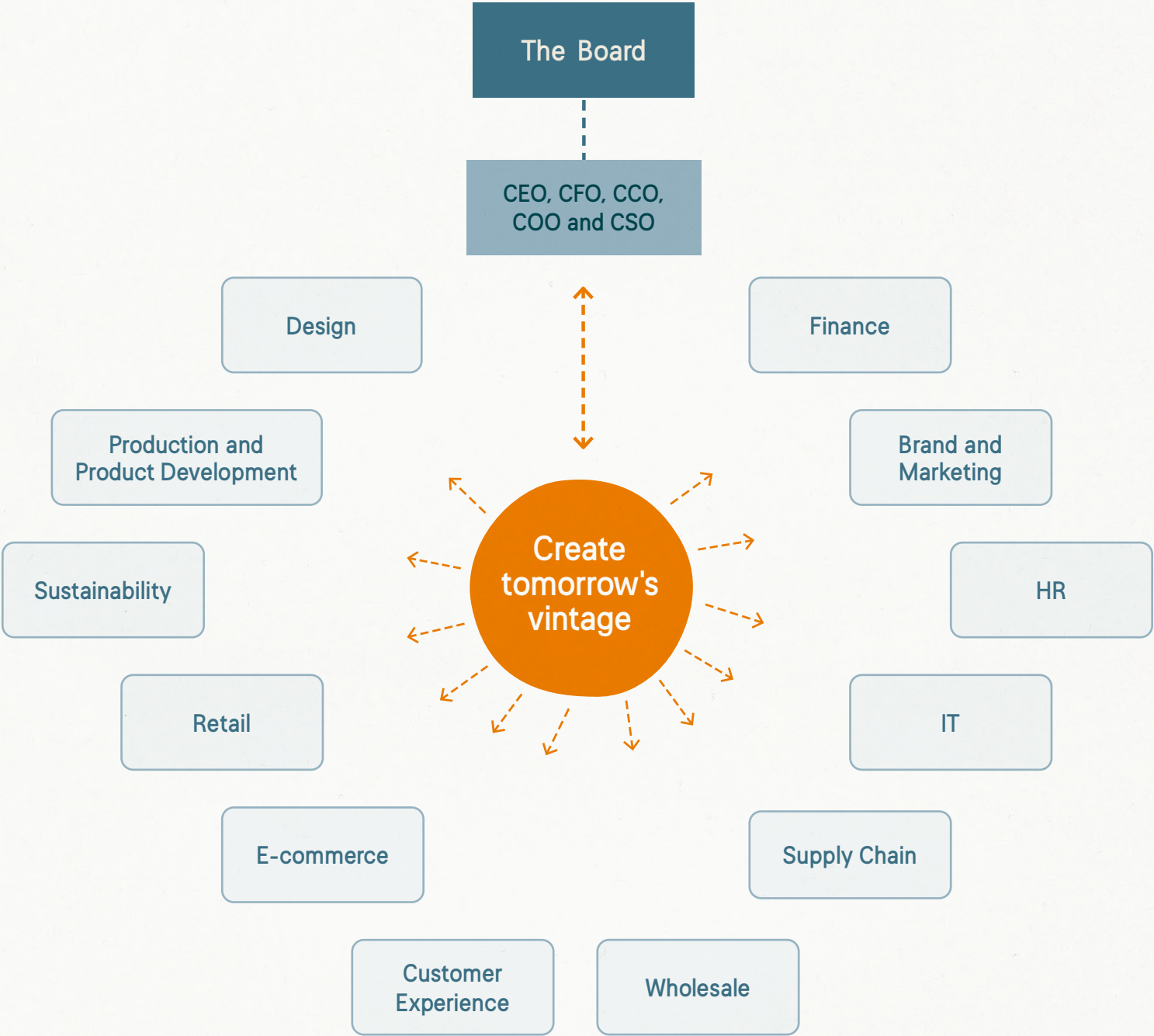
Management, left to right:
Sandya Lang CSO Malte Ramberg CFO Maria Johansson COO Joakim Levin CEO Martin Gustavsson CCO

Company strategy and governance

For us, sustainability is not just about the environment or the social aspects of the supply chain. It is a way to manage our company and our brand. In 2022, we presented Nudie Jeans’ renewed strategy, Create Tomorrow’s Vintage. This idea relates strongly to our heritage, future products, sustainability, and the co-creation process with our customers. During the year, we explored the meaning of this concept to make it relevant for all departments and identified activities that supported the renewed strategy. We also made some impactful decisions to align with the strategy, focusing on long-term sustainable growth. The development and clarification of the strategy also led to changes in the organization. The Board was reinforced with two external members specializing in marketing, business organization, and sustainability. The management group was reformed to include the Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Chief Creative Officer, and Chief Sustainability Officer. In addition, we have three operational management divisions, including the Brand, Operational, and Sales groups consisting of department managers.


In 2022, the sustainability department at Nudie Jeans consisted of three full-time employees covering social, environmental, and circular compliance in collaboration with different departments. At the beginning of 2023, a new role, Human Rights and Social Impact Specialist, was added to the team, enforcing the importance for Nudie Jeans of taking even further social and environmental responsibility in all aspects of the business.

If you have any comments, questions or feedback, please contact us at sustainability@nudiejeans.com



External policies and strategy documents

We have several external policies that primarily serve as a framework and guidance for our daily sustainability work, with direct resourcefulness in design, product development, logistics and supplier processes. Each policy is linkable for further reading.

- [Animal Welfare Policy](#)
- [Chemical Policy](#)
- [Climate Policy](#)
- [Code of Conduct](#) 
- [Human Rights Policy](#)
- [Living Wage Policy](#)
- [Nudie Jeans Material Tool](#)
- [Sourcing Strategy](#)
- [Responsible Business Conduct Policy](#)
- [Transparency Policy](#)



Data privacy

Data privacy is particularly important to Nudie Jeans. The privacy policy is implemented to process personal data by applicable laws and regulations and takes technical and organizational measures to protect personal data. In 2022, we had no registered non-compliances of the Data

Privacy Policy. We have an external policy for our customers as well as internal GDPR policies in the actual steps of compliance with the regulation. In 2022 we added a section on our whistleblowing function to this policy.

Internal policies and guiding documents

Internally, we work with numerous policy and guiding documents. In 2022, there were updates of several internal policies.

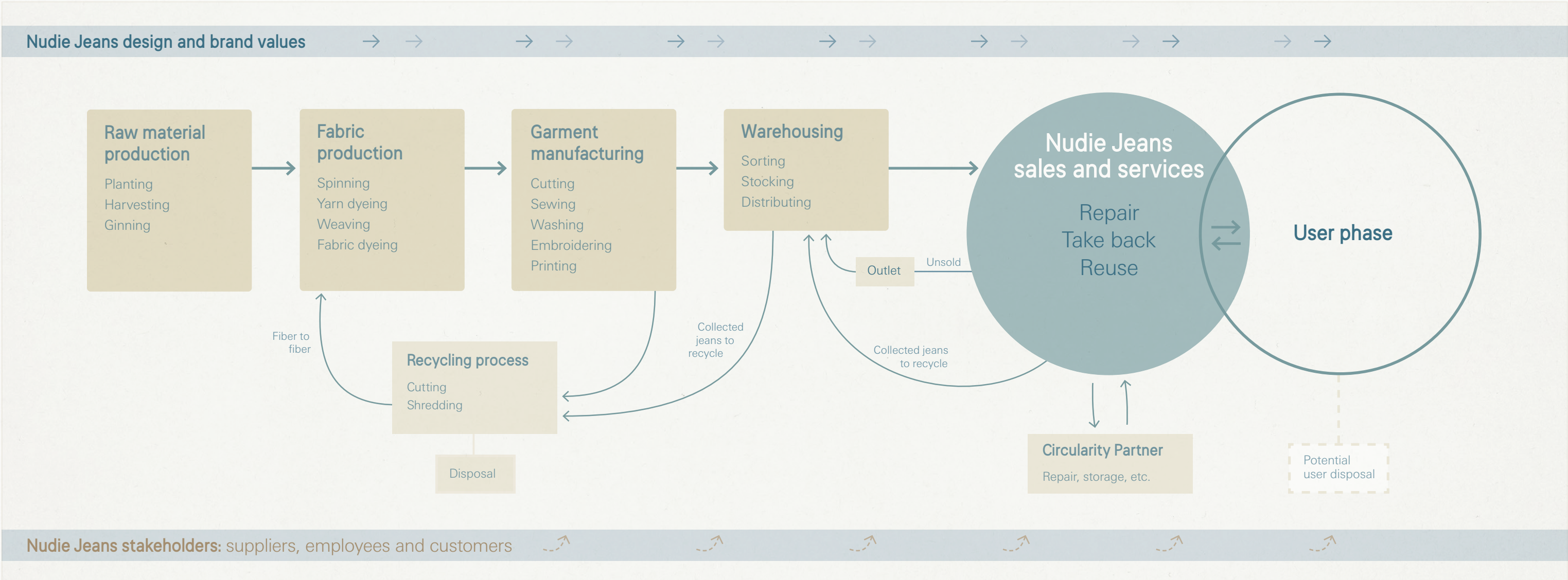
- Anti-corruption Policy
- Anti-harassment Policy
- Crisis management Policy
- Documentation on our equality work
- Employee Handbooks
- Internal Purchase Policy
- Remote Work Policy
- Supplier Exit Policy
- Travel Policy
- Work Environment Handbook

The Nudie Jeans Value Chain

The illustration shows the Nudie Jeans Value Chain and the circular processes for the materials and products. With this illustration, we want to show how our business connects to the lifecycle

of our product and the complexity of a fully circular production process, from raw materials through production, the user phase and finally to a new recycled raw material and product.

It also shows that circularity is not about one circular stream, but many parallel processes.



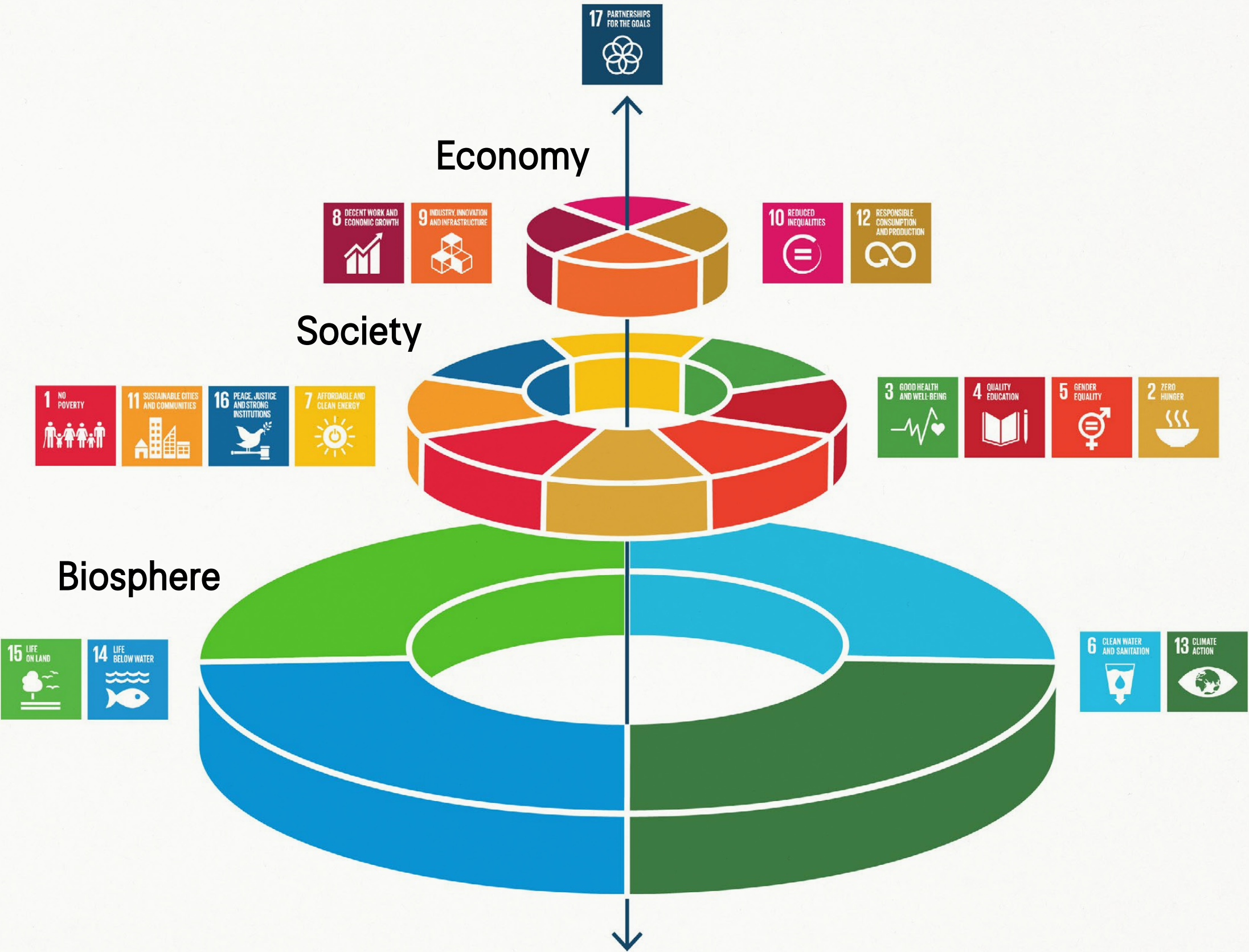
Sustainable Development Goals (SDGs)

"This model changes our paradigm for development, moving away from the current sectorial approach, where social, economic and ecological development are seen as separate parts. Now, we must transition towards a world logic, where the economy serves society so that it evolves within the safe operating space of the planet."

Johan Rockström
Creator of the SDG model¹ and part
of Stockholm Resilience Centre

The SDGs are developed by the United Nations and are part of the 2030 Agenda for Sustainable Development. We have chosen to include the SDG model created by the Stockholm Resilience Centre, because we believe it clearly illustrates the connections between the SDGs and how they serve as building blocks of our reality. The biosphere and its ecosystem services are the basis of our full business, as we rely on flourishing natural resources for our production. Society is where we act and have an impact on our production, products and users. The economy represents the outcome of our business, and partnerships across all levels are needed for successful sustainability initiatives.

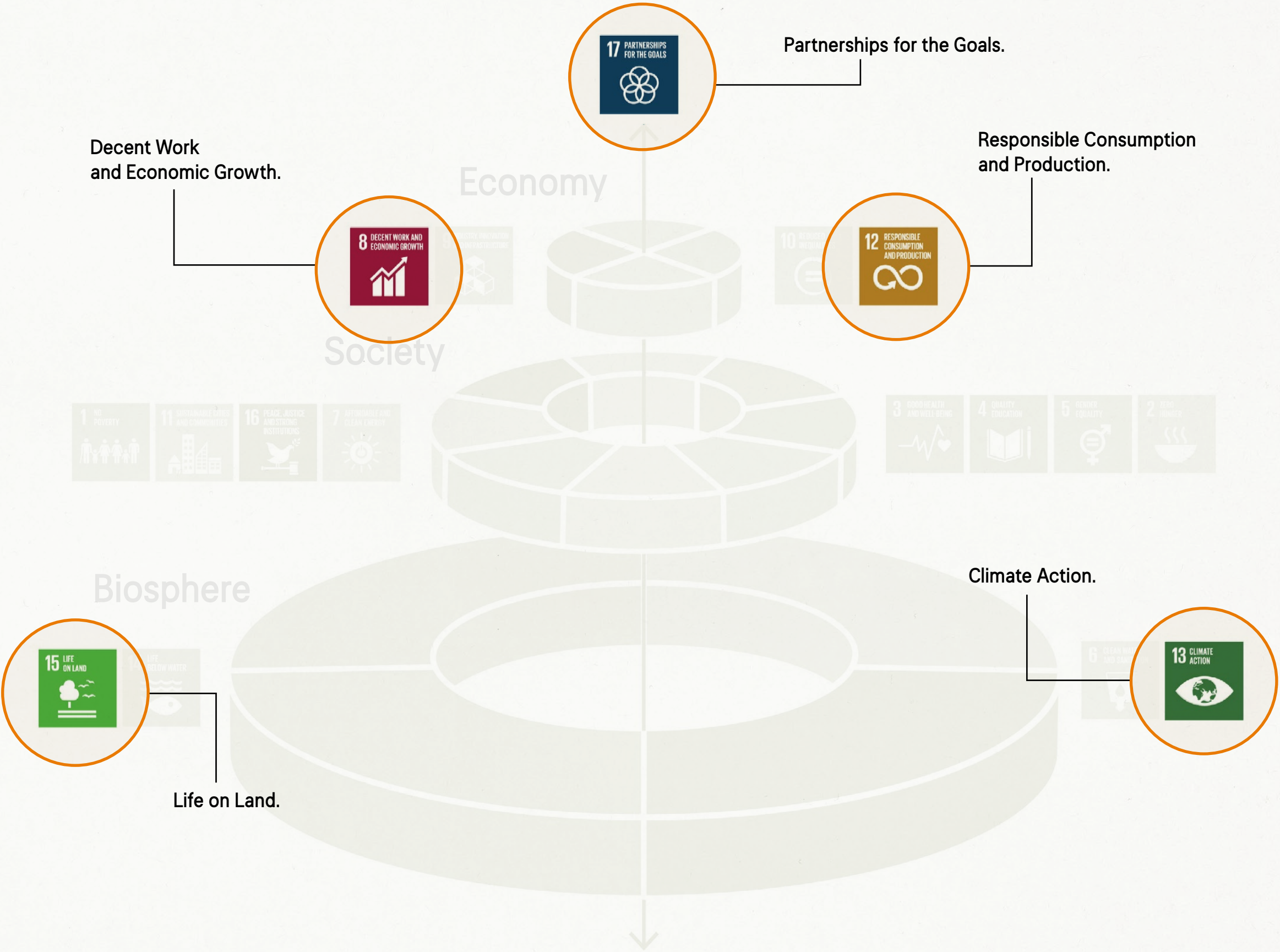
1. Credit: Azote Images for Stockholm Resilience Centre



Prioritized SDGs

Nudie Jean's prioritized Sustainable Development Goals are SDG 8, 12, 13, 15 and 17, because they capture the areas in which we have the largest impact. The SDGs are interconnected, and we acknowledge that our business affects more goals than our most prioritized SDGs. Our prioritized SDGs are placed in the Biosphere and the Economy levels of the above model, where SDG 17 runs through all levels. This reflects our business ambition of selling the best possible product, made with sustainable raw materials reliant on a healthy biosphere, and in line with a sustainable economic system that enables good working conditions and generates responsible consumption. With our core business' direct impact on the above mentions SDGs, and with support of our numerous collaborations, we also have an indirect impact on the society, and the SDGs in the Society level of the model, which is shown throughout the report.

On the next page the SDGs are in relation to the identified targets and our activities and impact connected to each goal.



The SDGs are presented in relation to the identified targets, our activities and impact connected to each goal. The symbols below each SDG indicate Nudie Jeans' impact on the specific SDG.



DIRECT
POSITIVE



INDIRECT
POSITIVE



NO
IMPACT



POTENTIAL
NEGATIVE



DIRECT
NEGATIVE



- 1.1 Eradicate extreme poverty**
1.2 Eradicate national poverty
+ Living wage | Fairtrade



- 2.5 Diversity of seeds**
+ Chetna Organic cotton in India



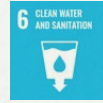
- 3.9 Reduce the number of death and illnesses from hazardous chemicals and air, water and soil pollution**
+ Organic cotton | Water treatment plants | Sağ Salim project | COVID-19 precautions
– The lack of use of personal protection equipment can potentially impact the employees



- 4.3 Access to higher education**
4.4 Relevant skills for employment
+ Supplier training | Internal staff training | Management training



- 5.1 End all forms of discrimination**
5.2 End violence
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making
+ Fair Wear Foundation WEP | Living wage | Internal non-discrimination policy | WinningTemp



- 6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials**
6.4 Increase water-use efficiency across all sectors
6.6 Protect ecosystems
+ Water treatment plants | Organic cotton
Water risk analysis



- 7.2 Renewable energy**
+ Wind power at suppliers | Renewable energy in Repair Shops and head office
– Nudie Jeans lack direct impact on suppliers' decision to transition to renewable energy.



- 8.5 Full and productive employment and decent work**
8.7 Eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor
8.8 Secure working environments
+ Fair Wear Foundation and trainings | Internal policies for a better working environment » | Sağ Salim project
– In part of the supply chain with low transparency, we can assume that we have a potential negative impact



- 9.3 Small-scale enterprises**
+ Chetna Organics



- 10.3 Ensure equal opportunities and reduce inequality**
10.4 Wage protection policies
+ Living wage | Fair Wear Foundation and trainings | Equality plan | Fairtrade | Recruitment process



- 11.1 Safe and affordable housing**
11.4 Protect the world's cultural and natural heritage
11.6 Reduce environmental impacts of cities
+ Chetna Coalition | Räddningsmissionen | Steering group 2030 Textile and Fashion



- 12.1 Programs on sustainable consumption and production**
12.2 Use of natural resources
12.4 Management of chemicals
12.5 Reduce waste
12.6 Adopt sustainable practices and integrate sustainability information into the reporting cycle
12.8 Information and awareness of sustainable development
+ Fair Wear Foundation | Circular activities | Chemical work | Communication | Organic cotton | Recycling in Tunisia | Product transparency | Textile Exchange | Fur free alliance | RISE | Certified to LAST | Innovative Systemdemonstrations
– We lack the infrastructure to sell all leftover products, and we lack possibility to recycle all our second choice garments and production waste.



- 13.2 Integrate climate change measures into policies, strategies and planning**
13.3 Improve education awareness raising
+ Educating our customers and suppliers | Climate mapping (scopes 1, 2, 3 | Actions to reduce CO2 emissions | STICA
– Nudie Jeans lack direct impact on suppliers' decision to create climate strategies including emission reduction actions.



- 14.1 Prevent and reduce marine pollution**
+ Guppy Friend washing bag | Water treatment plants
– We have some fabric blends with polyester or elastane, which can potentially have a negative impact if releasing microfibers



- 15.2 Sustainable management of all types of forests**
15.5 Halt the loss of biodiversity
+ Organic cotton | TENCEL™ Lyocel | Textile Exchange | Business and Biodiversity Network | Mistra BIOPATH
– In part of the supply chain with low transparency on biodiversity we can assume that we have a potential negative impact



No action.



- 17.9 Capacity building**
17.16 Multi-stakeholder partnerships
17.17 Encourage partnerships
+ Fair Wear Foundation | Fairtrade | STICA | Textile Exchange | Rise | Certified to LAST | Innovative Systemdemonstrations | Steering group 2030 Textile and Fashion | Bachelor and Master Thesis | Business and Biodiversity Network | Mistra BIOPATH | School of Economics, Gothenburg University and The Swedish School of Textiles, University of Borås

Create tomorrow's vintage

We based Nudie Jeans on a set of ideas, concepts, and beliefs. They are all important, but what matters the most is gut feeling, stubbornness, and a good portion of plain old common sense. Thus, making jeans in a socially and environmentally responsible way while staying true to the fabric's tradition was a natural thing.

When we started, we considered ourselves anti-fashion. But in a world of fly-by-night fads, anti-fashion comes into vogue every now and again, and that's not what we do. Nudie Jeans is the antithesis of fashion. So rather than throwing away our insight every season, we design durable garments that stand the test of time. Seasonless garments that you can and want to wear over and over that become more beautiful with every passing year.

Our inspiration is self-evident: denim, workwear, and rock and roll. We get inspired by the greatest subcultures, but no matter how far away the influences take us, we always seem to end up where it all started, in our hometown, Gothenburg.

Our garments are more likely to be found at vintage shops rather than the High Street. Clothes for people who search for a specific style, rather than the latest fashion. By updating what inspires us, changing fits using better materials — we design timeless, sustainable classics.

We constantly search for new materials or techniques to push the envelope in terms of sustainability. So when we hear about new sustainable sources or ways to recycle, we'll find them and take the time to evaluate them. This is possible due to an already solid portfolio with certified organic and recycled fibers.

Sustainability is not something we do on the side; it runs through everything. And it's been like that ever since we started; being responsible for your actions, respecting people and the environment. In 2022 we renewed our strategy to even stronger align with our core, to Create Tomorrow's Vintage.

Martin Gustavsson

CCO



Materials

Risks, challenges, actions and goals

In 2022, we began the process of restructuring our company-wide goals and targets, where goals relating to fiber use and materials are an important part. To the greatest extent possible, we endeavor to use sustainable fibers, as defined in the Nudie Jeans Material Tool. In 2022, we reached a total of 95.6% sustainable fibers and we have internal goals to increase the use of sustainable fibers in each product group. We are investigating solutions to support our distributors to become certified, for us to be able to sell certified products through a fully certified distribution chain.

Nudie Jeans endeavors to take responsibility for the full product, which means we want to take responsibility from the growing and extraction of the raw material to the end of life of the product. Nudie Jeans' core products are largely characterized by timeless design. We want to create classic and seasonless garments, clothing 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. We believe that denim is a material that becomes more beautiful with time. Starting with a pair of dry denim and wearing them every day will produce the most beautiful and personal wear and tear, and the jeans will tell the story of the life you spent wearing them.

Exploring new sustainable fabrics and fibers 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.

“Organic cotton have lower impact on global warming than conventional cotton²”

In 2022, our total fiber use decreased by -16% compared to last year. This decrease in total fiber use reflects the trend of decreased production and sales seen in 2022.



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

The largest environmental impact of our products comes from the raw material stage and the fabric production. When working with virgin cotton, we only work with certified organic cotton as a first step to mitigate the environmental impact at the fiber level. The first goal was reached in 2012 when all denim was made with organic cotton, and the journey has continued since then. In 2017, we reached the same goal for the rest of our product groups and we are not turning back.

Choosing organic cotton means we take responsibility for biodiversity and for the ecosystem services that create and maintain everything we need for our own survival, and for the survival of our business. We recognize that the loss of ecosystem services always has the greatest and harshest impact on people who already live in poverty. Therefore, we constantly endeavor to learn more about

Our main partnerships in this field:

- Business and Biodiversity network
- Chalmers University of Technology
- Chetna Organic
- Textile Exchange
- Mistra BIOPATH

the impact of our business and to choose raw materials that do not increase the risk of biodiversity loss. Through these actions, our work is consistent with Sustainable Development Goal (SDG) 15, Life on land, which focuses on the importance of sustaining and even strengthening biodiversity and ecosystems on land. By always working with certified virgin organic cotton, we have an impact on target 15.5, Halt the loss of biodiversity. We are

also increasing our use of TENCEL™ Lyocell, as another sustainable fiber. By working with TENCEL™ Lyocell from sustainably managed forests, we are also working in line with target 15.2 Promote the implementation of sustainable management of all types of forests and halt deforestation.

Through our material analysis and due diligence work, we have identified several risks for our fiber use, some are universal while others are fiber specific. In the risk, challenges, actions and goal box above, we have described some of them. Other risks we are working with in connection to fiber and material use are fiber integrity risks, unforeseen events like COVID-19, climate effects like flooding or extreme heat, raw material availability and lack of traceability. In this chapter, we will address how we work to mitigate, minimize, and address these risks.

The handling of hazardous chemicals such as the chemical pesticides and fertilizers often used in conventional cotton farming causes significant health risk for farmers. Supporting organic farming methods contributes to better health for farmers, and this is consistent with SDG 3, Good health and well-being, especially target 3.9, Substantially reduce the number of death and illnesses from hazardous chemicals and air, water and soil pollution and contamination. Organic cotton also has

a lower impact on global warming compared to conventional cotton², which makes our sourcing of organic cotton consistent with SDG 13, Climate action, and more precisely target 13.3, Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction. Working only with certified organic cotton and other low impact fibers, described as sustainable in the Nudie Jeans Material Tool, our work is consistent with SDG 12, Responsible consumption and production, and target 12.2, Sustainable management and efficient use of natural resources. The work we do to better meet our customer's needs through reducing the excess of styles in our collections, in addition to our use of recycled fibers is in line with target 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.

In 2022 we held speeches and presentations related to material choices and design:

- Chalmers University of Technology, Sustainable Biomass Supply
- The Gothenburg School of Business, Economics and Law, Sustainable Marketing and Business Ethics
- Navigating Textile Exchange MCI Scorecard with Nudie Jeans



2. Advancing Organic to Mitigate Climate Change. Knuth, B., DeBates, M., Mirenda, J. & Shade, J. (2020). Washington, DC: Organic Trade Association

Chetna Organic

For our shirts and jersey products made in India, we procure Fairtrade and organic cotton through the organic cotton cooperative Chetna Organic Agriculture Producer Company Ltd³. The cooperative supports farm associations with information about organic farming methods, seed developments and expanded livelihood options. By purchasing organic cotton coming from Chetna, Nudie Jeans has also supported the farming families that are part of the Chetna Organic network. Organic cotton farming methods do not permit any chemical pesticides or fertilizers. Because the soil is not contaminated by toxic chemicals, it is possible to grow vegetables and other crops between harvests in the same fields, or as intercrops that share the field with the cotton. Planting intercrops, such as maize and red gram, is a common practice for many farmers who are part of Chetna Organic. By supporting Chetna Organic's work, we have an indirect, positive impact on several SDGs. They include SDG 1, No poverty, target 1.2 Eradicate extreme poverty, as Chetna Organic builds a procurement structure for farmers that helps them secure buyers for their cotton and thus a more reliable income; and SDG 2, Zero hunger, through more sustainable agriculture practices. Our Chetna-procured cotton indirectly supports target 2.5, the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species.

Our close collaboration with Chetna Organics enables pre-financing of cottonseeds and forecasting of cotton volumes. This arrangement also

creates a risk-mitigation strategy for us regarding organic cotton availability. In 2022, we could continue to see a rise in the price of organic cotton both globally and in our supply chains. Through forecasting of our cotton procurement as well as the pre-financing of seeds, we have secured our Fairtrade cotton availability.

Farmers connected to Chetna Organic receive a direct premium of 10% in addition to the Fairtrade premium that is intended for the development of villages, while the Chetna premium works as a direct incentive for farmers to continue to work in organic farming. Through our collaboration with and purchase of cotton from Chetna Organics, Nudie Jeans has a positive direct impact on SDG 9, Industry, innovation and infrastructure, and specifically target 9.3, Increase the access of small-scale industrial and other enterprises to market, value-chains and financial services.

Chetna Organic has several development projects. In 2022, one of their focuses was on piloting the implementation of the Regenerative Organic Cotton standard with two farmers' groups, one in Telangana and one in Odisha. The farmers' groups consist of a total of 772 farmers covering an area of 2,300 acres of farmland. Chetna Organic has promoted holistic farming practices for a long time but working according to the ROC (Regenerative Organic Cotton) standard is one way to formalize the work and clearly communicate their practices. Chetna Organic also supports a large

“Organic cotton farming methods do not permit any chemical pesticides or fertilizers.”

number of in-transition farmers, meaning farmers that are adapting their farming practices to organic, from conventional. This work is important as global demand for organic cotton is increasing.

For many years, Chetna Organic has participated in research and development of new varieties of organic cotton. In 2022, developments made through the decentralized organic participatory breeding program "Seeding the Green Future" by FiBL Switzerland and a number of partner organizations resulted in the availability of two new organic non-GM cotton varieties for farmers. Both varieties are high yielding, were developed under organic conditions, and are suitable for organic, agroecological, regenerative and other low input farming systems.

Through the work of Chetna Organic, Nudie Jeans has an indirect positive impact on SDG 15, Life on land, and especially on target 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater. The focus on sustainable water use in organic and regenerative organic cotton farming is related to SDG 6, Clean water and sanitation, primarily target 6.3, Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials.

3. → [Chetna Organic](#)

The Nudie Jeans Material Tool

Although organic cotton is the main material we work with, we also use other sustainable materials for non-denim products. In 2018, we created the Nudie Jeans Material Tool with the aim of guiding our designers and product developers to achieve Nudie Jeans' goal to work with 100% sustainable materials. The tool is a living document and in 2022 we updated it to clarify that we accept the EUROPEAN FLAX® standard as a sustainability standard for linen and hemp, as well as added recycled elastane to the list of recycled fibers we define as sustainable. The Nudie Jeans Material Tool is based on Made-By's Environmental Benchmark for Fibers and the Higg Materials Sustainability Index (MSI). We have chosen these two benchmarks because they complement one another with both a clear classification (Made-By) and more detailed

insight into the complexity of the impact of different types of fiber (MSI). Other benchmarks, such as Textile Exchange's Preferred Material Benchmark, in which we participate annually, offer a comparable benchmark of volumes and fiber-type usage from a brand perspective. The Preferred Material Benchmark, therefore, provides valuable insight into industry material use, rather than serving as a fiber classification tool. We will update our Material Tool in accordance with Textile Exchange's new Preferred Fiber and Material Matrix that will be launched in 2023.

The Nudie Jeans Material Tool has three categories of sustainable fibers, all of which are defined as sustainable by Nudie Jeans. By sorting them, we want to highlight the most sustainable and circular fibers, with the aim of pushing our development further and challenging the industry to scrutinize the definition and use of sustainable fibers. In addition to the Sustainable categories, there is a Non-sustainable category for fibers that may be used for Nudie Jeans products that are not defined as sustainable, as well as a Do Not Use category for fibers that should not be used in Nudie Jeans products at all.

Sustainable Fibers

- 1. Scope: Recycled, recyclable, reused, biodegradable or traceable
- 2. Scope: Recyclable but not biodegradable, certified virgin materials and certified wool.
- 3. Scope: Certified animal hair and fibers. For leather: certified organic animal husbandry and vegetable tanning processes.

Sustainable Fibers		
Class 1¹	Class 2²	Class 3³
Recycled cotton	Certified wool	Certified alpaca
Post consumer Nudie Jeans	Certified kapok	Certified yak
Recycled wool	Certified organic or EUROPEAN FLAX® hemp	Certified mohair
Traceable, organic, and/or Fairtrade cotton	Certified organic cotton	Certified and vegetable tanned leather
Certified organic jute	Certified organic or EUROPEAN FLAX® linen	Certified organic silk
TENCEL™ Lyocell	Recycled polyester	
FSC® or PEFC™ Pulp	Recycled nylon	
Recycled down	Recycled acrylic	
	Recycled elastane	

Non Sustainable Fibers⁴		Do not use⁵	
Conventional linen	Modal	Virgin feather and down	Conventional silk
Conventional hemp	Virgin polyester	Fur	Conventional cotton
Virgin elastane / spandex	Conventional and virgin wool and animal hair	Hair from animals reared in cages	Fairtrade conventional cotton
Acetate	Virgin nylon	Better Cotton Initiative (BCI)	
Viscose	Virgin acrylic	Leather and skin from wild-caught animals, exotic animals or vulnerable and endangered species	
Bamboo viscose	PLA		
Cupro	Leather	Leather from aborted animals such as slink, karakul and Persian lamb	
	Peace silk		
		Conventional Mohair and Cashmere	

Non Sustainable Fibers

- 4. Scope: Conventional virgin fibers, highly processed chemical usage, lack of controlled animal welfare.

Do not use

- 5. Based on Nudie Jeans' Animal Welfare policy and our position on only using organic cotton.

Organic cotton vs. BCI?

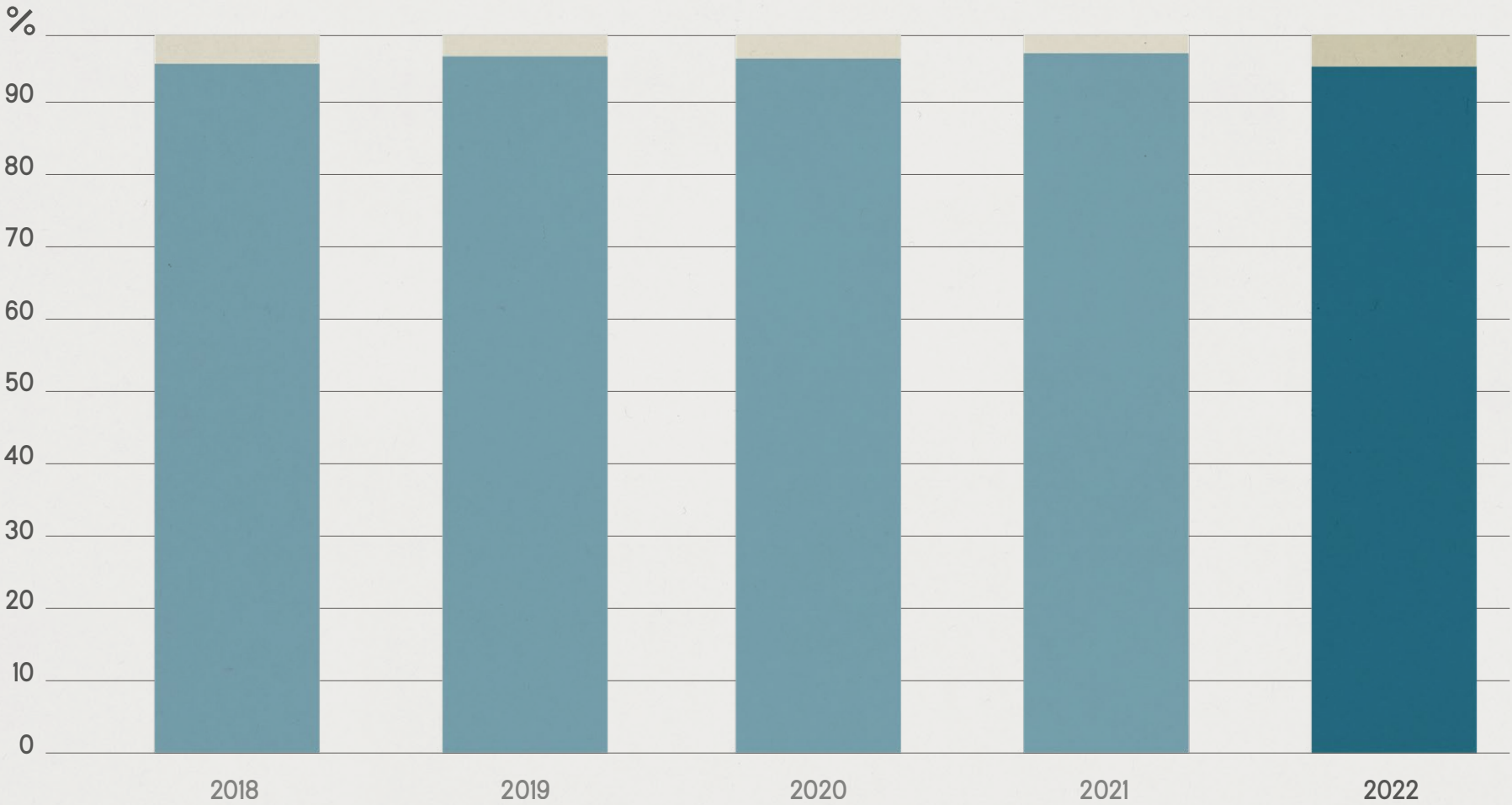
We do not classify cotton grown in accordance with the Better Cotton Initiative (BCI) principles as sustainable as it is neither organic nor traceable. We recognize the need for a scheme to support the change from conventional farming by promoting better practices, but we do not think we can stop there. We have higher ambitions and will not use BCI cotton when we can use organic cotton.

Fibers

2018–2022

- Sustainable
- Non sustainable

Since 2018, we have mapped the volume of our fiber use and traced the share of sustainable fibers on a yearly basis. When we talk about sustainable fibers, we are referring to the categorization found in the Nudie Jeans Sustainable Material Tool. To guarantee the sustainability of the fibers and textiles, we request supporting certificates from our suppliers. The sales of leather jackets and leather accessories have the most important impact on the total share of sustainable fibers. Overall, the use of sustainable fibers is stable over the years.



4.4% of all fibers used by Nudie Jeans in 2022 were not defined as sustainable.

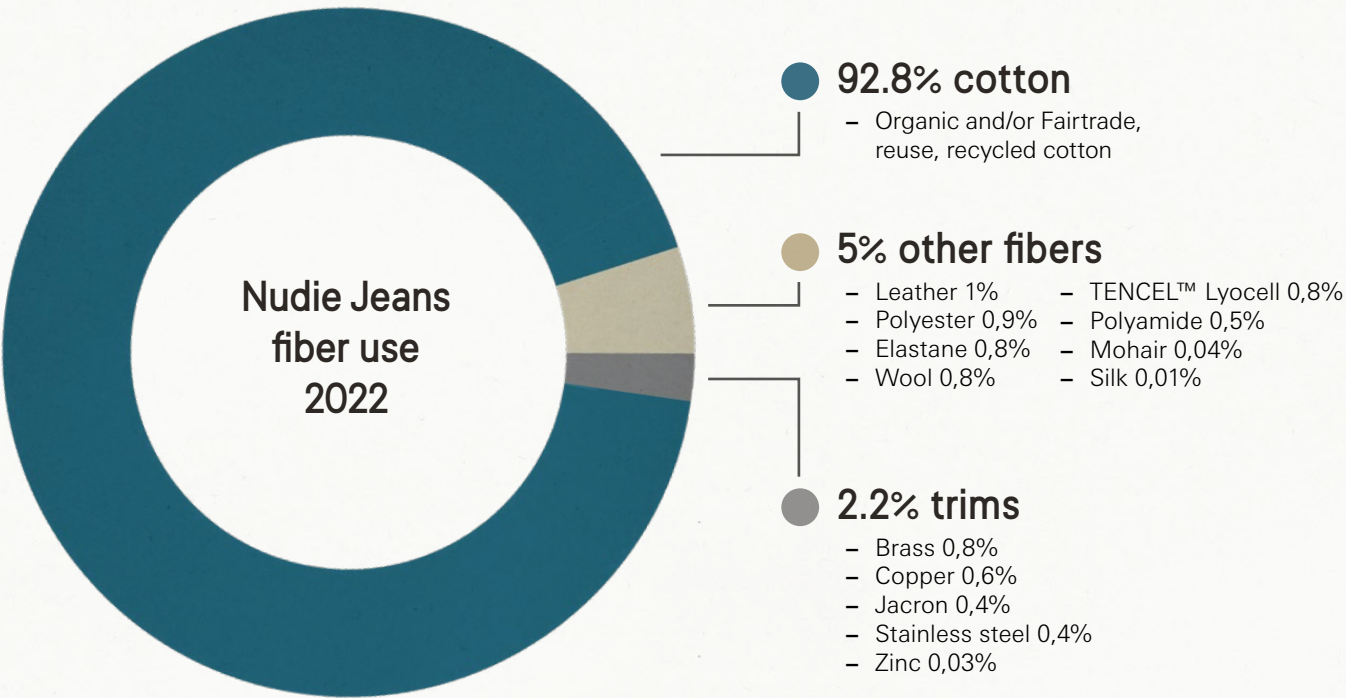
95.6% of all fibers used in 2022, were sustainable fibers as defined in the Nudie Jeans Sustainable Material Tool.

Raw materials

We are proud to say that the fiber we use the most by far is organic cotton, which accounts for 92.8% of our total fiber use. Compared to the last five years, a slight change can be seen in this number, both up and down between the years. The introduction of new fibers in our fiber portfolio as well as the total production of products have an impact. Our work with sustainable materials and traceability of fibers placed us in the leading category in the Textile Exchange's Material Change Index.



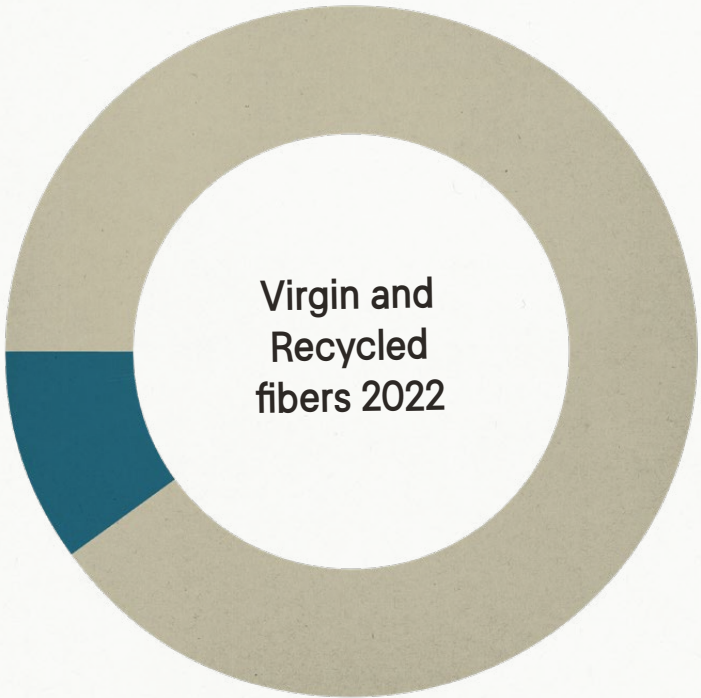
The use of recycled fibers has increased over the years. The larger increase in 2022 is due to the increased use of recycled cotton.



“ We are proud to say that the fiber we use the most by far is organic cotton.

90%
virgin fibers

10%
recycled fibers



The question of Genetically Modified Organisms (GMO)

Nudie Jeans only works with non Genetically Modified (GM) organic cotton. This is not because GMOs are bad per se, but rather because there is an issue rooted in imbalanced and unfair business relationships between the corporations that sell cotton seeds and the cotton farmers who buy them, mainly in the regular, conventional cotton industry. Much of the GM cotton used is not fertile which means the cotton seeds from the plants cannot be used for replanting, and this has a direct negative impact on environmental and socio-economic aspects for cotton farmers. As a result,

cotton farmers become dependent on seed purchases and the corporations selling cotton seeds. This economic dependency often results in large debts for farmers. Like many things, it is more a matter of how GMOs are used, rather than whether they should be used or not. As long as the risks mentioned above remain within our industry, we cannot classify GM cotton seeds as sustainable with a holistic approach to sustainable farming. And since GM seeds are banned within organic farming standards, we will not work with cotton grown from GM seeds.

Nudie Jeans fiber usage
2018–2022

Amount (kg) per year

	2018	2019	2020	2021	2022
Plant-Based Fibers					
Organic cotton	386,398	347,649	326,991	365,239	281,852
Recycled cotton	23	502	203	10,521	26,537
Upcycled denim		16			
Animal fibers					
Recycled wool	1,685	5,922	1,859	1,239	1,534
Conventional virgin wool		< 10	49	24	
GOTS/RWS virgin wool		68	299	1,053	1,019
Conventionel Alpaca		104	108	284	< 10
Conventionel Mohair		31			
Certified Mohair					126
Eri Silk		12	202		15
Chrome tanned leather	751	51	1,201	1,350	836
Vegetable tanned leather	1,544	1,418	679	954	2,425
Human-made cellulosic fibers					
Tencel	31	2,308	4,320	1,580	2,517
Viscose		70		50	

A general decrease in production in 2022 have reduced the volumes used of organic cotton.

In 2022 the use of recycle cotton increased significantly. We have scaled up the use of re-cycled fibers from our own second choice recycling projects as well as increased the use of fabrics made with a share of pre-consumer recycled cotton coming from our fabric suppliers own waste. We have also set up a new flow of recycling collected Nudie Jeans, to new fabrics. All of these incentives have led to a large increase of recycled cotton fibers.

The use of recycled wool is rather stable over the last couple of years. We have improved how we work with wool, both in terms of quality and from a sustainability perspective. We use recycled wool fibers mainly for jackets and over-shirts where the hand-feel and quality of the recycled fibers works well, while working with certified virgin wool for the product groups that need a finer quality.

Our total use of leather has increased over the last years, which reflects the increase in sales of leather jackets and leather accessories. In the last year we have been able to make more jackets in vegetable tanned leather which has resulted in an increased volume of vegetable tanned leather, and a decrease in the volumes of chrome-tanned leather.

Nudie Jeans fiber usage
2018–2022

Amount (kg) per year

	2018	2019	2020	2021	2022
Synthetic fibers					
Virgin polyester	608	262	374	126	<10
Recycled polyester	1,466	4,176	2,482	2,298	2,940
Polyamide	2,089	766	658	595	965
Recycled Polyamide				247	772
Virgin Elastane	6,899	3,579	3,386	2,012	2,218
Recycled Elastane			151	305	272
Virgin Acrylic			148		
Recycled Acrylic			198	< 10	
Metals					
Copper	2,581	2,655	2,479	2,147	2,027
Brass				1,706	2,582
Zinc	102	34	16	61	105
Stainless steel	689	689	1,280	667	1,236
Other materials					
Jacron	1,502	1,180	1,161	1,087	1,178
Other fibers				52	59

We have almost totally phased out the use of virgin polyester in our products.

The use of recycled polyester, as well as both recycled and virgin polyamide have increased in the last year. There are several factors for this increase; we have made more jackets and overshirt with linings of recycled polyester, we have had increased sales volumes of socks containing recycled polyester, and we have made several jackets made in virgin and recycled polyamide.

The category Other materials is used as the last share in recycled fiber mixes, and this can contain a mix of different fibers.

Convential material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	Volumes we use
Cotton	Cotton is a water-intensive crop to grow, and for large-scale conventional farming methods with monoculture set-ups effective irrigation can be challenging, resulting in more water use. Conventional cotton farming uses many synthetical pesticides and fertilizers which contain hazardous chemicals that poses risks for both farmers and biodiversity.	Organic cotton	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 the people who work on the fields, but also for biodiversity and the soil as it is not contaminated by toxic pesticides. By supporting small-scale organic cotton producers and methods for more effective irrigation, saving water is also possible.	All virgin cotton in Nudie Jeans products is certified organic.	The majority of the organic cotton Nudie Jeans uses is sourced from Türkiye, and our second largest sourcing country for organic cotton is India. A small part of the organic cotton used for our products comes from Uganda, and Tajikistan.	In 2022, Nudie Jeans used 281,852 kg of organic cotton, including Fairtrade cotton, for our production. This makes up 84.8% of all of Nudie Jeans' fiber usage.
		Organic Fairtrade cotton	The Fairtrade certification scheme includes fair and decent working conditions, support for farmers through the Fairtrade premium for investments in community projects, and a strengthened business relationship between farmer and buyer, which enables farmers to plan their harvests and sales in advance.	Nudie Jeans use organic Fairtrade cotton in all cotton shirts and cotton jersey products made in India.	The Fairtrade cotton is grown in India	In 2022, we used 7,468 kg of organic Fairtrade cotton purchased through the Chetna Organics.
		Recycled cotton	Using recycled cotton is a great way to decrease our environmental impact, as cotton is a resource-intensive crop to grow.	In 2022, we used both recycled cotton from sorted out, second-quality Nudie jeans, as well as pre-consumer recycled cotton from our factories' waste streams and other external pre-consumer sources.	Nudie Jeans' seconds are recycled in Tunisia, while the majority of the other pre-consumer recycled cotton comes from Türkiye and Spain.	In total we used 26,537 kg of recycled cotton in 2022. This is a large increase compared to the years before.

Convential material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	Volumes we use
Animal fibers	Traceability and transparency are challenges when working with animal-based wool fibers. Conventional animal fibers, in which the farms do not follow any sustainability standards, are also at higher risk of animal maltreatment. Recycled animal fibers have other challenges such as shortened fiber length which can affect the strength of the yarn.	Wool (virgin and recycled)	Wool is a natural and durable fiber, and its longevity and natural stain-repellent properties make it a great fiber for garments. Airing wool garments is often just as effective as washing, which allows for sustainable use. Using recycled wool is more sustainable, as it decreases the environmental impact of the material.	For outerwear such as coats and over shirts, recycled wool fiber with its rougher feel is a great fit and where we today use it the most, while finer knits benefits from the virgin fibers' high quality and longer fibers.	The majority of the certified wool yarn we use comes from Türkiye. We have not yet been able to trace the certified wool down to the farm level. The recycled wool yarn we use comes from the Prato region of Italy.	In 2022, we use 1,534 kg of recycled wool and 1,019 kg of certified virgin wool.
		Mohair	Mohair wool with its soft and light feel is a good alternative to sheep wool for certain styles.	In 2022, we started to use certified Mohair to make lighter, more voluminous knitted sweaters. We have made rigorous efforts to move away from the use of non-certified animal hair to the use of animal hair certified according to Textile Exchange's different responsible standards.	The certified mohair is sourced from Italy, but we have not yet been able to trace it back to the country of origin of the raw material.	In 2022, we used 126 kg of mohair wool.
	The animal rights and welfare perspective is a challenge for conventional silk production, as the silk cocoon and the silkworm is boiled in the process of separating the fibers from the cocoons and to obtain as long fibers as possible. But in Eri silk, Ahimsa or peace silk production, the silkworm spins an open ended cocoon, which allows the moth to leave the cocoon before harvest.	Eri Silk (also called Ahimsa or peace silk)	Silk is a natural protein fiber that is produced by the worm of the silk moth. It is a lightweight and breathable fabric with a luxurious appeal. The silk fiber is also a strong natural fiber which can give the fabric an inherent longevity.	In 2022, we made two silk scarves in 100% Eri silk. We have not yet been able to source certified organic silk. We only define certified organic silk as a sustainable fiber in our Material Tool. In organic silk production, the pesticide and fertilizer use is regulated in addition to harvesting empty cocoons.	All Eri silk we used in 2022 was sourced from India.	In 2022, we used a total of 15 kg of Eri silk for the two silk scarves.
	The leather industry presents many challenges regarding chemical usage, traceability, and animal welfare.	Leather	Throughout Nudie Jeans' history, we have chosen to work with leather because just like denim, it is a material that becomes more beautiful with time. We also believe that a leather jacket or a leather accessory can be a sustainable product if it is used for many years.	In 2022, we increased the production of vegetable-tanned leather jackets, while still carrying few styles in non-vegetable tanned leather. Our leather accessories are made with only vegetable-tanned leather. Working with vegetable-tanned leather decreases the use of chemicals. Until we can guarantee that the animals are from certified organic farms, we will not define leather as a sustainable material.	We have used goat and buffalo leather for our jackets, all from Leather Working Group, Gold certified, suppliers. We lack official ways to trace the leather back to the farm level, but we have been informed that the leather should be from Indian animals. The leather used for our accessories is from Polish cows.	In 2022, we used 1,171 kg of vegetable-tanned goat leather, 790 kg chrome-tanned goat leather, 46 kg chrome-tanned buffalo leather for leather jackets, while 1,254 kg of vegetable-tanned bovine leather was used for our accessories.

Convential material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	Volumes we use
Human made cellulosic fibers	MMCF or Human-made cellulosic fibers are commonly made from a wood-based cellulosic pulp where the actual textile fiber is made in an industrial process. Conventional MMCF, such as viscose for example are made using caustic soda and carbon disul-fide, and sodium sulfate is created as a byproduct of the process. These chemicals have harmful properties and must be handled properly. Ensuring sustainable sourcing of wood-based raw material is also a challenge for Human-made cellulosic fibers.	TENCEL™ Lyocell	TENCEL™ Lyocell is currently the most sustainable human-made cellulosic fiber and is among the textile fibers with the lowest environmental impact of most virgin fibers. Unlike viscose and modal, which are the same type of fiber, TENCEL™ Lyocell production is sustainable thanks to the use of a closed-loop system for the solvent spinning process. The solvent is recycled and can be reused many times.	Nudie Jeans is proud to use TENCEL™ Lyocell as our main human-made cellulosic-based fiber. In 2022, our overall use of TENCEL™ Lyocell increased mainly due to the use of denim fabrics with TENCEL™ Lyocell blends.	The cellulose used to produce TENCEL™ Lyocell comes from sustainably managed forests in South Africa, Czech Republic, Slovenia, Slovakia, Scandinavia, the Baltic countries, Russia, the US, and Poland, where sustainable forest managment certification schemes are applied.	In 2022, we used 1,580 kg of TENCEL™ to produce Nudie Jeans products.

Convential material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	Volumes we use
<div>Synthetic fibers</div>	<p>Virgin conventional polyester, polyamide and elastane are made of oil, a nonrenewable raw material. The use of synthetic fibers involves a risk of microplastic release, and microplastics can contain harmful chemicals and end up in the ocean, animals, and humans. Mixing synthetic fibers with cellulosic fibers can also impact the recyclability of a garment or fabric.</p>	Polyester (virgin and recycled)	<p>Synthetic fibers are used in Nudie Jeans garments for the properties of the fibers. For example, adding polyester to our stretchier denim optimizes the recovery of the stretch and adding polyester to a cotton or wool yarn improves yarn strength. We aim to use recycled synthetic fibers whenever possible. To decrease the risk of microplastic release, we sell the Guppy Friend washing bag, which is a washing bag specifically made to capture microplastic fibers inside the bag instead of flushing them out into sewage systems.</p>	<p>In 2022, we continued to only work with recycled polyester in denim fabrics containing a polyester blend, and we also used recycled polyester for linings as well as for yarns in our knits.</p>	<p>Most of our recycled polyester originates from India, Italy and Spain. As we work with smaller volumes of recycled polyester in different products it is a challenge to reach full traceability for all recycled polyester back to the recycling process country.</p>	<p>In 2022, we used 2,940 kg of recycled polyester and only 4 kg of virgin polyester was used.</p>
		Polyamid (virgin and recycled)		<p>Like polyester, polyamide is used in some garments to add strength and abrasion resistance. Nudie Jeans use polyamide in socks, and in some knitted items, such as knitted sweatshirts and beanies. Polyamide is also included in some of the metal buttons used on our denim.</p>	<p>We have not yet been able to trace the origins of the polyamide used in Nudie Jeans' products.</p>	<p>In 2022, we used a total of 965 kg of virgin polyamide and 772 kg of recycled polyamide.</p>
		Elastane (virgin and recycled)	<p>In our comfort and power stretch denim options, we have included between 1–3% elastane, which gives the denim a soft and stretchy feel.</p>	<p>When spinning the yarn used in the denim fabric, cotton fibers are spun around a very thin yarn of elastane. The elastane is therefore at the core of the yarn.</p>	<p>The elastane producers are known to us, but we have not yet been able to trace the specific production units used.</p>	<p>In 2022, we continued to work with a small portion of recycled elastane in a few of our denim fabrics. We used a total of 272 kg of recycled elastane, and 2,218 kg of virgin elastane.</p>

Conventional material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	Volumes we use
Trims	We work with a number of different materials in our trims which all have different challenges. We apply the same definition for sustainable fibers for our textiles to our trims. This is why we have stopped working with leather patches and we are decreasing the use of plastic trims.	Metals, corozo, plastic, cotton, FSC certified paper and recycled polyester.	Metal buttons and metal zippers are strong and have a long product life. Corozo buttons were the more sustainable option instead of plastic buttons.	In 2022, we continued to use corozo buttons for many of our shirts and jackets. We also have a few button styles made in partly bio-resin and partly fossil-based plastic.	The thread for our denim comes from three different global suppliers, but with local sourcing in the same country as our production. Zippers come from YKK and are bought locally by our suppliers in each supplier country. All of our metal buttons, rivets, and snap fasteners are made under environmentally safe (EMAS) and transparent conditions in Germany. The booklets in the back pocket of each pair of jeans are made in Denmark the paper is FSC-certified. The woven Nudie Jeans tag is made in recycled polyester, the paper waist tag is made with FSC-certified paper. All of our tags and hangtags are made in Türkiye. The paper box for underwear is made locally in India with pre-consumer recycled cotton from fabric and spinning waste.	In 2022, 2,582 kg of brass, 2,027 kg of copper, 1,236 kg of stainless steel, and 105 kg of zinc were used for all the metal buttons and rivets. We have not yet been able to collect the volumes for metal used for our YKK zippers. 3,370 kg of recycled paper and 5,165 kg of FSC-certified papers were used for our paper labels and 731 kg of recycled polyester was used for the Nudie Jeans tag in our garments. We have not yet had the possibility to trace and calculate the weight for the other fibers used in our trims.
		Jacron	Jacron is a material made of FSC-certified cellulose fibers and a small share of acrylic polymers. Offering leather-free denim was a natural step in Nudie Jeans' sustainability journey.	In 2018, we stopped using leather patches on our denim and replaced them with jacron patches.	The jacron we work with is made in Germany.	In 2022, we used 1,178 kg of jacron

Biodiversity

The term biodiversity comes from the words “biological diversity” and means the variety of all life on Earth at all different levels. This involves everything from genes and microorganisms to insects, animals and entire ecosystems. Rich biodiversity and resilient ecosystems are essential aspects of generating sustainable development. Loss of biodiversity should not only be seen as an environmental issue, but also as a business issue. All businesses, including Nudie Jeans, depend on and impact biodiversity and ecosystem services in numerous ways.

Throughout our history of working with sustainable production, we have taken a number of actions to decrease our impact on biodiversity, but without phrasing it as such. To better comprehend the impact our business creates, we have, in the last two years, been working with master’s students from Chalmers University of Technology in Gothenburg to help us analyze and understand our impact on biodiversity.

The outcome has been three master’s thesis reports⁴. One explores how Nudie Jeans’ existing sustainability efforts can be mapped in relation to impact on biodiversity. The second evaluates the impact on biodiversity of Nudie Jeans’ most-used fiber, organic cotton, in relation to Lenzing’s TENCEL™ Lyocell, a sustainable human-made fiber, compared to conventional cotton. The last thesis, from 2022, was a field study in which farmers were interviewed on the subject of biodiversity.

An action plan was designed for how Nudie Jeans can decrease the identified negative impacts and take action to enhance biodiversity in the region.

The results of the reports show that Nudie Jeans’ impact on biodiversity should be analyzed primarily through three of the direct drivers of biodiversity loss, as identified by the IPBES (2019): land use change, climate change, and pollution. Our most significant impact on biodiversity occurs in the raw material stages and fiber production. Farmers identified the lack of economic incentives as a common challenge hindering the use of farming practices that enhance biodiversity. The findings in the last study indicate an interest from farmers in working with regenerative farming practices, which include a holistic approach that would also have a positive impact on biodiversity. We will continue to dig deeper into these questions and study whether the purchase of regenerative organic cotton can be one way to support farmers economically, as well as increase incentives to enhance biodiversity.

By only working with certified organic virgin cotton and recycled cotton, we are reducing the negative impact on biodiversity that cotton cultivation can create. According to the white paper "Advancing Organic to Mitigate Climate Change" by Organic Trade Association⁵, organic cotton has a lower climate impact and less risk of pollution, as no chemical fertilizers or pesticides can be used. To broaden our understanding of the impact on

the biodiversity of organic cotton, we must learn more about the impact of organic cotton on land use. One finding showed that organic cotton has lower yields compared to conventional cotton, which might result in the need for larger land-use areas to produce the same volumes of cotton. But at the same time, in terms of biodiversity, organic farming methods can have other positive impacts: inter-cropping, the use of cover crops and different soil protection measures are often part of organic practices and can have a positive or even a regenerative impact on biodiversity.

Working in accordance with the Nudie Jeans Material Tool is one strategic measure for limiting our negative impact on biodiversity at the raw material stages. For example, we limit our negative impact on forest biodiversity by only working with organic virgin cotton and Lenzing’s TENCEL™ Lyocell, which only uses biomass from sustainably sourced forests. We are also increasing our use of recycled fibers, which decreases the impact on raw material production.

Other critical biodiversity impact areas in our business include wet processes, both in fabric production and garment washing. For these impact areas, the Nudie Jeans chemical policy and the strategic choices to work only with suppliers that have proper water treatment plants, and preferably GOTS-certified suppliers, are important for limiting our impact on biodiversity, especially in relation to the risk of pollution.

Our work to decrease GHG emissions from our full business is vital from a biodiversity perspective, as climate change is one of the main drivers of biodiversity loss. Our broad array of sustainability engagements encourages us to avoid the trap of "carbon tunnel vision"⁶. Increased awareness of how our business impacts biodiversity will improve the possibility of having an interconnected response to climate change.

4. Nhu Anh Phan – The Bumpy Roadmap to Biodiversity Management for Apparel Companies. The case of Nudie Jeans Chalmers university of Technology, 2021.

Clara Wickman – Assessment of the Drivers to Biodiversity Loss in Textile Fibre Production. A Case Study of Nudie Jeans' Supply Chain. Chalmers university of Technology, 2021.

Hanna Comstedt and Alina Ridderstam – Biodiversity in cotton farming in western Türkiye. A qualitative case study on Nudie Jeans’ impact on biodiversity. Chalmers university of Technology, 2022.

5. Advancing Organic to Mitigate Climate Change. Knuth, B., DeBates, M., Mirenda, J, & Shade, J. (2020). Washington, DC: Organic Trade Association

6. → [Jan Konietzko – Moving beyond carbon tunnel vision with a sustainability data strategy](#)

Certifications

Working with certified raw materials is important to us at Nudie Jeans. The organic cotton used for our products is certified in accordance with the strictest and most well-known standards for organic agriculture. All cotton sourced in India through Chetna Organic is both Fairtrade and organic certified. With new materials entering Nudie Jeans' production range, we are also increasing the range of standards our fibers are produced according to. For all our human-made cellulosic textiles such as TENCEL™, certifications for sustainable forest management are applied, while for recycled yarns, we endeavor to use well-known recycled standards.





The Shift

Reduced emissions and competitive advantage
for Armstrong Knitting Mills

We all share responsibility for decreasing our CO2 emissions. One of the most important ways Nudie Jeans can make a change is to choose suppliers who take their role in the global shift toward renewable energy and reducing CO2 emissions seriously. Our long-term supplier Armstrong Knitting Mills is one of them and they sure see this topic as an important one. Having invested in both solar panels and windmills give them today the possibility of working with a high share of renewable electricity.

The climate has been a hot topic for a while. But since overall temperatures are going in the same direction, all players in the textile industry – large and small – need to start acting. Because we all share responsibility for decreasing our CO2 emissions.

So what can Nudie Jeans do? We can start by choosing suppliers who take their role in the global shift toward renewable energy and reducing CO2 emissions seriously. We sat down with our Indian supplier, Armstrong Knitting Mills, to get their thoughts on their role in this area.

“We are constantly looking to increase our renewable energy production, thereby reducing greenhouse gas emissions.”

Are there any reasons why Armstrong invests in renewable energy?

“Well, we’ve always aimed to be a front-runner in the sustainable textile manufacturing industry. And for over a decade, we’ve produced organic-only textiles. Today, we use other sustainable fibers, like recycled ones. Moving forward, we plan to invest more in renewable energy production

to decrease greenhouse gas emissions. Our first step was the windmills – with a current capacity of 18.50 megawatts per year – and we recently invested in solar panels. At the moment, their capacity is 20.20 megawatts per year.

One of the driving forces behind this shift is Armstrong's executive director, Mr. Vivekanand. He’s been a key player on these projects since the beginning, and he's directly involved in the wind and solar energy projects. And even though there's no sustainability department within the knitting mill, Armstrong gets help from their parent company.

A division within the Armstrong Group works closely with our administration department. And they supply us with the required data whenever brands like Nudie Jeans ask.”

Did you analyze the financial risk or possibilities of investing in renewable energy, or have any hesitations toward these investments?

“There are always financial risks when making a significant investment. For example, we are unable to run the windmill during cyclones. And the



government frequently changes its policies and buying prices. But we invest in our passion and want to remain the front-runner in sustainable textile manufacturing.

Armstrong Knitting Mills sells part of the electricity produced by the windmill back to the state’s power grid, and then purchases it to support parts of their extensive facilities. The same goes for what the solar panels produce, which keeps one of their spinning facilities running. The rest they sell to the state's power grid.”

Would you say the windmill and solar panels add value and a competitive advantage for Armstrong against other suppliers?

“Yes, they do, certainly for marketing ourselves and our vision about sustainability. Working with brands like Nudie Jeans attracts other brands with a sustainable mindset, so it gives Armstrong a competitive advantage. And hopefully, the competitors will follow, which ultimately means reduced emissions on a bigger scale. We want to inspire other suppliers, but we recommend they do the research before making these significant investments.”

Production

RISKS AND CHALLENGES	ACTIONS	GOALS
Wages below a living wage put other areas at risk such as health, safety and education, and impact the risk of child labor and reduced equality.	We will develop the work with transparent product costing through the use of fair price app.	Implement our share of living wages payment to reach 100% of employees at all our main suppliers in high-risk countries by 2025.
Wages below a living wage put other areas at risk such as health, safety and education, and impact the risk of child labor and reduced equality.	Collaboration with suppliers and local stakeholders to map the wage levels in relation to the local living wage benchmark in each production country.	Map the wage levels at 100% of our main suppliers and their employees' need for a living wage by 2023.
The effects of climate change and global warming; extreme weather events, water shortages, endangered ecosystems and decreased biodiversity will risk our core business.	Changes to electricity from renewable sources, increase the use of heating from renewable sources. Change from fossil-driven company cars to hybrid and fully electric cars.	Reduce scope 1 and 2 GHG emissions by 51% by 2030.
Renewable energy availability on markets where we have stores and offices.	Change of energy subscription or purchase Renewable certificates per market and map which stores are compatible with signing renewable energy contracts.	Reach 100% renewable energy sources for electricity used in all Nudie Jeans-operated facilities by 2023.
The effects of climate change and global warming; extreme weather events, water shortages, endangered ecosystems and decreased biodiversity will risk our core business.	Support our suppliers in the transitions to renewable electricity and fuel use. Decrease the use of air freight and increase the use of train and sea freight. Uphold the use of sustainable fibers.	Reduce scope 3 GHG emissions by 51% by 2030.
Renewable energy availability on a global scale to enable a fast transition to fossil-free energy usage.	While we are developing our climate work to create actual reductions, we are offsetting all our emissions with investments in offsetting projects.	Offset CO2 emissions for scope 1,2 and 3 in 2022.
Lack of a well-developed and modern train infrastructure. Global supply chain and distribution chain where longer flights might be necessary.	Increase the use of train travel over air travel, continue to use digital meetings. Smarter travel planning.	Decrease our emissions from business travel by 20% by 2022.



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

We do not envision a trade-off between profit and people, nor between manufacturing and environmental responsibility. These themes are major factors in our choice of suppliers. As with most other clothing brands, we do not own the factories where our products are made. We are however, together with our garment suppliers, responsible for providing a safe and ethical working environment, as well as providing support towards mitigating negative environmental impacts caused by the production.

In 2022, a Responsible Business Conduct (RBC) Policy was established. The policy describes Nudie Jeans’ commitment to reducing negative environmental and social impacts as much as technically,

economically, and practically possible within the scope of our business. The policy aims to reaffirm our commitment to conscientious and responsible business conduct in full respect of the key principles introduced in our full policy portfolio.

Our responsibilities include selecting suppliers and sub-suppliers, that share Nudie Jeans ambitions and values regarding human rights, labor practices, the environment and ethics. Nudie Jeans strive for long-term relationships and our intentional supplier choices are outlined in our Sourcing Strategy.

We continuously work with risk assessments to map and evaluate human rights violations as well as environmental risks connected to our operations. The risk assessments are conducted at various levels, such as sector-, country-, sourcing model-, process-, material-, and product level.

Through our risk assessments and due diligence process, we are actively identifying risks in the supply chains. Some are universal while others are country specific. These include, but are not limited to, labor risks related to the code of labor practices, low wages, the use of non-allowed chemicals, large amounts of CO2 emissions and lack of transparency. In this chapter, we will outline how we have addressed these risks and connected the work to our goals.

SDG 8, Decent work and economic growth is one of the overall goals for our work. By implementing our Code of Conduct, we are contributing to a

Our main partnerships within this field:

- Fair Wear Foundation
- Research Institute of Sweden
- Sag Salim
- Swedish Textile Initiative for Climate Action

better working environment throughout the supply chain, which connects to targets 8.5, Decent work; 8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor and target 8.8, Secure working environments.

The work conducted by our suppliers is linked to many SDGs, and one of the areas is SDG 1, No poverty, target 1.1, Eradicate extreme poverty, and target 1.2, Eradicate national poverty. The work we do to raise wages and pay Fairtrade premium at our suppliers is the most concrete example of this effort. Our living wage concept has evolved over time and is now an integrated part of the purchasing process at our Indian suppliers and one of our Turkish suppliers⁷ but we — and the industry — still have a long way to go. Our efforts to facilitate trainings and committee work are in line with SDG 5, Gender equality, and target 5.1, End all forms of discrimination, target 5.2, End violence, and target 5.5, Equal opportunities. The work we do at our suppliers is also in line with SDG 10, Reduced inequalities, target 10.3, Ensure equal opportunities and reduced inequality, and



target 10.4, Wage protection policies, where we have seen the formation of workers' committees and more female supervisors in charge.

Minimizing the use of harmful chemicals is necessary for creating a safe work environment at

In 2022 we held speeches and presentations related to our production:

- Adyen Earth day: Sustainability in textile industry
- Etisk Handel Norge: Living wages
- ETI Sweden: HRDD
- GIZ: Circular activities
- RE:skills: Global supply chains and social risks
- Lunds University: business and sustainability
- International sourcing expo Australia: Human Rights Due Dilligence, climate, circularity
- University West: Social conditions in textile supply chains
- World circular economic forum: How to reduce the footprint of the textile and garment industry.
- The Gothenburg School of Business, Economics and Law: Sustainable marketing and business ethics
- Higg: Hit the moving ESG target: Using data to prepare for the new era of carbon disclosure.

the factories in our supply chain, and for securing access to safe and clean water, as non-treated wastewater is a large source of chemical pollution in some countries. This work is in line with target 12.4, Achieve the environmentally sound management of chemicals and all waste. The preventive work we do along the many actions to increase water use efficiency in our supply chain are all in line with SDG 6, Clean water and sanitation, and specifically target 6.6, Protect and restore water-related ecosystems, target 6.3, Improve water quality by reducing pollution, and target 6.4, Substantially increase water-use efficiency. By only working with suppliers with proper wastewater management systems, we also have an indirect positive impact on SDG 14, Life below water, and target 14.1, Prevent and reduce marine pollution.

In 2022, we continued the structural approach to our climate work. We worked together with the Swedish Textile Initiative for Climate Action (STICA) and the consultancy firm 2050 Consulting AB, to map all of our emissions, in all three scopes, in accordance withh Greenhouse Gas Protocol methodology and extended our work to include discussions on CO2 reductions with key suppliers. Our climate-related sustainability work is connected to SDG 13, Climate action, especially target 13.2, Integrate climate change measures into policies, strategies, and planning. A focus of our climate work is to be part of the shift toward using renewable energy in the full supply chain. We are also working in line with SDG 7, Affordable and clean energy, target 7.2, Increase the share of renewable energy in the global energy mix.



7. Armstrong Knitting Mills, Dibella, Chennai management services and Mergü.

The Industry we want

In 2022, we continued to engage in the initiative "The Industry We Want"⁸, in the work to develop a new set of metrics for the textile industry. The selected areas targeting the social, commercial, and environmental aspects are wages, purchasing practices and GHG emissions. The metrics for wages has been developed through wage gap data per country, the purchasing practice metric by surveys for suppliers through Better Buying Institute and the environmental metric shows an estimation of total emission from the textile industry in 2020, which creates the base line to which future changes will be measured against. The goal is to see reductions in line with the 1.5 degree pathway stated in the Paris Agreement.

Living wages

The metric for wage gap according to The Industry We Want Initiative is 48,5%. Comparing with the wage gap at our suppliers, we can see that we have a smaller gap for Tunisia, India and Türkiye⁹.

Purchasing practices

In 2022 we sent out invitations to our suppliers to participate in the Better Buying Survey, where they rated the relationship they have with the brands. This year, we received a large engagement of 81% of our main suppliers who answered the survey.

The new The Industry We Want metric on purchasing practices is 40. FWF brands received a score of 38, a decline from 67 last year. The score is general for all brands. The decline mirrors on one hand, the larger ongoing industry challenges in visibility and stability across the sector. On the other hand, this year had an increase of supplier participation.

Among the answers, 33,3% was from suppliers in Bangladesh, a country where Nudie Jeans does not source from. In either case, we are keen to gain further information on how to get better!

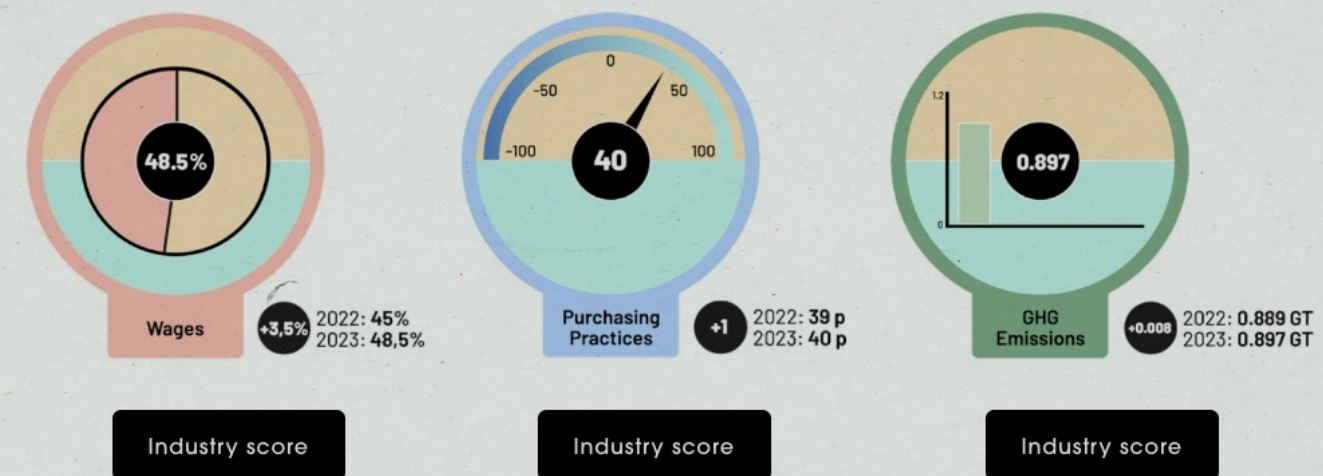
Climate

The Industry We Want metric to measure the reductions of GHG emissions in the textile industry has been developed. As our climate targets are set in line with science informed targets, we aspire to be part of the reduction needed. The metric shows an estimated total emission from the textile industry in 2020.

8. → [Theindustrywewant.com](https://theindustrywewant.com)

9. For the full overview of wage levels in Nudie Jeans supply chain, see page 40.

Social, Commercial and Environmental Transformation



Working conditions at our suppliers

We endeavor to take responsibility every step of the way, from choosing the most sustainable materials to only working with carefully selected partners, all of whom are required to comply with our Code of Conduct. Our Fair Wear Foundation (FWF) membership is a key element in ensuring that everyone throughout the production chain works under fair conditions, and their Code of Labor Practice is incorporated into our Code of Conduct.

FWF is a third-party non-profit organization that works with brands, factories, and NGOs to verify and improve conditions at suppliers. Nudie Jeans has been a member since 2009.

We actively work to improve the working conditions in our supply chain to make sure all suppliers and subcontractors comply with the eight standards of the Code of Labor Practice¹⁰. In 2022, 90% of our suppliers were monitored, including suppliers in both high-risk countries and low-risk countries. For Nudie Jeans, high risk countries are Türkiye, Tunisia and India and low-risk countries are Italy, Portugal, Poland, Lithuania, and Sweden. FWF performs an annual Brand Performance Check on all its members, which is available to the public online. Nudie Jeans has been ranked in the Leader category for the ninth consecutive year since 2014.

10. → [FWF Code of Labour Practice](#)

The illustration shows our FWF Brand performance over the years.
The figures for 2022 are based on actions and work carried out in 2021.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FWF Category	Leader	Leader	Leader	Leader	Leader	Leader	Leader	Leader	Leader	Good
% of suppliers suppliers under monitoring	90	98	97	96	99	96	98	99	97	99
% of production in low risk countries	33	41	37	41	49.5	61	80	74	86	91
% of suppliers visited during the year	88	95	99	94	99	96	95	98	98	97
Number of complaints received	1	1	2	1	9	7	1	4	2	1
% of suppliers participating in Worker Education Program	60*	3*	3*	57	86	87	26	37	66	66

* FWF changed the indicator to include factory participation in training programs that support transformative processes related to human rights and not only general training as previous year shows.

An essential aspect of the working conditions at our suppliers is that employment must be freely chosen, in terms of both starting and ending the relationship with the employer. We carefully select our suppliers and only choose those who can ensure and show evidence that no one is forced to work through any incentives, such as lump sums, debts or similar. This has an impact on SDG 8, Decent work, target 8.7, Eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor. Nudie Jeans publicly commits to respecting human rights as stated in the UK's Modern Slavery Act 2015 and the UN Guiding Principles on Business and Human Rights (UNGP). This is stated in [the Human Rights and Anti-Slavery Policy](#), which is available online. Having a secure employment contract is highly valuable for most employees, as it guarantees the right to social security and the position is regulated by law. This is

especially important in countries in which social security is not as strong as in other countries. The labor practice "A legally binding employment relationship" covers this aspect. It is a standing point on the agenda when visiting our suppliers to discuss terms of employment and ensure that as many workers as possible, if not all, have a permanent employment contract.

In 2022, one of the suppliers in Türkiye showed finding in overtime. Even though the overtime payment was made under legal requirements, and the order planning by Nudie Jeans was confirmed not being the root cause of the finding, we engaged in the dialogue with the supplier and the brand producing at the same supplier to address the issue. A practice that is closely related to the labor practices "Employment is freely chosen" and "Reasonable hours of work" is "No exploitation of child labor." Over the years, the textile industry has been at risk of having child labor in the supply chain. For Nudie Jeans, the suppliers that pose the most risk of child labor in the supply chain are the cotton farmers and less transparent spinning units, where production is labor-intensive. It is less likely in other parts of the production chain, either because not as much labor is required, or a highly skilled professional is required, such as a tailor. To reduce the risk of child labor in our Indian supply chain, we have chosen to procure cotton from Chetna Organic, which can offer both Fairtrade and organic cotton from a farmers' association with regular audits from Fairtrade to ensure good working conditions and that no child labor takes place. To read more about Chetna Coalition, see the Material chapter.



i

The Fair Wear Foundation Code of Labor Practice

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining
3. There is no discrimination in employment
4. No exploitation of child labor
5. Payment of a living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. A Legally binding employment relationship

Children's rights

Our due diligence work reveals some less positive aspects of our supply chain, where child labor can potentially occur. The recycling industry is a positive and necessary business area for the fashion industry, but transparency and information on raw material collection is lacking and there is a risk of child labor occurring in the collection of PET bottles in many Asian countries, as one example. Another example is the spinning units in India where there are many activities that may be carried out by younger people, although within legal working age. If these suppliers lack transparency, there is a risk of employees working more hours than permitted. There is a risk of young workers or child labor being used in the cotton fields, especially during harvest season, including Syrian refugees in Türkiye for example, which is why we have engaged with the Sağ Salim program for implementing a grievance channel and capacity-building program.

Although there are many risks regarding children's rights, we acknowledge that our own and our suppliers' actions, such as paying our share of living wages, limiting overtime hours, and thus enabling parents to be with their children in the evenings, and encouraging crèche facilities, especially at our Indian suppliers, contribute to minimizing the negative risks for children with connections to the textile supply chain. This touches upon SDG 8, Decent work, target 8.7, Eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor.

The Chetna farmers, from whom we purchase organic and Fairtrade cotton in India, can grow other crops, and maintain a rural lifestyle in their home villages, and their children can go to school for further education. Our supplier Dibella supports local schools for the children of cotton farmers.



Audits and trainings

In 2022, we initiated a total of five audits: one in Italy, three in Tunisia and one in Portugal. In addition, we collected other external audits for some suppliers to reduce the audit burden on our suppliers, and our fabric supplier in Türkiye conducted six farm-level audits. The audits in Türkiye were performed by a USB certification, a GOTS (Global Organic Textile Standard) approved certification body; the audits in Tunisia were performed by Fair Wear Foundation’s (FWF) team; and the audits in Portugal and Italy were performed by independent consultants following FWF’s audit methodology. During the year, we also worked on following up the audit results and non-compliances from other reports we received, as well as previous audits from the year before. According to the latest FWF Brand Performance check, reflecting on 2021 activities, we monitored 90% of our production units.

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 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, Türkiye and Tunisia participated in the Fair Wear Foundation’s WEP. Nudie Jeans facilitated and paid for training at the suppliers.

Previously, the training was calculated with basic and advanced training, but since the Brand Performance check’s new indicators were introduced,

Audits and trainings that took place in our supply chain in 2022.

Supplier	Production country	Product group	Process	Audit company	External training	Training Organization
Armstrong knitting mills, unit I	India	T-shirts	Sewing		Violence prevention training	FWF
Chennai Management Services	India	Leather Jackets	Sewing		WEP Violence and Harassment Prevention	FWF
Greenlab	Italy	Jeans	Laundry	Independent consultant		
Eduardo Pereira Almeida	Portugal	Hats	CMT	Independent consultant		
Famadex	Portugal	Sweaters, T-shirts	Sewing	Independent consultant		
Denim Authority	Tunisia	Jeans	Sewing, laundry, packing	FWF	Social Dialogue training for supervisors and workers, Fair price app training	Just Solutions, FWF
Fares	Tunisia	Pants	Sewing	FWF		
Fashion Textile Services	Tunisia	Jeans	Pocket printing	FWF		
Agrona	Türkiye	Jeans	Cotton cultivation	USB for GOTS		FWF
Esvap	Türkiye	Sweaters	CMT	BSCI		
Mergu	Türkiye	Shirts	CMT		Fair price app training	FWF

only advanced training that leads to transformative processes related to human rights is calculated. In 2022, we supported an extensive social dialogue training program at our main denim supplier in Tunisia, as well as training for the Fair Price App at that supplier and another supplier in Türkiye. In addition, the anti-violence and harassment training was rolled out at one of our Indian suppliers.

In recent years, one of our Indian suppliers has enrolled workers and management in workplace training, raising awareness about workplace stan-

What is an audit?

An audit is a control, normally at the supplier level, to assess the workplace conditions. As we are members of FWF, the auditing program follows the Code of Labor Practice developed by FWF and each of the labor practices are assessed from 3 perspectives: factory management, stakeholders, and workers. In high-risk countries, off site-interviews are always con-

ducted prior to the audit. A FWF audit is carried out by local FWF staff in the production country and the team consists of at least 3 people with different competencies. The audit takes 1–3 days depending on the size of the factory. All FWF audits are announced, as the relationship between brands and suppliers should be built on trust and collaboration.

dards and grievance systems, and developing functional anti-harassment committees. Given the situation of female representation and gender inequality in the textile industry, we have focused on empowering female workers. For example, we offer training programs for female line supervisors with a focus on leadership and teamwork, as well as types of harassment and how to identify them. Through the training programs, which also aim to strengthen worker and management relationships, we have a positive direct impact on SDG 4, Quality Education, and targets 4.1, Education for all, as well as 4.4, Relevant skills for employment. The violence prevention and anti-harassment training modules provided by Nudie Jeans through FWF's WEP in recent years are additional examples of a positive direct impact on SDG 5, Gender equality, and target 5.1, End all forms of discrimination, and the labor practice "No discrimination in employment." Violence and harassment prevention training continued at one supplier in India.

On a practical level, we urge suppliers to have relevant policies in place, to encourage more female line supervisors, to investigate the wage structure, and to have representative committee groups comprising both men and women of different ages, departments, and skill levels. Committee work is an important way to involve all workers and ensure their voices are heard, and for all voices to be equal, without discrimination. We view our program for raising wages toward a living wage as one way to reduce gender inequality, because it results in both men and women having a stable income on which it is possible to live.



Right to a living wage

Since 2013, we have been paying our share of living wages for our products at selected Indian suppliers, and in recent years just over 3,796 workers have received an additional amount from Nudie Jeans, as a step toward increasing wages at select-ed suppliers. For part of the Indian supply chain, we pay our share of living wages to employees from the raw material stage throughout the supply chain, to the final garment. This is the clearest ac-tion in which we have a positive direct impact on SDG 1, No poverty, target 1.1, Eradicate extreme poverty, and target 1.2, Eradicate national poverty.

We began this initiative in support of the notion that everyone who produces a Nudie Jeans prod-uct should have a wage they can live on. The approach to working practically with living wag-es in the supply chain has been discussed and debated in the industry for a long time, and we have chosen to use local collaborations directly with our suppliers and to improve our purchasing practices. We have not engaged in trade union or government discussions or initiatives in the coun-tries where our products are produced. Different stakeholders, including FWF, have verified that payments have reached the workers. Both Nudie Jeans and the first supplier¹¹ where we initiated the payments, felt positively about expanding liv-ing wage payments. Nudie Jeans has therefore reached out to other brands that source from the factory to expand living wage payments to other production departments at this vertical supplier. Currently, another brand is also paying their share

Lowest, Mode and Highest monthly wages (before allowances, bonuses or overtime) at our main audited suppliers in the following countries.

	Currency	Minimum wage in the country/region or by CBA (2022)	Lowest wage	Mode wage Most employees receives this wage.	Highest wage	Living wage benchmark	Living wage gap in %	Do the factory have collective bargain agreement?	Do the factories have active workers committees?
India	Euro	79–99	89–103	102–107	110–287	158–209	44–51	No	Yes
Italy	Euro	1,556	1,718	1,718	2,400	1,545–2,049	0–16	Yes	Yes
Lithuania	Euro	840	No data	No data	No data	1,062–1,308	No data	No data	No data
Poland	Euro	733	768	967	967	1,112–1,363	31–44	Yes	Yes
Portugal	Euro	665	705–710	705–720	760–900	1,379–1874	49–62	Yes	Yes
Tunisia	Euro	166–167	167–194	171–203	196–234	209	7–20	Yes	Yes
Türkiye	Euro	272	320	364	783	341	6	No	Yes

of living wages at this supplier, in accordance with the methodology developed by Nudie Jeans and the factory.

The living wage benchmarks are usually developed locally at the factory level and crosschecked with existing benchmarks such as the Global Living Wage Coalition or the Asia Floor Wage. The sup-pliers use the SA8000 metrics for food baskets to estimate the living costs in a specific area. Most of the factories created a survey for their employ-ees and looked at calorie intake, school fees in the area, and cost of living in the factory area. Local stakeholders were also consulted. The bench-mark is revised annually to match the rising costs of living. We believe that allowing the factory to oversee the calculation and practical distribution of money is most sustainable in the long term, as

it strengthens the factory's commitment to living wage payments. Since 2016, we have expanded our living wage payment program, moving beyond the scope of FWF requirements, to include more of our Indian suppliers and sub-suppliers, located in Bangalore, the Tirupur area and Chennai¹². For the new payments, representatives from Nudie Jeans participated in the distribution ceremonies. Our participation in the FWF living wage incubator in 2017–2019, during which we met other brands that face similar challenges, has been helpful for us to advance the work with a living wage. Discussions for suppliers in Tunisia, which included social dia-logue training, were carried out in Q1, 2022.

- Note 1
- If there are several suppliers in one country, we show the highest and lowest wage for each category.
- Note 2
- The figures are based on latest available audit reports and full time employment wage data between 2019–2022.
- Note 3
- The living wage gaps intervals are based on the range of lowest paid employees and the range of living wage benchmark levels.
- Note 4
- The minimum wage is based on 2022 indications. From 2023, Türkiye and Portugal has updated indicators.






11.

Armstrong knitting mills, Tirupur.

12.

Suvastra and Sustainably Crafted Clothing in Bangalore and Krishnagiri, spinning, knitting and processing units in Armstrong, Tirupur and Chennai management services in Chennai.

Nudie Jeans living wages projects

When we started to pay living wages	From 2013	From 2016	From 2021 (SP22 collection)	From 2021 (SP22 collection)
<div>Producer</div> 	<div>Armstrong Sewing units I and II</div> 	<div>Dibella with factories Suvastra and SCC</div> 	<div>Chennai Management Services</div> 	<div>Mergu</div> 
Country	India	India	India	Türkiye
When did we start to work with the supplier?	2011	2015	2019	2014
Nudie Jeans production volume in % and number of styles	3%, 26 styles in 2022	5%, 23 styles in 2022	6%, 6 styles in 2022	7%, 17 styles in 2022
Women working in the factory in %	64%	83%	72%	64%
Are the suppliers audited by Fair Wear Foundation?	Yes	Yes	Yes	Yes
Does the supplier have workers committees?	Yes	Yes	Yes	Yes
Is there an active union in the factory?	No	No	No	No
What is the living wage cost?	€0.2–0.8 /garment	€1.75 /garment	€8.43–9.46 /garment	€0.26–0.33 /garment
Parties that were involed in setting up the program?	<div>Br Su St</div> <div>Ees</div>	<div>Br Su</div> <div>Ees</div>	<div>Br Su</div> <div>Ees</div>	<div>Br Su St</div> <div>Ees</div>
Was there a collective bargain agreement in place?	No	No	No	No
Who was involved in deciding how the value was distributed?	<div>Br Su St</div> <div>Ees</div>	<div>Br Su St</div> <div>Ees</div>	<div>Br Su St</div> <div>Ees</div>	<div>Br Su St</div> <div>Ees</div>
How is the money distributed to the workers?	As as bonus to their bank account	As as bonus to their bank account	As as bonus to their bank account	As as bonus to their bank account
What is the gap between living wage benchmark and lowest wage?	€69–106 /month	€69–106 /month	€69–106 /month	€21 /month
How many of the workers recieves our share of living wages ?	100%, 2,500 employees	100%, 844 employees	100%, 209 employees	100%, 129 employees

What do we mean by our share of living wages?

We often have a small share of the total production at our suppliers, our share of production may be 3–7% of the factory's production.

When we acknowledge that living wages should be paid at a supplier, we will contribute with the amount representative for our share of production, to bridge the gap between a minimum wage and a living wage. If all brands producing goods in the same factory, take their responsibility and pay their share as well, then employees in the supply chain would reach a living wage much sooner.

We can only take responsibility for our share, and lead by example. Hopefully other brands will follow.

Degrees of party involvements

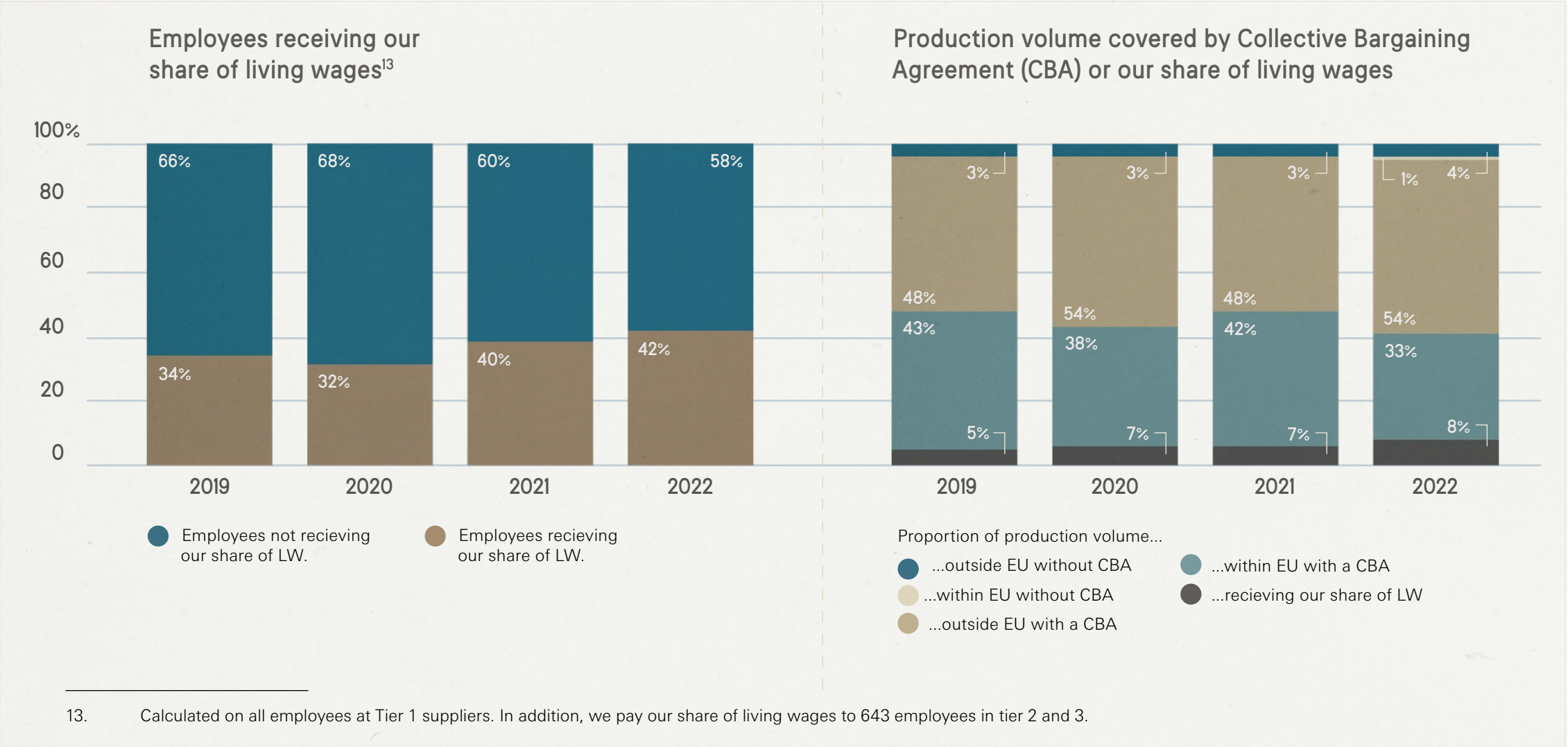
- Br = Brand
- Su = Supplier
- St = Stakeholder
- Ees = Employees

Over the past four years, we can see an increase in the number of employees at our suppliers who benefit from our share of living wage payments from 34% to 42%, where the proportion of the production volume representing the employees receiving our share of living wages increased from 7% to 8%. However, it is notable that the workers who are not part of our living wage program are

located within the EU and/or have collective bargaining agreements and functional union representation in the factories.

In 2022, we continued the implementation of our share of living wages at our leather supplier in India, and our shirt supplier in Türkiye. It was a great achievement to see that both suppliers have

incorporated product style costing and developed a program for living wages from the spring 2022 collections, which were produced in late 2021. In the living wage program that we initiated in 2021 at the Turkish supplier, we are collaborating with three other brands, which considerably increased the monthly income for their employees.



Is "Living wages for all" realistic?

Living wages has been a hot topic for the industry for decades, with many discussions and generally very few actions by brands. Through our work at the supplier level over the years, we have come to realize that there is no easy solution to implementing living wages for all workers in the full supply chain, all at once. We are unsure of whether it is even possible to achieve living wages for all employees through an individual-solution-based approach for each supplier, and by adding our low leverage at many suppliers. However, Nudie Jeans encourages the collective bargain agreement process, even if a CBA level is not to be considered a living wage at all suppliers. This motivates us to further investigate how to support the movement toward higher wages at all our suppliers.

Living Wages

Utopia or future of purchasing practices?

Living wages are a hot topic within the fashion industry and have been for some years. Since 2020, we have been conducting a living wage pilot study with other FWF members, together with and at our shared supplier, Mergü, in Türkiye.

The definition of a living wage is the minimum income necessary for a worker to meet basic needs, and allow for some savings. In many developing countries, there's a significant gap between the National Minimum Wage and the actual cost of living, defined as the living wage benchmark. This is a problem in the developing world since a lot of global production happens in these countries.

Most brands don't own the factories where they make their garments. Nudie Jeans is no exception. Not owning the factories prevents us from paying the workers directly, so we pay for the product and the difference between the wage minimum and a living wage. It's an "every brand for themselves" situation, and even though our share makes a difference, the next brand is free to do as they please. And we like to think of ourselves as an example, and hopefully other brands will follow.

Together with three like-minded brands, and Mergü, the Turkish supplier we all share, we started a unique pilot project in 2021 to collectively make a difference for the workers there. Striving for perfection from the get-go was not something we hoped for, but already seeing some positive results. We talked to Muammer Yilmaz, the owner of Mergü, to get his thoughts about the pilot and its effects.



Employees at Mergü, Türkiye

What does a project like this mean to you?

— It's very meaningful that Mergü was considered a suitable partner for this project. The project is, of course, a benefit and privilege and an opportunity to make a difference for other suppliers. In our research, we realized how much a living wage contribution would increase the workers' quality of life. The payments are definitely a confidence boost for them and for Mergü since we are the only company in our area who have a living wage project.

What about immediate feedback from the employees, what do they say about it?

— I assume they will put pressure on me to get more orders from your side since that would increase the living wage contribution and improve their situation. All jokes aside, they are pleased about it and have no negative feedback.

And what about future challenges?

— With your routine, we feel that there's a robust infrastructure within this system. At the moment, we don't see that Mergü will face any significant difficulties. We see the benefits and how the living wage project keeps our employees happy, motivated, and more productive. It's definitely a positive vibe that you can feel.

Purchasing practices

One of the most important and influential parts of the partnership with a supplier is the purchasing practices of the brand. This is what regulates a sustainable development for the supplier and for the brand. Nudie Jeans endeavors to have long-term relationships and healthy discussions with all of our suppliers. Nudie Jeans' purchasing practices include forecasting and production based on actual orders, and for some products, pre-financing of fabric and forecasting of cotton volume. Product prices are subjected to discussions primarily when new technologies, new treatments and other details are added. Consideration for aspects related to sustainability, such as certification costs, labor wage costs, our share of living wages, and Fairtrade premiums are also an important component for our buyers to consider in discussion with suppliers.



Social dialogue

In 2020, to gain insight into the less visible part of the supply chain, we joined the initiative Sağ Salim. The program was initiated by Outland Denim and our fabric supplier, Bossa. The program provides a grievance channel and capacity building for cotton farmers and casual workers in the seasonal agricultural sector. Throughout 2022, we have continued to be engaged in the dialogue with Bossa and Precision Solutions Group, the service provider for the program, as well as with other stakeholders involved in organic cotton production. The Sağ Salim grievance mechanism and capacity-building program is directed at employees in tiers 2 – 5 and has a direct impact on SDG 8, Decent work and economic growth, and especially target 8.7 on forced labor. Activities and communication around the Sağ Salim project reached 4,618,258 people in 2022, with engagement from 287,577 after two years of membership. This resulted in increases of 20% in reach and 15% in engagement since last year.

The key issues identified include wages, discrimination, water, living and working conditions, legal status, transportation, health, childcare, lack of a grievance mechanism, and long hours.

Highlights from the reports include the reach of the program, and the impact of the educational content we have been developing and distributing. This has led to an increase in reporting and is also

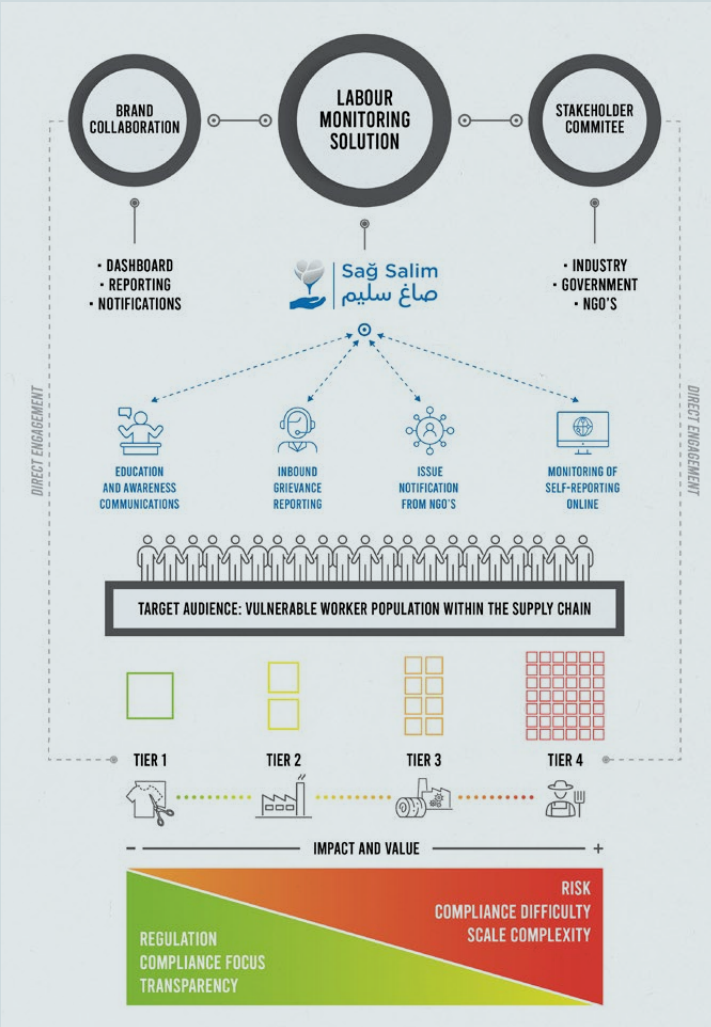
considered likely to have a positive impact on reducing the vulnerability of workers throughout the supply chain as they become more aware of the risks of exploitation.

Evidence provided to suppliers through the Sağ Salim program has increased interest and resulted in social auditing at the farm level, which has been conducted at six farms that provide Nudie Jeans with organic cotton. This was the second assessment of social conditions at the farm level. Workers report to the Sağ Salim hotline from all tiers of the supply chain, beginning with just farms and now including manufacturing facilities as well. During the year, we also collaborated with other organizations in production countries, for example Just Solutions Network in Tunisia. In 2022, we participated in many online seminars and webinars on the situation for workers in specific production countries with various stakeholders in the industry, for example ETI, Etisk Handel, GIZ and Re:Skills as a way to increase social dialogue. In 2022, a social dialogue training was held for workers and management at Nudie Jeans’ main supplier in Tunisia. The training was extensive and managers as well as employees participated. The sessions were held both on-site and off-site and focused on strengthening relationships and dialogue between employees and management.

Sağ Salim

Sağ Salim (which means "safe and sound" in Turkish) 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 has been part of the program since 2020. The program actively seeks out instances of deliberate exploitation, slavery, and unsafe working conditions and puts methods in place to resolve them. The targeted areas include, but are not limited to, organic cotton farms in the Izmir region of Türkiye, from which the cotton for Nudie Jeans' denim is sourced.

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.

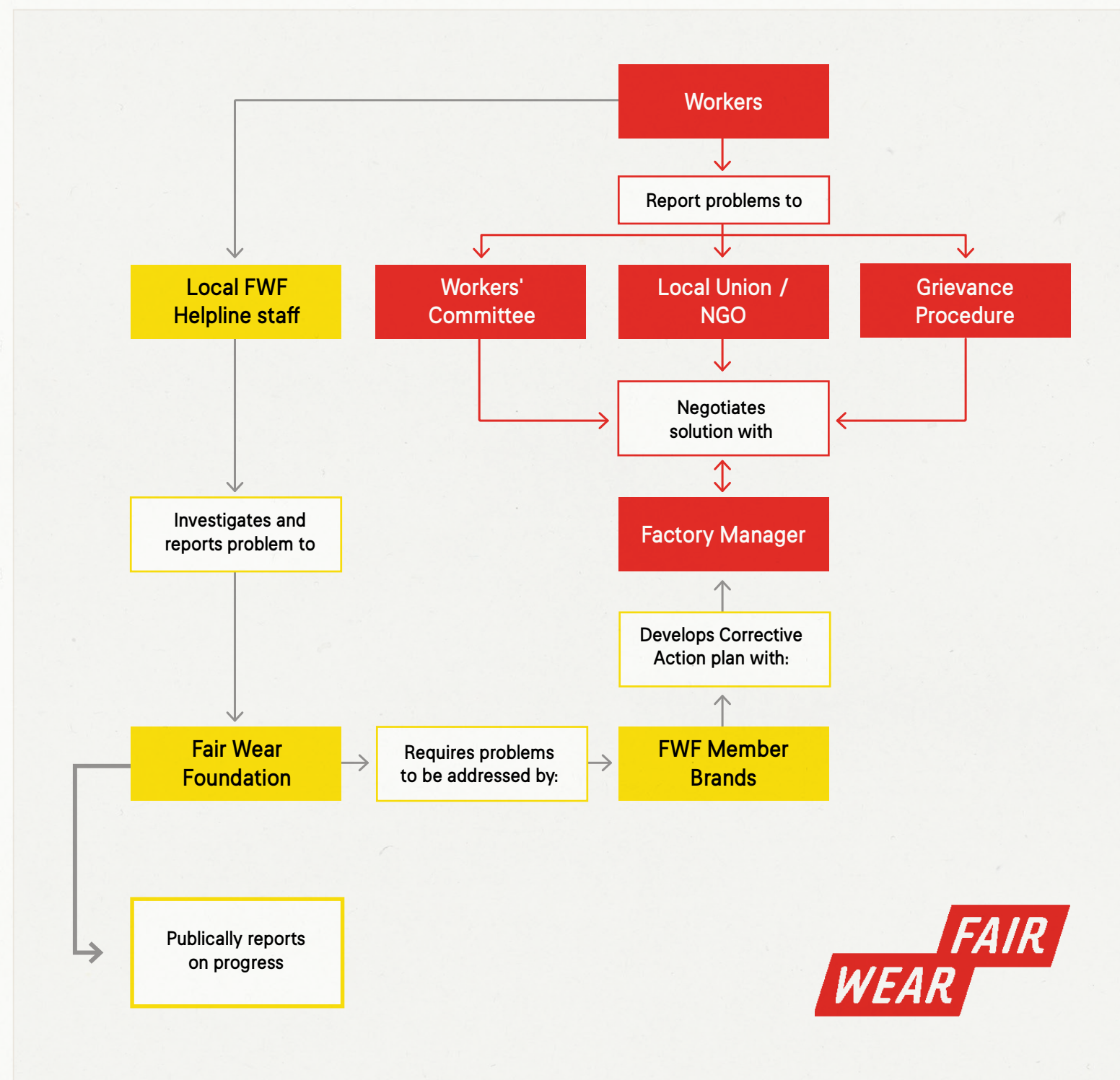


Sağ Salim framework developed by Precision Solutions Group and Outland Denim.

Grievance system

Tier 1 in each factory has a poster with information on labor practices in the local language, and the phone number of the local complaints' handler. It can be used by any employee at a facility where Nudie Jeans has production. If a complaint is raised, we are obligated to investigate it with the factory and push for the necessary remediation. The publicly available complaints report on FWF's website has categories such as "new," "under remediation," "resolved" or "closed" to ensure transparency throughout the process. 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. The number of complaints kept on a low level for another year, with one complaint at one of the Indian tier 3 factories. Reports of these complaints are publicly available on FWF's website.

The low number of complaints was initially a concern, but as we have increased efforts with training and visits in the previous year, ensuring that employees can access the complaints number in the factory or dormitories, and after having dialogues with local NGOs concerning the welfare of the workers, we initially concluded that there may be a delay in complaints from the suppliers that have been heavily affected by the pandemic and more complaints might be registered for 2022, but it remained on a low level. The FWF complaint system is illustrated to the right, and it shows the path a complaint may take within the FWF complaints system.



Supply chain transparency

An important part of being a sustainable brand is having increased transparency internally and for customers and the wider public. Our focus has been on the social aspects of production, which refers to the transparency of how and where production takes place. Being transparent about our production locations enables us to address any non-compliances and to take responsibility in our supply chain. Anyone interested in our production can find detailed information on our website, where we have published the full list of suppliers.



The need for increased transparency in the textile industry

We believe transparency in the supply chain is a crucial part of making lasting improvements in the supply chain. If brands do not know where or how products are made, it will be impossible to make any improvements to the conditions in the supply chain.

We believe in showing the full supply chain, and not only the first tier of suppliers. We also believe more data should be added to each supplier, to create awareness among consumers of the environmental and social aspects of the products they buy.

ers. In addition to name and locations, we also provide additional information on the gender division of the workforce, the production leverage at tier 1 suppliers, whether a collective bargaining agreement is in place and whether there are active committees in the factory.

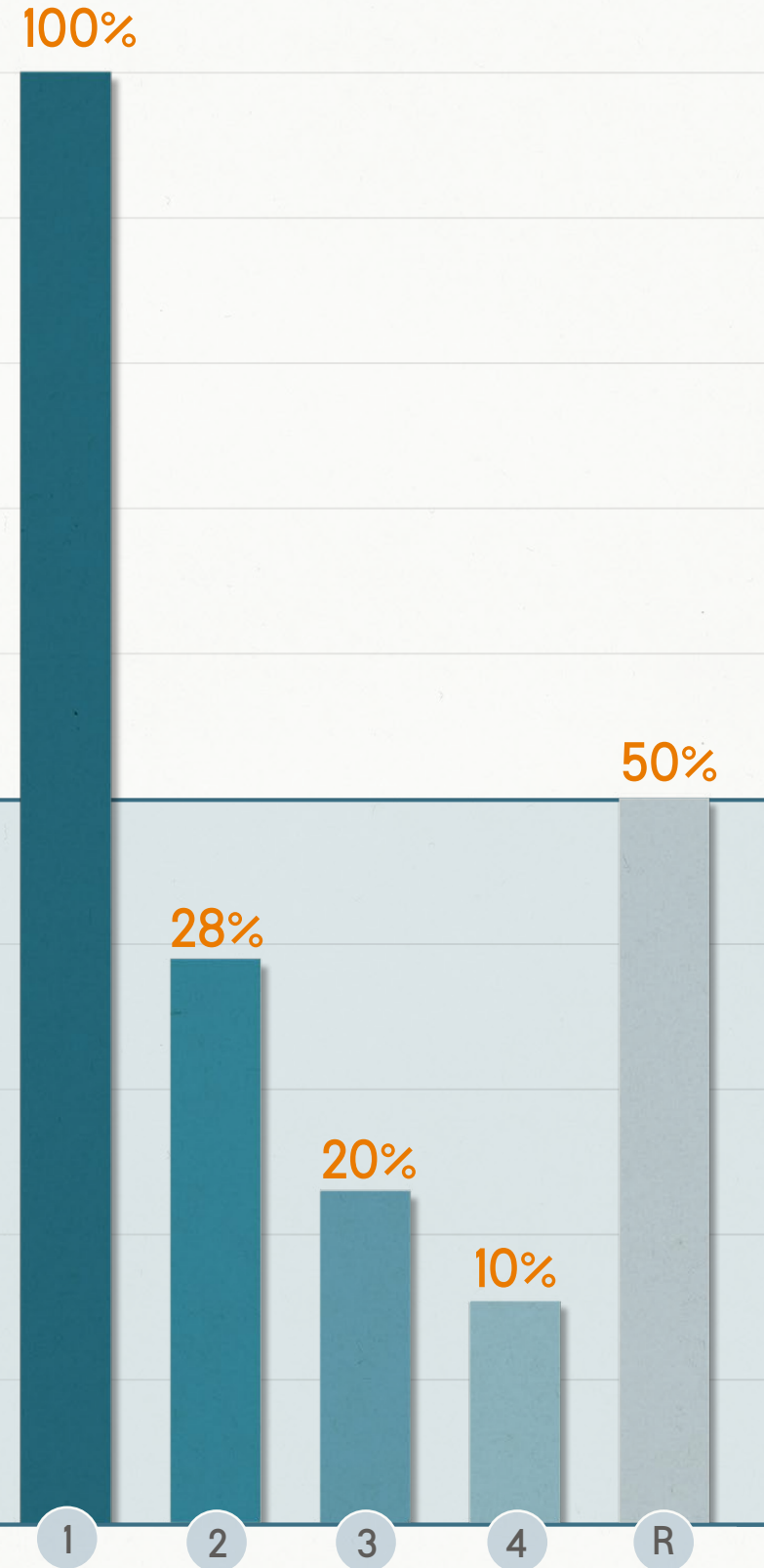
We support the Transparency Pledge, and a full list of our suppliers is available for download on our website including suppliers from the raw material stage to sewing of the garments. Presenting this amount of information is unique. At the time of this writing, we have about 22 sewing and making suppliers, and 16 subcontractors for laundry, printing, and embroidery. In addition, we have about 60 suppliers involved in the fabric and material process, 16 trims suppliers and 19 raw material suppliers.

In 2022, we continued to add our suppliers which we have an established relationship and/or that have been visited to the Open Supply Hub.



“ In 2022, to further push transparency in the industry, we continued to add our partner suppliers to the Open Supply Hub.

It is important to us to visit the supply chain partners that produce our products, to understand the conditions in which our products are made and to build relationships. As seen in the illustration we have, over a longer period of time, visited 100% of the suppliers in Tier 1, 39% in Tier 2, 20% in Tier 3, 10% in Tier 4 and 50 % of the suppliers in the reverse supply chain. In total, we have visited 51% of the supply chain including tier 1 to 4. The figures are lower than last year, which is due to more transparency in the lower tiers and the redefinition of the tier structure. In 2022, we were able to visit a majority of our Tier 1 suppliers, but we did not have the possibility to visit a few of our embroidery and printing suppliers in Portugal as well as our suppliers in Poland.



Visited suppliers in the supply chain tiers

We have defined the supply chain tiers as follows.

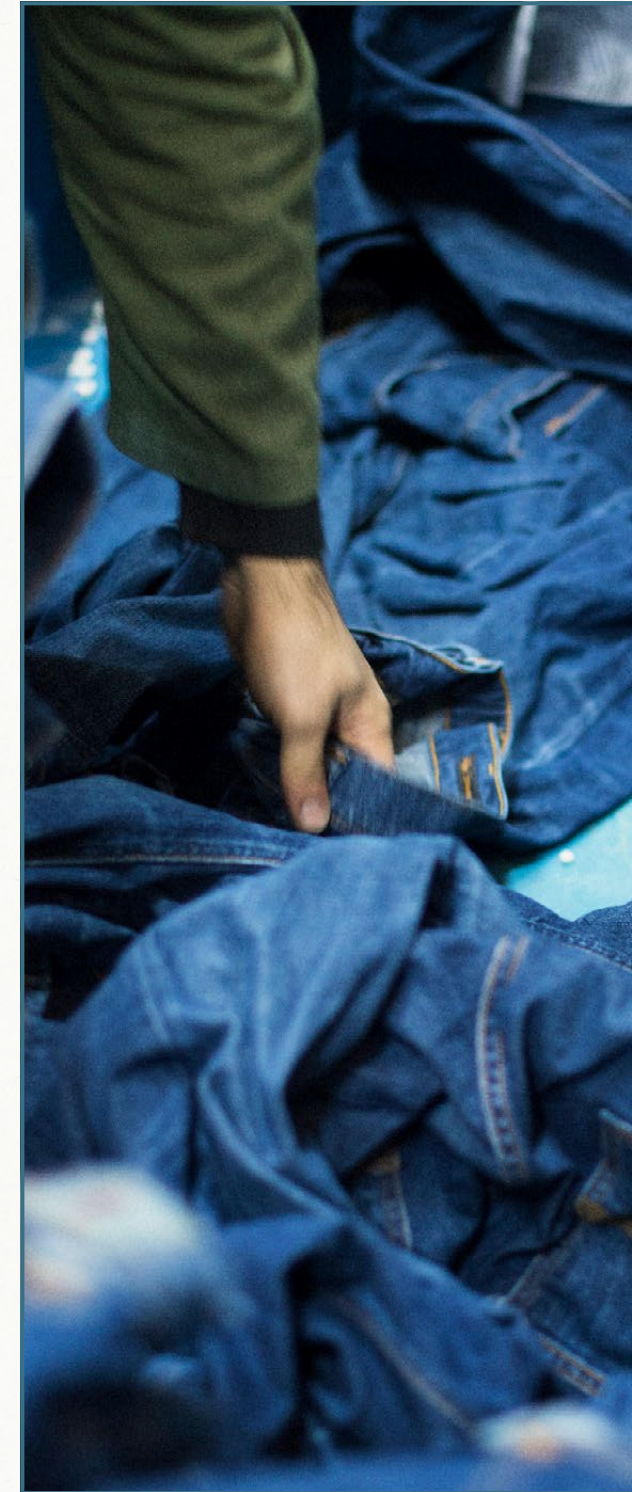
- ① Sewing, garment knitting, assembly, laundry, embroidery, garment printing, garment dyeing.
- ② Fabric processes: weaving, knitting, fabric dyeing, fabric printing, trims, input material.
- ③ Fabric processes: Spinning.
- ④ Raw material suppliers incl. ginning.
- Ⓡ Reverse Supply Chain: Repairing, storing.

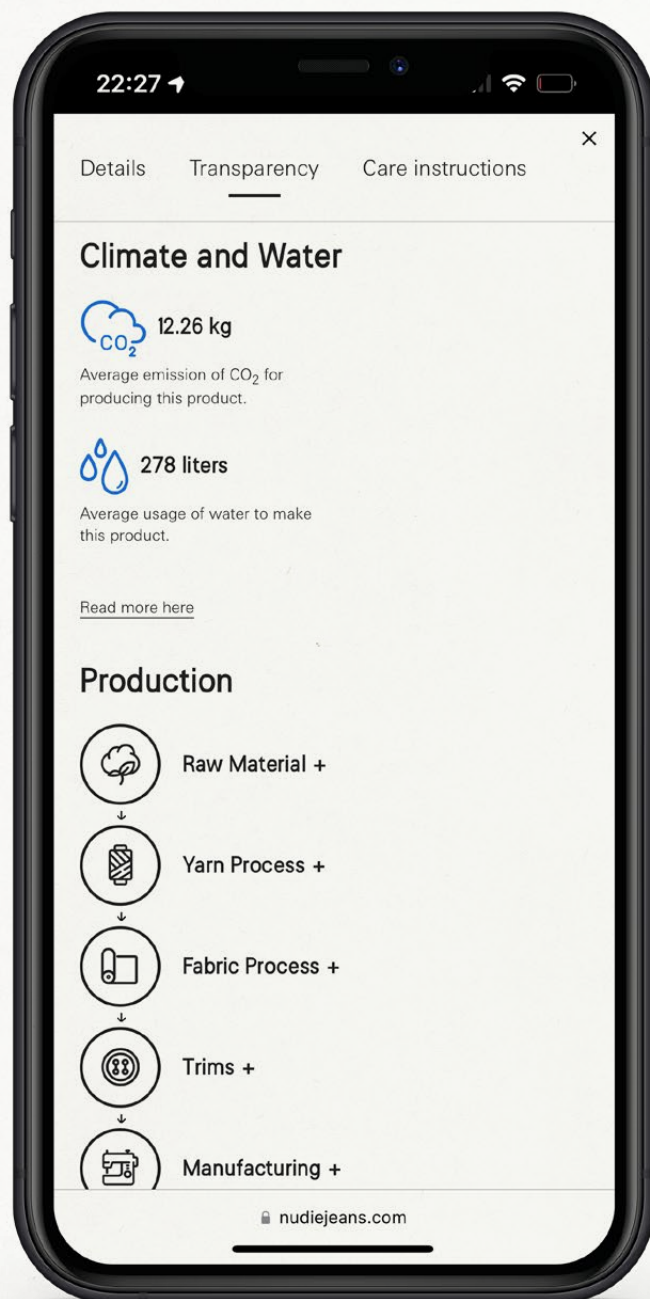
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Tunisia — our largest production country

Since initiating our collaboration with our main supplier, Denim Authority, Tunisia in 2012, we have expanded our collaboration each year. Tunisia now accounts for around 50% of our production volume annually. The increase is thanks to our smoothly running collaboration with our largest denim supplier, where we can produce washed styles at our desired price level. The vertical structure, in which cutting, washing, sewing, finishing, and packing are included in the same factory building, is also beneficial for us. In addition, they are GOTS certified, have an experienced workforce, work with high technology machinery, and have their own wastewater treatment plant. From a sustainability and production perspective, a vertical supplier is the best solution and something we actively seek out when searching for new suppliers, as it enables more effective monitoring and follow-up.

This supplier has been audited by FWF several times, most recently in late 2022. Over the years, the suppliers greatly improved many social aspects, particularly regarding health and safety, and significant investments have been made in sustainable development. The managers and staff are more involved in these new challenges and the company has engaged in numerous certification processes, including BSCI, GOTS, ISO 45001 and ISO 9001 and now in 2022 ICS, GRS and OCS certification.

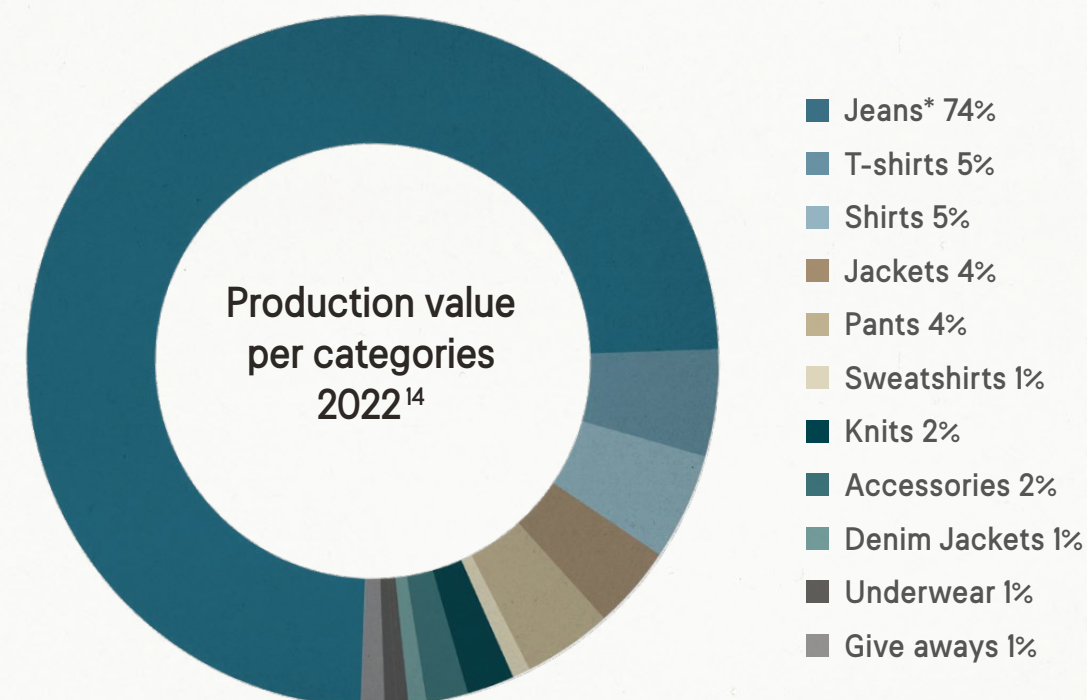
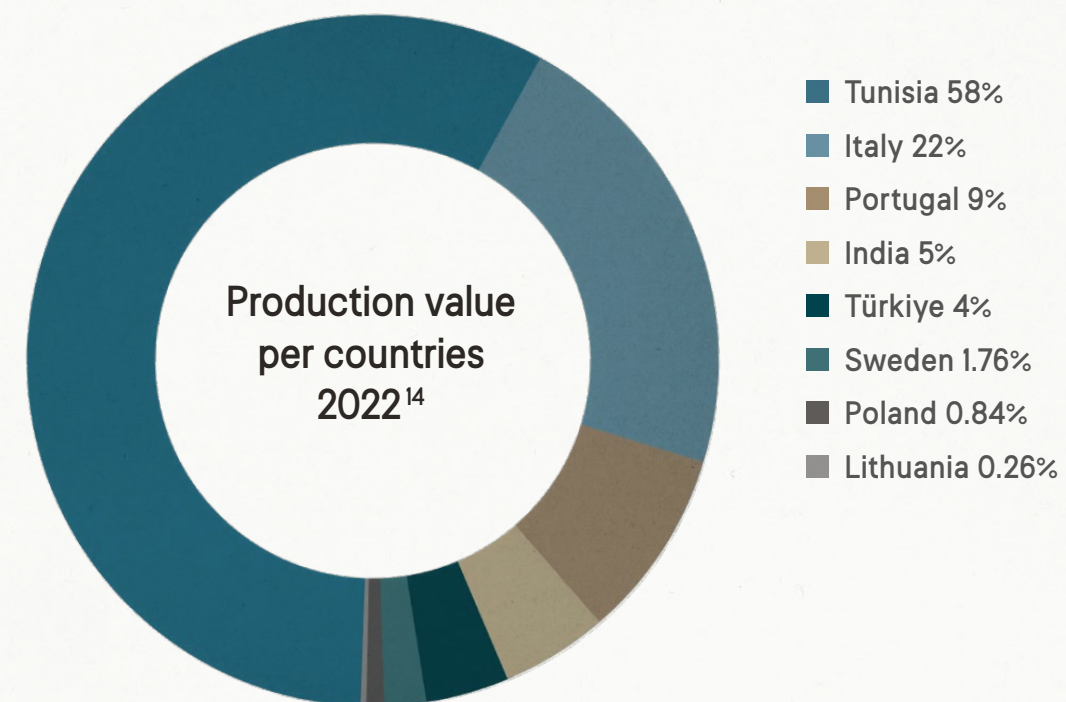




We make a significant effort to keep our supply chain as consolidated as possible. In 2013 we developed the Production Guide. The Production Guide was an essential tool in which we presented our supply chain visually on our website, where visitors could click on product categories for detailed information about the production premises. The Production Guide was updated four times annually according to the collection seasons presented in the Repair Shops. In the Production Guide, we published information on audit procedures, materials, transportation, audit summaries and general supplier information. It also listed the raw material suppliers and links to their websites, publish audit procedures, materials, transportation, audit summaries and general supplier information.

In the beginning of 2023, we took the decision to close the Production Guide in its existing form and focused on the product level specific transparency found on the product card in the online shop. During the year we have developed the methodology behind the CO2 emissions and water data per product, which aims to educate the consumer on the impact of each garment.

14. Calculated on received goods January 1 – December 1, 2022.



* Including skirts, shorts and kids denim.

Chemicals

We recognize the need for chemicals in the production of textiles, but the challenge is to reduce the use of harmful chemicals and increase the use of non-harmful chemicals. We want all of our products to be safe for the users, for the environment and for the people who work in the production process. One way to ensure that our production is safe for the surrounding environment is to only work with suppliers with proper chemical handling procedures and approved wastewater systems, as chemicals released with wastewater are a large source of chemical pollution in some countries. Today, a majority of our denim fabric suppliers are GOTS certified, as well as our main denim manufacturing and laundry supplier in Tunisia. We also work with several GOTS-certified apparel suppliers in our supply chain. This is one way to ensure proper chemical management at the suppliers and to improve the health of both human beings and ecosystems.

Our work on chemical management touches upon two SDGs: SDG 12, Responsible production and consumption, where we have an indirect positive impact on target 12.4, Achieve the environmentally sound management of chemicals and all waste, as well as, SDG 6, Clean water and sanitation, target 6.6, Protect and restore water-related ecosystems, and target 6.3, Improve water quality by reducing pollution.

We have banned several harmful chemicals from use in our production as a step toward creating

Working with GOTS certified suppliers is one way to ensure proper chemical management and to improve the health of both human beings and the ecosystems.

safe products and safe working conditions in the supply chain. Among others, phthalates, alkylphenol ethoxylates (APEOs) and perfluorinated chemicals are banned from intentional use in Nudie Jeans production processes. To read more about which chemicals we have restricted in our production download the Nudie Jeans Chemical Policy. The policy includes our Restricted Substance List (RSL), which regulates chemicals that can remain in the final product, and our Manufacturer Restricted Substance List (MRSL), which regulates chemicals used in the production process. All Nudie Jeans suppliers and subcontractors must comply with the Nudie Jeans Chemical Policy. We conduct random chemical testing on our products to ensure compliance, and we revise and update our Nudie Jeans Chemical Policy once a year.

The Nudie Jeans Chemical Policy is based on the European chemical legislation REACH, but our restrictions for many listed chemicals go beyond the legal requirements and are in line with best practices in the textile industry. The Nudie Jeans RSL is in accordance with, among others, the requirements of the RSL of the Apparel and Foot-

wear International RSL Management (AFIRM) Working Group and all chemicals used in the production of Nudie Jeans' products should comply with the Manufacturing Restricted Substances List (MRSL) created by the Zero Discharge of Hazardous Chemicals (ZDHC) initiative.

The Nudie Jeans RSL is in line with the best practices in the textile industry.

The Nudie Jeans Chemical Policy, including the RSL and MRSL, forms the basis of our requirements, and we continuously communicate with our suppliers about the chemicals used, and how chemicals are handled and stored. It is important for suppliers to provide their employees with the right personal protective equipment (PPE), and to offer training to increase awareness and knowledge of how to use PPE correctly and why doing so is important, as well as on safe chemical handling and procedures.

Water

Water is one of our most important resources. Access to clean and safe water is crucial for our continued well-being and our existence. As an active player in a very water-intensive industry, Nudie Jeans continuously endeavor to reduce water use, but most importantly, we make sure to only work with suppliers with an effective waste-water system in place, to ensure that no contaminated water reaches natural water systems and their ecosystems.

Already at the raw material stage, water use is an important issue to tackle, because cotton needs water to grow. The water consumption of cotton depends primarily on the geographic location of the cotton field, where rainfed cotton farming in a favorable climate is preferable. There is no difference in how much water the cotton plant needs to grow, in conventional and organic farming

systems. But resource effective practices, such as use of rainwater as an irrigation source, effective irrigation systems such as drip irrigation, and smaller farmland sizes, which enhances farmers' abilities to control and adapt practices depending on the specific needs of the farmland can have a reducing impact of the use of especially blue water. Practices all of which are often applied in organic farming.

Denim fabric manufacturing also involves significant water consumption. The key part of the process is fabric dyeing. We work with carefully selected fabric suppliers for our denim. They are all engaged in sustainability-related issues and develop new technology and methods to save water during the dyeing process. For production in 2022, 16% of denim fabrics were made accord-

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Water concepts

Green water refers to rainwater and soil moisture that is consumed by crops and plants in the cultivation stages and does not replenish the ground water.

Blue water refers to the water that is consumed, often by irrigation, from ground water and surface water. Rainwater is excluded.



ing to the different water-saving technologies offered by our denim fabric suppliers.

It is important to us to decrease the consumption of water in the production of Nudie Jeans products. But it is almost more important to be attentive and aware of how the water is used, how effluent water is treated, and the status of water scarcity in the region where the factory is located. All of our suppliers that work with water processes, our fabric suppliers, dyehouses and laundry units have high — quality water treatment systems in place with a controlled and proper management of the sludge. Our larger suppliers have their own water treatment plants or are connected to a common water treatment plant. Our smaller suppliers have wastewater systems in accordance with local municipalities, where wastewater in tanks is regularly checked by, transported to, and treated by the municipality. The work that our suppliers carry out regarding water management is in line with SDG 14, Life below water, and has a positive indirect impact on target 14.1, Prevent and reduce marine pollution, as well as SDG 6, Clean water and sanitation, target 6.6, Protect and restore water-related ecosystems, and target 6.3, Improve water quality by reducing pollution. When visiting our suppliers, we also visit the water treatment plant and discuss its importance and how sludge and waste created in the treatment plant are handled.

When it comes to denim washes, we see a rapid development of water-saving methods and tech-

nologies at our suppliers. The use of laser technology to create a washed look is a very effective substitute for hand-scraping and classic water washes, for example. Using ozone washes decreases the need for water to achieve the same look and numerous water steam machines, sandpaper drums and other creative developments decrease both water and chemical consumption at this stage. Many of our suppliers are also working to reduce the use of normal stone washes. The issue with traditional stone washing is the large amounts of sand and sludge created and washed out with the water, which puts higher pressure on the treatment of the water and handling of the sludge. By decreasing the use of traditional stone washing, we are also decreasing the creation of sand and sludge in the water treatment plants.

Informing our customers about how to care for their garments, to wash them less and air them more, is the final step in our work to decrease water usage. Educated customers can reduce their individual water use by following our care instructions. As we also sell polyester garments that risk releasing microplastics into water systems, we have chosen to sell the Guppy Friend washing bag in our shops and online, which captures any microplastics before they reach sewage systems.



Water saving technologies at our denim fabric suppliers

- Bossa Denim: Save Blue concept, up to 55% water reductions in dyeing process.
- Orta denim: Indigo Flow, up to 70% water reductions in dyeing processes.
- Candiani Denim: Indigo Juice, up to 15% water reductions, when used together with their natural polymer product Kitosan up to 50% water reductions are possible.
- Pure Denim: Smart Indigo dyeing technology, up to 75% water reductions in dyeing processes.

Worn looks with less water

- Laser technologies
- Ozone washes
- Sandpaper drums
- Synthetic stones

What can you do?

Nudie Jeans customers can reduce their individual water use by washing less, airing more and following our care instructions.

Water risk in the supply chain

Together with the climate consultants at 2050 Consulting AB we have analyzed the water risk for Nudie Jeans' suppliers, using the Aqueduct Water Risk Atlas, which is a tool provided by the World Resource Institute (WRI). The tool has a 5-point scale of water risk from low (0–1), low to medium (1–2), medium to high (2–3), high (3–4) and extremely high (4–5) water risk.

In regions where the water risk is low or medium, the implementation of technology to reuse water is not as urgent as in regions with higher water risk. Many of our suppliers in Europe are based in regions with a low to medium water risk, and water use and its high quality treatment plants are part of a healthy local water ecosystem.

Other suppliers are based in regions where the water risk is higher, and where using water treatment plants that incorporate technology enabling the reuse of water in a closed-loop system is much more urgent. The analysis showed that the suppliers with the highest water risk (extremely high, 4–5), are those in India. To mitigate the water risk, our suppliers have treatment plants with reverse osmosis technology that allows water to be reused into the production processes again. Reverse osmosis technology makes it possible to control and reduce salt levels in the reused water,

which is necessary, as salt, as a waste product in textile dyeing, affects the dye chemistry.

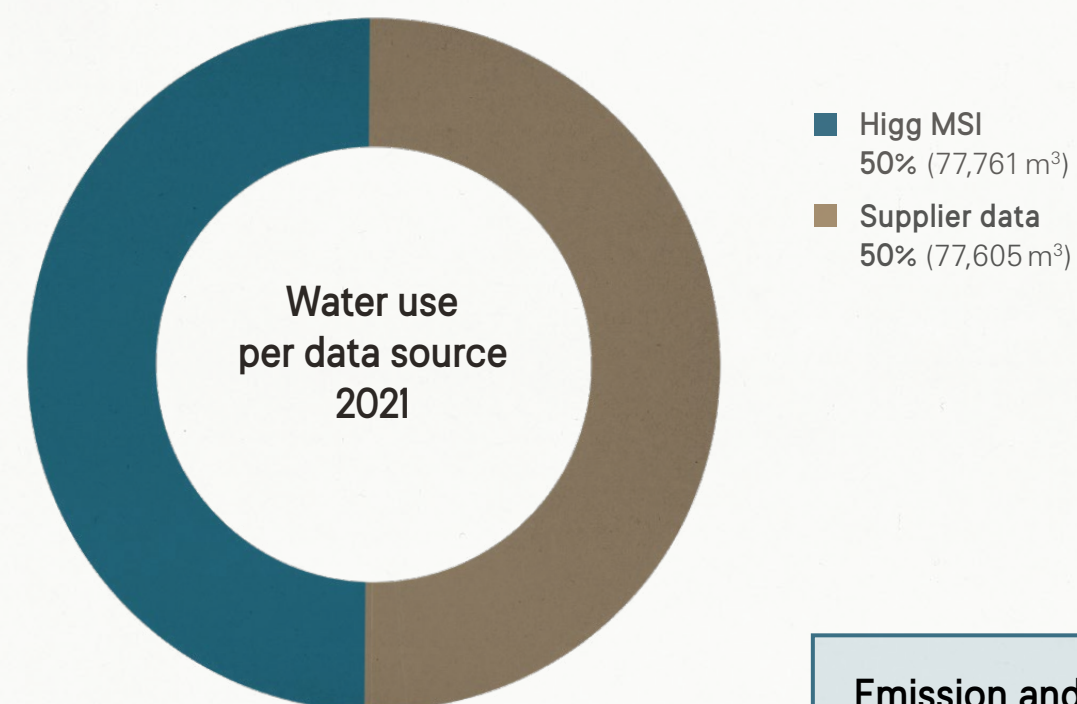
The suppliers located along the coast of Tunisia and in the Izmir region of Türkiye have a high (3–4) water risk. Our Tunisian denim suppliers are located on the coast of Tunisia, and they have been ranked among the ten best factories in Tunisia for the quality of their water treatment plant. The majority of our organic cotton is grown near the Izmir region of Türkiye, but as we only use organic cotton, the water-use efficiency is higher compared to conventional cotton farming.

By applying this understanding of the different needs and possibilities of water handling, and actively discussing developments with our suppliers, we are working in line with SDG 6, Life below water, and target 6.4, Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity. We must constantly work to decrease water consumption in our full supply chain, but above all, our focus must be on the parts of the supply chain where it is needed the most.

Nudie Jeans total water usage

In 2021, Nudie Jeans' supply chain used a total of 155,383m³ of water to produce our products, where 50% of the data is based on actual data and estimates from our suppliers and 50% of the data is based on estimated numbers from the Higg MSI database. In 2021, we discovered data errors from a few of our reporting suppliers, which makes it difficult to compare water use to our base year, 2018. We have corrected the data for both 2020 and 2021 and with the updated val-

ues, we see a slight increase of 2% in water use compared to 2020. Collecting water data over several years will continue to improve our understanding of water use in our supply chain, and pinpoint the hot spot where we need to focus our water-reducing activities. The Higg MSI database has updated the estimated water consumption for organic cotton in 2022 and we will update our total water use accordingly for calculations of the full year 2022.



Emission and water data

All emissions and water data shown in this report are for the full year of 2021.

Climate

In 2022, for the fourth year in a row, we mapped the full emissions of our business. During the year of 2022, we collected data for the full year of 2021 and are measuring our progress against our base year of 2018. We follow the Greenhouse Gas Protocol methodology¹⁵, which means we cover scope 1, 2, and 3: our own emissions and energy use, as well as emissions from the full supply chain, transport and the user-phase of our products. We have continued our engagement in the Swedish Textile Initiative for Climate Action (STICA), which is an important initiative for learning, benchmarking, and developing climate work in the Swedish textile industry.



Nudie Jeans is a member of the Swedish Textile Initiative for Climate Action (STICA). We have committed to reducing our absolute greenhouse gas emissions in:

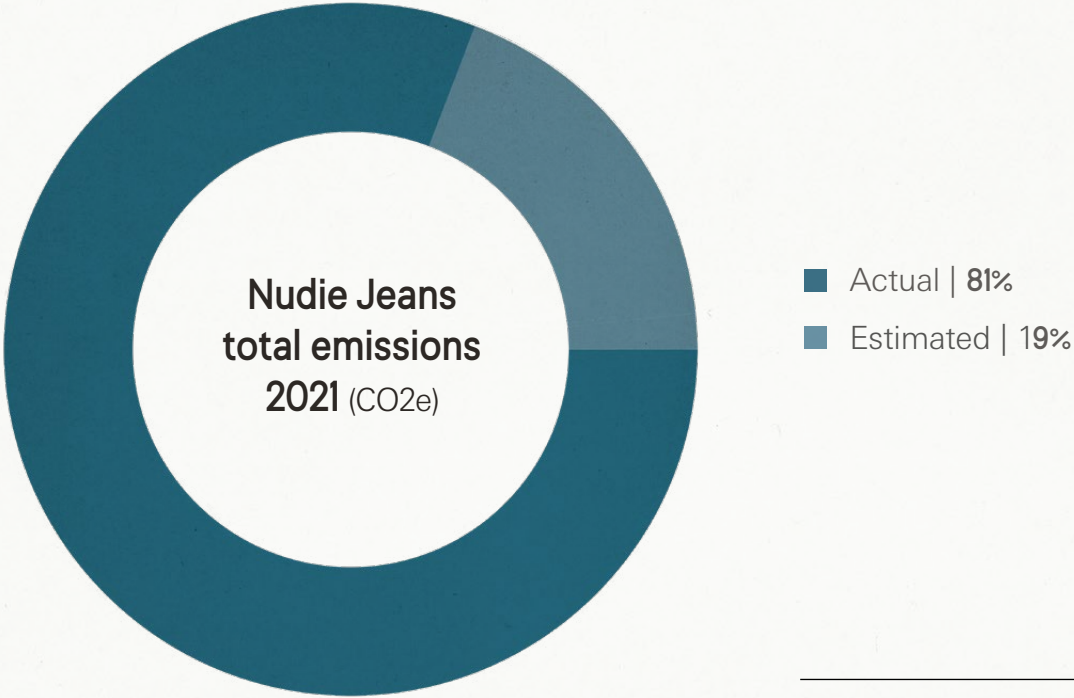
- Scope 1 and 2 by 51% by 2030 from a 2018 base year.
- Scope 3 by 51% by 2030 from a 2018 base year. (excluding emissions from the “user-phase” emission category.)

This commitment is aligned with what is required by scientific consensus to stay within the 1.5° C warming pathway.

Mapping our climate data on a yearly basis, with a significant share of actual data, has enabled us to compare data points over the years and correct and clarify possible mistakes in the reported data. The data quality is therefore improving each year.

We have aimed to collect as much actual data as possible to track changes made by our suppliers over the year. 81% of our total emissions are based on actual data from our shops, offices, suppliers, and carriers for the full year of 2021. Estimated data accounts for 19% of our total emissions. For suppliers that did not report actual data, we have been able to use reported data from previous years, but recalculated in accordance with the production for 2021. We have prioritized secondary data as below:

1. Reported data from the specific supplier from the previous year(s) but recalculated based on the production volumes for the entire year of 2021.
2. Average data based on reporting suppliers in Nudie Jeans' supply chain carrying out similar production processes within the same tier.
3. We used global standard values from the Kering environmental KPIs or Higg MSI when secondary data was unavailable based on the premises above.
4. Material weight and Higg MSI standard values were used for calculating emissions from raw material stages.



15. → [Greenhouse Gas Protocol](#)

Climate neutral or climate positive

We do not believe nice words will do the trick for the climate; we believe in working toward change. Therefore, we do not talk about being "climate neutral" or "climate positive" through carbon offsetting. We focus on creating road-maps to real change. This is challenging, but it is the only way forward.

Meanwhile, we are working toward our reduction targets, and we are investing in carbon offsetting to cover emissions from our business in all three scopes. Others call it "climate neutral" when offsetting thier full business emissions, we see this as the minimum amount necessary to even begin to claim that we take responsibility for the climate impact of our business.



Our climate-related sustainability work is in line with SDG 13, Climate action, and we have an indirect positive impact on target 13.2, Integrate climate change measures into policies, strategies and planning, and target 13.3, Improve education, awareness-raising and human capacity on climate change mitigation, adaptation, impact reduction and early warning. The result of our emissions mapping for the full year of 2021 is presented in the chart on the next page. When we map and calculate our business' full emissions we are following the Greenhouse Gas Protocol methodology.

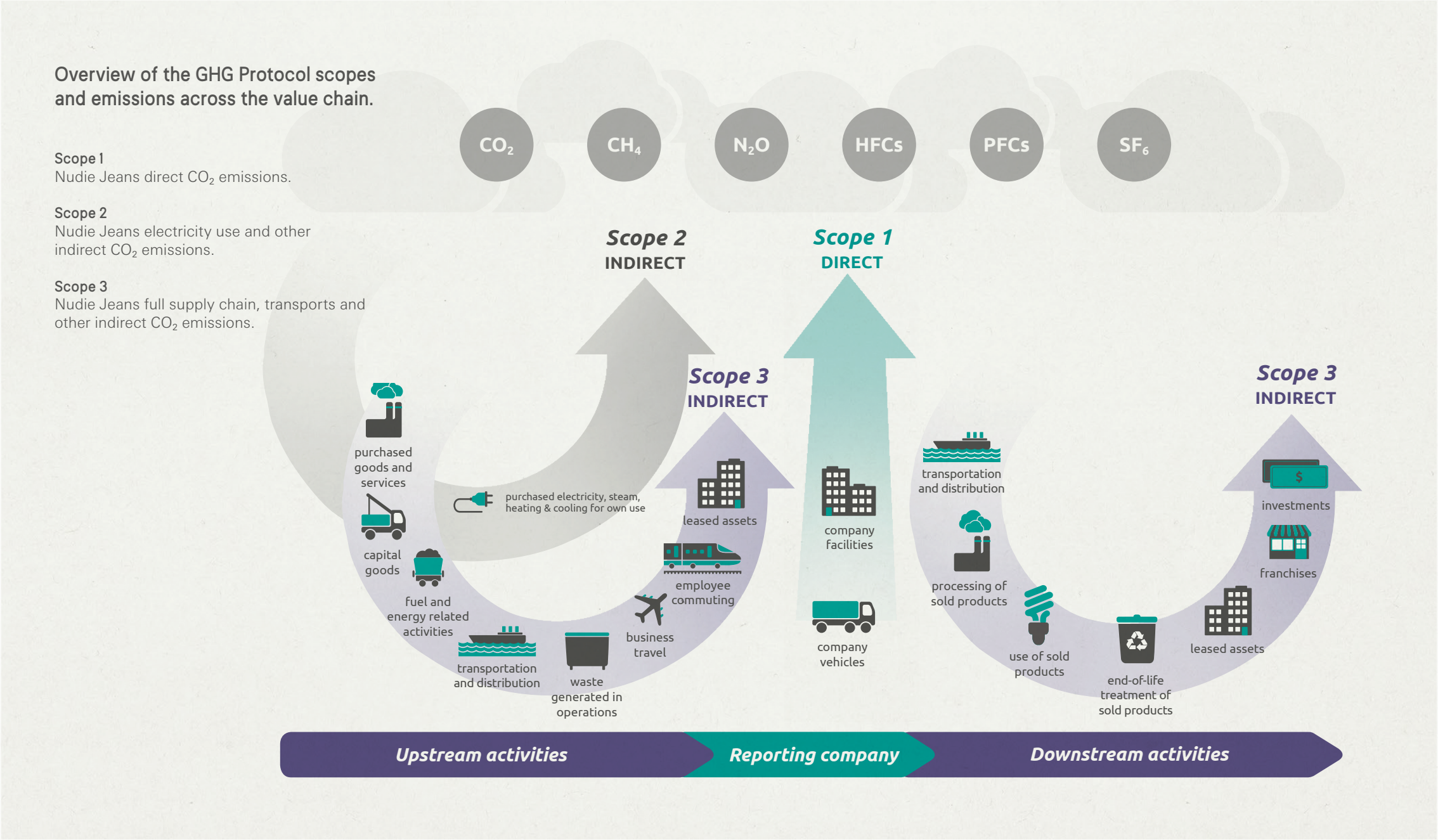


Image credit ghgprotocol.org

Nudie Jeans climate impact 2021

(CO2e)

Emissions category	Scope 1 (ton CO2e)	Scope 2 (ton CO2e)	Scope 3 (ton CO2e)	Total emissions (ton CO2e)	Share of total (%)	
Business travel	18.5	0.01	43.8	62	<1%	
Company operated cars	18.2	0.01	5.1	24	0%	
Flights	—	—	35.9	36	0%	
Train travel	—	—	0.0002	0.0002	0%	
Hotel nights	—	—	2.8	3	0%	
Energy use within own operations	9.2	141.6	12.5	163	2%	
Electricity consumption	—	49.3	6.5	56	1%	
Heating	—	92.3	4	96	1%	
Cooling	—	—	—	—	—	
Fuel use for own heat or electricity production	9.2	—	2	11	0.1%	
Refrigerant leakage	0.2	—	—	0.2	0%	
Purchased goods and services	—	—	4,722.7	4,723	54%	
Production*	—	—	4,551.1	4,551.1	52%	
Transports in production	—	—	12.9	12.9	0%	
Packaging material	—	—	158.7	158.7	2%	
Transport and distribution	—	—	2,628.9	2,629	30%	
Air freight	—	—	2,474.9	2,475	28%	
Road freight	—	—	150	150	2%	
Sea freight	—	—	2.4	2.4	0%	
Rail freight	—	—	1.6	1.6	0%	
User-phase	—	—	1,182.7	1,183	14%	
Energy use	—	—	466	466	5%	
Transports	—	—	716.7	717	8%	
TOTAL	28	142	8,591	8,760	100%	

* Production includes emissions from electricity consumption, fuel consumption, estimated emissions from suppliers that did not answer the questionnaires sent out, estimations for trims, and 3PLs

Scope 1 and 2

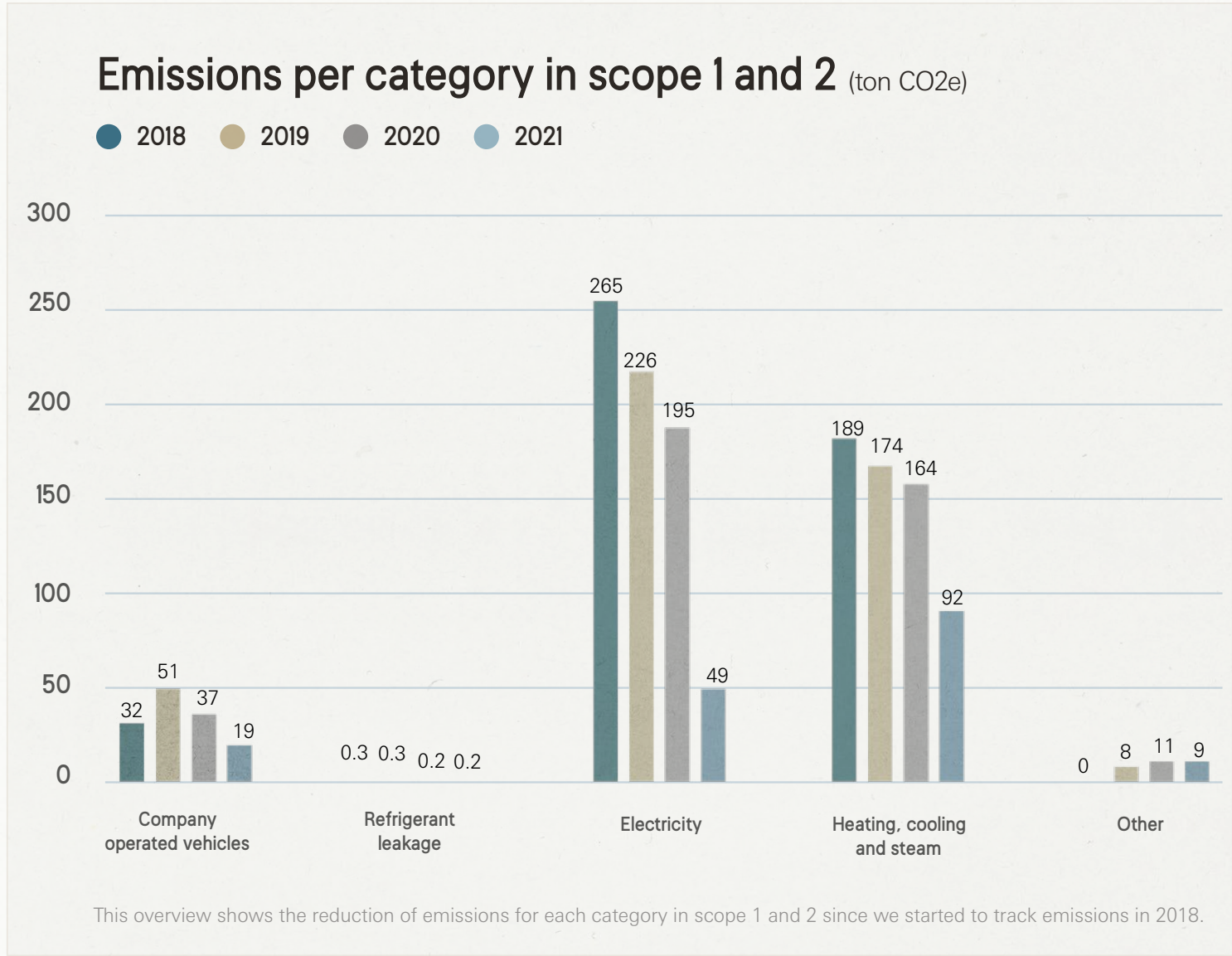
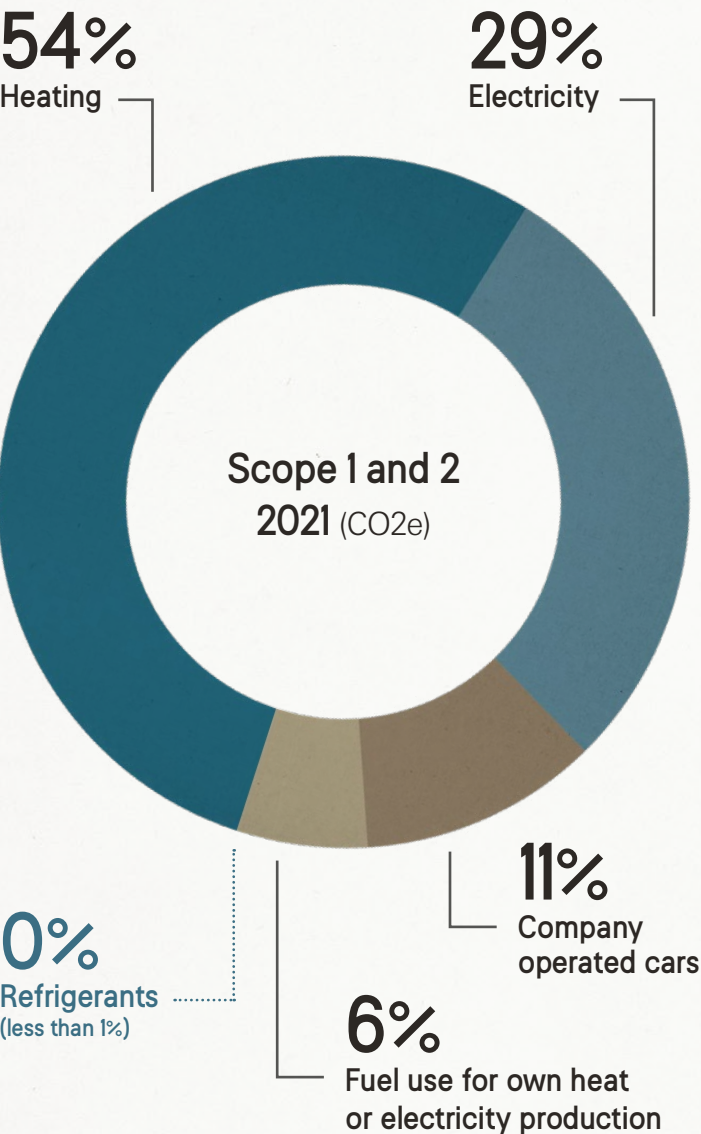
According to the Greenhouse Gas Protocol, direct emissions from company-operated cars, direct heating and refrigerant leakage in Nudie Jeans' facilities are included in scope 1, while electricity for heating, cooling and general electricity consump-

tion is included in scope 2. Emissions in scope 1 and 2 stands for 2% of Nudie Jeans' full emissions.

In scope 1 and 2, we have a more direct impact and greater resources to shift toward using only renewable energy in our Nudie Jeans Repair Shops, sales offices and head office. For the full year of 2021, our electricity from renewable energy sources amounts to 387,221 kWh, which is 36% of the total energy use in scope 1 and 2. Increased use of renewable energy in our stores and offices, as well as the purchased Renewable Energy Certificates has played an important part in the 65% decrease in emissions in scope 1 and 2 since the base year 2018.

Emission in the heating, cooling and steam category has decreased partly due to a change in methodology, where we in 2021 have reported heating from electricity, under electricity and not heating. This does not affect the overall result, only changing which category the emission is reported under. In 2021, we continued to work toward converting more of the electricity contracts for our stores and sales offices to subscriptions of 100% renewable electricity. In markets with a limited supply of renewable energy subscriptions, investments in Renewable Energy Certificates are accepted as a temporary alternative solution. Our emissions in scope 1 and 2 were mapped and calculated in collaboration with the climate consultants at 2050 Consulting AB. The data-gathering process was facilitated by the sustainability reporting platform Worldfavor, where all of our stores and offices reported their data.

Emissions from scope 1 and 2 have decreased by 65% compared to our base year 2018.



Scope 3

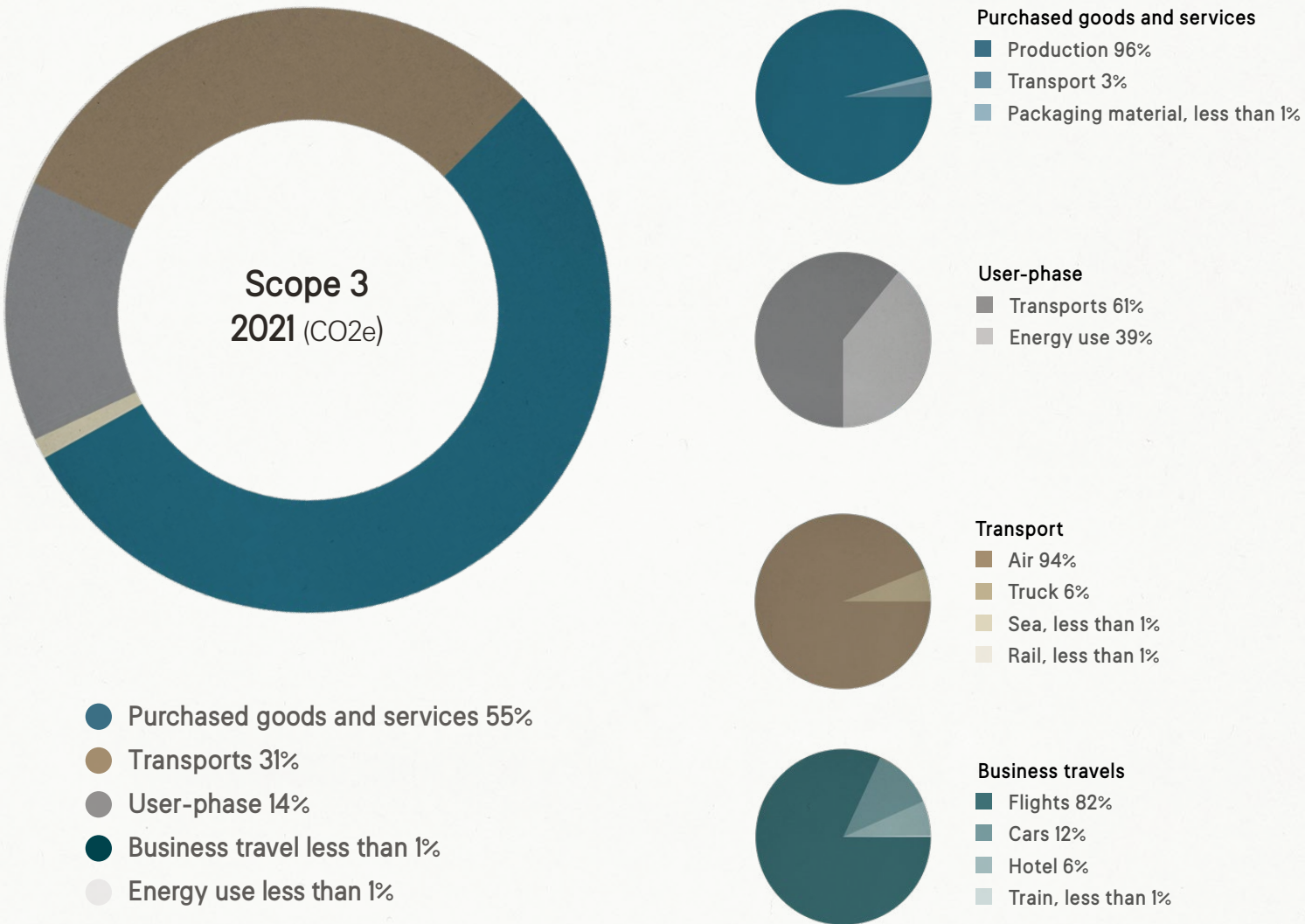
In 2022, for the fourth year in a row, we continued to map all of our scope 3 emissions, indirect and direct emissions from upstream and downstream activities in the supply chain, assisted by the climate consultants at 2050 Consulting AB. Total emissions from scope 3 in 2021 show a decrease of 17% compared to our base year of 2018. Emissions in scope 3 account for 98% of Nudie Jeans’ total emissions.

Emissions from the “Purchased goods and services” category decreased compared to previous years. This is due to decreased production from certain suppliers in 2021, and to increased use of renewable energy, including the purchase of Renewable Energy Certificates in parts of Nudie Jeans’ supply chain.

Emissions connected to the “Transport and distribution” category increased, mainly due to an overall increased number of purchased and sold products, and especially increased e-com sales, which increased air freight to end customers. Unfortunately, we have also seen a general increase in the use of air freight since 2018. However, actions were taken in 2022 to decrease its use, the results of which will be apparent in the 2022 data. It is worth noting that we have received more detailed data from some carriers, which has made it difficult to compare data over time. A slight increase in the “user-phase” category is also evident, which is influenced mainly by where our garments are sold and used, as this is closely linked to emissions from the grid mix in the specific country.

In 2022, we have had a number of individual follow-up meetings with the most important suppliers in our supply chain to discuss their contribution to Nudie Jeans emissions and what actions they can take to reduce their emissions. As 52% of Nudie Jeans' total emissions come from our suppliers, the most important work we can do is to support our suppliers in their transition to working with renewable energy.

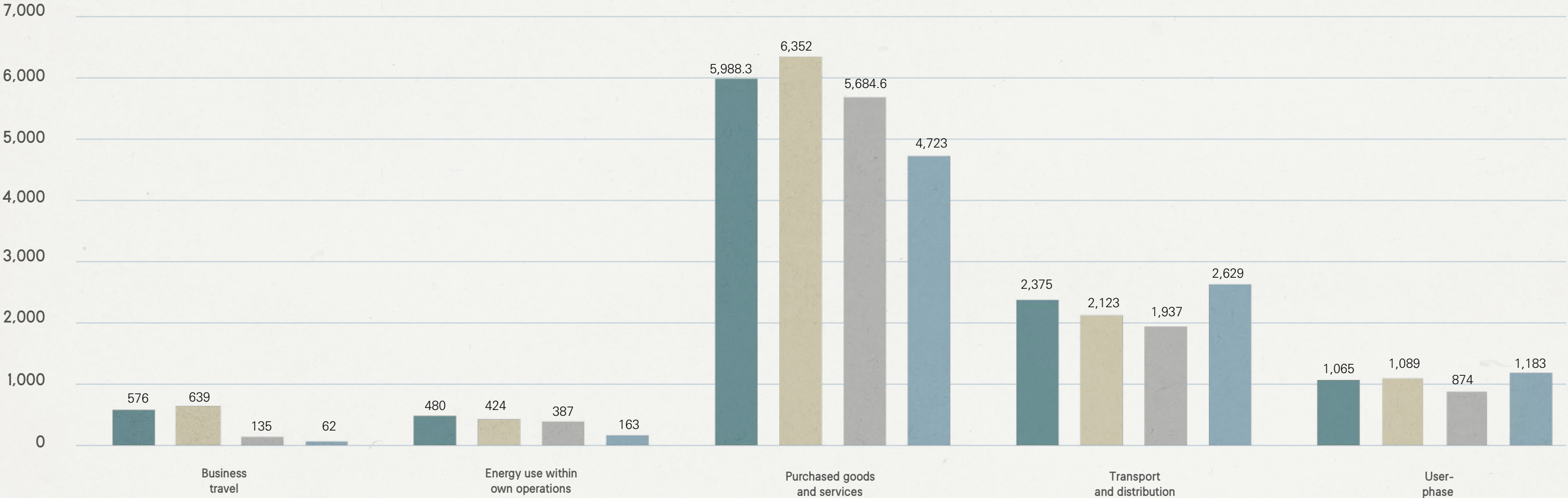
Switching to renewable energy throughout the supply chain will significantly reduce our total emissions. However, we are aware that there are national and regional challenges that can sometimes prevent a rapid shift to renewable energy. We are gradually improving our efforts in line with SDG 7, Affordable and clean energy, and our actions have an indirect positive impact on target 7.2, Increase the share of renewable energy in the global energy mix. We will work towards applying the same strategy for the change to renewable energy in our supply chain as in our own stores; in markets where the supply of renewable electricity subscriptions is limited, we will encourage suppliers to investigate the possibility of investing in Energy Attribute Certificates (AECs) as a temporary alternative solution and, in the longer term, invest in local renewable electricity production through solar cells and/or wind power.



Emissions per category in scope 3 (ton CO2e)

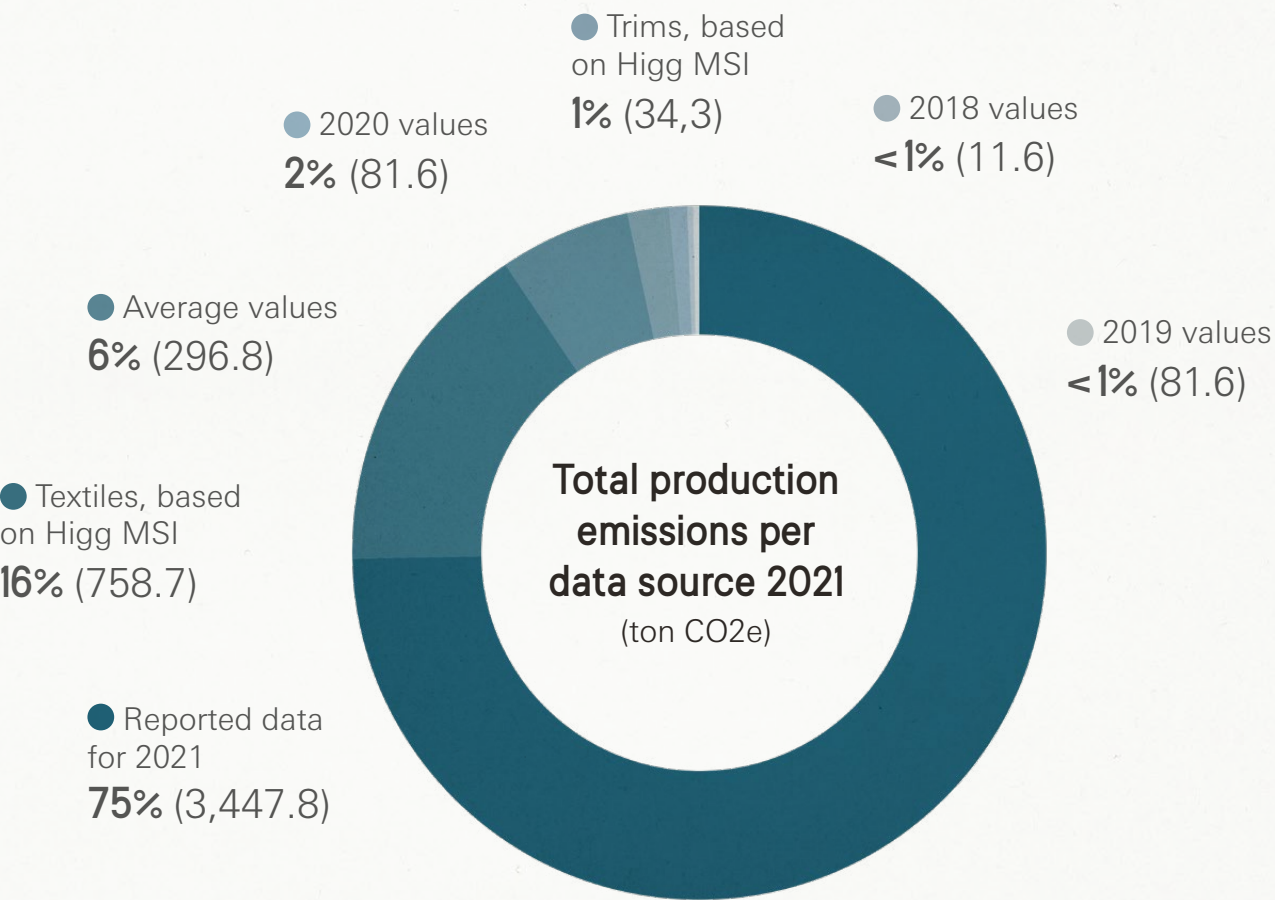
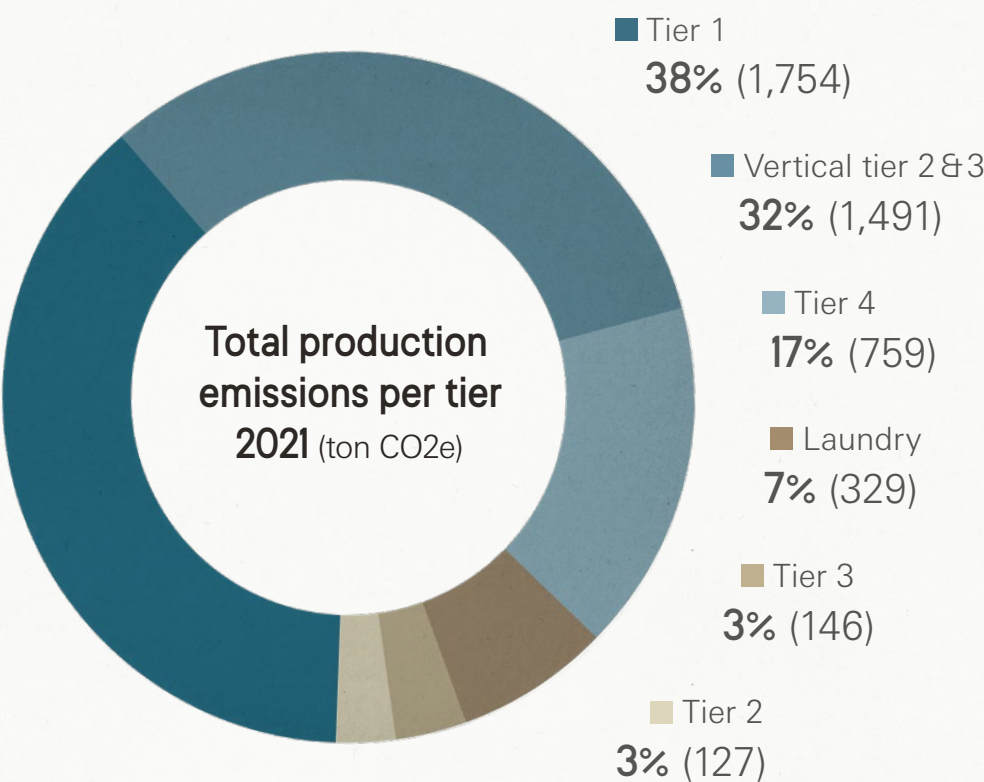
2018 2019 2020 2021

The most important work we can do is to support our suppliers in their transition to working with renewable energy.



Purchased goods and services

The largest part of the emissions in scope 3 are created in our supply chain, in the emissions category "Purchased Good and Services". This category includes all emissions from the supply chain as well as emissions from transports between suppliers. Emissions from the production of packaging used are also included. Together it creates 52% of Nudie Jeans total emissions. The most energy intensive processes in our supply chain are fabric production, dyeing and laundry. The fabric suppliers (tier 2&3) stand for a large share of the emissions in the supply chain, but laundries and our tier 1 suppliers (including our vertical tier 1 supplier with an inhouse laundry) stands for the largest shares of emissions. The share of emissions between the tiers have changed since previous years as we see the largest shift towards renewable energy happen at our tier 2 and 3 suppliers. Moving forward we need to see our Tier 1 suppliers, as well as the laundries, speed up their transition to renewable energy.



Transports

All our transports are included in our scope 3 emissions. This includes all transports between suppliers in the supply chain, incoming transports from our main suppliers to our warehouse, and outgoing transports from our warehouse to retailers and on-line customers. With transports to every continent, we inevitably generate CO2e emissions. Emissions from inbound and outbound transports account for 30% of Nudie Jeans' total emissions.

i

Transport modes inbound:

- From...
- ... **Tunisia:** Sea freight from Tunisia to Italy. Truck and/or train from Italy to Sweden. Sea or air for direct transport to Australia.
 - ... **Italy:** Truck to Sweden. Sea or air for direct transport to Australia.
 - ... **Portugal:** Truck to Sweden.
 - ... **Poland:** Truck to Sweden.
 - ... **Türkiye:** Truck to Sweden.
 - ... **India:** Sea freight to Sweden
 - ... **Lithuania:** Truck to Sweden
 - ... **Sweden:** Truck within Sweden

When needed, we utilize Air freight for samples and urgent deliveries.

Transport outbound:

- Domestically within Sweden we partner with Schenker in order to supply our own Retail stores as well as our wholesale customers.
- For online, we partner with UPS, DHL Freight Budbee, Instabox, Airmee and Postnord in order to provide our customers a mix of services depending on their location and preference.
- In the UK we work with HIVED for last mile deliveries within the Greater London area, and DHL Express for domestic shipments within Germany.
- Domestically in Australia we work with Australia Post to supply our end consumers, Startrack, Zoom2U and Fastway for our own retail and Wholesale customers.

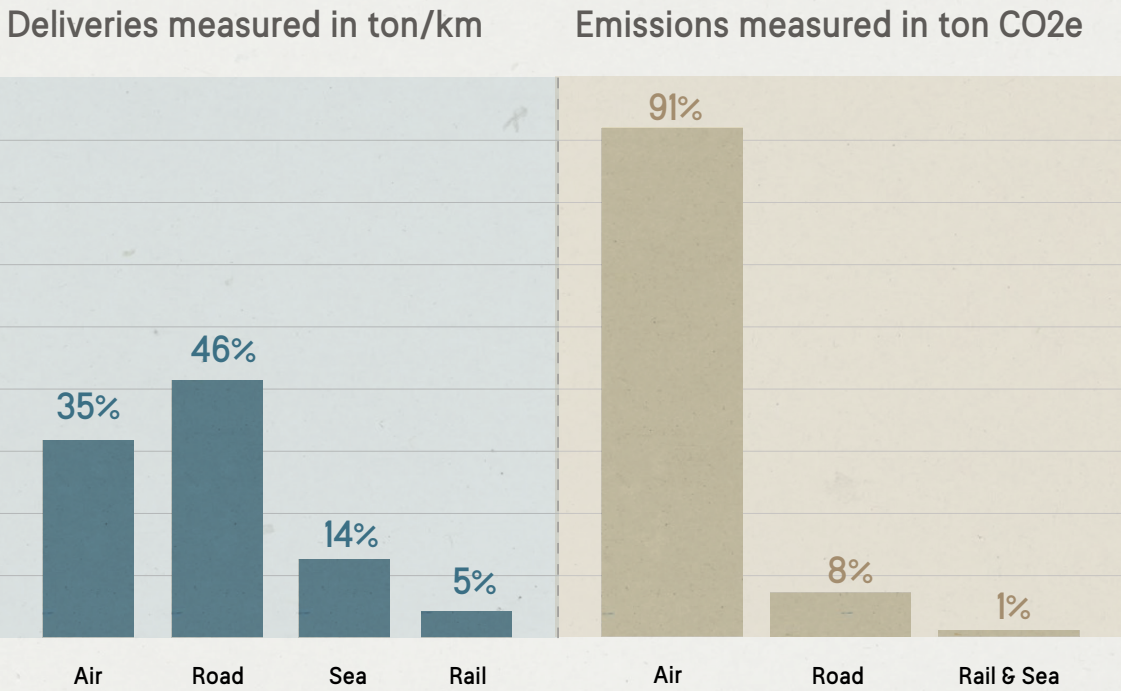
In 2022, we carefully mapped all of our transport flows to understand where and how we can reduce emissions by using less emission-intensive modes of transportation. We continue to work on our production planning to allow suppliers to deliver according to the established time frame, to be able to use sea freight, and to avoid having to compensate for delayed production by cutting transport time through the use of air freight.

For incoming goods delivered from our suppliers to our central warehouse in Sweden, we transport goods by truck, train, or sea freight. Our primary partner for inbound shipments is ALPI Sweden. We try to ship by train when appropriate. However, this option is not always possible due to shipment size and availability. Sea shipments from Tunisia and Italy to Australia increased in 2022 and are carried out with ALPI and Savino Del Bene.

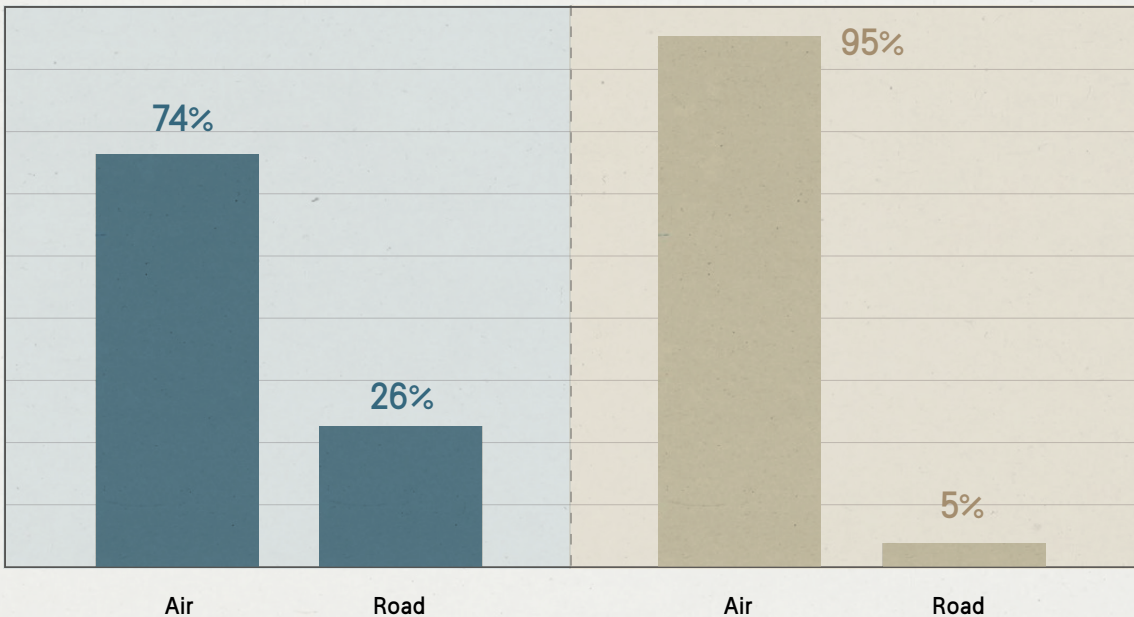
For outgoing shipments from our warehouse in Sweden we strive to utilize trucks wherever possible, and when not possible we use air freight for all other destinations.

We continue to work on creating internal scorecards for the carriers we use in order to evaluate their sustainability efforts. It will be increasingly important for us to work with carriers that have active environmental initiatives if we are going to achieve the necessary reductions in order to reach our climate targets.

All inbound transport 2021



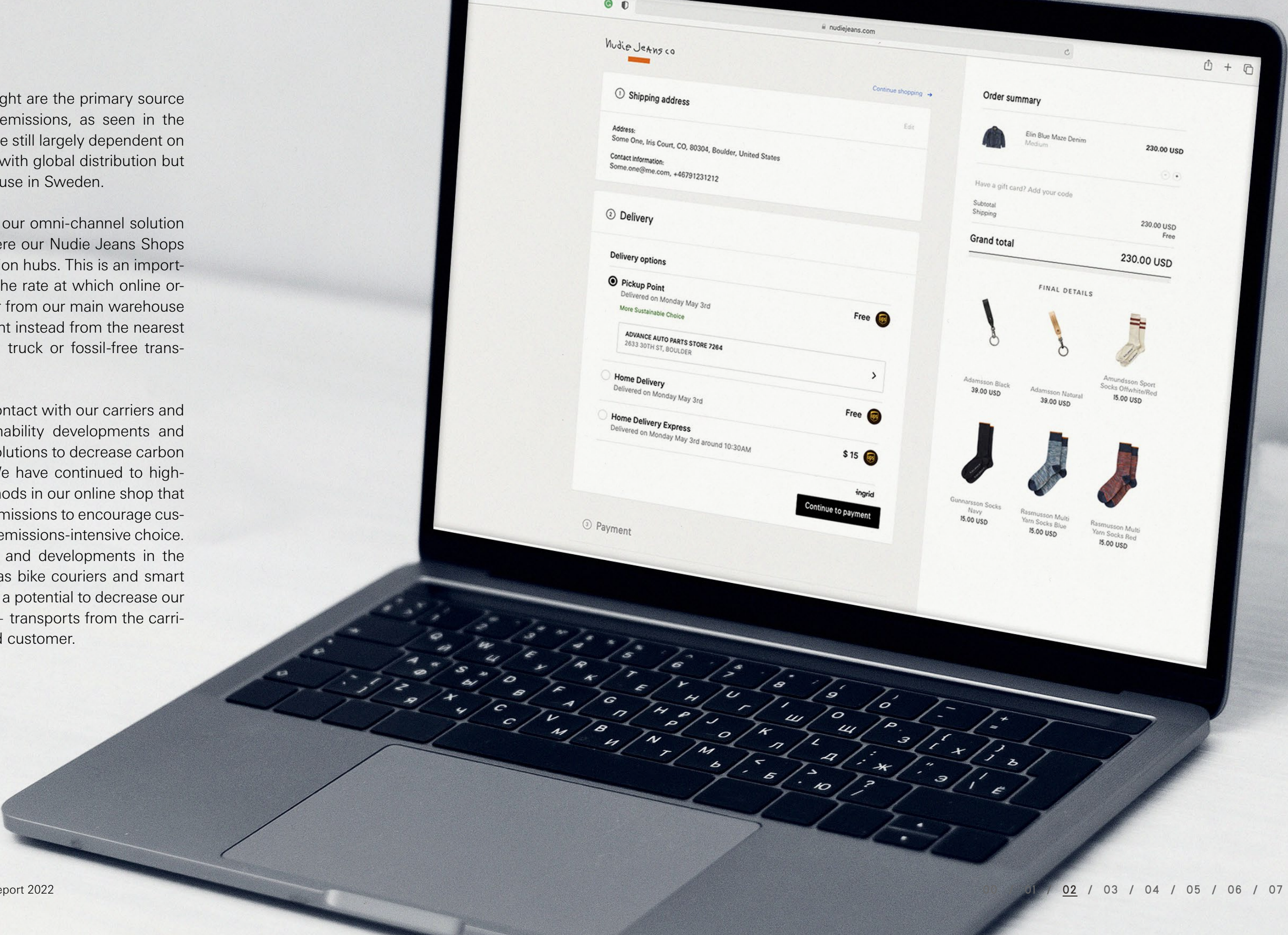
All outbound transport 2021



Emissions from air freight are the primary source of our transportation emissions, as seen in the numbers above. We are still largely dependent on air freight as we work with global distribution but with one main warehouse in Sweden.

In 2022, we rolled out our omni-channel solution on more markets, where our Nudie Jeans Shops serve as local distribution hubs. This is an important step for reducing the rate at which online orders are shipped by air from our main warehouse in Sweden, and are sent instead from the nearest Nudie Jeans Shop via truck or fossil-free transportation method.

We are also in close contact with our carriers and are discussing sustainability developments and how to work toward solutions to decrease carbon emissions together. We have continued to highlight the shipping methods in our online shop that are better in terms of emissions to encourage customers to make a less emissions-intensive choice. Given the innovations and developments in the logistics sector, such as bike couriers and smart delivery boxes, we see a potential to decrease our "last mile" emissions — transports from the carrier's terminal to the end customer.



Business travel

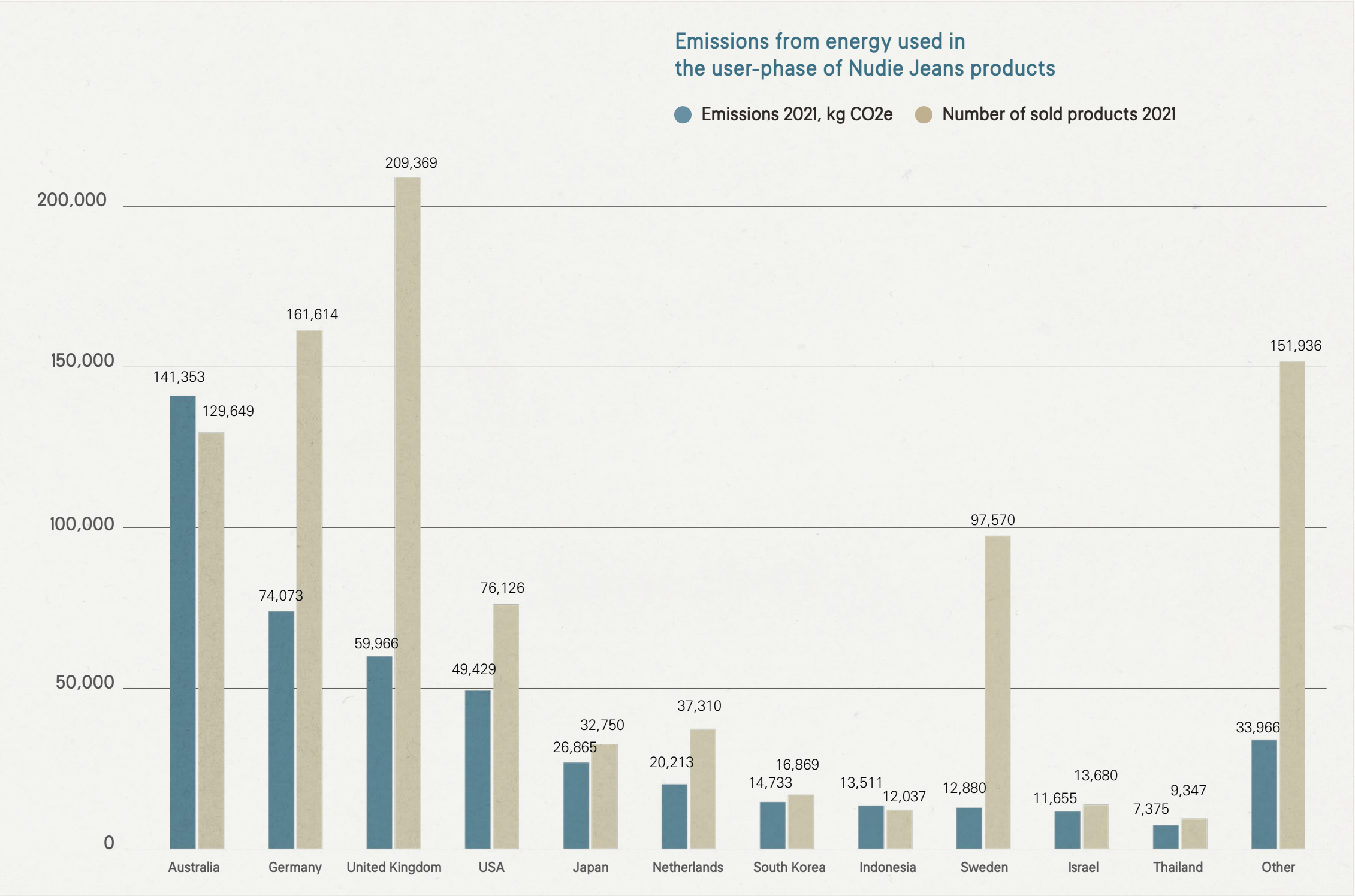
Scope 3 also includes our business travel. This emission category includes business trips in 2021 as well as generic emissions for all hotel stays that same year. Due to continued restrictions for travel in 2021, as a result of COVID-19, emissions generated from our business trips were significantly lower in 2021 than in 2018, a decrease of 90%. While business trips only account for 0.7% of our total emissions, we have a more direct impact on and ability to influence our transportation choices. We have created a stricter travel policy that will have an important role when it is possible to travel more frequently again. We encourage train trips over shorter flights, and the continued use of virtual meetings when suitable. However, we will continue visiting our suppliers regularly, as we know that some discussions and inspections must be done in person. We also consider these visits important for building strong relationships with our suppliers, with continuous long-term positive effects on product development and sustainability work. Our in-house travel agency will continue to assist us in keeping the emissions from business trips low by suggesting smarter travel routes and keeping track of the emissions of various airplane models.



User-phase

Our total emission mapping also includes emissions generated in the user-phase of our products. The emissions from the user-phase are included in scope 3 and are based on customers' transportation to the shops as well as energy use from washing, drying and in other ways caring for the garments. To calculate these emissions, we reused the result of the 2019 customer survey, in which we asked our users worldwide how they care for, wash, and wear their Nudie Jeans garments. We reached our result by recalculating the emissions with 2021's sales number and the same user pattern in the survey. Thanks to answers from engaged users, we have been able to calculate increasingly accurate user-phase emissions connected to our denim, compared to calculations that only use general user-phase data. For our other product categories, in which survey responses were limited, we have used general user-phase data.

Comparing the emissions generated for each of our markets with the number of sold products, we can see that emissions are not directly correlated to the number of sold and used products but to the energy mix of each market. If our users want to decrease the climate impact of washing and caring for a garment, the most important thing to do is to change the electricity subscription of their home to a renewable energy subscription.

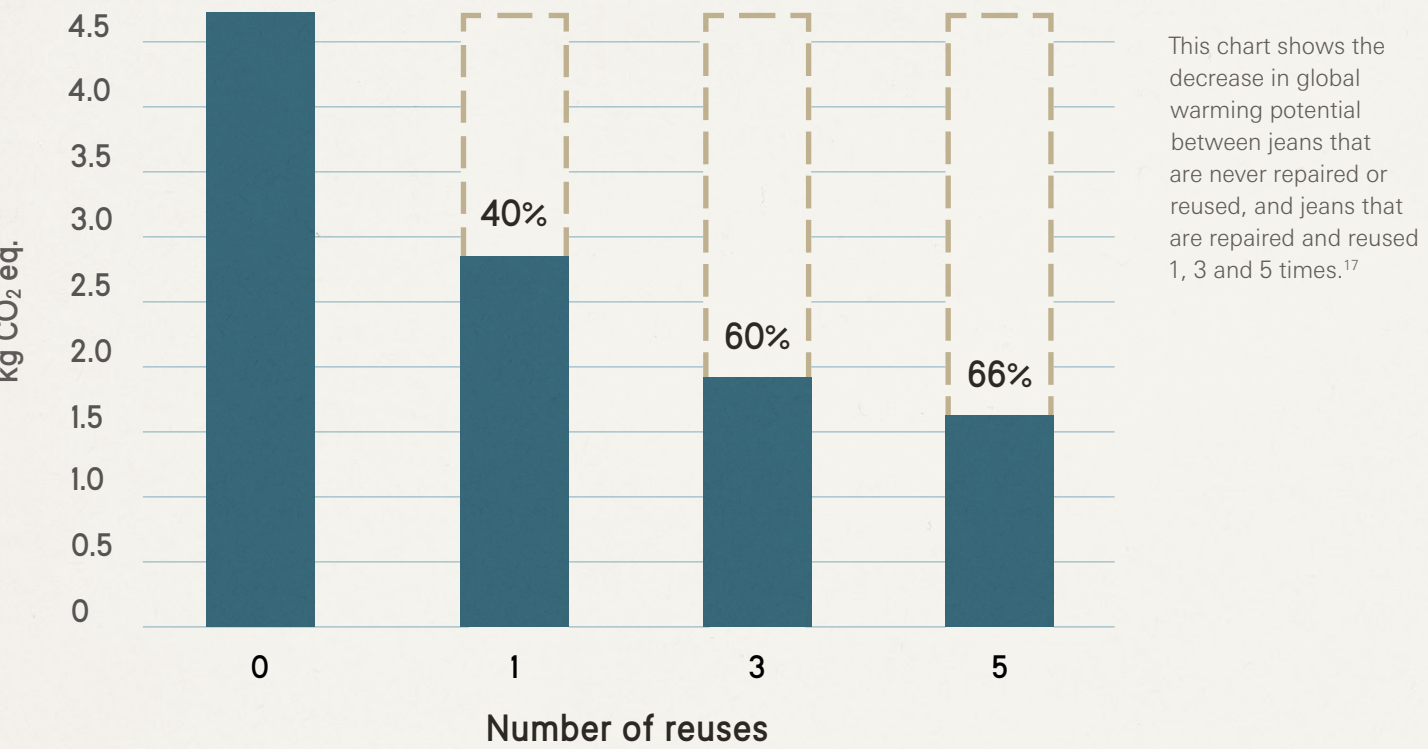




Prolonging the life of jeans — a climate perspective

Calculating potential emissions savings is tricky. We cannot include avoided emissions in our emissions calculations, but we still think it is critical to consider the importance of prolonging the life of the garment from an emissions perspective and from a general resource use perspective. A couple of years ago, we worked with two students from Chalmers University of Technology in Gothenburg who conducted

a comparative life cycle assessment that compares the impact of jeans that are never repaired and reused to jeans that are repaired and reused via the Nudie Jeans Repair and Reuse Program. Even though we cannot include these results in our emissions calculation, we think it is important to show that prolonging the life of garments is a key action that we can all take to decrease our climate impact.



17. → [A comparative life cycle assessment of Nudie Jeans' repair and reuse concept](#)

We have mapped our emissions for four consecutive years, and we have offset our business' full emissions these years.

Carbon offsetting

Our climate work is a journey; we are gradually developing our strategy and actions as our knowledge and possibilities around our climate initiatives expand. We have mapped our emissions for four consecutive years and have offset our business' full emissions for these years. In 2022, we invested in offsetting covering all emissions connected to our business in 2021. For 2021 this means that we have invested in offsetting covering our emissions of 8,532 ton CO₂. The offsetting projects are invested in through the UN Carbon Offset Platform. We have invested in three different projects¹⁸, all with wind power energy production. Two of the projects are in Tamil Nadu, the same district where some of our suppliers are based, and the third project have set ups in Rajasthan and Maharashtra. All the above projects generate renewable electricity for the regional grid, replacing energy from fossil-based sources.

18. → 1. [Renewable power](#) 2. [Bundled Wind Power](#) 3. [Electricity Generation through Wind Power](#)

19. → [UPS Carbon Neutral program](#)

External offset programs

The emissions generated by our exports, imports and returns carried out by UPS are covered by the offsetting program UPS Carbon Neutral.¹⁹ We have been part of this program since 2016, and the carbon offsetting is achieved through different projects, such as reforestation or the development and installation of renewable energy power plants. The projects are verified by Société Générale de Surveillance (SGS). For 2021, our CO₂ emissions from UPS deliveries reached 223 tons.

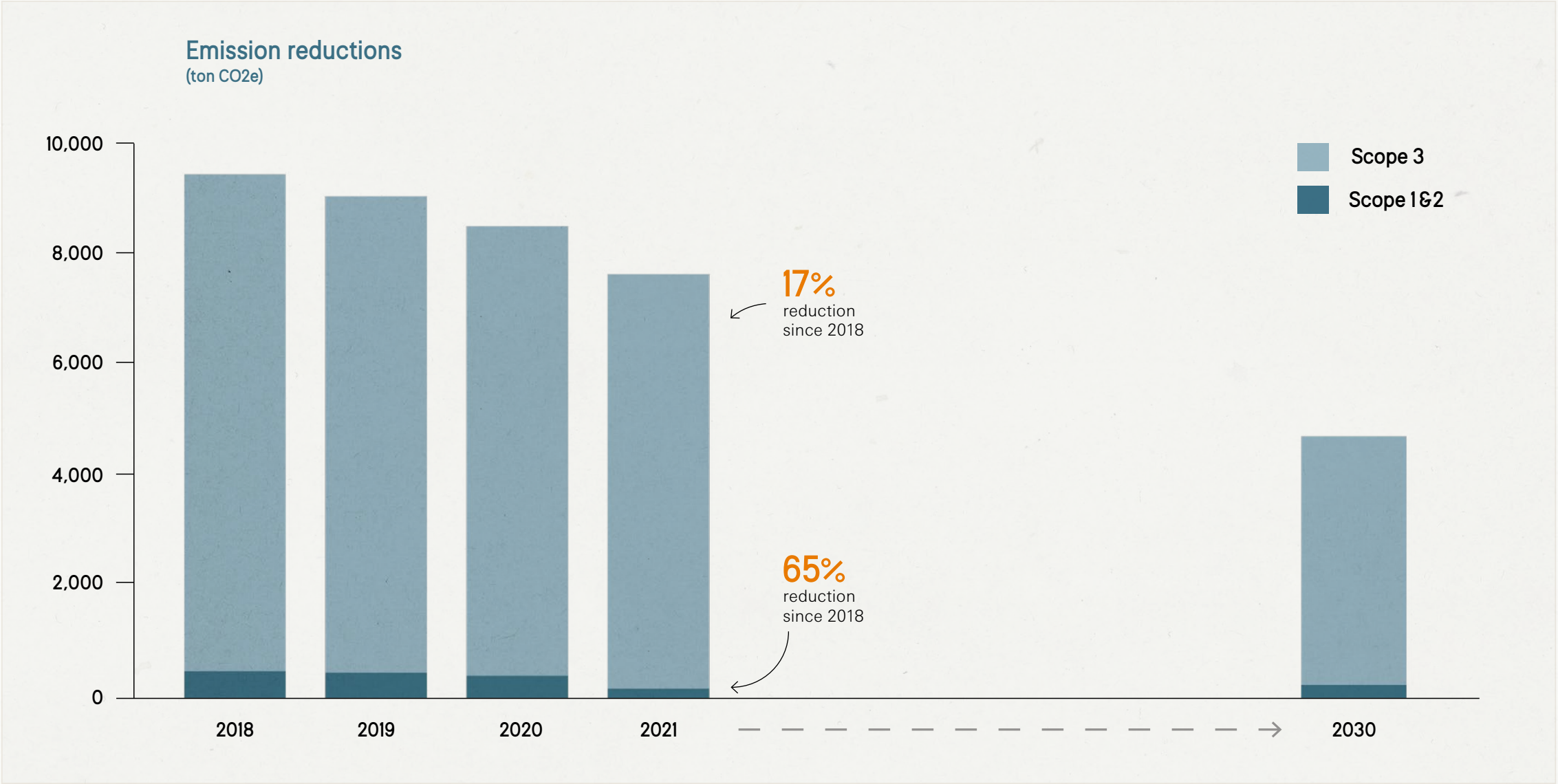
Our bags and packaging supplier, Avisera, has created its own label for all their bags and packages. They plant trees to compensate for the carbon emissions generated by the production process. All our bags and packaging are made under this label meaning we support their tree-planting and preserving activities. In 2022, the production of our bags and packaging generated 86,5 tons of CO₂ emissions, and to offset them Avisera protected and planted 12,022 trees in the projects Envira Amazonia Tropical Forest Conservation in Brazil.

Emission reductions

Mapping Nudie Jeans’ emissions for four years has enabled us to track changes compared to our base year of 2018. From the start, we have aimed to include a high share of site-specific data, which enables us to monitor changes in our supply chain, from our transports, as well as in our stores and offices. Data quality improves every year and we update previous years’ results based on new and improved data points to compare the data over time.

The most important change made in scope 1 and 2 for realizing the reduction presented in the illustration was shifting to renewable electricity contracts in our stores and offices in markets where renewable energy suppliers are available. For markets with more limited possibilities, we have purchased Energy Attribute Certificates (EAC) for each specific market to decrease emissions connected to electricity use.

Emission reductions in scope 3 are mainly connected to the reduced total production volume for Nudie Jeans in the last two years. But we are also seeing a shift in our supply chain, especially with some of our key fabric suppliers, where the share of renewable electricity is increasing, both by increasing their share of electricity from their own solar cells and wind power, and through the purchase of Energy Attribute Certificates. On the other hand, emissions connected to our transports are increasing. This is connected mainly to high emissions from air freight and moving forward it



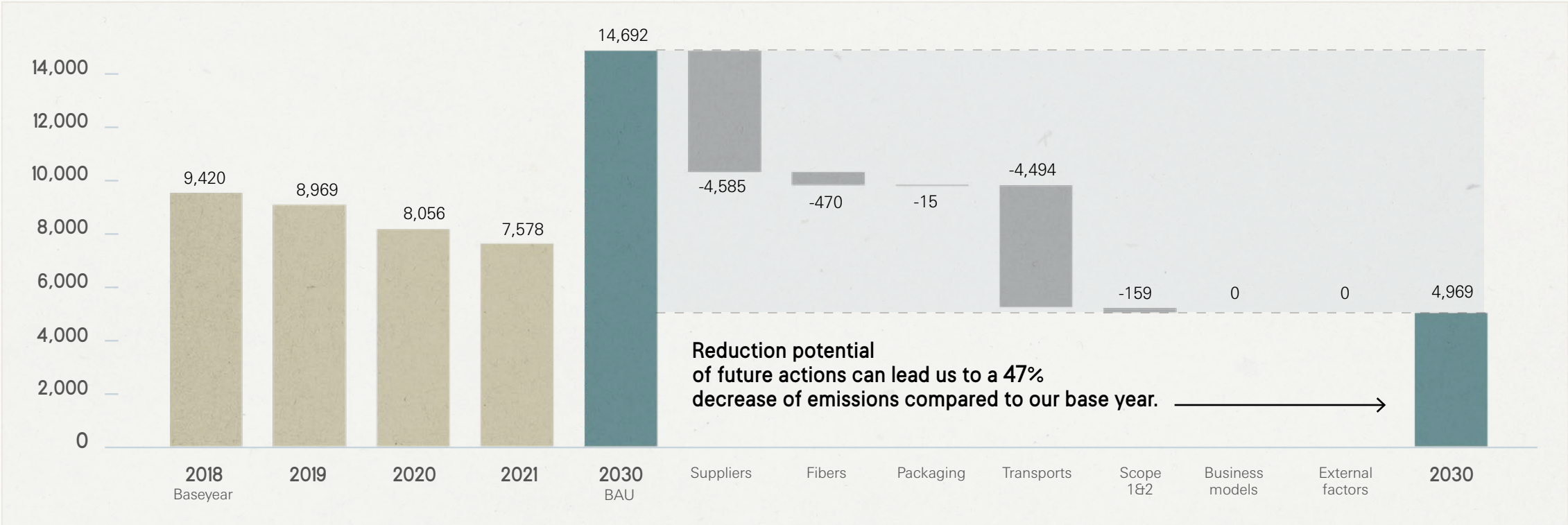
is important for Nudie Jeans’ climate initiatives to reduce the use of air freight where possible. To learn more about how we work with actual data, averages, and estimates, please read the beginning of the climate chapter.

Climate Action Plan

In 2022, we focused our climate efforts on carrying out supplier-specific meetings with key suppliers to discuss emission-reducing activities, internal structures for building reduction strategies, setting climate targets and plans to transition to renewable energy. The level of structured climate initiatives varies among Nudie Jeans’ suppliers. Moving forward, enhancing knowledge about and supporting development toward more efficient production and the transition to renewable energy will be a primary focus.

Creating the Nudie Jeans Climate Action Plan was another important element of Nudie Jeans’ climate initiatives in 2022. The Climate Action Plan was developed with climate consultants from 2050 Consulting AB and is based on a back-casting reduction model that shows which actions are needed to reach our climate targets. The model is aligned with Nudie Jeans’ absolute reduction targets, which we set based on ambitions supported by scientific consensus to stay within the 1.5°C warming pathway.

It is important to note that the model does not cover Nudie Jeans’ full emissions. We excluded the “user-phase” emission category, as it still lacks standardized, credible methods for calculating emissions connected to the user-phase of garments. This is in line with the requirements of the Science Based Targets initiative and follows the same scope and emissions categories that are included in Nudie Jeans’ climate targets. For details on Nudie Jeans’ emissions, please see the



overview of Nudie Jeans’ climate impact 2021 on page 57.

The Climate Action Plan is highly ambitious, and as it simulates future actions, the results will be modified for each year we progress. The main purpose of our Climate Action Plan is to showcase the necessary level of our actions in order to feed into our internal efforts and set short-term targets in line with the model, and to communicate externally that we are tackling this challenge with a high level of ambition and with a focus on actions that build toward our absolute targets.

The key actions that will bring the greatest opportunities for reduction are:

- Supporting key suppliers throughout our supply chain to transition to renewable tier 1, tier 2 and vertical tier 2–3 suppliers.
- Reduce the use of both inbound and outbound air freight. One important action is to increase volumes shipped by sea to our Australian warehouse instead of using air freight. Another is to increase local transportation for e-com orders instead of air freight through the development of our omni-channel solution, where our Nudie Jeans Stores serve as local warehouse hubs.

- Scale up Nudie Jeans' circular business model. To decouple Nudie Jeans' financial growth from resource use and CO2e emissions, we will have to increase sales of Reuse jeans, increase our capacity to repair in order to prolong the lifespan of more Nudie Jeans garments, and scale up the collection of old Nudie Jeans garments to build a larger inflow of products back to us that can be used for resale and recycling purposes.

Product Calculations

In 2022, we continued to publish emissions and water data on product level together with our product transparency information. Nudie Jeans' product calculations are based on the specific product's supply chain and processes, weight and fiber composition. The product calculations were first published for the Fall 21 collection, but we have developed the methodology since then to stay up to date with discussions and criticism of using Higg MSI as a data source for product-level emissions.

For calculations for products from the Spring 23 collections, we changed the database for the share of emissions calculated with estimates and LCA data from Higg MSI to Kering. Kering is an index that has not faced the same criticism and where the likelihood of getting data based on regional differences, rather than global average, is higher. To increase transparency on the data used in the calculations, we have added an illustration showing the share of data sources applied for the specific product, both for average CO2e emission and average water consumption.

For products released prior to Spring 23, MSI was used to calculate their data share based on database information. Consequently, these products will not have specific information regarding their data share. Our product calculations only show average CO2 emissions and water use, and do not show the product's full environmental impact, including other impact categories such as eutro-

phication, acidification, and human toxicity, as included in a full LCA.

We developed the product calculation methodology with climate consultants at 2050 Consulting AB, a process we have undertaken with an exploratory mindset, in which we remain humble before the complexity of emission calculations and rapid developments in this field. We hope this increased awareness of our products' climate impact can steer consumption and garment use in a more responsible direction. We have published a methodology document explaining the calculations in more detail on our website.²⁰

20. → [Nudie Jeans methodology for product calculations](#)



Products and user-phase

RISK AND CHALLENGES	ACTIONS	GOALS
Risk of a reduced lifetime of products due to a lack of repair possibilities for all our Nudie Jeans users globally.	Open up more stores and repair partners.	Open 50 new permanent repair spots, including repair shops, partner stores and repair partners by 2030 with base year 2017.
Risk of a reduced lifetime of products due to a lack of repair possibilities for other product categories than jeans.	More reuse campaigns to increase knowledge of our offers and develop logistics handling of all product categories.	Accept all product categories for take back (except underwear and accessories) by 2022.
Risk of a reduced lifetime of tops due to a lack of resale channels.	Reuse drops, including tops.	Add Reuse tops to the assortment by 2023.

Long-term and interconnected relationships with customers are the foundation of a circular business model and our repair service is key in allowing us to cultivate that. There will never be one universal solution to the challenge of closing the loop. We need to find many different solutions, explore possibilities and create a variety of ways to reuse and recycle.

Nudie Jeans endeavors to take responsibility from the raw material throughout the entire supply chain, only then can we optimise the sustainability in the processes behind our products, but we do not stop there. In the Repair Shops, where we prolong the lifespan of our garments, we also encourage customers to adopt slower consumption patterns. We know that sustainable consumption involves an array of different

actions. As part of our circular business strategy, we offer free repairs, collect post-consumer Nudie jeans, resell second hand denim in our Reuse assortment and recycle worn-out jeans, which are all good examples of how we practice this idea. The circular activities are always with us, from decisions in the design process to the selection of fabrics, in interior design choices in our Repair Shops and as a communication tool when speaking to our users in-store or online.

Our level of sustainability, and actions to increase it, lies in our circular diversity, the longevity of our products, the scalability of our services and our continuous effort. Thanks to previous investments and the successful integration and standardization of our Repair and Reuse Program, we have made way for new visions of future circular

developments. In the long-term perspective, the accessibility of these services is crucial for a fundamental change towards becoming a fully circular business. To act responsibly as a denim brand pioneering in circularity, we believe in synchronizing these actions and procurements with the digitization of retail and best practice supply chain logistics and pushing for more well-balanced production and consumption patterns. This way, we contribute to shaping a new market playground while simultaneously adapting to it and accelerating the paradigm shift between linear and circular business models.

Through our close collaboration with our suppliers, retailers, e-commerce and own stores, we have identified several risks connected to our products. Some of them are included in the Risk,



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

Our main partnerships within this field in 2022:

- SATIN (research project)
- Certified to LAST (research project)
- System demonstrators (research project)
- Switching Gear Enabling Network (SGEN)

In 2022 we held speeches and presentations related to user-phase and communication:

- Estonian Design Centre, Circular Design HOW TO? Design for Repair.
- World Circular Economy Forum 2022, Increasing the circularity of fashion.
- GIZ, Alternative Circular Business Models
- TEX!TV, Marketplace Borås

Challenges, Actions and Goal structure above, but we have also identified more general risks that we work with. These risks and challenges include the quality risks of having second-choice garments,²¹ unsold product in stocks, recycling challenges, unforeseen events like COVID-19, high return rates and misleading communication of our products to consumers. In this chapter, we cover how we mitigate, minimize, and address these risks.

Our way of working in the supply chain and in our shops are good examples of aligning to SDG 12, Responsible consumption and production. Our work has an impact on target 12.2, Sustainable management and efficient use of natural resources, target 12.4, Achieve environmentally sound management of chemicals and all waste throughout their life cycle, target 12.5, Reduce waste generation through prevention, reduction, reuse and recycling, and target 12.6, Encourage companies' sustainable practices and integration of sustainability information into their reporting cycle. Through collaborations with initiatives like Rekotex we touch upon SDG 8, target 8.4 Improve global resource efficiency in consumption and production.

21. Products that do not make it from the factory due to defects or nonconformance with design and quality requirements.



The Repair Shop



All our shops have in-house repair stations, because for us, it is just as important to care for and repair the jeans we once sold as it is to sell new ones. Nudie Jeans Repair Shops serve as hubs where our jeans are repaired, resold as second-hand products or handed in to the Nudie Jeans Reuse program. When opening new Repair Shops or renovating existing ones, we always keep a few things in mind. Where possible we try to keep as much of the original surfaces as possible. New materials are simple, solid and durable, and responsibly sourced, treated, reused or recycled.

When choosing shop interior materials, we select the most sustainable option, for instance, FSC-labeled wood to ensure responsible forestry, fiberboard with the least number of adhesives, or Carb2-certified alternative to verify that no formaldehyde was used in the production process.

Regarding finishing, such as paint, oil, and coatings, we aim to use organic or environmentally sound options and avoid hazardous treatments. We also avoid petroleum-based products for our shop fittings, such as plastics, vinyl carpets, laminate surfaces, composite materials, and thermo-sets.

New lights in shops are always LEDs to save energy and when operational functionality permits, we use as many vintage and second-hand items as possible. These items include chairs, small merchandise furniture, lamps, and textiles. We only use FSC-certified wooden hangers in our shops, which have a long lifespan and use durable material.

We endeavor to have control of and insight into not only our supply chain's environmental and social impact but also that of our Repair Shops. It is important to understand that our day-to-day work also has an environmental footprint and to explore mitigation methods. Up until spring 2021, we followed the requirements for environmental management according to the Swedish standard Miljödiplomering by Svensk Miljöbas. In spring 2021 Nudie Jeans' head office was certified to ISO 14001:2015, for greater consistency with our global constellation of Repair Shops and sales offices. Our Repair Shops and sales offices in Europe, the US, Asia, and Oceania are not certified but all have integrated processes connected to the environmental management system based on the criteria of ISO 14001:2015. The certification period for the head office lasted approximately two years and we have brought key learnings like gap analysing and sharpening our environmental goals structure with us moving forward in our internal environmental work.





“ We consider it just as important to care for and repair the jeans we once sold as it is to sell new ones.

Activities with a significant environmental impact, such as electricity consumption, waste separation and chemical products are mapped and reported yearly. Undergoing advisory and educational meetings and setting up communication channels for these topics are some ways we enhance and sustain our efforts. Improvement plans, when necessary, are created and revised annually to drive the work forward. For instance, our CO2 emissions in Scope 1 and 2 of the Greenhouse Gas Protocol which includes our Repair Shops and offices, were reduced by 65% in 2021 compared to the base year of 2018. We will continue to review our electricity subscription to transition to 100% renewable electricity sources where possible.

The vast majority of reductions in CO2 emissions in these scopes are thanks to the shift from fossil-based to renewable sources for our electricity subscriptions, notably within five of our Australian stores. Another important driver of reductions was the purchase of Energy Attribute Certificates (EAC) for each specific market. For the full year of 2021, 77% of all electricity used in our Stores and offices were from renewable sources. We regularly provide the Repair Shops covered by the environmental management system with internal or external sustainability training, which connects to SDG 13, Climate action, target 13.3, Improve education and awareness-raising.



Break in

No matter how your Nudie Jeans looked when you bought them, they all began as a pair of dry denim. Our jeans are not designed to be worn a few times and thrown away. We cherish well-worn and mended jeans, jeans that become a part of us after years of wear, like a second skin. At every stage, from harvesting the cotton to indigo dyeing, weaving and sewing, men and women worked hard to create our products. That is why we value the product so highly and will always believe in the value of repair and reuse. We recommend our users to wear their dry Nudie jeans for at least 6 months before the first wash. The outcome depends on who you are and how you live life in your jeans, but regardless of lifestyle, your jeans will be a log of time that has passed, and will end up as one-of-a-kind, shaped by you. Not washing your jeans too often is an important part of the break-in process and for avoiding unnecessary tearing on the cotton fibers. Airing instead of washing will also save water.



Never worn.

Worn for 11 months.

After first wash.

Repair

No matter when or where they were bought, every pair of Nudie Jeans comes with the promise of free repairs. This is not only about mending our users' favorite jeans; it is also about prolonging the lifespan of the denim. Repairs are deeply rooted in our DNA in order to encourage people to care about the true value of the garment, which is a fundamental part of an incentive driven and decelerated consumption culture. In our Repair Shops, we offer free repairs of all Nudie jeans, but if visiting a Nudie Jeans Repair Shop is not possible, free Repair Kits are available to order from our website. The Nudie Jeans Repair Kit contains thread, patches, and other essential items for DIY repairs.

In 2022, we brought out the sewing machines on wheels again. Our Mobile Repair Stations traveled to 38 different locations spread out across Sweden, Germany, the Benelux, France, Switzerland and Israel, fixing 1,649 pairs of Nudie Jeans on the road. We also have an integrated Repair Partner concept, in which key wholesale partners are given the tools and are entrusted to partake in and support our circular activities. Our Repair Partners make our repair service more accessible and are part of scaling up our circular capacity.

In 2022, our Repair locations repaired a total of 65,386 pairs of jeans, an increase of 54% compared to 2021, and our all-time record. The global repair average in our Repair Shops was 1,605

which is also a significant increase from the year before at 42%.

During the pandemic, our capacity for repairs was limited due to restrictions and lockdowns. In 2022 we saw a recovery from that condition and our stores are now back on track. In the absence of our regular repair service for much of 2020 and 2021, we noticed more people ordering the free Repair Kit from our online shop. Due to this increase in demand, paired with less effective product planning from our end, the DIY Kits were out of stock for most of 2022. We were not able to restock them until autumn last year, at which point we were able to begin shipping them out again. In 2022 we sent out 1,142 Repair Kits, compared to 3,410 in 2021. We also updated and simplified the kit. The iron interfacing has been removed, the colors of the three denim patches have been updated for optimized universal fit and the metal coils for the threads have been replaced with a paper solution. Overall, our Repair Kits are the same with a slightly improved touch.

Advanced Clothing Solutions

In 2022, we started a new collaboration with our first-ever circularity partner, Advanced Clothing Solutions (ACS). Located outside of Glasgow, B Corp-certified ACS are masters of circular fashion. They have been active since 1997 and are now using their extensive experience and agility to ex-



plore repairs with us. For Nudie Jeans, this is a regional setup in the UK, and in the first stage, the new remote repair station has taken on some of the customer repairs from our three London stores, which has kept the lead times for repairs

shorter and more predictable. We know the textile industry needs diverse and scalable circularity, and we believe that ACS is a perfect fit.

Free repairs forever.

That promise applies to all Nudie Jeans, no matter where, when, or how you got them. Nudie Jeans' Repair Coordinator, Michael Gorgnäs, untangles everything you need to know about free repairs, Repair Shops, the Reuse concept, and what opportunities and challenges lie ahead of us.

“ The Re-use program is another chance for us to take responsibility for our product, but also an opportunity for someone's pre-owned jeans to get a second chance.

– **Denim is a living** material that becomes more beautiful the more you wear it. We encourage our customers to use their jeans for as long as possible and repair them when needed. Also, we want to take responsibility for our products, work actively against fast consumption and do what we can for the environment. So, offering free repairs in the Repair Shops makes perfect sense.

– The idea behind the Repair Shop has a great backstory. When our founder, Maria Erixon Levin, grew up, her dad owned a tire repair shop. He repaired and resold old tires, which inspired her to do the same when she started Nudie Jeans.

Offering free repairs is, of course, an excellent service. It enables us to take care of the jeans people are



about to throw away. We either sell them second hand in our Re-use program, use them for patching material or recycle on a fiber to fabric level.

– The Reuse program is another chance for us to take responsibility for our product, but also an opportunity for someone's pre-owned jeans to get a second chance. Once you're ready to let go of your jeans, you can hand them in at your local Repair Shop to receive 20% off on your next pair. We wash, repair, and sell them second-hand.

– Some jeans can't be repaired, of course, but we still offer the customer a discount as an incentive to hand in their jeans. Collecting these jeans lets us downcycle and use them for patching material, or send them back to our denim suppliers to use as recycled fiber input for the production of new fabrics.

Free repairs, discounts, downcycling, and recycling are all possibilities, but challenges are also involved.

– Offering these services is excellent, but we want to offer them to Nudie Jeans customers worldwide. The main reason why we do this is to be more sustainable. And there's a challenge in keeping it sustainable when you involve transportation since that means more emissions. But I envision that we'll be able to extend the Repair Program within a few years.



While free repairs and Reuse jeans are still limited by geography, buying a pair of Re-use is possible on nudiejeans.com. Michael is the curator of the online Re-use drops.

– I pick out the best pieces and wash, repair, or alter them if needed. It's time-consuming, but together with our in-house marketing team, we make them available for everyone. That's something I love about my job: diving into heaps of pre-loved jeans; it's awesome being reminded of all these different fits we've launched over the years. And I love well-worn denim, and seeing the fades

our customers produce is very nice. My role is very creative, and I really love working with other creatives. I don't believe I could ask for a better job.

A wise man once said, "There is no geographical solution to an emotional problem." So, if you ever find yourself in despair and in need of repair, there are solutions. So, until there's a Nudie Jeans Repair Shop in your city, you can visit one of our official Repair Partners, or order a free Repair Kit and get your DIY on. We also have Mobile Repair Stations on tour, visiting stores across Europe.



Reuse

According to the waste hierarchy, prolonging the life of a garment is more resource efficient than recycling it. Beyond repairing, garments can be used for longer through exchanges with others,

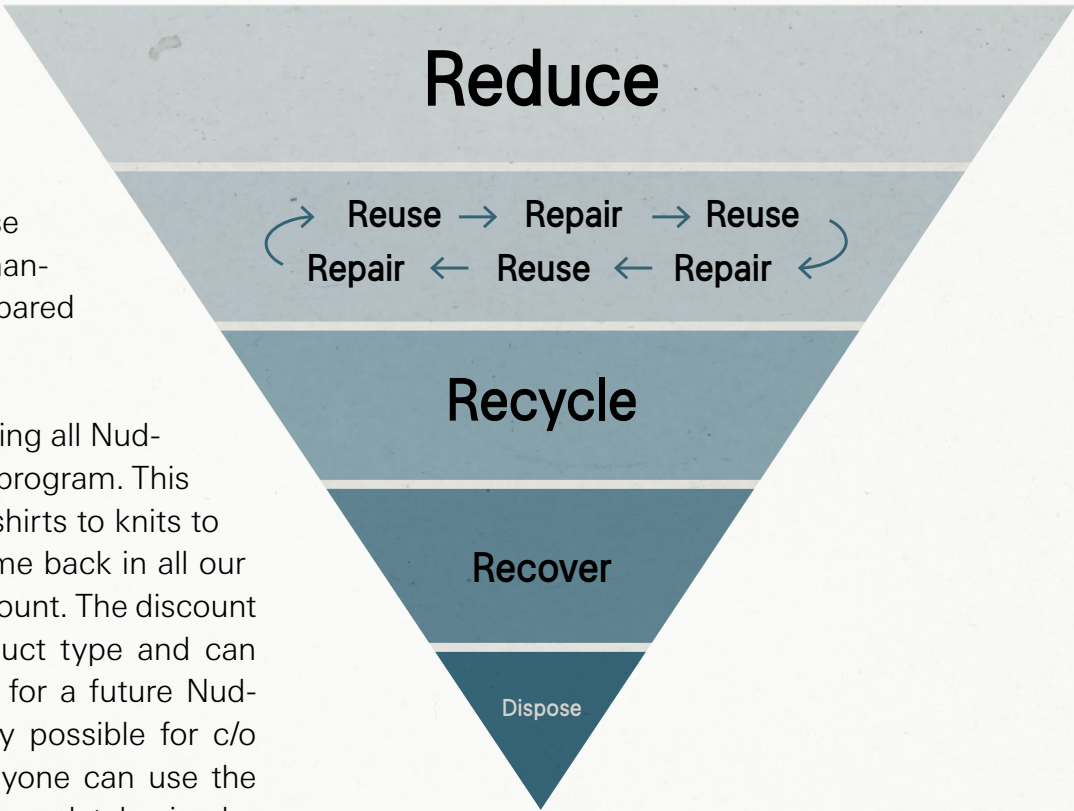


by gifting, donating to thrift shops, redesigning, reselling, or, if they are Nudie jeans, by turning them into the Reuse Program at one of our Repair Shops. Nudie Jeans offers 20% off the next pair when customers hand in an old pair of Nudie jeans. This gives customers an incentive for engaging with our free repair service, but also with the circular activity of returning jeans they no longer want or need. For us, it has become a perfect channel through which we obtain post-consumer jeans to resell as Reuse products, or to use in other circularity projects, such as the production of caps, hats, rag rugs, blankets or in fiber recycling schemes. In 2022, we collected 20,772 pairs of post-consumer jeans spread out across our repair spots, which is an all-time high and 49% more than 2021.

We wash the Reuse jeans, make any necessary repairs, and put them on the Reuse rack in our Repair Shops, ready to become a new customer's favorite pair. Until the end of 2022 our Reuse jeans were Bra Miljöval labeled, which is the Swedish "Good Environmental Choice" eco-label issued by the Swedish Society for Nature Conservation (Naturskyddsföreningen). From 2023, the label no longer applies to textiles, and 2022 was therefore the last year the falcon-shaped symbol was attached to our Reuse jeans. Since 2018, we also offer Reuse jeans online, in which we release premium pre-loved denim in limited occasional drops on our online shop. This initiative continued in 2022 with a total of three drops, one of

which had special-edition quilting. The results of the Reuse drops were great once again, and all drops had high sales. In total we sold 3,984 pairs of Reuse jeans throughout all sales channels, an increase of 60% compared to 2021.

In 2022, we also started accepting all Nudie Jeans products in our Reuse program. This means that everything from T-shirts to knits to jackets and dresses are welcome back in all our Repair Shops for a trade-in discount. The discount differs depending on the product type and can be issued as a digital voucher for a future Nudie Jeans purchase. This is only possible for c/o Nudie Jeans members, but anyone can use the discount in store. To support completely circular consumption, we have also made the Reuse discount applicable to Reuse products.



Reuse discount – how it works

1. 20% discount when handing in a denim item. Discount code only applies to denim products.
2. 10% discount when handing in a non-denim item. Discount code only applies to non-denim products.
3. Reuse discount only applies to full-price items.
4. We accept all product categories, no matter the condition – the only exception is underwear and accessories.
5. If the customer wants to hand in more than one item, they can only use one discount per new item (if you have two pairs of jeans, you won't get 40% off the next pair; you will get 20% off two separate denim items).
6. Reuse discount is also valid for Reuse jeans.

Recycle

Once we have used and reused denim, we explore recycling as the final step in closing the loop. Cotton fibers last much longer than we tend to use them, and recycling reduces waste and the consumption of virgin raw materials. A pair of jeans can be recycled in various ways, but both mechanical and chemical recycling processes pose chal-

lenges. We are constantly looking for new ways to extend the life of cotton fibers. When it comes to recycling our own products, we try to avoid mixing our organic cotton with products that contain conventional cotton. This way, it can be used again as recycled organic cotton, which we consider the most preferred alternative.



20,772
collected Nudie Jeans
in 2022

When exploring ways to recycle our products, we know the input of recycled cotton is organic, alongside new organic cotton. To scale up our circular ideas to more than just one or a few projects, we need a steady inflow of our own denim to use as post-consumer raw material. This means that for us, every pair of Nudie jeans is a valuable material resource, and the more pre-loved Nudie Jeans denim we collect in our Repair Shops, the less virgin raw materials we need to use. This enables the optimization of post-consumer fibers according to the waste hierarchy and prolonging the life of the cotton fibers is a central priority in our circular commitment. We do this by selling Reuse jeans, turning worn-out denim into repair patches, using the material for the production of denim accessories and similar, or recycling the fibers in a cotton blend for new denim fabrics.

In 2022, we made two production rounds of denim fabrics containing post-consumer Nudie jeans recycled input. The process was performed by our Turkish fabric supplier Orta and resulted in 7,000 meters of our Utility Denim, made with 20% mechanically recycled post-consumer cotton and 80% virgin organic cotton. In the process, around 4,000 kg of post-consumer denim divided into approximately 6,700 pairs of Nudie jeans was used, for an output of 7,000 meters.

Together with UNIDO (United Nations Industrial Development Organisation) and the SwitchMed

program, Nudie Jeans took on its largest recycling project to date in 2021 which has continued with more production in 2022. The project consists of mechanically recycling second-quality Nudie jeans, which do not meet our quality standards – the wash might be too dark, the stitching might not be quite right, or the cut might be irregular. The project is carried out with Nudie Jeans’ biggest denim manufacturing supplier, Denim Authority, and fabric supplier SITEX/SWIFT. Both suppliers are based in Tunisia with the entire recycling and remanufacturing process taking place within a 180-kilometer radius, which reduces costs and transport emissions compared to more spread-out operations. In 2022 this process resulted in the production of 60,420 meters of new denim fabrics made with 20% recycled cotton from Nudie Jeans seconds. Around 31,000 second-quality Nudie jeans were used in the process.

Another outcome of the pilot project was the report [Textile Waste Mapping in Morocco and Tunisia](#).

Rental

We have been aware of the benefits with rentals for many years, but we questioned the impact factors and if our garments would be the right fit for this arrangement. Although clothing rentals can be an effective way to reduce production volumes and improve the circularity of a business, the concept entails complications, such as additional CO2 emissions from transport and laundry processes, as well as the cultural aspect of constantly cultivating hunger for a new wardrobe. Renting has been around for ages, but we are curious about its place in apparel value chains. We have an explorative mindset toward innovative setups for increased circularity in our business model and have therefore chosen to dip our toes into the rental waters and evaluate over time. 2022 was the first full year in which we had ongoing rental pilots with our two German partners, Unown and Pool.

Rentals are highly compatible for garment types such as outdoor and formal-occasion wear. But Nudie Jeans' approach to circular adaptation is embodied in our philosophy of breaking in denim, in long-lasting relationships with garments based on their inherent value. We are confident in the Nudie Jeans eco-cycle, with a refined Reuse program and its integrated take-back scheme, which covers the full range of Nudie Jeans garments. And think about it: a garment you buy, wear, tear, and repair over and over, until you must part ways with that sentimental piece, the process of returning it to us is not particularly different from a rental scheme.



External Partners

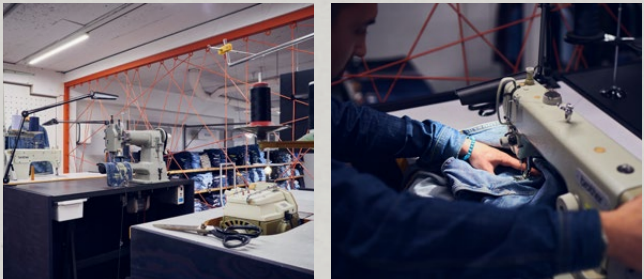
In our wholesale business across the globe, it is clear that sustainability is more relevant than ever before. More and more customers are willing to invest in garments from brands with more sustainable practices, and we expect this transition to gain popularity in the coming years. In addition to this, in a turbulent world where all parties involved are more cautious, implementing a sustainable business model has been welcomed by our wholesale clients and added yet another layer to why they should invest even more in our joint partnership. The fact that we do not deliver products that are going to be phased out and put on sale to the same extent as our competitors has made our business case stronger. We do see results already but are confident it will continue to grow organically.

As part of the strategy, we have reviewed our total distribution and limited the amount of selling points to guard and straighten the control of our brand. We work with some of the best independent retailers across the globe. Some have been around for a long time, while others are new and shaping the next generation of retailers. In various ways, they have all been part of building the Nudie Jeans brand and spreading the word about our products and business beyond the reach of our own Repair Shops. We are confident that working closer to our wholesale clients will create a sustainable long-lasting partnership.

Repair Partners

One of the biggest challenges of circularity is scalability. In 2017, we set a goal to open 50 new Repair Spots globally by 2030, and one of the steps toward reaching that goal is partnering with selected wholesale accounts and establishing Nudie Jeans Repair Stations in their local shops. This enables a wider reach for our repair services and allows us to spread our circular activities while creating opportunities to impact consumers’ adoption of more circular behaviors. We also believe the concept sets a good example regarding the need for stakeholder collaborations aiming to achieve greater responsibility and increased circularity in the retail arena.

The Repair Partners are equipped with the same sewing machines and tools as our own Repair Shoppes; to remain consistent in the services provided.



De Rode Winkel

Repair Partner, Utrecht, Netherlands

“We have been fans of Nudie Jeans since its start. De Rode Winkel and Nudie Jeans share the same approach to clothes: buy less and buy better. Since September 2022, we have also been an official Repair Partner of Nudie Jeans. It is incredible how many Nudie fans have their jeans repaired in the shop.

Our family business turns 187 years old this year. Because of this, experience with continuity and a long-term approach are paramount. Together with Nudie Jeans, we can spread this experience and facilitate more conscientious consumption for our visitors and customers. Our atelier is used even more intensively through the Repair Partner concept. Selling Reuse jeans also fits in with our vision completely. It has a nice place in our overall jeans concept.”

Daan Broekman

co owner
De Rode Winkel

All current Repair Partners

Art & Science, Jakarta, Indonesia | **The Adjective**, Central World Bangkok, Thailand | **The Adjective**, Mega Bangna, Bangkok, Thailand | **Denim D'Artisan**, Singapore, Singapore | **De Rode Winkel**, Utrecht, Netherlands | **EBB18**, Groningen, Netherlands | **Glore**, Stuttgart, Germany | **Liquor Store**, Birmingham, UK | **Pop and Shoes**, Lyon, France | **RESRES**, Copenhagen, Denmark | **Standard Denim Supply Co.**, Kota Jakarta Pusat, Indonesia | **Union Project**, Cheltenham, UK | **Vielgut**, Eindhoven, Netherlands

Unsold and faulty garments

To minimize the volume of unsold products and deadstock, we need a controlled and responsible product flow, which is key to mitigating overproduction and overconsumption. This requires tailored logistics and technical solutions, meticulous product planning and the most accurate forecasting possible. However, some variations always occur, regardless of the forecast. At the end of the season, unsold products from shops are sent back to the warehouse for each market. Our European shops ship to a warehouse in Borås, Sweden; our American shops ship to a warehouse in New Jersey; and our Australian shops ship to a warehouse at our office in New South Wales, Australia.

We try to proactively and strategically send items back to our Swedish warehouse, from where they can be sold online primarily during sales periods. Whatever remains in the European shops will be sent directly to our outlet in Barkarby, Sweden. Older seasonal garments at our Swedish warehouse are sent to the outlets after a given period. After the outlet phase, the products might be sent back to the warehouse to be stocked for future projects. Product flows vary depending on the market. Products in the American and Australian warehouse are not resold online, but may be sold to local wholesale partners or stocked until a proper solution is found. In line with our strategy and circular activities, we do not send unsold products to landfill or incineration. Products sold at external retailers are beyond our control and

we do not have the traceability of the afterlife of those garments.

Management of faulty items is similar to how we handle unsold products. Faulty items in our shops are either repaired and resold in the Reuse program, used in our repair service, or sent back to our warehouse for future upcycling or recycling projects.

For our wholesale partners, management and responsibility of faulty items depends on the agreement between the retailer and Nudie Jeans and can be a factor for negotiation that affects the order price to a limited extent. In Sweden, everything is shipped back to our main warehouse to be stocked and used in future reuse or recycle projects. If there are bigger claims or batches of faulty items, we ask the retailer to ship the entire batch back to the warehouse or to our office for investigation.

Production seconds and leftover fabrics

In production, we sometimes end up with products that do not meet our quality requirements due to minor defects, and these garments are called seconds. Tops such as jackets, shirts, sweaters and knitwear with minor defects are often mended or adjusted in the factories, which makes the number of seconds in these product categories close to zero. Since denim laundering

processes entail a higher likeliness of style differences, seconds among jeans are more frequent than among tops. Regardless of product category and whether the garment makes it to a shop, we still value it as an important material resource. For example, seconds can be used in recycling projects as an alternative way to optimize our use of material resources.

Although we strive for purchasing fabric volumes that matches our production volumes we sometimes end up with leftover fabrics at our production suppliers in between collections. Since we primarily work with denim, we end up with leftover denim more often than other fabrics. Regardless of the fabric leftovers we have in stock, we try to make sure they are used. Often, the first solution is to use the fabric in our future collections or to produce giveaways. Alternatively, we sometimes use the digital platform Rekotex, where textile companies can sell leftover fabrics to smaller companies or other stakeholders.

Product samples produced when creating new collections are sent to our outlet shops or are occasionally sold at sample sale events in our head office. Unsold garments are stocked for future projects.

Bags and packaging

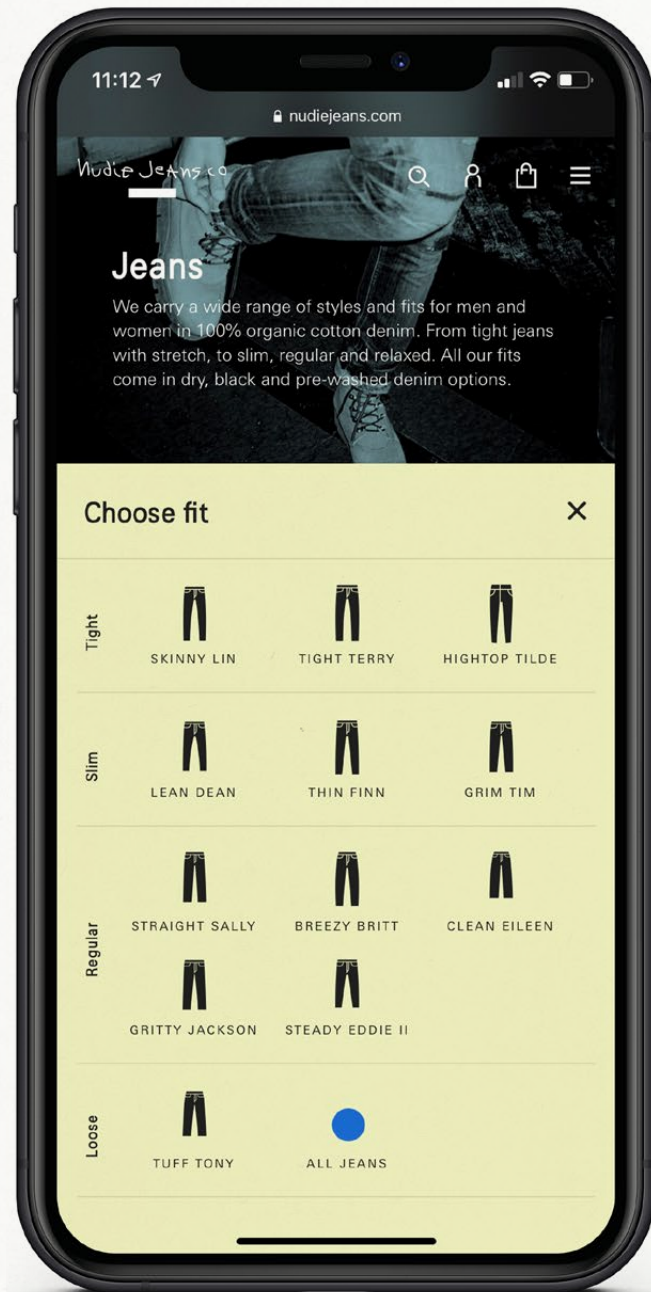
We care a great deal about taking responsibility for the manufacturing of our garments. We therefore find it equally important to care for how we package and distribute our products to customers. There are no plastic shopping bags in our physical shops and all bags and gift boxes used in our Repair Shops are made from FSC-certified and recycled paper. Products ordered from our online shop are delivered in plastic bags made from RE-LDPE and RE-HDPE, which are recycled plastics containing around 40–80% recycled plastics and 60–20% virgin plastic. Since 2020 we have made sure that the polybags from the production chain are made from 80% recycled LDPE and 20% virgin LDPE.

We have examined many different options, including biodegradable plastics, but after thorough re-

search, we decided that recycled and recyclable plastic is currently the best option, due to a vast lack of recycling possibilities for biodegradable plastics from domestic waste streams. Using recycled plastic also increases demand, which is still low globally, and as part of the circular flow of resources, this is important to us.

Since 2017, we have bought all paper bags, boxes and plastic bags for our Repair Shops and online shop from our packaging supplier Avisera through their climate offsetting program ÅterBära (ReTurn), in which Avisera plants trees to offset CO2 emissions from the packaging materials. In 2022, we purchased 100,065 paper bags for our Repair Shops, 207,930 e-commerce plastic bags, and 7,030 e-commerce paper boxes through the program.





Customer experience and e-commerce returns

Our online shop is an important channel for interacting with our customers and we aim to make the shopping experience as convenient as possible. We work proactively to enhance the customer experience and lifetime value of our products by asking customers for feedback, being available via live chat, offering scheduled phone calls with our Customer Care Agents, providing a fit and size guide, close-up images of our products, detailed product descriptions and highly transparent production. In 2022, we continued to provide increased production transparency directly on the product page in our online shop, giving our online visitors easy access to information about all suppliers involved in the production of the specific product, from the raw material stage all the way to fabric production, garment manufacturing, trims, transportation methods, and finally, the warehouse before the garment is dispatched for online purchase.

Seven days after delivery, we send a survey asking customers to give feedback on their experience and the product. The goal is for all product feedback to be internally addressed with our garment technicians and product developers for future reference. Nurturing this communication channel and its essential content of information is crucial for an improved customer experience, and to indirectly

establish mutual and long-term-profitable relationships with our customers.

The return rate in the industry is increasing overall, and we acknowledge new consumer behaviors: customers often shop to return. This is a consequence of the choice e-commerce companies make to offer free shipping and longer return windows. We offer free shipping for purchases over a certain amount, roughly €100, in our online shop. Jeans are not the easiest garments to buy online and as we establish new customer relationships, the return rate increases, as it is common for new customers to explore our assortment. When handling returns and analyzing the return rate, we take a proactive approach and ask ourselves why the product was returned in the first place.

The growth of e-commerce sellers, discount offers and risk-free discoveries of sizes and style shopping journeys are increasing the return rate in the clothing industry. Traditionally, e-commerce business owners see returns as a big issue and implement actions that make it harder to return without affecting conversion rates and sale performance. Nudie Jeans has a significant economic interest in keeping our return rates low. However, we want to take responsibility for products that fail to meet our customers' needs by offering

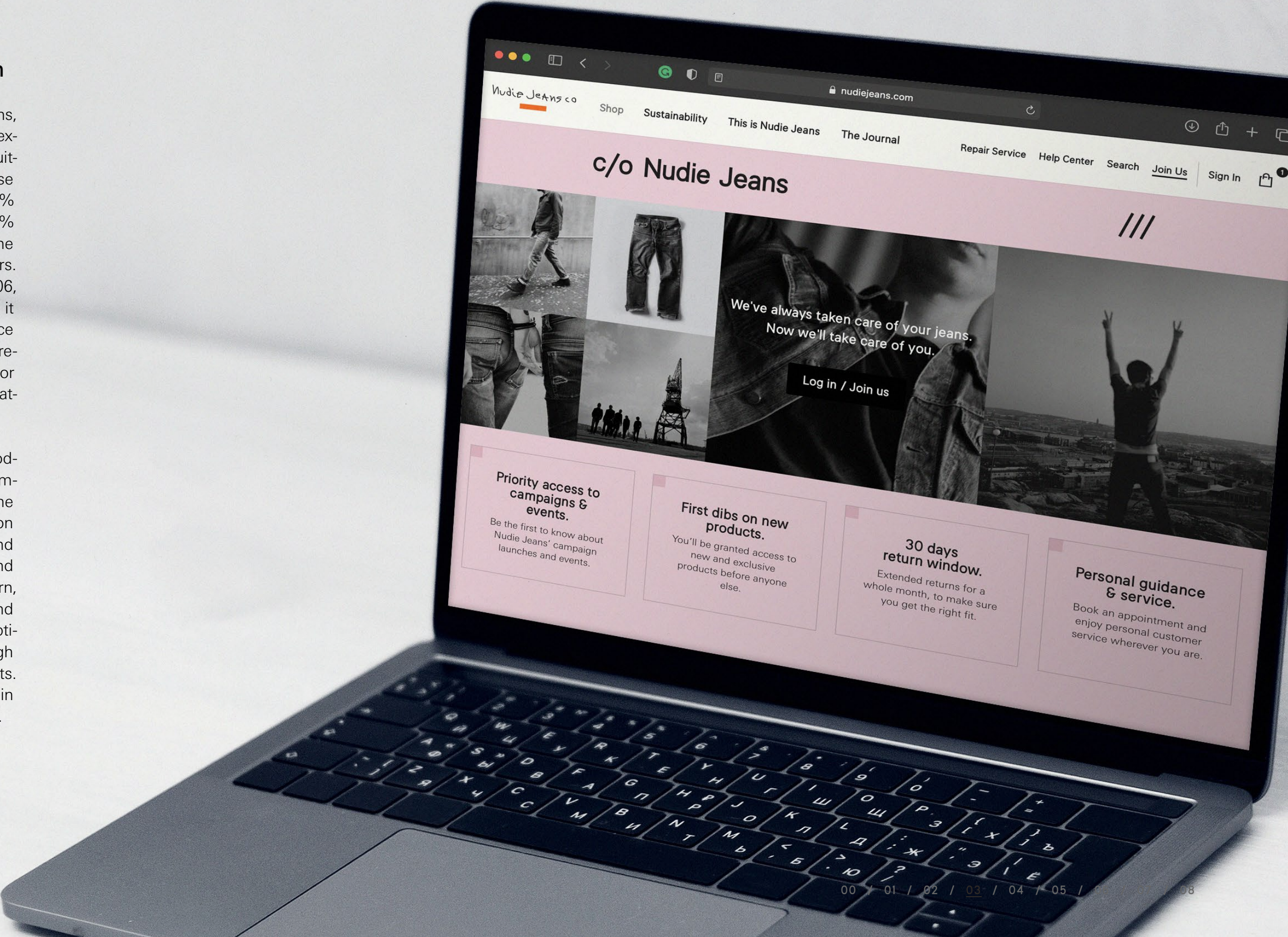
the smoothest return process possible. Still, being customer-friendly does not mean we must offer free returns. We can achieve customer satisfaction and profitability by creatively and efficiently handling returns. Returns are a natural part of the experience between consumers and brands and managing them well is crucial to maintaining healthy and long-lasting customer relationships.

In 2022, we extended our network of omnichannel hubs globally. Our local Repair Shops serve as small warehouses where they pack, ship and handle e-commerce orders and returns. This enhances the entire e-commerce experience and return-management process by decreasing the shipping time, CO2e emissions, pick & pack costs and return rates. The customer is more likely to switch to a different size or product when making an in-store order. Since 2021, we have had a fit guide with the option of dragging and comparing all our bottoms, and in spring 2022, we went live with a similar measurement tool for tops with product reviews visible directly on the product page.

c/o Nudie Jeans — our loyalty program

2022 was the third full year of c/o Nudie Jeans, our loyalty program for a seamless customer experience. Over the course of the year, we recruited 100,635 c/o members, which is an increase of 47% in new recruits compared to 2021. 66% of new members joined via our website and 34% through interactions with our Repair Shops. At the beginning of the year, we had 192,971 members. At the end of the year, the new total was 293,606, for an increase of 52%. The program makes it easier to provide the most personalized service and strengthens the longevity of our customer relationships, which we consider cornerstones for slower and more responsible consumption patterns.

In addition to knowing our supply chain and products, it is equally important to know our customers and provide a service that is suitable for the individual and the occasion. A close connection and clear communication between brand and customer could generate more synchronized and circular consumer and production patterns. In turn, this could mitigate overproduction, waste, and the associated environmental impact, while optimizing the possibilities for financial gain through more accurate sales forecasts and reduced costs. Since 2019, it has been a default setting to join the c/o program when using the Repair service.



Net Promoter Score

The e-commerce market generally has a high NPS average of +62 in 2022 and Nudie Jeans is no exception. We kept our NPS at a high level: +74.5, though this was a decrease of -2.1 from the previous year.

The response rate for 2022 was 16.6% and the number of surveys sent out was 53,902, a decrease of 21,707 compared to 2021. This can be explained by a decrease in customers online.

The split between Promoters (score from 9 to 10), Passives (score from 7 to 8), and Detractors (score from 0 to 6) remained similar to previous years. Of the responses 82% were Promoters (82.5% in 2021), 11% were Passives (11.5% in 2021) and 7% were Detractors (5.9% in 2021).

Looking at the NPS and the different themes rated by our customers, the highest-scoring categories were "Style" "Quality" "Size" and "Service". "Sustainability" is in sixth place, but when looking into all comments that mention anything connected to sustainability the overall score is 84.4 which is considered very high. Among detractors, the top themes were "Delivery", "Size", "Price" and "Returns".

We aim to improve the Nudie Jeans customer experience and scores in all categories, but thanks to the NPS surveys, we also feel confident that our sustainability investments create additional value for our customers, who indirectly want to support sustainable development in the textile industry.



Our focus for 2023 will be continuing to improve and develop our service and tools to further enhance the overall experience. We will also start measuring our repair service by implementing NPS in our Repair Shops/Repair Partners stores.

21. → [What is a Good Net Promoter Score?](#)

Our Net Promotor Score 2022 was 74.5, with comments like:

"I like how transparent the company is about its production and labor in relation to sustainability and ethical labor."

"I love your focus on environment-friendly production and your mission to produce garments that last for a long time, partly thanks to the genuine quality. Also, the lifetime repair service is genius! Ok, a pair of Nudie jeans cost a little more than many other brands, but it's worth every penny!"

"Environmentally accountable product information with a high degree of transparency and detail."

"The service team was extremely helpful in explaining your processes and sustainability goals, as well as making me feel welcome and valued."

"I love that Nudie jeans are super high quality and that the brand practices sustainability. Knowing there are free repairs and a reuse/recycle program for my jeans will keep me coming back."

The NPS Benchmark score system:²¹

- +70 to +100 = Excellent
- +30 to +70 = Great
- 0 to +30 = Good
- 100 to 0 = In need of improvement

Communication and Collaboration

Making sure everyone understands sustainability-related topics is a significant challenge. Our communication method, in which we discuss what we are doing instead of what we plan to do, minimizes the risk of greenwashing. We value transparency and by partnering with relevant organizations, we address complex issues and strengthen the credibility of the brand. In this chapter, we cover how we mitigate, minimize and address these risks.

To contribute to further development in the industry and to spread our sustainability values, we frequently participate in different types of interviews, research and case studies. This has an indirect positive impact on SDG 12, Responsible consumption, and production; target 12.8, Ensure that people have the relevant information and

i

How we work to avoid greenwashing

Within the textile industry, greenwashing is a threat to real sustainability ambitions. We believe in sharing achievements rather than ambitions. The key is to be transparent about what we do and what we aim to do, but also what we do not do. The biggest challenge lies in balancing the complexity of sustainability topics with easy communication.

awareness for sustainable development. To reach our goal of taking responsibility for our environmental impact, we cannot work alone. Collaboration is essential for smaller businesses, which is why we are open to collaborations with other brands. We are also part of various industry initiatives and working groups, providing a direct positive impact on SDG 17, Partnerships for the goals, as well as targets 17.9, Capacity building; target 17.16, Multi-stakeholder partnerships, and target 17.17, Encourage partnerships.

Our participation in various networks and collaborations has an indirect positive impact on SDG 8 Decent work and economic growth; target 8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor; SDG 12, Responsible consumption and production, target 12.4, Achieve environmentally sound management of chemicals and all wastes throughout their life cycle, target 12.5, Reduce waste generation through prevention, reduction, reuse and recycling, SDG 13, Climate Action, target 13.2, Integrate climate change measures into policies, strategies and planning and target 13.3, Improve education, awareness-raising and human capacity on climate change mitigation, adaptation, impact reduction and early warning. The detailed



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

work related to each target is described in the previous chapter in this report.

In 2022 we held speeches and presentations related to communication and sustainable marketing:

- Live-talk with Kastner & Öhler
- Adyen Earth Day
- Borås Tekstilhögskola, Fashion Stores in the Future
- Worldfavor Webinar, Unintentional Greenwashing
- The Gothenburg School of Business, Economics and Law, Sustainable marketing and Business ethics

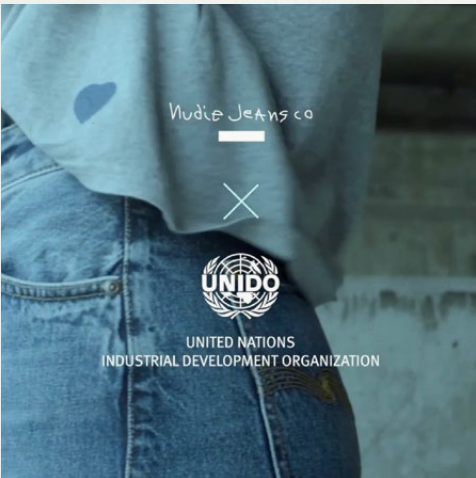
“ In 2022, we participated in over 90 events including interviews and public speeches.

Sharing is caring

In 2022, we kept our communication activity high on sustainability, especially through journal posts describing our various sustainability activities. As Nudie Jeans has 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 in the search for efficient solutions and for leading the industry toward continuous improvements. In 2022, we participated in more than 90 events, including interviews and public speeches, to share our knowledge with different networks, PhD and undergraduate students, researchers and journalists. These interactions included more than 20 public speeches held globally, including presentations and panel talks and various online events with different target groups and purposes. This was a decrease from previous years due to limited resources in the sustainability department.

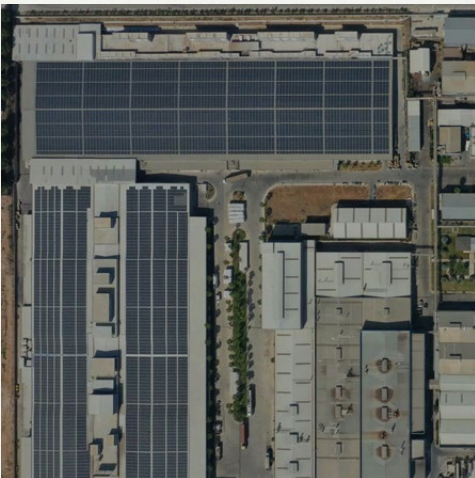
Social media and community

We love to share our stories, knowledge and experiences with Nudie Jeans' followers, users and the industry. But we also love it when our users share their denim experiences with us. We want our users to post pictures of their jeans on social media and tell stories about their journey of breaking in their jeans. This is a way for us to share our passion for a well-worn-in pair of jeans with our followers. Not only do we appreciate the opportunity to see how our jeans evolve over time, but this also provides us with inspiration for future washes or limited editions. With this approach, we can bring our users' lives in their jeans back into the design process. At Nudie Jeans, most of our communication aims to include aspects of sustainability. Social media is our major tool for showing what we do and for communicating with long-time as well as new acquaintances. Our social media channels and journal had numerous posts on sustainability-related topics in 2022, for instance, several posts about our Reuse jeans; Recycling in Tunisia; our participation in Fashion Revolution Week, and Nudie Jeans' performance in sustainability rankings. In 2022, we continued with more episodes of our short explanatory videos, called What the FAQ, including some sustainability episodes.



Setting an example for a sustainable value chain in Tunisia

About a year ago, we reported on our biggest recycling project to date. The pilot, which started back in 2020, has now come to an end, and we are really proud to deliver the results...



Praise the sun – Bossa Denim and the solar panels

Since 2018, Nudie Jeans has mapped all emissions in all three scopes following the Greenhouse Gas Protocol. It covers everything from stores, offices, company cars, and emissions...



Audits and training

Every year in April, we highlight development in our supply chain to show where we contribute to improvement. And this year is no different. The latest addition to our Living Wage Program is Chennai Management Services in India...



Living wages: utopia or future of purchasing practices?

Living wages are a hot topic within the fashion industry and have been for some years. Since 2020, we have been conducting a living wage pilot study with...



Material change — we do it (third year, top-tier)

Maybe we come off sounding like a broken record, perhaps a little braggadocious even. But our constant search for and sourcing of sustainable materials pays off once again..



The importance of Biodiversity

We are proud partners in Mistra's new BioPath research program. Mistra is a Swedish foundation for strategic environmental research, and the program focuses on integrating consideration for biodiversity in the decision-making processes...



Climate result 2021: we're on the right path

In 2018, we aligned our climate targets with the scientific consensus and within the 1.5° c pathway. And now we're beginning to see our actions take effect. Sure, we got challenges ahead of us, but we're taking steps in the right direction..



Higg BRM: Another Highscore to end the year on a positive note

Higg helps brands and businesses accelerate their transformation into a more sustainable future. Their integrated software platform, the Higg Index, features tools for standardized...



Partnerships

To create a more sustainable industry, built on transparency, social and environmental justice, social dialogue and equal partnerships, industry collaborations are essential. The organizations we have chosen to partner with all have their specific purposes that align with Nudie Jeans' sustainability work. The most crucial networks for our daily operations are our memberships in STICA, RISE, Fair Wear Foundation and Textile Exchange.

Swedish Textile Initiative
for Climate
Action


STICA
The Swedish Textile Initiative
for Climate Action

We have been part of the Swedish Textile Initiative for Climate Action (STICA) since 2019. The purpose of STICA is to support the textile industry and their stakeholders to reduce greenhouse gas emissions in line with the 1,5° C warming pathway. The support and knowledge-sharing within the network have played an important role in the development of our climate work. To tackle climate change, a transition must happen on an industry level and the network creates a forum for joint efforts and the possibility to influence the EU and Nordic policy arena.

→ sustainablefashionacademy.org

Fair Wear Foundation

We have been members of Fair Wear Foundation (FWF) since 2009. Within the membership we build stable relationships with supplier that gives us a strong basis for effectively monitoring working conditions. 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 eight years in a row, since 2014.



→ fairwear.org

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

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

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 Türkiye.



→ [Read more.](#)

Fairtrade

Fairtrade's approach enables farmers and workers to have more control over their lives and decide how to invest in their future. With a Fairtrade labelled product, people can create change through their everyday actions. A product with the Fairtrade mark means producers and businesses have met internationally agreed standards which have been independently certified. Farmers and workers have a strong voice at every level of Fairtrade, from how they invest in and run their local organizations to having an equal say in Fairtrade's global decision-making. All our organic cotton used in production in India is also Fairtrade certified, assuring that the cotton farmers have received a fair payment for the cotton we purchase.



→ fairtrade.se/

Industry Benchmarking

In 2022, we participated in different industry surveys and benchmarking activities to ensure that we keep up with industry developments and expectations. Nudie Jeans also thrives on challenging ourselves and improving in the areas for which we do not yet have structured or formalized initiatives.

Fair Wear Foundation

We remained in the FWF benchmark **Leader category** for the 9th year in a row. The Leader category is for member companies that are doing exceptionally well and operating at an advanced level.

→ [FWF Brand Performance check report](#)

The Ethical Fashion Report

The Ethical Fashion report assesses how brands work with protecting workers and environment in their supply chains. Our score in The Ethical Fashion Report of 2022 was 57, which is among the top 20% of all brands in the ranking..

→ [The Ethical Fashion report](#)

The Higg Brand and Retail Module

The Higg Brand and Retail Module assesses how sustainability is integrated in our business. The method identifies sustainability risks and impacts, following the life cycle stages of a product.

Total Environmental score **71.4%**
Total Social Score **70.2%**

Management System

Environmental **100%** | Social **95%**

Brand

Environmental **73.4%** | Social **75.7%**

Stores

Environmental **60%** | Social **76.9%**

Operations and Logistics

Environmental **52.4%** | Social **33.3%**

→ [Higgs Brand and retail Module](#)

The Textile Exchange Material Index

Textile Exchange’s Material Change Index (MCI) is the largest comparative peer-to-peer initiative in the textile industry. It tracks the apparel, footwear, and home textile sector’s progress toward more sustainable materials sourcing, aligned with global efforts like sustainable development goals and the transition to a circular economy. The Textile Exchange Corporate Fiber and Material Benchmark scored us as **Leading** for the fourth year in a row.

→ [The Textile Exchange Corporate Material Benchmark](#)

STICA Progress Report

The Swedish Textile Initiative for Climate Action (STICA) releases an annual Progress Report listing the progress of all members toward their climate targets. Nudie Jeans is included, as are most Swedish textile brands. Nudie Jeans’ emissions declined by **65%** in scope 1 & 2 for the full year of 2021 compared to the base year of 2018, and by **16%** in scope 3 for the full year of 2021 compared to the base year of 2018.

→ [STICA Progress Report 2022](#)

Research and innovation

To stay up to date with new research and innovation within the industry we engage with several different stakeholders within the field. Below is a selection.

Bachelor and Master thesis

For many years, we have engaged in research carried out at different universities. In 2022, we had 30 interviews with students using Nudie Jeans as a case for their bachelor or master's thesis covering areas such as motivation for sustainability engagements at brands, sustainable business models and sustainability communication.

Business and Biodiversity Network

In 2021 we joined the Business and Biodiversity network that is organized by the University of Gothenburg. The network gathers stakeholders from a large number of different sectors with the purpose of exploring how businesses can integrate the work with biodiversity into their strategies.

SATIN

We were one of the members in the research project, called SATIN (Towards a sustainable circular system of textiles in the Nordic region) consisting of 24 organisations/companies in Sweden, Norway, Denmark, and Finland from various phases of the circular system of textiles that aimed to develop and test solutions that can address some of the textile collection and sorting challenges. More specifically the project investigated collective solutions with the potential to achieve increased collection rates of used textile and the opportunities for using centralised resources in the Nordics to achieve scaling in sorting. A systematic mapping of the market for recycled raw material and reused textiles was created to identify the potential of new business opportunities.

vti.se/satin

→ [SATIN, sustainable circular system of textiles](#)

Certified to LAST

In 2021 we started the collaboration with Research Institute Sweden (RISE) and their research project Certified to LAST, which stands for Long life design, Accessible spare parts, Sustainable production and materials and Transparency. RISE develop this concept and future certification in collaboration with the international Environmental institute at Lund's University and together with six Swedish global brands representing different product categories. With the Certified to LAST certification, consumer will be able to see if a product has a long service life, and whether the manufacturer has taken responsibility for it in various ways.

School of Economics, Gothenburg University and The Swedish School of Textiles, University of Borås

Since 2012, we have had a long-term dialog and research collaboration with the School of Economics at University of Gothenburg on sustainability strategy and transparency and since a few years back with The Swedish School of Textiles, University of Borås and their research on sales and consumption. Nudie Jeans participate in guest lectures and guest lectures and are part of the advisory board for the bachelor programs in textile management.

**Steering group,
2030 Textile & Fashion**

The Swedish government has given the University of Borås the task to establish and lead Textile & Fashion 2030 — The National Platform for Sustainable Fashion and Textiles. The assignment is led by Smart Textiles, part of Science Park Borås at the University of Borås, in collaboration with the Swedish School of Textiles, the Swedish Fashion Council, the RISE — Research Institutes of Sweden, the Swedish Trade Federation, and TEKÖ — the Swedish trade and employers' association for companies working in the textile and fashion industry.

Since 2021, we have been part of the steering group, which gathers stakeholders from the private sector, public administration, academia, and NGOs in primarily Västra Götaland with the purpose of supporting Textile & Fashion 2030 and their activities.

→ textileandfashion2030.se

**Sustainable Textile System:
A pre-study for innovative system
demonstrators**

In fall 2022, we became partners of the Vinnova-funded research project Hållbart Textilsystem: En förstudie för innovativa systemdemonstratorer (Sustainable Textile System: A pre-study for innovative system demonstrators). The project is led by Science Park Borås at the Textile University of Borås, and the Stockholm-based UX design agency Antrop. In this project, we contribute and also gain experience and new lessons for outlining the needs for a sustainable textile system. The aim is to jointly gap-analyze textile value chains in detail with various players from the Swedish textile industry, set a scope, and formulate the mission as a fundamental step in fueling the industry's adaptation to these principals.

Mistra BIOPATH

In 2022, as an industry partner within the agriculture group, Nudie Jeans joined the research program Mistra BIOPATH. Mistra is a Swedish foundation for strategic environmental research, and the BIOPATH program focuses on integrating consideration for biodiversity in decision-making processes. Through dialog, this partner network, which consists of an international research team and key players from a wide range of industries, will work toward a better understanding of our different businesses' impact on biodiversity, contributing to a real impact and transformative change.

Charity and donations

Although we strive to tackle complex challenges and issues with a direct and practical approach, we sometimes work with direct donations as well. We have always prioritized focusing on our own supply chain and working for systematic change at the core, but we also see the value of supporting charity initiatives when we can. Below are a few examples in which we participated last year.

- UNICEF – Due to Russian war crimes and the invasion of Ukraine, we made monetary donations to the aid of Ukrainian children and their families.
- Sustainably Crafted Clothing – Balance payments made to our Indian supplier SCC in 2021 indirectly supported the purchase of a factory ambulance in 2022.
- Räddningsmissionen (The Rescue Mission) – We donated more than 300 pairs of jeans to homeless people in Gothenburg.
- Thread Together – We gifted 316 pairs of jeans to their flood relief campaign in Australia.
- Whitechapel School – Our Repair Shops in London donated 40 pairs of secondhand jeans to students.



Nudie Jeans as a workplace

At Nudie Jeans, we consider our employees to be our most important resource followed by our products. They provide the vigor and strength needed for Nudie Jeans' future. The organization at the Nudie Jeans head office in Gothenburg covers all aspects of the business, including design, product development, sustainability, wholesale, retail, e-commerce, finance, marketing, supply chain management, customer service, IT and HR.

We have been using Winningtemp as our engagement tool throughout the Nudie Jeans Group for the last two years. With Winningtemp, all employees anonymously answer four questions each week. The questions are all based on research in collaboration with the University of Gothenburg. The questions reference nine different categories: leadership, job satisfaction, meaningfulness, autonomy, work environment, participation, personal development, team spirit, and engagement.

Our work with diversity and inclusion is ongoing and we are always looking for ways to improve. In 2021, we implemented a new recruitment platform that gives us greater technical possibilities to secure a fair recruitment process. All applicants are handled the same way, in order to eliminate the risk of unconscious bias. A cover letter is no longer required in the Nudie Jeans recruitment process. With the new platform, we are able to

ensure that applicants are chosen solely on the experiences presented in their CV. In 2022, we did a test with selection query, meaning applicants only answered a few relevant questions for the role, instead of including their complete professional profile. In 2023, we will evaluate this test to see if we want to make this a permanent routine. In addition, we will start a trial of recruiting completely anonymously until the interview stage.

This work is aligned with SDG 5 Gender equality, and target 5.1 End all forms of discrimination, as well as SDG 10 Reduced Inequality, and target 10.3 Ensure equal opportunities and reduce inequality. The HR department provides support and service for the entire Nudie Jeans Group. The focus is on providing managers with tools and information to build confident leadership. We provide managers with updated information and training in labor law and work environment, for them to stay informed on new developments within the fields.

One of our HR Partners is responsible for maintaining the training program. Access to relevant education and knowledge is in line with SDG 4 Quality education, and target 4.3 Access to higher education, and 4.4 Relevant skills for employment. The HR department works closely with labour law specialists, lawyers, and other relevant experts in different countries where we operate

to stay up to date with developments in the area. To support the work of our Nudie Jeans managers we have created the Management Board, a platform with guidelines and routines, such as:

1. Country-specific labor law
2. Recruitment Process
3. Onboarding Program
4. Employee Appraisal Template
5. Employee 1-1 meeting Template
6. Offboarding Process
7. Parental Leave Process
8. Sick Leave Process
9. Risk Assessment Template

We work to ensure that the Nudie Jeans culture and work environment are the same throughout the whole organization. All employees have access to our Work Environment Handbook, Internal Policies and Culture Document. We also provide each subsidiary with its own Employee Handbook, specific to each country and business area. Our Work Environment Coordinator/Safety Supervisor conducts annual safety and fire inspections both at HQ and in our stores. Each store has its own Safety Supervisor, chosen by employees. Since 2019, Nudie Jeans Marketing has had a Work Environment Committee. Four times per year, the group gets together to discuss work environment-related topics. We strive to promote a healthy work-life bal-



The SDGs in each chapter are illustrated by the importance of the goal, where the main SDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

ance. Nudie Jeans shops in Sweden and the Netherlands have a collective bargaining agreement, while Nudie Jeans Marketing, which includes operations at the head office as well as other Nudie Jeans shops, does not. A survey to map interest in a collective bargaining agreement among head office employees was conducted a few years ago and resulted in low-to-medium interest in the topic. Therefore, we decided to postpone the discussion until there is greater interest from employees at the head office.

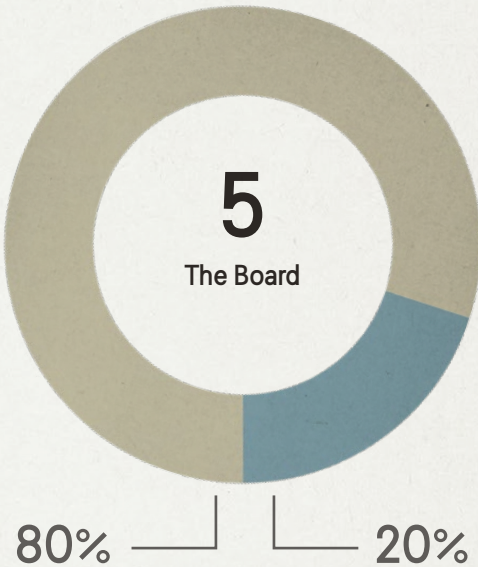
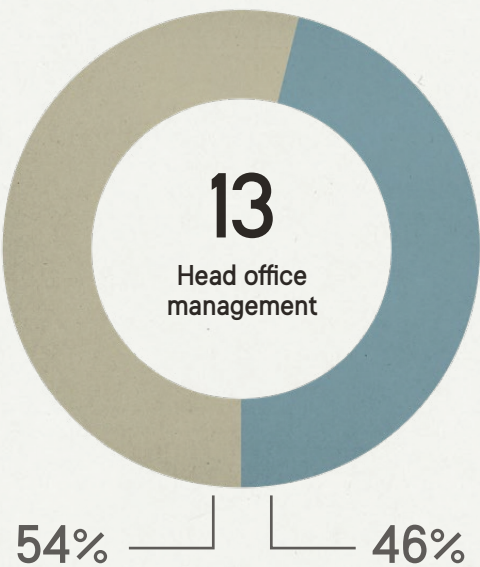
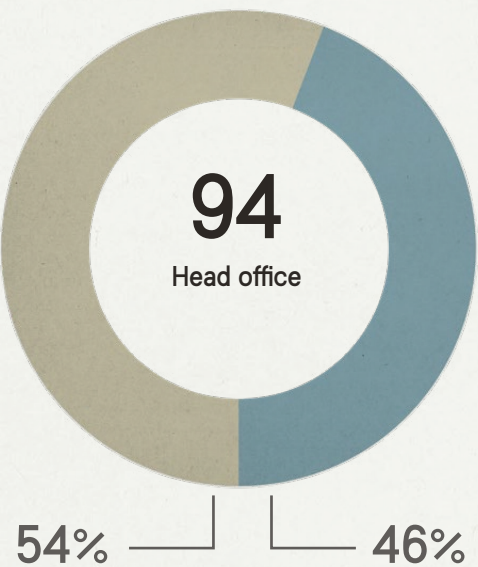
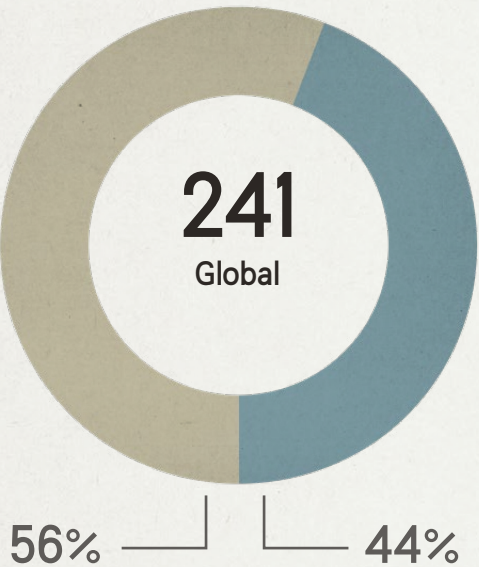
Want to work with us?

All job listings and internships at Nudie Jeans are available → careers.nudiejeans.com

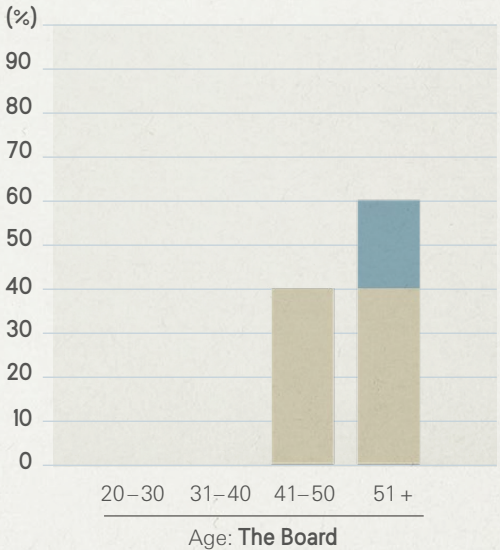
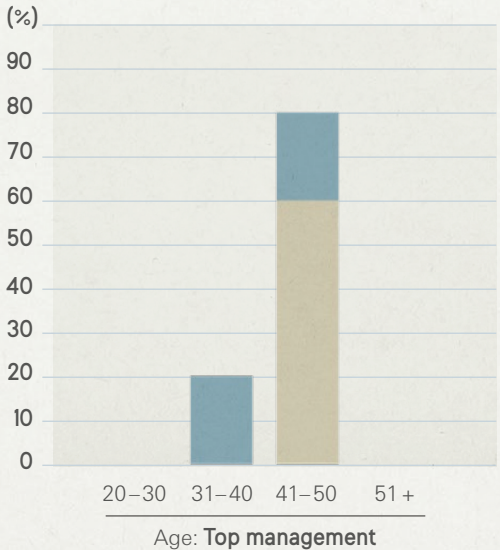
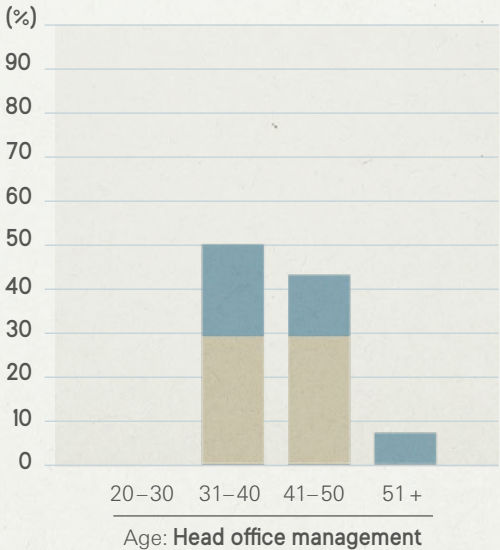
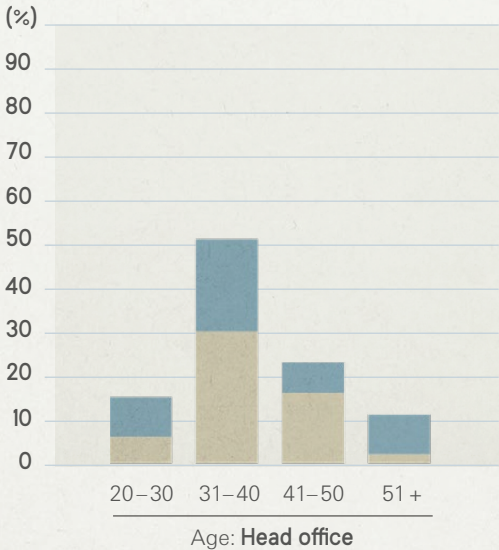
Nudie Jeans employees

The figures are based on numbers of persons 2022.

Men Women



No available data





eNPS score

eNPS — Employee Net Promoter Score, describes the extent to which employees are ambassadors for your organization.

Every month we also measure the Employee Net Promoter Score. Employees get to anonymously answer the question "How likely are you to recommend working at Nudie Jeans to a friend or acquaintance?". For 2022, globally our eNPS was 39 which is a small decline from 2021 when we had a result of 44. However, our goal to receive an eNPS over 50 still stands. Our goal for 2022 is to have an eNPS over 50.

eNPS can range from -100 to 100. However, any score above zero is usually seen as a positive. Generally, a score within the bracket of 10 to 30 is considered good and a score of 50 is excellent.

Financial information

In 2022, we saw a significant increase in revenue at our own retail stores compared to the previous two years. Our retail stores were hit hard by the pandemic in 2020 and 2021, but we were able to rebound in 2022 and we opened one new store in Auckland, New Zealand in May.

Although our ecommerce business experienced growth during the pandemic, that growth slowed down in the beginning of 2022. In comparison to 2021, our ecommerce revenue decreased. However, when combining the revenue from ecommerce and retail, we saw the highest revenue ever in the company group in 2022. In the ecommerce sector,

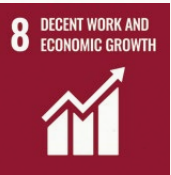
we've prioritized increasing local deliveries to reduce CO2 emissions and improve profitability.

Unfortunately, revenue from our wholesale business decreased in 2022 compared to 2021. This was partly due to our decision to limit distribution with external ecommerce clients, as well as a decrease in volume with our external distributors.

While our total revenue increased in 2022 compared to previous years, our budget for the year was higher, and we had planned for a bigger increase. This, coupled with increased costs, led to a decrease in profitability. Moving forward, we're fo-

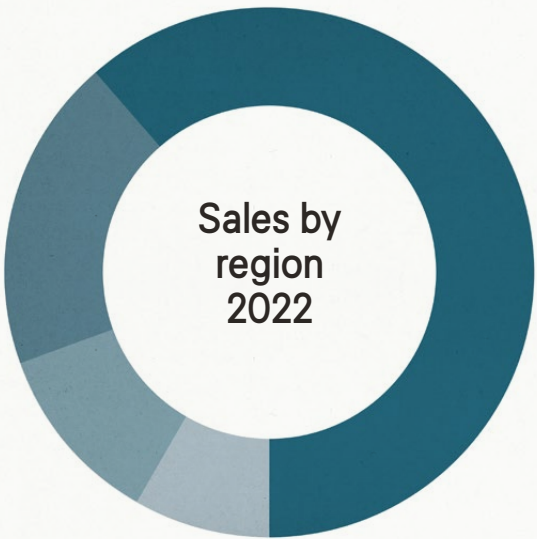
cused on cost control and adjusting our overhead costs to improve profitability. The impact of these actions will be seen in 2023 and beyond.

Our financial situation has a direct impact on SDG 8 Economic growth and decent work, and more specifically target 8.4 Improve global resource efficiency in consumption and production and 8.5 achieve full and productive employment and decent work for all women and men.

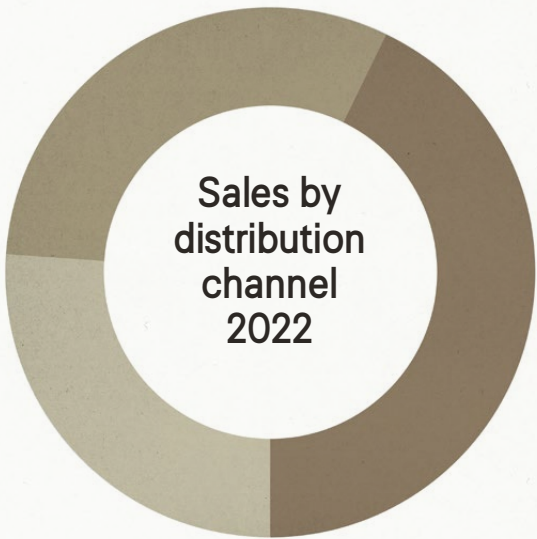


The SDGs in each chapter are illustrated by the importance of the goal, where the mainSDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

Key figures, Nudie Jeans AB Group, (MSEK)	2022	2021	2020	2019	2018	2017
Net revenues	493.1	478.1	382.1	489.4	448.4	450.9
Earnings Before Interest and Taxes (EBIT)	19.1	33.3	8.3	44.6	21.1	46.1
EBIT percentage of revenues	3.9%	7%	2.2%	9.1%	4.7%	10.2%
Total assets	258.2	265.2	245.5	248.5	238.1	245.3
Equity ratio	64.7%	67.5%	62.9%	61.4%	50.4%	57.7%



- Europe 61%
- Australia / NZ 19.5%
- North America 11.5%
- Asia 8%



- Wholesale 43%
- Retail 31%
- Ecommerce 26%

Next steps forward

We are proud how far we have come, and we are where we are today because we have never hesitated to try new ideas. We embrace creative thinking not only from management, but from everyone who works with us. Some of our decisions

have changed over time, while others – decisions that seemed crazy at first glance – have proven to be the best ones we ever made. We are not afraid to try. We believe this is the best way to grow. In 2022, as a result of the renewed strategy, we

started the process of identifying prioritized areas in which to work and defining new goals that align with the strategy. This work will be presented in the coming report. Therefore, the list of goals presented below is less extensive. Looking forward,

we have goals to set and challenges to handle. We do so with enthusiasm and excitement, because we can never know for certain what the future will bring – but we know that we can make something good of it.

Challenges	Goals ²³	Time frame		Status 2022	Comments
Climate²² Reduce GHG emissions and gather actual emission data from scope 1, 2 and 3.	Offset GHG emissions for scope 1, 2 and 3.	2022	✓	Fulfilled	We have offset all of Nudie Jeans emissions.
	Achieve ISO 14001:2015 certification for Nudie Jeans head office and develop ISO 14001 methodology for our own operated shops and sales offices.	2022	✓	Fulfilled	In June 2021, Nudie Jeans head office became ISO 14001:2015 certified.
	Decrease our emissions from business travel by -20%.	2022	➔	In progress, -89% in 2021.	In 2021, travel possibilities were still limited due to COVID - 19 restrictions.
	Reach 100% renewable energy sources for electricity used in all Nudie Jeans operated facilities by changing energy subscription or investing in Energy Attribute Certificates.	2023	➔	In progress, in 2021, 77% of all electricity consumed in our facilities came from renewable sources.	The share of renewable energy increased in 2021, both thanks to changes of energy contracts but also through purchases of EACs.
	Reduce scope 1 and 2 GHG emission by 51% to 2030.	2030	➔	In progress, -65% in 2021.	The large emission reduction seen here is connected to an increased share of renewable electricity in our stores and offices. This is achieved both through changes of electricity providers but also through purchases of EACs.
	Reduce scope 3 GHG emissions by 51% by 2030 ²⁴	2030	➔	In progress, -17 % in 2020.	The emission reduction is connected to a decreased production volume in 2021, as well as an increased share of renewable energy at some of our suppliers

22. All emission data in this report is for the full year of 2021. 23. For all data, we used 2018 as a base year, unless otherwise stated. 24. Excluding emissions from "use-phase" the emissions category.

Living wages Develop and adapt the concept of living wages at our different suppliers.	Map the wage levels at 100% of our main suppliers and their employees' need for a living wage ²⁵ .	2023	➔	In progress, 50% in 2022.	The remaining suppliers are in the EU.
	Implement our living wage payment to reach 100% of employees at all of our main suppliers in high-risk countries ²⁶ .	2025	➔	In progress, 67% in 2022.	In total, we paid our share of livingwages at four suppliers in 2022.

Scale up our circular activities in the user phase and for post-consumer products. Develop our existing programs for repair, reuse and recycle	Open 50 new permanent repair spots, including Repair Shops, partner stores and Repair Partners (base year 2017.)	2030	➔	In progress, 42% in 2022.	Due to COVID-19, we didn't open as many repair spots as planned.
	Accept all product categories for take back (except underwear and accessories).	2022	✓	Fulfilled.	The expansion of our take back scheme was developed in 2021 and implemented in our Repair Shops in 2022.
	Add Reuse tops to the assortment.	2023	➔	In progress.	Based on the outcome of the tops collected through the Reuse program, we will add selections to the assortment.

25.

Main suppliers in all our production countries.

26.

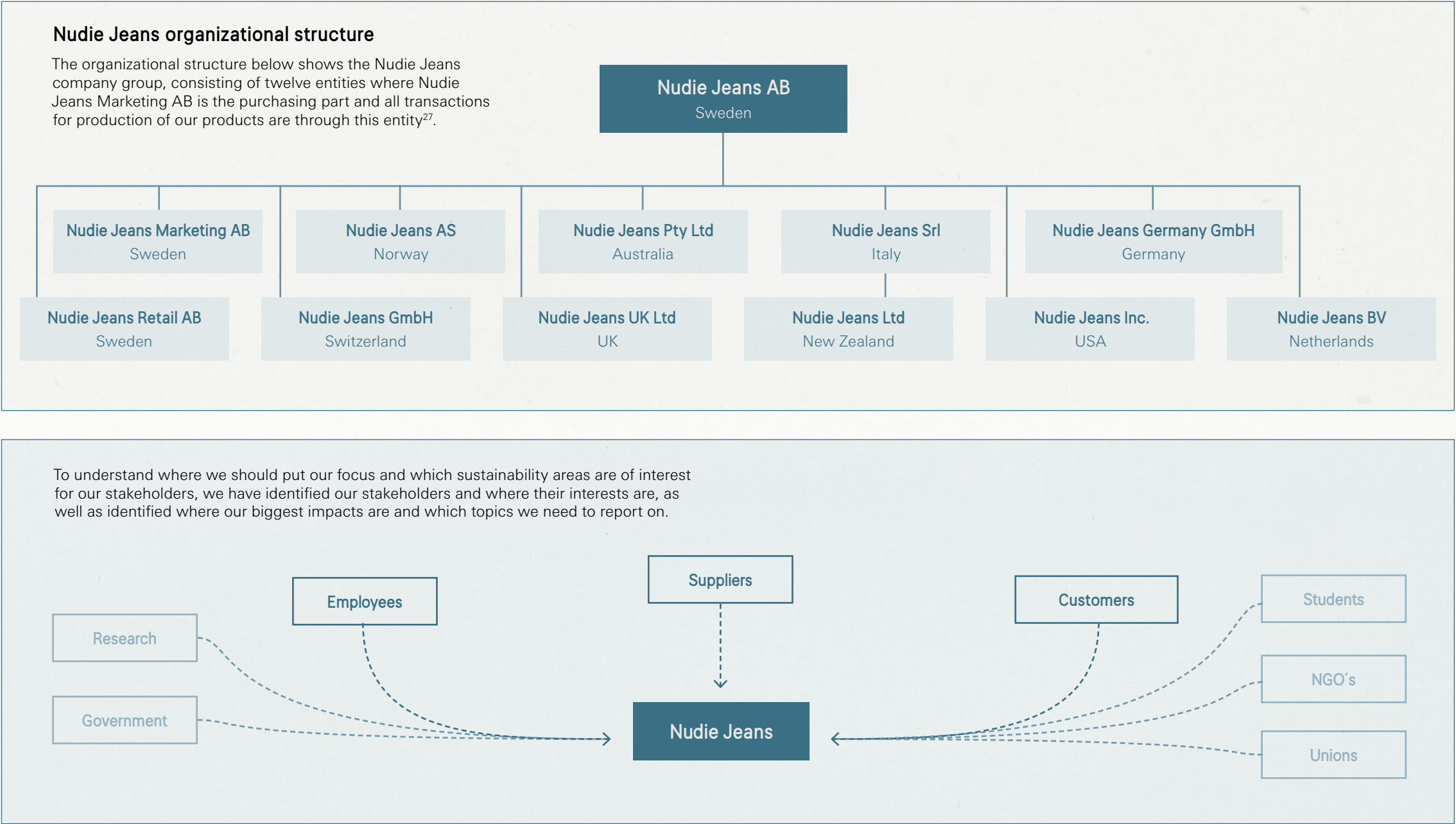
According to Fair Wear Foundation's definition, in our supply chain in India, Tunisia and Türkiye.

Reporting structure

Nudie Jeans' sustainability report for 2022 reflects the activities performed at all subsidiaries of Nudie Jeans AB. The social, financial, and environmental data presented in this report reflect the activities and impact of these units. It also includes the impact we have made through our production suppliers in Italy, Portugal, Tunisia, Türkiye, Poland, Lithuania, Sweden and India. The denim industry has a high impact on local communities and the environment, and we work to the best of our ability to minimize negative effects and make a positive impact where possible, on social, economic, and environmental aspects. We hope that by sharing and being transparent about our work, we will inspire others to take responsibility for their full production chain and the impact they have.

The GRI standards and Sustainable Development Goals are our starting points, and we have identified our most important stakeholders as customers, suppliers, and employees. When conducting our stakeholder survey, we presented the identified topics to our stakeholders (customers, suppliers, and employees) through an online survey. The

27. All subsidiaries are owned 100% by Nudie Jeans except Nudie Jeans Pty Ltd who have 60% of shares and voting rights. Nudie Jeans AB is owned by Svenska Jeans Holding AB.



result from the stakeholder survey for customers we made in 2021 was reused for the analysis for 2022. For the other stakeholders, suppliers and employees, we used the data to the analysis from the previous year. The stakeholders prioritized the topics according to their importance, and the result is presented in the materiality analysis. Socio economic assessment is one area we decided not to report specifically on this year, due to limited qualitative data.

The result of the survey was aligned with the key material topics for Nudie Jeans sustainability department and management, and the noticeable changes was foremost on the topic of climate work. The areas of health and safety, nondiscrimination and working conditions including living wage was rated high by our stakeholders. Transparency and traceability of product was rated high as well as other material topics like climate work, repair, re-use and recycling activities. The topic where a major change could be seen compared to last year, was industry partnerships that was rated lower in importance while climate and reducing emissions was rated higher than the year before. Biodiversity was a new material topic which came quite high on the matrix, while social assessment was a topic we do not have data on yet to include in the reporting.



GRI references³³

This material references disclosure:

- 2-1, -3, -4, -6, -8, -13, -14, -15, -16, -17, -18, -40 from GRI 2: General Disclosures 2021.
- 201-1 and -2 from GRI 201: Economic performance 2016.
- 205-2 from GRI 205: Anti-corruption 2016.
- 301-1 and -2 from GRI 301: Material 2016.
- 302-1 and -2 from GRI 302: Energy 2016.
- 303-5 from GRI 303: Water and Effluents 2018.
- 304-2 From GRI 304: Biodiversity 2016.
- 305-1, -2, -3 from GRI 305: Emissions 2016.
- 306-2 from GRI 306: Waste 2020.
- 401-3 from GRI 401: Employment 2016.
- 402-1 from GRI: 402 Labor management relations 2016.
- 403-1 and -4 from GRI 403: Occupational Health and Safety 2018.
- 404-2 from GRI 404: Training and Education 2016.
- 405-1 from GRI 405: Diversity and Equal Opportunity 2016.
- 406-1 from GRI 406: Non Discrimination 2016.
- 407-1 from GRI 407: Freedom of Association and Collective Bargaining 2016.
- 408-1 from GRI 408: Child Labor 2016.
- 409-1 from GRI 409: Forced or Compulsory Labor 2016.
- 413-1 from GRI 413: Local Communities 2016.
- 414-1 from GRI 414: Supplier Social Assessment 2016.
- 418-1 from GRI 418: Customer privacy 2016.

In addition, we added data on other relevant areas for Nudie Jeans that we want to report on, as they are significant for our sustainability work.

Materiality analysis

When writing this report, we kept our primary stakeholders in mind: our employees, suppliers, and customers. But the report is also directed at anyone with an interest in Nudie Jeans' sustainability work, including NGOs, other brands, suppliers, researchers, or students.

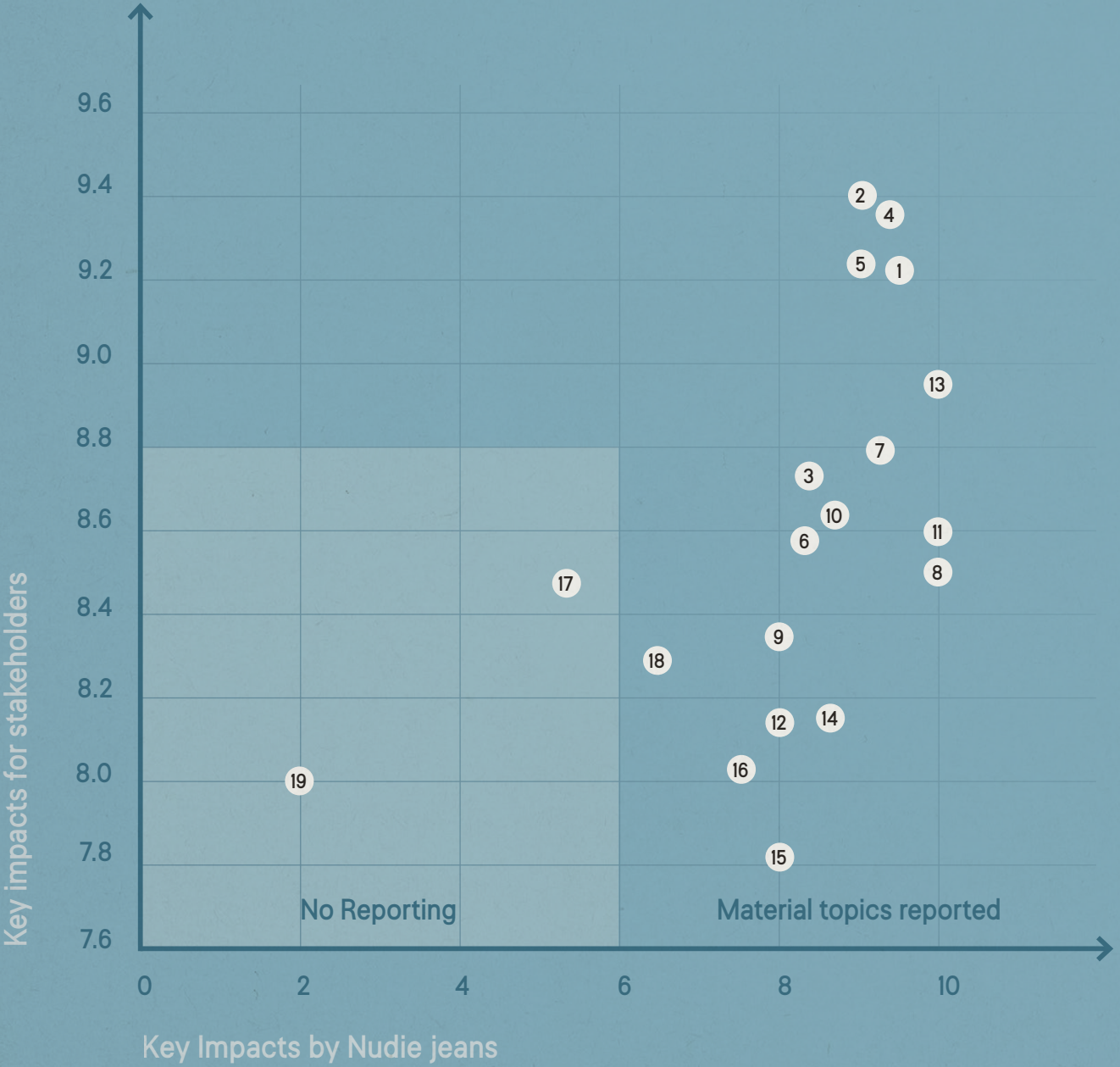
By reporting on both positive and less positive impact points, together with the balanced information we publish in our Production Guide and product card online including audit summaries, we aim to be transparent in terms of what we have carried out so far, and in terms of our challenges. In our materiality analysis, we have considered all relevant GRI standards that are related to our supply chain and selected the disclosures relevant for our business.

This led to the structure of this report, with chapters covering materials, production, user-phase and information on Nudie Jeans as a workplace, communication, partnerships, and financial information. We have included all sustainability activities for the full year 2022.

The time frame for creating this report was good. We allocated resources and time and we continued our work in the digital sustainability reporting system, Worldfavor (worldfavor.com), and Asana, (asana.com), for project management to make this process more systematic. The sustainability report has been published approximately at the same time a year as last report.

Materiality matrix

Key aspects for stakeholders shows the compiled data from surveys with employees, suppliers and customers, while key aspects for Nudie Jeans is the compiled data from Nudie Jeans management and sustainability team.



Our focus areas	Our identified topics	SDGs	Identified GRI standards	Boundaries	Pages
Organization and strategy	9. Environmental management system at Head office	8	205: Anti-corruption 408: Customer privacy	Head office	7–13
Materials	7. Sustainable Materials & Certifications 12. Animal Welfare 18. Biodiversity	1, 2, 3, 9, 12, 13, 15, 17	301: Material 413: Local community 302: Energy 305: Emissions	Scope: Supply chain	14–30
Production	1. Child Labour and forced labor 3. Freedom of Association 4. Employment conditions 6. Audits, workers training and supplier assessments 10. Chemicals and water in production 2. Occupational health and safety 14. More sustainable transport options 8. Climate, lower emissions, and clean energy 13. Transparency and traceability of products	1, 4, 5, 6, 7, 8, 10, 12, 13, 14	302: Energy 303: Water and effluence 305: Emissions 306: Waste 401: Employment 403: Occupational Health Safety 404: : Training and Education 407: Freedom of association 408: Child labor 409: Forced or compulsory labor 414: Supplier social assessment	Scope: Supply chain	31–69
Products and User-phase	11. Repair, reuse, recycle activities	8, 12, 13	301: Material 302: Energy	Scope: Stores and Retailers	70–89
Communications and Collaboration	15. Partnerships	8, 12, 13, 17	102: General disclosures	Scope: Head office	90–98
Nudie Jeans as a Workplace	4. Employment conditions 5. Diversity, equality and non-discrimination	3, 5, 8, 10	102: General disclosures 401: Employment 402: Labor and management relations 405: Diversity and equal opportunities 406: Non-discrimination	Scope: Head office	99–101
Financial Information	16. Financial status of Nudie Jeans	8	201: Economic performance	Scope: Head office	102
Non material topics	17. Warehouses and distribution centers 19. Social assessment				

The auditor’s opinion regarding the statutory sustainability report of Nudie Jeans AB

Assignments and division of responsibilities

The Board is responsible for the sustainability report for 2022 and for its preparation in accordance with the Annual Accounts Act.

The focus and scope of the review

My review was conducted in accordance with FAR's recommendation RevR 12 The auditor's opinion on the statutory sustainability report. This means that my review of the sustainability report has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. I believe that this review provides me with a sufficient basis for my statement.

Statement

A sustainability report has been prepared.

Göteborg, May 2, 2023

Håkan Mårtensson
Authorized Public Accountant
Audit firm: HMN Revisorer, Sweden

By doing what we do, we show the industry and consumers all over the world that it is possible to produce and consume in responsible ways.

Thank you!

For reading Nudie Jeans
Sustainability Report 2022

If you have any comments, questions or feedback,
please contact us at sustainability@nudiejeans.com

Appendix 1

Abbreviations list

AFIRM (Apparel and Footwear International RSL Management)	Brand-driven membership organization of apparel and footwear companies collaborating to promote chemicals management in the global supply chain	EMAS (Eco-Management and Audit Scheme)	A voluntary environmental management instrument	MRS� (Manufacturer Restricted Substance List)	List chemical substances which are subject to a usage ban and establishes acceptable concentration limits for hazardous substance for the manufacturing stages
B2B (Business To Business)	Describing business arrangements or trade between different businesses	eNPS (Employee Net Promoter Score)	A method of measuring how willing the employees are to recommend their workplace to their family or friends	MSI (Materials Sustainability Higg Index)	A database and tool to measure and score the environmental impacts of materials
B2C (Business To Consumer)	Describing the sale of goods or services directly to customers for their own use	FSC (Forest Stewardship Council)	An international non-profit, multistakeholder organization that promotes responsible management of the world's forests	OCS (Organic Content Standard)	International, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody
BCI (Better Cotton Initiative)	A non-profit, multistakeholder governance group that promotes better standards in cotton farming and practices	FWF (Fair Wear Foundation)	A multi-stakeholder organisation that works with garment brands, workers and industry to improve labour conditions in garment factories	OIE (Five Freedoms of the World Organization for Animal Health)	Freedom from hunger, thirst and malnutrition, fear and distress, physical and thermal discomfort, from pain, injury and disease; and freedom to express normal patterns of behaviour
BRM (Brand & Retail Module)	Evaluate social and environmental impact across a wide range of business operations, from packaging and transportation to the environmental impact of stores and offices	GMO (Genetically Modified Organism)	Any organism whose genetic material has been altered using genetic engineering techniques	Post Consumer	A waste type produced by the end consumer of a material stream
Circularity	The principle that used or discarded products serve as raw materials for new products or materials	GOTS (The Global Organic Textile Standard)	Textile processing standard for organic fibres, ecological and social criteria by independent certification of the entire textile supply chain	PPE (Personal Protective Equipment)	Equipment worn to minimize exposure to hazards that cause serious workplace injuries and illnesses
CBA (Collective Bargaining Agreement)	A written legal contract between an employer and an union representing the employees	GRI (Global Reporting Initiative)	Helps businesses and organizations understand and communicate their impacts on issues such as climate change, human rights and corruption	Pre Consumer	A waste type produced after or in the manufacturing stage of a product but before it is used by the consumer

RAS (Responsible Alpaca Standard)	A voluntary standard that addresses the welfare of alpaca and the land they graze on
RMS (Responsible Mohair Standard)	A voluntary standard that addresses the welfare of goats and the land they graze on
RWS (Responsible Wool Standard)	A voluntary standard that addresses the welfare of sheep and the land they graze on
RSL (Restricted Substance List)	List chemical substances which are subject to a usage ban and establishes acceptable concentration limits for hazardous substance for the end product
SDG (Sustainable Development Goals)	A collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all"
SBT (Science-Based Targets)	A collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature

STICA (Swedish Textile Initiative for Climate Action)	Ensure companies and stakeholders get support to reduce their greenhouse gas emissions and contribute to the rapid transformation of the apparel and textiles industry
Tier 1	Includes the process of the finished product assembly and laundry
Tier 2	Includes the process of the material production and trim production
Tier 3	Includes the process of the raw material processing
Tier 4	Includes the process of the raw material extraction
UNIDO (United Nations Industrial Development Organization)	A specialized agency of the United Nations that assists countries in economic and industrial development

USDA Organic Seal (US Department of Agriculture)	A standard for organic farming
WEP (Workplace Education Program)	Designed to help brands and factories take steps towards workplace awareness
WRI (World Resource Institute)	The activities are focused on seven areas: food, forests, water, energy, cities, climate and ocean