



► WE WILL GLADLY REPAIR  
YOUR WELL-LOVED  
NUDIE JEANS FOR FREE

► IF YOU NO LONGER LOVE  
THE  
TIGHT FIT,  
WE'LL REPAIR  
A NEW PAIR OF JEANS

► WE WILL REPAIR AND WASH  
YOUR PRE-LOVED JEANS  
THAT WILL BE RESOLD  
IN OUR REDESIGNED AND  
SECOND-HAND PROGRAM

► THIS IS TRUE

# Nudie Jeans

## Sustainability Report 2021

Nudie Jeans co





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

**i** **Information**  
Throughout the report you will find blue textboxes 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 repair-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 on more than 50 markets.

The reporting organization is the group of companies where Nudie Jeans AB is the controlling company. For 2021, the company group included eleven legal entities, where Nudie Jeans Marketing AB is the buying party for all organizations.

In 2021, sales for the reporting organization amounted to SEK 478 million, which was an increase from 2020 by 25%. 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. Svenska Jeans Holding AB is owned by Maria Erixon Levin, Joakim Levin and Palle Stenberg, who each own 1/3 of the shares.





# Highlights 2021

## Free repairs forever

In 2021 we repaired 42,500 jeans.

## Climate control

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

## Certified only

When we use virgin cotton, we are proud to say that we only work with certified organic cotton.

## NJCO x UNIDO

We started our biggest recycling project in Tunisia so far in collaboration with UNIDO.



## Leaders — again

We were ranked as FWF leaders — for the 8th year in a row.



## Monitoring

We had 98% of our supply chain under monitoring.



## Create material change

Textile Exchange — We were placed in the Leading category in the Textile Exchange Material Change Index.

## ISO certified

Our Head Office became ISO14001:2015 certified to improve our environmental management system.

## 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.

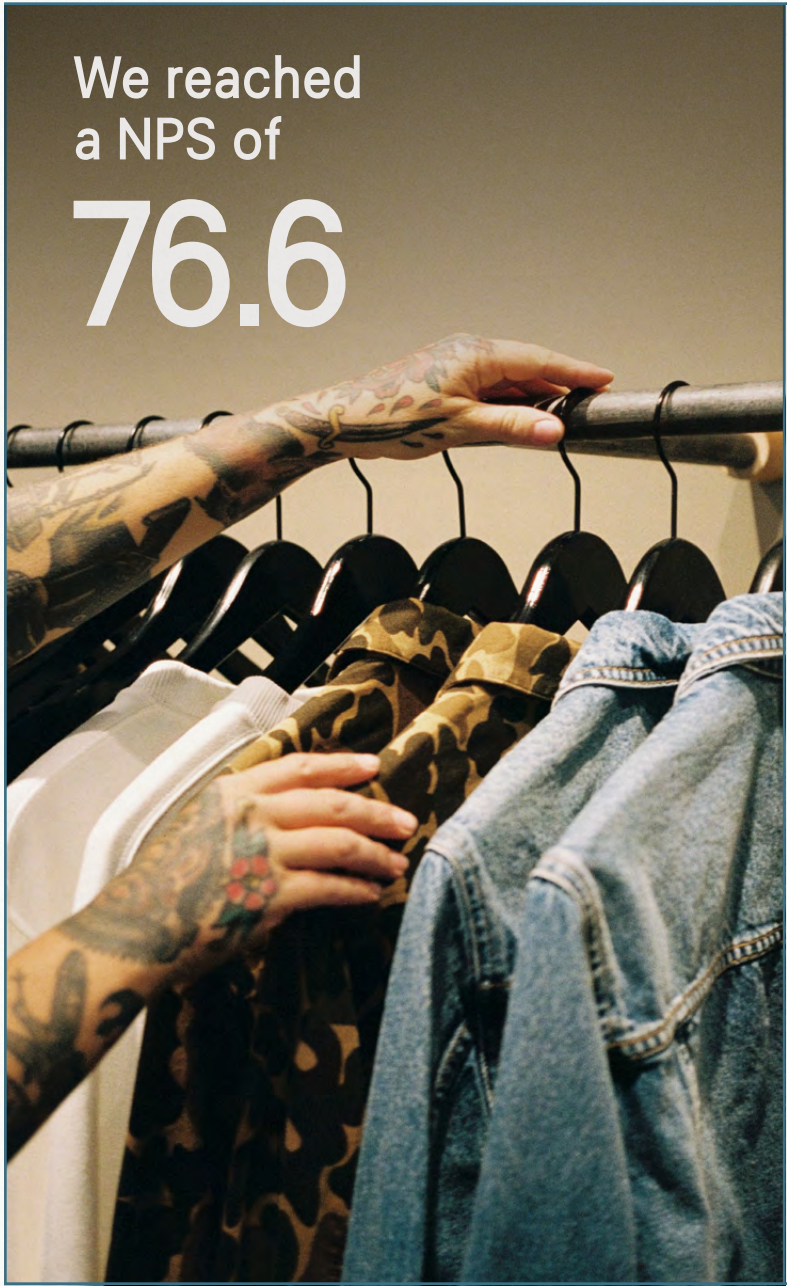
## 98.2% sustainable products

According to our Sustainable Material Tool we define a garment or accessory as sustainable when it contains at least of 70% sustainable fibers.



## We also...

...reported to the Higgs BRM for the second year.



## 2021 customer reviews

"I love everything about the brand. The styles, quality, brand DNA, the strategy, and sustainable approach!"

"The best thing isn't the price, it's the quality + the fact that you guys make stylish jeans in an ETHICAL + sustainable way!! Love love love it!!"

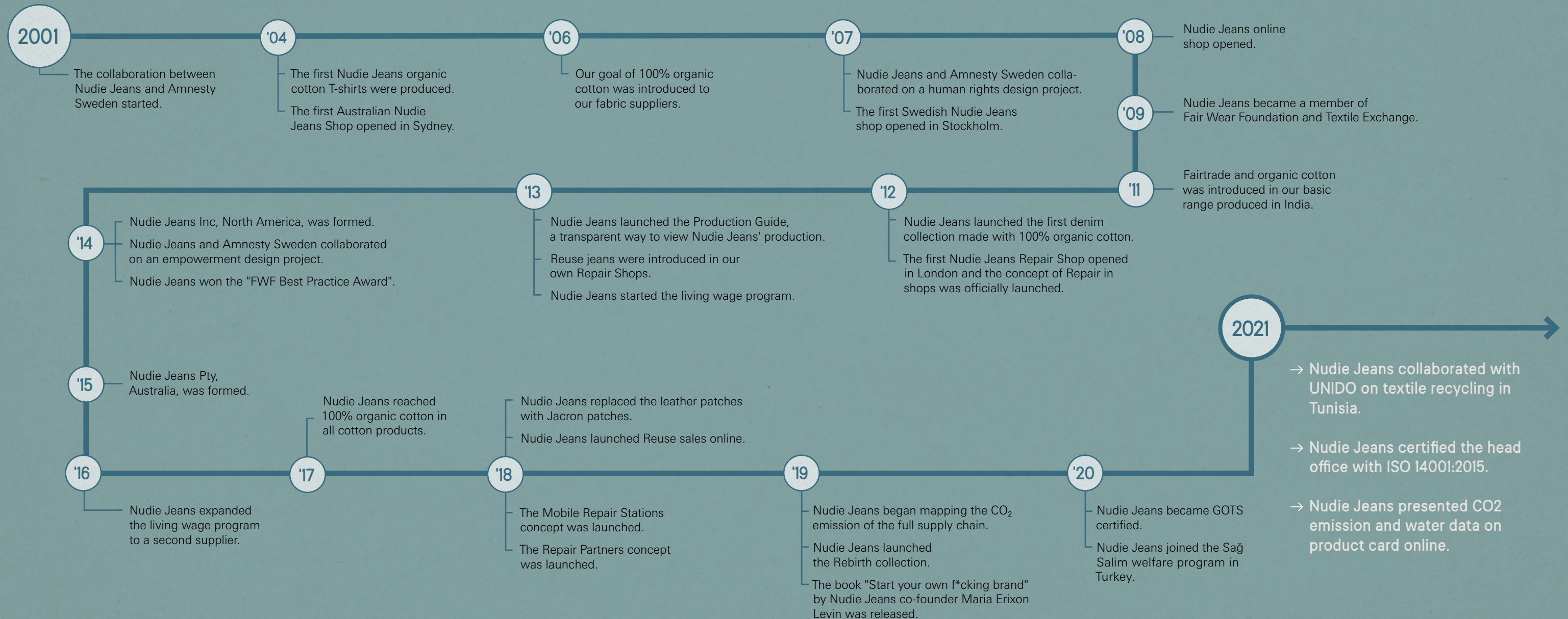
"It's all about the transparency and commitment to sustainability! Brilliant."

"The ethical & sustainable values within the brand. Excellent repair service offered!"

"Your sustainability and fair work practices are transparent and admirable. The product is super comfortable and seems high quality. I'm proud to purchase these jeans, knowing my money is also contributing to the livelihood of those skilled garment workers who produced them."



# The Nudie Jeans timeline







The world of

# Nudie Jeans

Click dots for more info.

-  **Repair Shops**  
35 shops in 23 cities
-  **Repair Partners**  
x8

 **Production**

- |                                                                                                    |                                                                           |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| ① <b>Sweden</b><br>Accessories                                                                     | ⑤ <b>Italy</b><br>Jeans, and jackets                                      |
| ② <b>Lithuania</b><br>Jackets                                                                      | ⑥ <b>Tunisia</b><br>Jeans, jackets, pants and shirts                      |
| ③ <b>Poland</b><br>Accessories                                                                     | ⑦ <b>Turkey</b><br>Knits and shirts                                       |
| ④ <b>Portugal</b><br>Jackets, knits, pants,<br>sweatshirts, t-shirts,<br>underwear and accessories | ⑧ <b>India</b><br>Jackets, sweatshirts, shirts,<br>t-shirts and underwear |



# COVID-19 impact

For the second year, COVID-19 had an impact on Nudie Jeans as a business, on our suppliers and on our retailers. Due to our business structure, in which sustainability and responsibility are core values and with an emphasis on long-term relationships in all areas of our business, we continued with resilience throughout the year. We have continued to invest in our business throughout the year since we have a strong belief in our business model and offer. The

financial result of the company group improved during 2021 compared to 2020 but it was still highly affected by the pandemic. We continued to take responsibility, in terms of what we could offer to our suppliers, and to our retailers and staff.

Below are some of the actions we took to provide assistance to our stakeholders during the year. Most of the actions taken due to COVID-19 were

not new to us; this is how we operate in general by taking responsibility for our staff, retailers, and the production of our products.

## Supply chain

### We...

- ... had close dialogues with our suppliers and monitored developments in each production country.
- ... paid manufacturers for finished goods, and for goods in production.
- ... prepaid fabrics to selected suppliers.
- ... made additional advance payments for salaries at selected suppliers as part of our living wage program.
- ... financed COVID-19 vaccines for one of our suppliers employees.
- ... provided flexible delivery dates.
- ... reduced and reorganized orders, some of them to accommodate the capacity at the suppliers.

- ... were flexible with production locations on suppliers' request, within our monitored supplier base.
- ... continued to monitor developments in each country and acted responsibly toward all our stakeholders, including retailers, throughout the year.
- ... provided informational videos for employees of suppliers in India and Turkey. We participated in social dialogues on numerous occasions during the year, with stakeholders from the community, third-party organizations, suppliers and NGOs in producing countries (FWF, Cividep, SAVE, Ethical Fashion Commitments, Fair Action and ETI, AGT, IDH among others).

## Our employees

### We...

- ... have had no employees on furlough in the Head office in 2021, even though the spread of COVID-19 continued. However, all employees who were able to, were encouraged to work from home.
- ... have implemented guidelines to prevent the spread of COVID-19 for employees at the office and stores including e.g. social distancing, cleaning routines and quarantine routines.

## Own retail and employees

### We...

- ... experienced temporary door closures in several markets.
- ... connected with more consumers than ever before.
- ... expanded our digital capabilities by moving available inventory to e-commerce.
- ... increased our operational flexibility to act in the unknown.

## Retailers

### We...

- ... had close communication with our wholesale organization and distributors.
- ... offered support and flexible deliveries of goods for suppliers who were in lockdown.
- ... offered more generous payment terms and discounts to affected retailers.
- ... have invested in our stock service to enable deliveries to retailers which did not place preorders due to lockdowns in 2020.



# Reflections on 2021 and the future

Another year with COVID-19 put behind us. The pandemic affected us, our suppliers, and retailers worldwide, but the global setup of the business enabled us to handle any difficulties where and when they presented themselves. And luckily, not all markets were affected simultaneously. New lockdowns affected our stores' opening hours, the repair service, and the sale of second-hand products. Still, we managed to repair 42,500 pairs of Nudie Jeans globally.

During the first year of the pandemic, we realized there were limitations of external input and inspiration reaching us. So in 2021, we turned our creativity inward. This rare opportunity enabled us to develop our own work and processes to create optimal conditions for future challenges. We began drafting our strategy for circularity, like mapping our different material- and reverse logistics flows, plus kick-starting other projects.

One such project resulted in us getting our entire head office ISO 14001:2015 certified, which is essential for building strategic environmental

initiatives in our business. Another milestone was the launch of our stores' omnichannel solution. Besides being an excellent service to customers, it means a further positive impact on climate reduction targets as we move forward.

For the third year, we mapped water and CO2 emissions for the entire supply chain. And to cover our total emissions, we invested in carbon off-setting. While on the subject of carbon emissions and water data, we added those to our already transparent product display online.

Our approach to starting well-functioning and scalable pilot projects continues to be a successful strategy, taking the business into the future. With circularity becoming more and more important, we started recycling production seconds at our supplier in Tunisia and used the fabric for new products. Every Nudie Jeans collection already contains a high percentage of sustainable products, but we are not in the business of settling for "good." On the social side of sustainability, we expanded our Living wage program and now pay



living wages to all four Indian suppliers and one Turkish supplier.

We are proud to see the organization's efforts to take on new challenges and tasks transforming more and more of our core processes. And by keeping our practical approach to sustainability, we take further steps to maintain our leading po-

sition in the denim industry. In the coming years, our focus will be on adapting the business model to circularity in every process we work with, thus building a strong, sustainable denim company.

**Joakim Levin**  
CEO

**Finn Stenberg**  
Vice President



# Company strategy and governance

Our mission and goals define our strategy moving forward. From the work of the Board and management in 2021, starting from the Ownership-directive and the principles of the company, we revisited the different phases of the company's history and looked at strategic projects and values, and started to define new objectives and key results according to the OKR (objective and key result) structure. For us, sustainability is not just about the environment or the social aspects of the supply chain. It is a different way to manage a company, and a brand. Working with these objectives to broaden the concept of sustainability, the mission will be to realize the idea to be the world's most sustainable jeans company.

Efforts to define and set goals will continue in 2022. Parallel to this work, we achieved ISO 14001:2015 certification for the head office. This management system will guide us setting environmental targets and working toward progress throughout the organization. During the year, we also drafted a circularity strategy that forms the basis of design and product development and will set the direction towards a new phase of the company.

From left, owners of Nudie Jeans:  
Palle Stenberg, Joakim Levin,  
Maria Erixon Levin





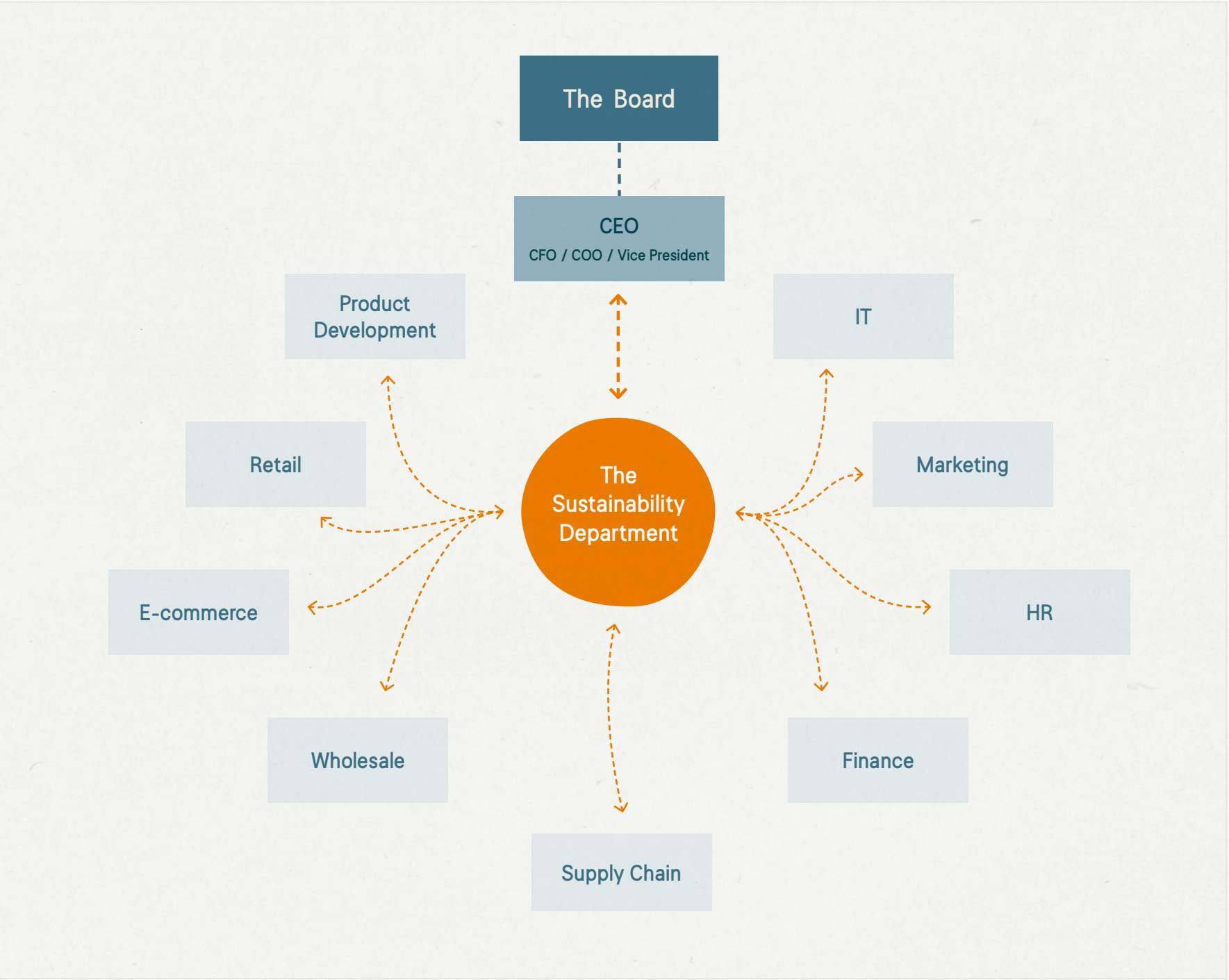
Sustainability governance

The sustainability department at Nudie Jeans consist of three full time employees, covering social and environmental compliance in collaboration with different departments within the company. The sustainability manager reports directly to the CEO and is part of the management group.

If you have any comments, questions or feedback, please contact us at [sustainability@nudiejeans.com](mailto:sustainability@nudiejeans.com)




The Nudie Jeans Sustainability department, Kevin Gelsi, Sustainability Coordinator, Eliina Brinkberg, Environmental Manager and Sandya Lang, Sustainability Manager.





External policies  
and strategy documents

For our business and sustainability work, primarily connected to our products and relevant for our sustainability, product and design departments as well as our suppliers, we have several external policies that serve as a framework and guidance for our daily work. 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](#)
- [Sustainability 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

2021, 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.

Internal policies  
and guiding documents

In 2021 there was an update of several internal policies, which will come in effect in 2022. Internally in the organization, we work with several policy and guiding documents.

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

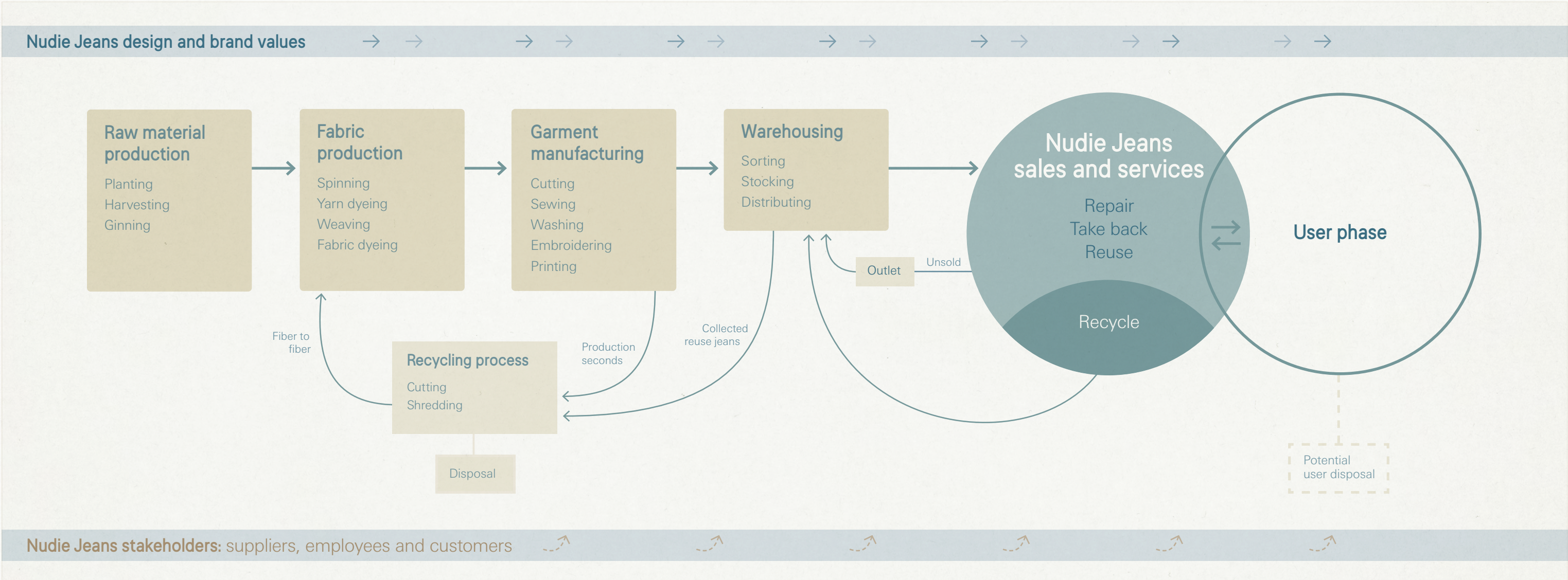


The Nudie Jeans Value Chain

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 is connected to the life-

cycle 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 circle, but many parallel processes.





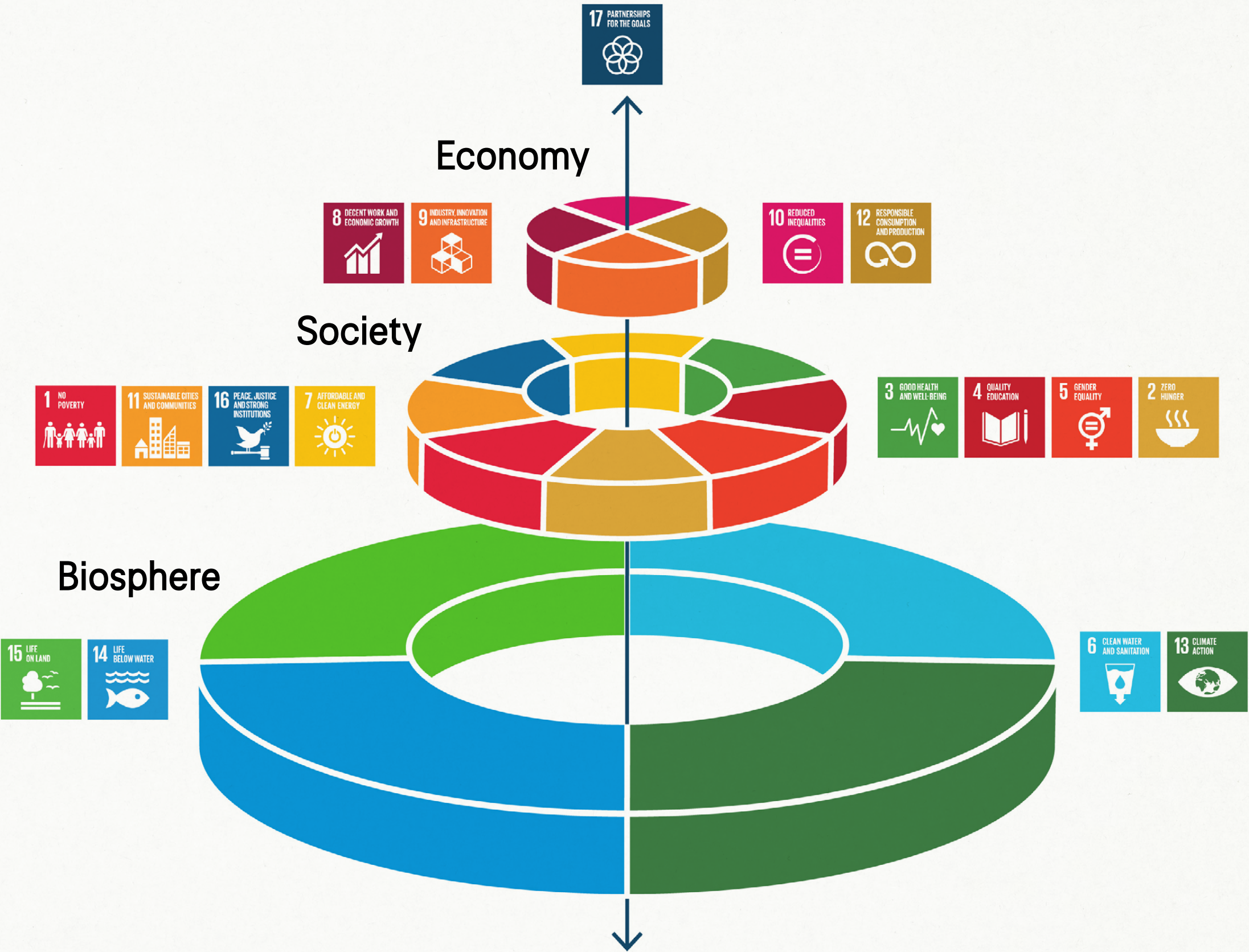
# Sustainable Development Goals (SDGs)

"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 model<sup>1</sup> 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

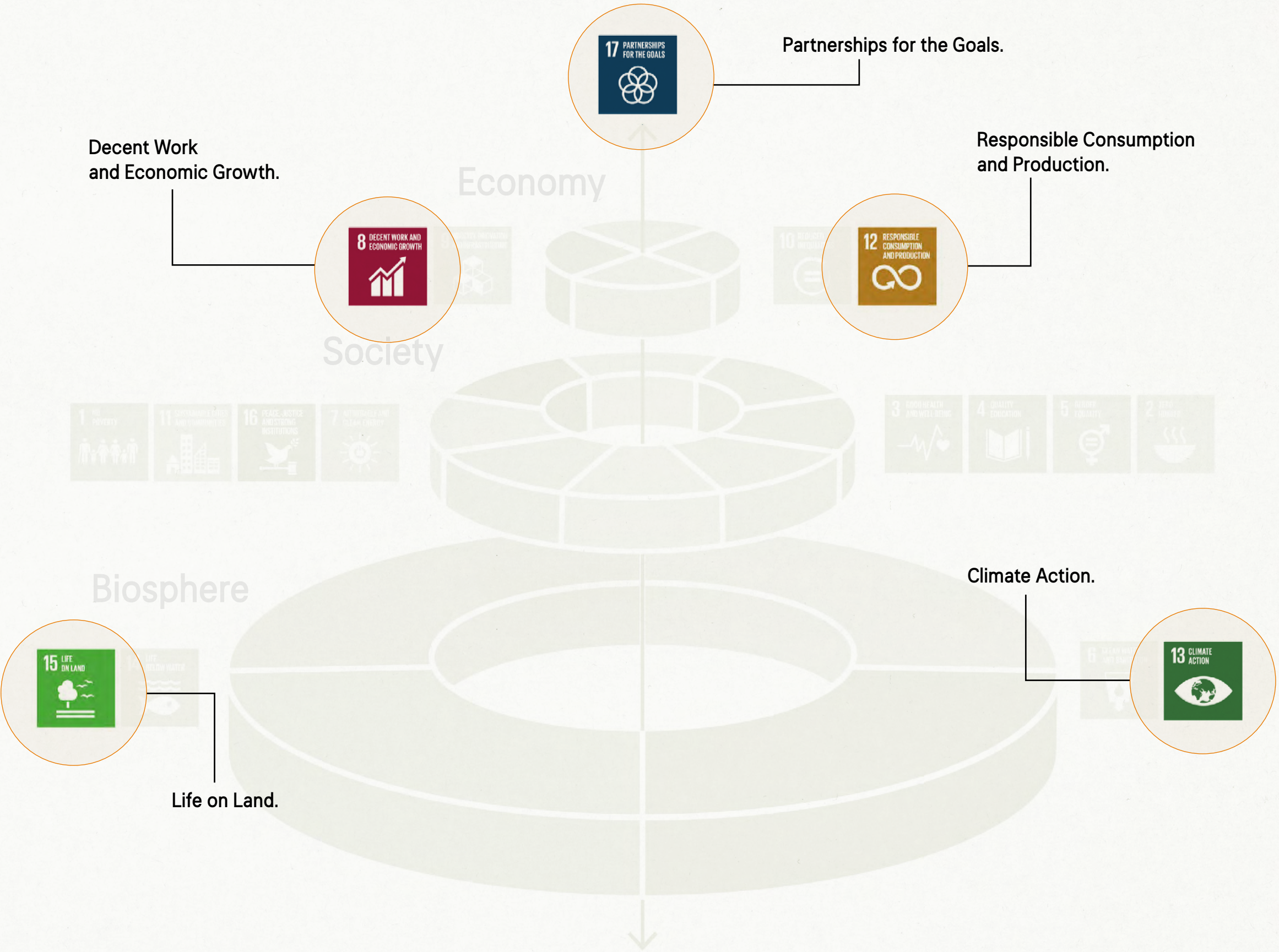




Prioritized SDGs

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 SDG's are interconnected, and we acknowledge that our business affects more goals than our most prioritized SDG's. Our prioritized SDG's 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 SDG's, and with support of our numerous collaborations, we also have an indirect impact on the society, and the SDG's 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 and our activities and impact connected to each goal. The symbols below each SDG indicates 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



- 4.1 Education for all  
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



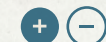
- 7.2 Renewable energy



- + Wind power at suppliers » Renewable energy in Repair Shops and head office  
- NJ lack ability to influence some suppliers to change 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 Coalition



- 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



- No actions



- 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  
- We are part of an industry building on volumes, and we still have leftovers and create second choice garments. In part of the supply chain with low transparency on chemical management, we can assume that we have a potential negative impact.



- 13.2 Integrate climate change measures into policies, strategies and planning  
13.3 Improve education awareness raising



- + Educating our consumers and suppliers » Climate mapping (scopes 1, 2, 3) » Actions to reduce CO2 emissions  
- NJ lack ability to influence some suppliers to implement climate strategies and reduction work.



- 14.1 Prevent and reduce marine pollution



- + Guppy Friend washing bag » Water treatment plants  
- We have some fabric blends with polyester or elastan, 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 » Lenzing's TENCEL™  
- In part of the supply chain with low transparency on biodiversity we can assume that we have a potential negative impact



- 16.2 End violence and abuse against children  
16.3 Equal access to justice for all



- + Amnesty Sweden



- 17.9 Capacity building  
17.16 Multi-stakeholder partnerships  
17.17 Encourage partnerships



- + Fair Wear Foundation » Fairtrade » STICA » Textile Exchange » Rise » Chetna Coalition



Our philosophy

# Designing timeless, sustainable classics

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 sustainable 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 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 cotton and wool, and other recycled fibers.

Sustainability is not something we do; it runs through everything. And it's been like that ever since we started; being responsible for your actions, respecting people and the environment. We didn't realize it back then, but we've always had the same vision — to become the world's most sustainable denim brand.

**Martin Gustavsson**

Design & Development Manager





# Materials


RISKS AND CHALLENGES	ACTIONS	GOALS
Certified raw material availability and available GOTS approved dyes.	A proactive design and product development effort, together with supplier that are capable of providing denim fabrics according to the goal.	Launch two GOTS-certified jeans styles in 2022.
Lack of an internal environmental management system applicable for our global setting.	Assign responsibility to the right person to be in charge of leading the efforts and have the right time and financial resources.	Achieve ISO 14001:2015 certification for the Nudie Jeans head office and set goals per department, including product and fabric related goals in 2021.

**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, adapt-

ing new developments, and keeping track of new technologies.

In 2021, our total fiber use increased by 13% compared to last year. This increase in total fiber use reflects the trend of increased production and sales after the first year of COVID-19 where adjustments were made to our collections to meet the need of closed factories and stores.

 **Organic cotton potentially reduces global warming by 46%**

The largest environmental impact of our products comes from the raw material stage and the fabric production. We only work with virgin organic cotton as a first step to mitigate the environmen-

tal 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.

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 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



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 in this field:**
- Business and Biodiversity network
  - Chalmers University of Technology
  - Chetna Organic
  - Textile Exchange

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 Lenzing's TENCEL™, as another sustainable fiber. By working with Lenzing's TENCEL™ 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 structure above, we have listed some of them. Other risks we are working with in connections 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 mitigated, minimized, and addressed 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 the potential of reducing global warming caused by farming practices by 46% compared to conventional cotton according to Textile Exchange<sup>2</sup>, 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. In the very first steps of our production, with the decision to purchase organic cotton, 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 2021 we held speeches and presentations related to material choices and design:**

- Chalmers University of Technology, Sustainable Biomass Supply
- School of Business, Economics and Law, Sustainable marketing and business ethics
- Nordiska Textilakademin, Sustainable Design



2. The life cycle assessment of organic cotton fiber  
— a global average. 2014 Textile Exchange



## 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 Ltd<sup>3</sup>. The cooperative supports farm associations with information about organic farming methods, seed developments and expanded livelihood options. By buying organic cotton coming from Chetna, Nudie Jeans has also supported the farming families that are part of the Chetna Organic network. Cotton farming methods do not permit any chemical pesticides or fertilizers. Because the soil is not full of toxic chemicals, it is possible to grow vegetables and other crops between harvests in the same fields, or as intercroops that share the field with the cotton. Planting intercroops, 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.

Chetna Coalition is the name of the value chain network that supports Chetna Organic. The Coalition consists of brands, suppliers, and producers with a

mutual interest in collaboration on organic cotton growing, and Nudie Jeans has been a member of the Coalition since 2015. Our membership in the coalition 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 2021, 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 membership in Chetna Coalition, 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, and on SDG 17, Partnership for the goals, where our membership in Chetna Coalition and the purchase of organic cotton through Chetna touches on target 17.16, Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge.

Chetna Organic has several development projects. In 2021, one of their focuses was on piloting the

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

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 standard is one way to formalize the work and clearly communicate their practices. Chetna Organic also supports a large 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. Through the work of Chetna Coalition and 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 2021 we updated it to clarify that we do not use conventional mohair or cashmere, nor virgin feather and down. 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



## 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.

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 2022.

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 1 <sup>1</sup>	Class 2 <sup>2</sup>	Class 3 <sup>3</sup>
Recycled cotton	Recycled polyester	Certified alpaca
Post consumer Nudie Jeans	Recycled nylon	Certified yak
Recycled wool	Certified wool	Certified mohair
Traceable, organic, and/or Fairtrade cotton	Certified organic cotton	Certified and vegetable tanned leather
Certified organic jute	Certified organic linen	Certified organic silk
TENCEL™ Lyocell	Certified organic hemp	
FSC® or PEFC™ Pulp	Certified kapok	
Recycled down	Recycled acrylic	

Non Sustainable Fibers <sup>4</sup>		Do not use <sup>5</sup>	
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

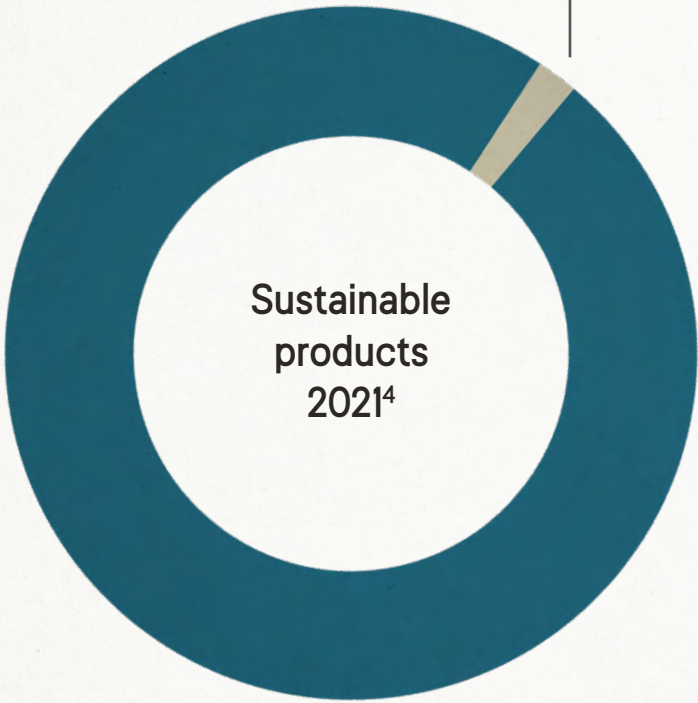
- 5. Based on Nudie Jeans Animal Welfare policy and our position on only using organic cotton.



Sustainable products

We monitor the development of our use of sustainable fibers and the production of sustainable products on a yearly basis. We define a garment or accessory as sustainable when it contains at least 70% sustainable fibers as defined in the Nudie Jeans Sustainable Material Tool. To guarantee the sustainability of the fibers and textiles, we request supporting certificates from our suppliers.

98.2% of all Nudie Jeans products are made with at least 70% sustainable fibers, hence defined as sustainable products. A majority of these products are made with more sustainable fibers than that.



1.8% of all Nudie Jeans products did not live up to the criteria for being a sustainable product, in 2021 these were:

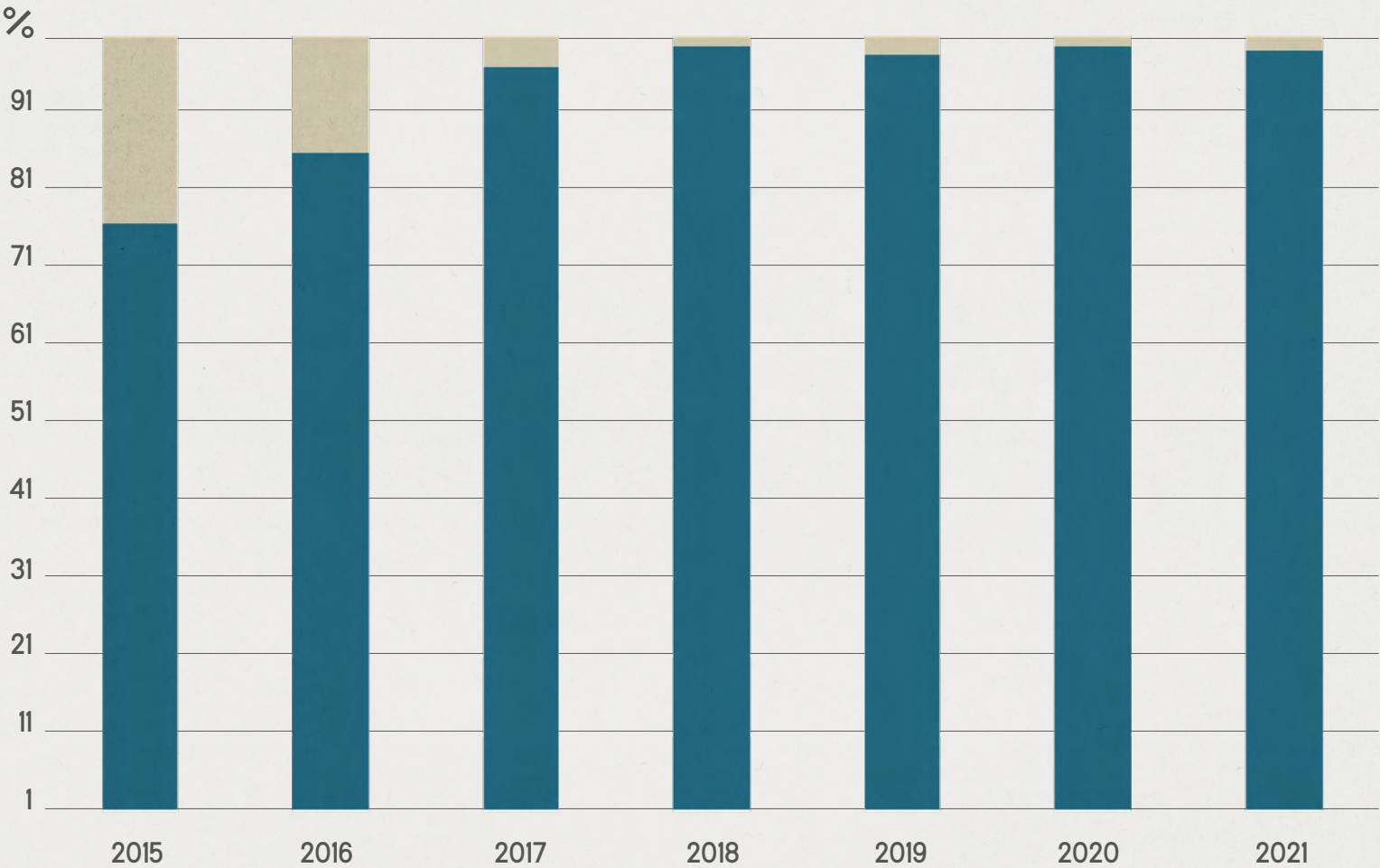
- Leather jackets
- Leather shirts
- Leather accessories
- A wool hat
- Four styles of knitted sweaters
- The Guppy Friend washing bag

4. Based on numbers of produced pieces.

Sustainable products 2015–2021

- Sustainable
- Non sustainable

We have mapped our production of sustainable products per year since 2015 and we can see that the largest change happened when we stopped using conventional cotton in 2017. Since then, the share of sustainable products has been stable, around 98–99% per year. The factor with the most influence in relation to sustainable products is the volume of leather products made in a given a year, and the fiber mixes in our knitted sweaters.

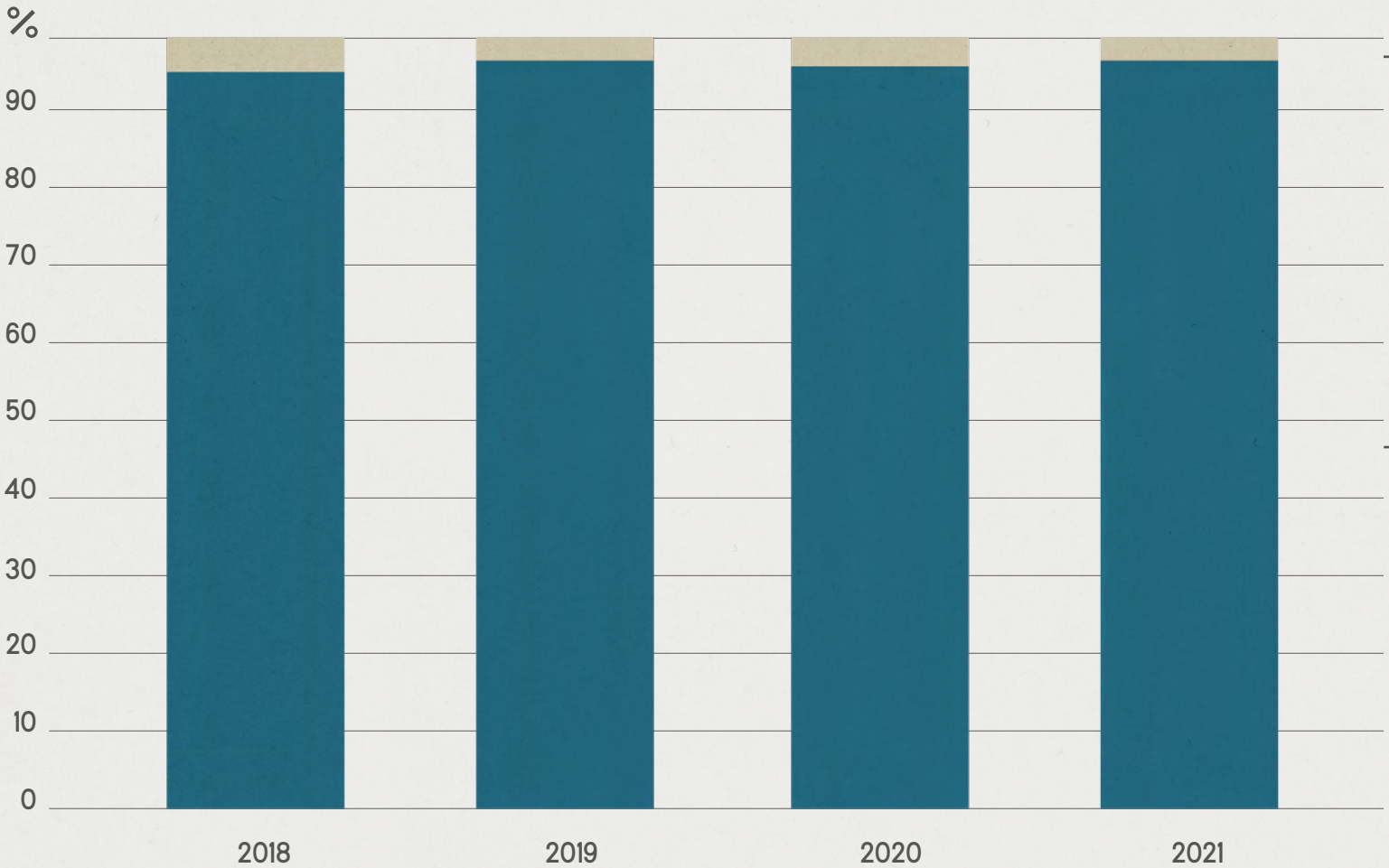




**Sustainable fibers  
2018–2021**

- Sustainable
- Non sustainable

Since 2018 we have mapped the volumes of our fibers use and traced the share of sustainable fibers on a yearly basis. 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.



**2.7%** of all fibers used by Nudie Jeans in 2021 were not defined as sustainable.

**97.3%** of all fibers used in 2021, were sustainable fibers as defined in the Nudie Jeans Sustainable Material Tool.

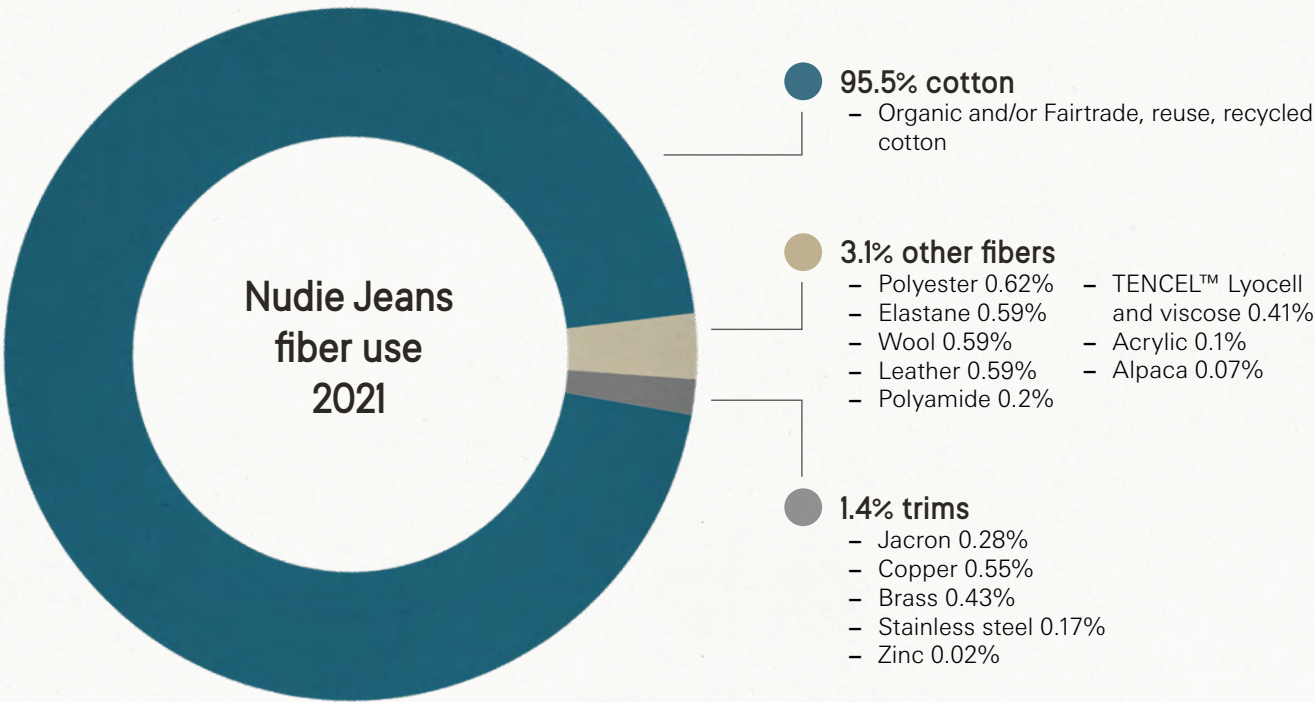


Raw materials

We are proud to say that the fiber we use the most by far is organic cotton, which accounts for just over 95.5% 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 2021 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.”

96.3%  
virgin fibers

3.7%  
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  
2018–2021

Amount (kg) per year

	2018	2019	2020	2021
Plant-Based Fibers				
Organic cotton	386,398	347,649	326,991	365,239
Recycled cotton	23	502	203	10,521
Upcycled denim		16		
Animal fibers				
Recycled wool	1,685	5,922	1,859	1,239
Conventional virgin wool		2	49	24
GOTS/RWS virgin wool		68	299	1,053
Alpaca		104	108	284
Mohair		31		
Silk		12	202	
Chrome tanned leather	751	51	1,201	1,350
Veg tanned leather	1,544	1,418	679	954
Man-made cellulosic fibers				
Tencel	31	2,308	4,320	1,580
Viscose		70		50

We significantly increased our use of recycled cotton in 2021.

We have improved how we work with wool, both in terms of quality and from a sustainability perspective. The use of recycled wool has decreased while the use of certified virgin wool has increased. We made this change to uphold our high-quality standard while still working with sustainable fibers.

Our use of leather has changed over the years, which reflects an increase in sales of leather jackets and leather accessories. Since 2020, total leather use has increased by 23%.



Nudie Jeans fiber usage  
2018–2021

Amount (kg) per year

	2018	2019	2020	2021
Synthetic fibers				
Virgin polyester	608	262	374	126
Recycled polyester	1,466	4,176	2,482	2,298
Polyamide	2,089	766	658	595
Recycled Polyamid				247
Virgin Elastane	6,899	3,579	3,386	2,012
Recycled Elastane			151	305
Virgin Acrylic			148	
Recycled Acrylic			198	8
Metals				
Copper	2,581	2,655	2,479	2,147
Brass				1,706
Zinc	102	34	16	61
Stainless steel	689	689	1,280	667
Other materials				
Jacron	1,502	1,180	1,161	1,087
Other fibers				52

We see a decrease in the use of virgin polyester and a slight increase in the use of recycled polyester. Total polyester use decreased by 15% from 2020 compared to 2021.

The use of virgin elastane continues to decrease over the years. Since 2020 the use has decreased by 40%, and since 2018 the use of elastane has decreased by 71% .

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	How large 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 Turkey, 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 2021, Nudie Jeans used 365,239 kg of organic cotton, including Fairtrade cotton, for our production. This makes up 92.8% 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 2021, we used 12,584 kg of organic Fairtrade cotton purchased through the Chetna Coalition.
		Recycled cotton	Using recycled cotton is a great way to decrease our environmental impact, as cotton is a resource-intensive crop to grow.	In 2021, 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 Turkey and Spain.	In total we used 10,521 kg of recycled cotton in 2021. 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	How large 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 mall treatment. Recycled animal fibers have other challenges such as shortened fiber length which can affect the strength of the yarn.	Wool	Wool is a natural and durable fiber, and its longevity and natural stain-repellent properties make it a great fiber for garments. The fact that airing wool garments are often just as effective as washing also allows for sustainable use. Using recycled wool is more sustainable, as it decreases the environmental impact of the material.	In 2021, we increased our use of certified virgin wool for knitted sweaters and accessories, which has also affected the volumes of recycled wool. The quality and length of the fiber, and how suitable it is for the development of a specific style, have been crucial in this strategic change. For outerwear such as coats and over shirts, recycled wool fiber with its rougher feel is a great fit.	The majority of the certified wool yarn we use comes from Turkey. 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, which has a long history of collecting and sorting post-consumer wool garments before recycling them to a new fiber.	In 2021, we used 1,239 kg of recycled wool, 1,053 kg of certified virgin wool, and 24 kg of conventional virgin wool.
		Alpaca	Alpaca wool with its soft and light feel is a nice alternative to sheep wool for certain styles.	In 2021, we increased the use of alpaca wool to make lighter, more voluminous knitted sweaters. We have taken steps to improve the traceability of the fibers, and during the process, we learned that we need to expect much longer lead-times to obtain full traceability, and this is something we will continue to work with in the coming year. We are also trying to work with certified alpaca as more certified alpaca wool is available on the market.	The alpaca wool we use is sourced from Peru.	In 2021, we used 284 kg of alpaca wool.
	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 2021, we increased the sales of our leather jackets. The leather jackets we made this year were not vegetable-tanned, while all of our leather accessories are made with vegetable-tanned leather. This is one way to decrease the use of chemicals in the leather industry. Until we can guarantee that the animals are from a certified organic farm, we will not define our leather products as sustainable.	We have used goat, buffalo, and sheep leather for our jackets, all from Leather working group, Gold certified, suppliers. While we still lack official ways to trace the leather back to the farm level we have been informed that the leather should be from Indian animals. The leather used for our accessories is from Polish cows.	In 2021, we used 857 kg of chrome-tanned goat leather, 410 kg of chrome-tanned buffalo leather and 83 kg of chrome-tanned sheep leather. 679 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	How large volumes we use
Human made cellulosic fibers	<p>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 disulfide, 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.</p>	<p><b>Lenzing's TENCEL™</b></p>	<p>Lenzing's TENCEL™ 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, Lenzing's TENCEL™ 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.</p>	<p>Nudie Jeans is proud to use TENCEL™ as our main human-made cellulosic-based fiber. In 2021, our overall use of TENCEL™ decreased due to reduced numbers of shirt styles made with TENCEL™.</p>	<p>The cellulose used to produce Lenzing's TENCEL™ comes from sustainably managed forests in South Africa, Czech Republic, Slovenia, Slovakia, Scandinavia, the Baltic countries, Russia, the US, and Poland, where sustainable forest management certification schemes are applied.</p>	<p>In 2021, we used 1,580 kg of TENCEL™ to produce Nudie Jeans products.</p>
		<p><b>Viscose</b></p>	<p>We worked with a small volume of conventional viscose in 2021, even though we are aware of the problematic aspects of viscose production. The volumes of the fabrics used for the specific style were very low which restricted our ability to ask for a new production of the fabric with the more sustainable alternative, TENCEL™ Lyocell, specifically for Nudie Jeans.</p>	<p>Conventional viscose was used in one blazer style which has 4% conventional viscose. We always try to use the more sustainable option TENCEL™ Lyocell, when possible.</p>	<p>We have not yet been able to trace the origin of viscose used in the Nudie Jeans' products.</p>	<p>In 2021, we used 50 kg of conventional viscose.</p>



Convential material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	How large 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>	<p><b>Virgin and recycled polyester</b></p>	<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 using 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 2021, we continued to only work with recycled polyester in denim fabrics containing a polyester blend, and we also used recycled polyester for linings. Virgin polyester is still used in some of our knitted garments. Our small quantities of knits make it difficult to produce yarns specifically for Nudie Jeans' production, which is sometimes necessary if we only want to work with recycled polyester.</p>	<p>Most of our recycled polyester originates from India, and we are still in the process of tracing the virgin polyester that we use.</p>	<p>In 2021, we used 2,298 kg of recycled polyester and 126 kg of virgin polyester.</p>
		<p><b>Virgin and recycled polyamide</b></p>		<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 2021, we used a total of 595 kg of virgin polyamide and we started to use recycled polyamide: 247 kg of recycled polyamide was used.</p>
		<p><b>Virgin and recycled elastane</b></p>	<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 2021, we continued to work with a small portion of recycled elastane in one of our denim fabric. We used a total of 305 kg of recycled elastane, and 2,012 kg of virgin elastane.</p>



Convential material	Challenges	We work with	Why we work with the fiber	How we use it	Sourcing countries	How large 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 options instead of plastic buttons.	In 2021, we replaced the majority of our plastic button styles for shirts and jackets with corozo buttons. We have introduced the use of 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 Turkey. The paper box for underwear is made locally in India with pre-consumer recycled cotton from fabric and spinning waste.	In 2021, 2,147 kg of copper, 1,706 kg of brass, 667 kg of stainless steel, and 61 kg of zinc were used for all the metal buttons and rivets. 2, 441 kg of recycled paper and 7,302 kg of FCS-certified papers were used for our paper labels and 703 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 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 2021, we used 1,087 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 whole ecosystems. Rich biodiversity and resilient ecosystems are essential parts in the creation of sustainable development. The loss of biodiversity should not only be seen as an environmental issue but as a business issue. All businesses, including Nudie Jeans, depend on and have an impact on biodiversity and ecosystem services in numerous ways.

Throughout our history of working with a sustainable production, we have taken a number of actions to decrease our impact on biodiversity, but without phrasing it as such. To better understand the impact of our business on biodiversity, in 2021 we worked with two master's students from Chalmers University of Technology in Gothenburg who have written two master thesis<sup>5</sup> for us. These two reports explore how our existing sustainability efforts can be mapped in relation to our impact on biodiversity and evaluate the impact on biodiversity of our most used fiber, organic cotton, in relation to Lenzing's TENCEL™, a sustainable Human-made fiber and compared to conventional cotton.

The results of the reports show that Nudie Jeans' impact on biodiversity should mainly be analyzed through three of the direct drivers of biodiversity loss identified by the IPBES (2019): land use change, climate change and pollution. Our most

“ Our most significant impact on biodiversity occurs in the raw material stages and fiber production.

significant impact on biodiversity occurs in the raw material stages and fiber production.

By only working with certified organic virgin cotton, as well as recycled cotton, we are reducing the negative impact on biodiversity that cotton cultivation can create. According to "The life cycle assessment of organic cotton fiber — a global average" from 2014 by Textile Exchange, organic cotton has a reduced climate impact and less risk of pollution as no chemical fertilizers or pesticides can be used. To broaden the understanding of the impact on biodiversity of organic cotton, we must learn more about the impact of organic cottons on land use. One finding in the report 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 there are other positive impacts that comes from organic farming methods from a biodiversity perspective: 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 to Nudie Jeans Material Tool is one strategic measure for limiting our negative impact on biodiversity at the raw material stages. For example, we are limiting our negative impact on forest biodiversity by only working with Lenzing's TENCEL lyocell, which only uses biomass from sustainably sourced forests, in addition to only working with organic virgin cotton. 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 are wet processes, both in fabric production and in garment washing. For these impact areas, the Nudie Jeans chemical policy, and the strategic decision to only work with suppliers with proper water treatment plants and preferably GOTS-certified suppliers, are important decisions for limiting our biodiversity impact, especially in relation to the risk of pollution.

The work we do 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"<sup>6</sup>. Increased awareness of the impact on biodiversity of our business will improve the possibility of having an inter-connected response to climate change.

5. 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.

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.



## GOTS

In 2020, we became a GOTS-certified brand, which means we can sell GOTS-certified products. Communicating GOTS at the product level ensures that the full production process is in accordance with GOTS criteria. The first GOTS products were launched in late 2020 in our online shop, and we aim to develop more GOTS-certified products in the future, together with the many GOTS-certified suppliers in our supply chain. In the upcoming years, we will face the challenge of getting our supply chains and distributors fully certified, which is a requirement for certifying the end products.

Due to our warehouse and distribution set-up, in which we work with a few distributors and warehouses that are not yet GOTS certified, we have not worked with physical labels in our GOTS-certified garments, as all B2B units, including our distribution must be certified to do so. Instead, we have only communicated GOTS digitally on the product card in our online shop, as all online orders go through our certified warehouse in Sweden.

In 2020, GOTS detected fraudulent use of GOTS-certificates for organic cotton which led to an investigation of many GOTS-certified raw material suppliers, and several suppliers lost their GOTS certification. We can confirm that none of our suppliers were involved, and we appreciate the fact that the fraud was revealed, as the integrity of organic cotton must be secured.

## New logo requirements from GOTS

In the beginning of 2022, new logo requirements from the GOTS standard came into effect, which require all garments sold as GOTS to carry a physical label. Due to this requirement in combination with our distribution chain, which is not fully certified, we cannot sell our garments as GOTS after April 2022, even though the production of the products has followed all GOTS standard requirements.

As we move toward global distribution with a free flow of products, where local hubs and distributors will decrease transports and its emissions, we hope the standard will adjust to more flexible and innovative distribution set-ups and that we will have the possibility to communicate and sell our products which are made according to the GOTS standard as GOTS certified again. We still think that the GOTS standard is one of the strictest chemical management standards in the textile industry today and we will continue to work toward increasing the number of GOTS-certified suppliers in our supply chain.



An aerial photograph of an industrial park. Several large, light-colored metal-roofed buildings are visible. Many of the roofs are covered with rows of dark blue solar panels. The buildings are arranged in a grid-like pattern with paved roads and some greenery between them. In the bottom right corner, there is a small blue swimming pool. The overall scene depicts a modern, sustainable industrial facility.

# 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 in production, including transport and the user phase. An estimated 62% of Nudie Jeans' total emissions come from our supply chain. In 2021, we started discussions with our suppliers about transitioning to renewable energy. Our largest fabric supplier, Bossa Denim, are already taken steps toward a transition. We talked to Besim Özek, Strategy & Business Director at Bossa, about their climate work.

**The textile industry has a significant impact on global CO2 emissions. How do you see Bossa's role in transitioning to more renewable energy use?**

— At Bossa, our main sources of emissions are our direct and indirect energy uses; natural gas to generate electricity and steam, and diesel in company cars. As a result of our R&D, process and supply chain improvements, and renewable energy investments since 2017, we reduced our greenhouse gas intensity per meter by 27%.

**Tell us about what methods you use to decrease emissions from your electricity use?**

— We install solar panels and buy clean energy certificates. At the end of 2021, 9% of our energy came from solar panels. In 2022, we will increase our production capacity and renewable energy capacity. After finalizing our investments, 35% of the land surrounding Bossa will be covered by solar panels, which will produce 16% of our electricity use.

**Any other steps to decrease negative environmental impact?**

We should keep in mind that climate change also impacts water resources. At Bossa, we've achieved substantial water savings. From the 2017 figure of 80 l/m, we dropped our water intensity to 36.2 l/m by 2021. We reached these figures without significant water-reuse investments, but only through research and development.

**What is the main benefit for a supplier such as Bossa to have an active climate work?**

We see any investment for sustainability as a win. We would like to be a sustainable company operating on a healthy planet. Because there is no planet B. We need to save it. On the consumer side, climate awareness is increasing, and we would like to help our customers to achieve their sustainability goals while we achieve ours. We can only do it together. In the end, everybody will win.



**We see any investment for sustainability as a win.**

**Any suggestions for other suppliers in the textile industry on how to start the work toward decreased emissions?**

Any type of renewable energy investment that works for them is fine. Energy efficiency audits on the production side, efficiency improvements and energy capturing, and recovery investments are highly recommended. Covering all available roofs with solar panels.

Besim Özek,  
Strategy and Business  
Director at Bossa Denim.





# Production

RISKS AND CHALLENGES	ACTIONS	GOALS
Wages below a living wage put other areas at risk such as health and safety, and education, and impact the risk of child labor and reduced equality.	We will develop the work with a 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 2025.
Wages below a living wage put other areas at risk such as health and safety, and education, and impact the risk of child labor and reduced equality.	Collaboration with supplier 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 2022.
Risks of use of harmful chemicals in the production.	Proactive design and product development, together with suppliers that can provide denim washes according to the goal.	Launch 2 GOTS-certified jeans styles in 2022.
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 50.4 % per product 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 2021.
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.
Lack of a concrete understanding of climate and water impact of textile garments.	Calculate the average emissions and water use based on products' specific supply chain, weight, and fiber composition. Use data we collect on a yearly basis. Communicate the result together with our transparency data on a product level in the online shop.	Add CO2 and water data to our products online by 2021.



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 issues are major factors in our choice of suppliers. As with most other clothing brands, we do not own the factories in which our products are made. However, together with the garment factories with which we collaborate, we are responsible for providing a safe, fair, and ethical working environment for everyone involved in the manufacturing of our garments.

At Nudie Jeans, we are not just looking for a good product of high quality at a reasonable price; we also believe in taking greater responsibility for our actions. Our customers are not only interested



in the quality of the products they buy; they also care about the work behind the products and the social and environmental conditions of their production processes. At Nudie Jeans, we want to promote sustainable and healthy development for people and the environment.

Our responsibility includes selecting suppliers who can ensure that no one involved in our production – whether supplier or subcontractor – is denied their basic human rights or suffers any injury. Our intentional supplier choices are based on long-term relationships and our sourcing strategy and its manuals where a social supplier assessment is made to make sure the supplier is suitable for Nudie Jeans’ production. In 2021 due to the pandemic, some of the work at the supplier level was postponed, reduced and re-structured due to the circumstances.

Through our risk assessments and due diligence process, we have identified several risks in the supply chain. 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 chemicals not allowed to use, large amounts of CO2 emissions and lack of transparency. In this chapter, we will address how we have addressed these risks and connecting 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 better working environment throughout the sup-

**Our main partnerships within this field:**

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

ply 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.

We have also identified SDG 12, Responsible production and consumption, target 12.1, Programs for responsible production and consumption, as one of the areas in which we have the most impact. We want to offer sustainably and responsibly made products and influence our customers to apply more conscious consumption patterns.

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 suppliers<sup>7</sup> 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

**In 2021 we held speeches and presentations related to our production:**

- Dutch Agreement on Sustainable Garments and Textile: Living wages
- Fair Wear Foundation: Living wages
- IDH, the sustainable trade initiative: Living wages
- Fairtrade Finland: Living wages
- Fair Wear Foundation: EU dialogue HRDD
- Frihamnsdagarna: Climate targets for consumption
- Sustainable Fashion Academy: Kick starting climate actions
- Kingpins: Climate Actions
- Sustainability Talks: Climate and transparency
- Lund University: Sustainable supply chains
- Kingpins: Labor risks in Turkey
- School of Business Economics and Law, University of Gothenburg: Sustainable strategy,
- Nordiska Textilakademin: Sustainable supply chains

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 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 2021, we continued the structural approach to our climate work. We worked together with the Swedish Textile Initiative for Climate Action (STI-CA) and the consultancy firm 2050 Consulting AB, to map all of our emissions in accordance with 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 2021, we also engaged in the new initiative "The Industry We Want"<sup>8</sup>, 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 45%. Comparing with the wage gap at our suppliers, we can see that we have a smaller gap for Tunisia, India and Turkey<sup>9</sup>.

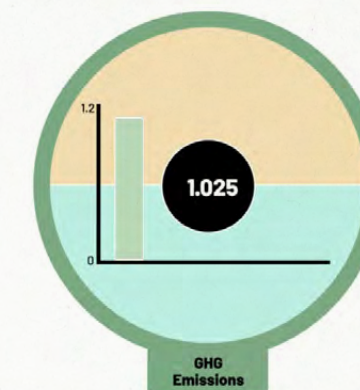
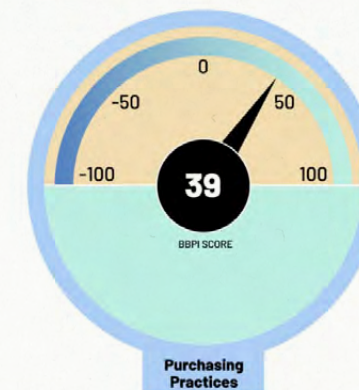
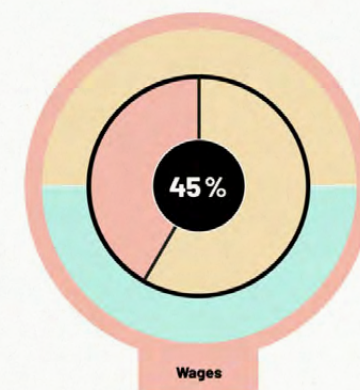
### Purchasing practices

In 2021 we sent out invitations to our suppliers to participate in the Better buying survey, where they rated the relationship they have with the brands. The new Industry we want metric on purchasing practices is 39, while suppliers working with FWF brands are scoring much higher, with an average of 67, compared to the industry in terms of True Partnership.

### Climate

The Industry We Want metric to measure the reductions of GHG emissions in the textile industry has been developed. As our climate target 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.

## TIWW Dashboard 2022



the  
industry  
we want

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

9. For the full overview of wage levels in Nudie Jeans supply chain, see page 43.



# 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 Practice<sup>10</sup>. In 2021, 98% of our suppliers were monitored, including suppliers in both high-risk countries and low-risk countries. For Nudie Jeans, high risk countries are Turkey, 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 eighth consecutive year since 2014.

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

The illustration shows our FWF Brand performance over the years.

The figures for 2021 are based on actions and work carried out in 2020.

	2021	2020	2019	2018	2017	2016	2015	2014	2013
FWF Category	Leader	Leader	Leader	Leader	Leader	Leader	Leader	Leader	Good
% of suppliers suppliers under monitoring	98	97	96	99	96	98	99	97	99
% of production in low risk countries	41	37	41	49.5	61	80	74	86	91
% of suppliers visited during the year	95	99	94	99	96	95	98	98	97
Number of complaints received	1	2	1	9	7	1	4	2	1
% of suppliers participating in Worker Education Program	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 a free choice, 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 (UNGPR). This is stated in the Human Rights and Anti-Slavery Policy, which is available online. Embedded in this policy is the essence of the FWF Labor Practice: "Employment is freely chosen". 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 recent years, one of our suppliers in India managed to eliminate overtime completely among their permanent workers through better organization of the production flow. In 2021, none of the audits in our supply chain showed excessive overtime. 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.



## Human rights due diligence in the textile industry

During the past year we actively participated in the discussion on the upcoming EU legislation and Directive on Corporate Sustainable Due Diligence. The legislation requires brands to have supply chain transparency and to work proactively to mitigate and remediate human rights risks. We have actively encouraged policymakers to include SME's such as ourselves in the new legislation. We want the legislation to con-

tribute to a level playing field, equal opportunities, and responsibility so that initiatives in the supply chain can be scaled up and enable all brands to work toward better insight into their supply chains. Risks in the supply chains are the same, regardless of whether a company is large or small, so we argue that the brands' responsibilities should be the same.



### The Fair Wear Foundation Code of Labor Practice

1. Employment is freely chosen
2. Freedom of association and 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. 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 Turkey 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, 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 2021, we initiated a total of nine social audits: one in Italy, one in Turkey, and seven in Portugal.

The audits in Turkey were performed by Fair Wear Foundation's (FWF) audit 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, which reported on activities in 2020, we monitored 98% 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 in order to make sustainable improvements. Therefore, for several years, we have involved our suppliers and their employees in the popular FWF Workplace Education Program (WEP). In recent years, suppliers in India, Turkey and Tunisia participated in the Fair Wear Foundation's WEP. Nudie Jeans facilitated and paid for training at the suppliers.

Previously, the training was calculated with basic and advanced training, but since the brand performance check new indicators were introduced, and only advanced training leading to transformative processes related to human rights is calculated. In 2021, we managed to have two advanced training sessions on social dialogues in Turkey and violence

Audits and trainings that took place in our supply chain in 2021.

Factory	Production country	Product group	Process	Audit company	External training	Training Organization
Bomber	Italy	Jeans	Sewing	Most CSR	Most CSR	
Rosa Pimenta	Portugal	T-shirts	Sewing	Independent consultant	Independent consultant	
Bordados Anjo	Portugal	T-shirts	Embroidering	Independent consultant	Independent consultant	
Joag	Portugal	Jackets	Printing	Independent consultant	Independent consultant	
Classwash	Portugal	Jackets	Washing	Independent consultant	Independent consultant	
Teclotendencia	Portugal	Jackets	Sewing	Independent consultant	Independent consultant	
Bordados Noel	Portugal	Jackets	Embroidering	Independent consultant	Independent consultant	
Negrecior	Portugal	Jackets	Printing	Independent consultant	Independent consultant	
Mergu	Turkey	Shirts	CMT	FWF	FWF	FWF
Armstrong knitting mills, unit I	India	T-shirt	Sewing	Intertek		FWF
Esvap	Turkey	Knitted items	CMT	BSCI		
Agrona	Turkey	Jeans	Cotton farms	USB		

and harassment prevention in India. The other training plans had to be postponed due to COVID-19.

In the recent years, one of our Indian suppliers has enrolled workers and management in workplace training, raising awareness about workplace standards and grievance systems, and developing functional anti-harassment committees. Considering the female representation and gender inequality of the textile industry, we have focused on empowering female workers. For example, we have offered training programs for female

## 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.



line supervisors, with the 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 relations, 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 is another example 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 will continue with other suppliers in India during 2022.

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 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 2,450 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 supplier<sup>11</sup> 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 EUR	Minimum wage in the country/region or by CBA	Lowest wage	Mode wage Most employees receives this wage.	Highest wage	Living wage benchmark	Living wage gap in %	Do the majority of the factories have collective bargain agreement ?	Do the factories have active workers committees ?
Italy	Euro	1,234 – 1,301	1,234 – 1,540	1,234 – 1,570	1,570	1,234 – 1,510	0 – 18%	Yes	Yes
India	Euro	83 – 91	93 – 113	113 – 119	118 – 183	161 – 211	42 – 43%	No	Yes
Poland	Euro	570	570 – 701	613 – 968	613 – 1,234	699	0 – 18%	Yes	Yes
Portugal	Euro	635	665 – 900	665 – 900	900 – 3,700	1,014	11 – 34%	Yes	Yes
Turkey	Euro	263	263 – 337	337 – 350	674	337	0 – 28%	No	Yes
Tunisia	Euro	144	149 – 154	163 – 185	189 – 301	215 – 261	31% – 41%	Yes	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 Chennai<sup>12</sup>. 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 a social dia-logue training, was carried out in Q1, 2022 .

- Note 1If there are several suppliers in one country, we show the highest and lowest wage for each category.
- Note 2The figures are based on the latest available audit reports and wage data from 2019–2021. For Turkey, we have used the updated figures from January 2022.
- Note 3The living wage gap intervals are based on the range of lowest-paid employees and the range of living wage benchmark levels.

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	Turkey
When did we start to work with the supplier?	2011	2015	2019	2014
Nudie Jeans production volume in % and number of styles	3%, 12 styles in SP22	4%, 7 styles in SP22	5%, 4 styles in SP22	4,5%, 3 styles in SP22
Women working in the factory in %	55%	75%	73%	72%
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	€0.74–1.28 /garment
Parties that were involed in setting up the program?	<div>Br</div> <div>Su</div> <div>St</div> <div>Ees</div>	<div>Br</div> <div>Su</div> <div>Ees</div>	<div>Br</div> <div>Su</div> <div>Ees</div>	<div>Br</div> <div>Su</div> <div>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</div> <div>Su</div> <div>St</div> <div>Ees</div>	<div>Br</div> <div>Su</div> <div>St</div> <div>Ees</div>	<div>Br</div> <div>Su</div> <div>St</div> <div>Ees</div>	<div>Br</div> <div>Su</div> <div>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
How many of the workers recieves our share of living wages ?	100%, 2,350 employees	100%, 772 employees	100%, 239 employees	100%, 130 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 three years, we can see an increase in the number of employees at our suppliers who benefit from our share of living wage payments from 32% to 40%, where the proportion of the production volume representing the employees receiving our share of living wages remains at 7%. However, it is notable that the workers who are

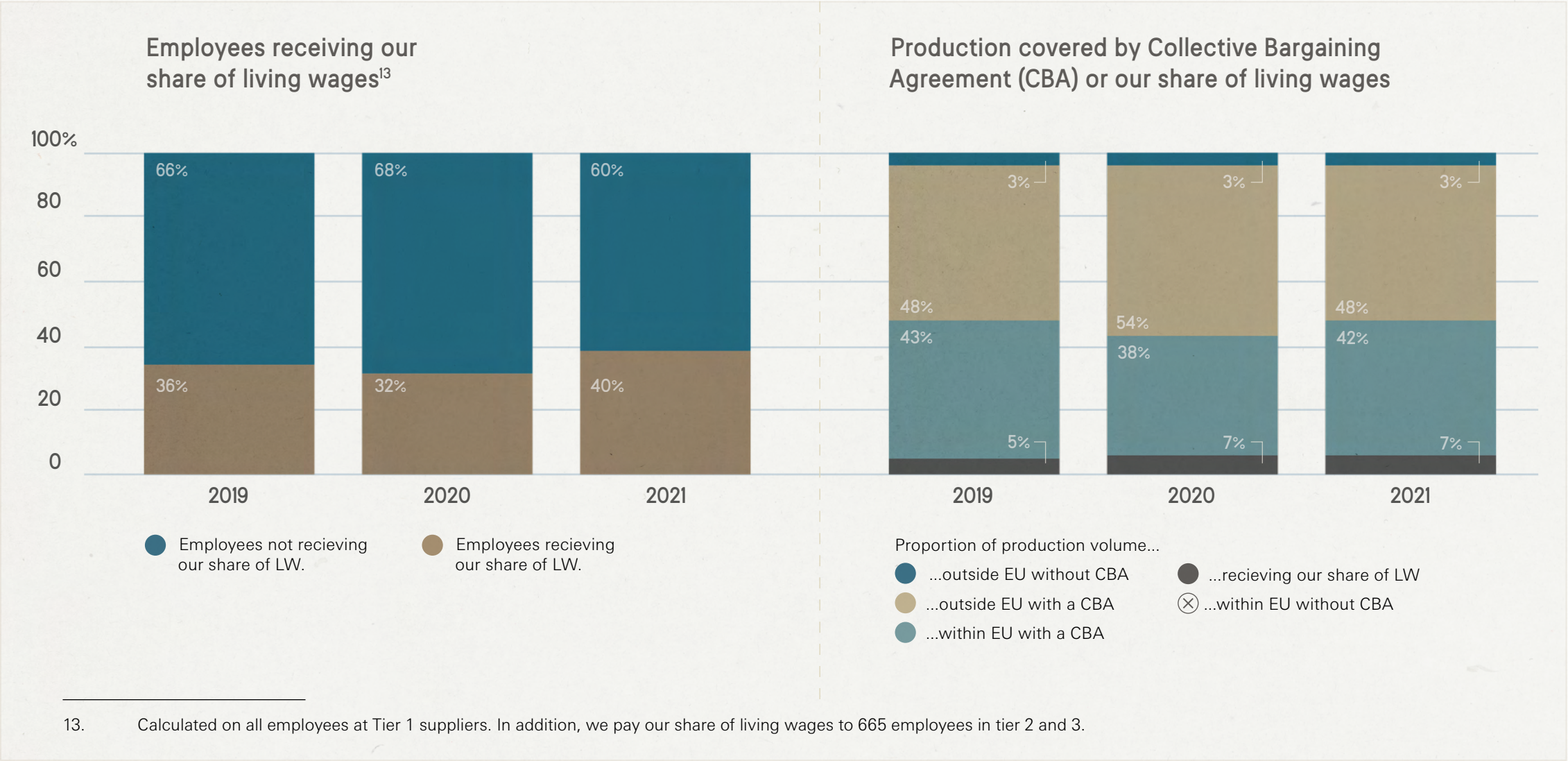
not part of our living wage program are located within the EU and/or have collective bargaining agreements and functional union representation in the factories.

In 2021, we continued discussions on implementation of our share of living wages at our leather

**In 2021, we expanded living wage payments to two more main suppliers.**

supplier in India, and our shirt supplier in Turkey and both suppliers were enthusiastic about it.

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 Mini Rodini, ARMEDANGELS, and Kings of Indigo, together with and at our shared supplier, Mergü, in Turkey.

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 Yılmaz, the owner



of Mergü, to get his thoughts about the pilot and its effects.

**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 confi-

dence 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, but 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.

In 2021 we sent out invitations to our suppliers to participate in the Better buying survey, where they rated the relationship they have with the brands. The new industry metric on purchasing practices is 39, while suppliers working with FWF brands are scoring much higher, with an average of 67, than the industry in terms of True Partnership.





Social dialogue

In 2020, in an effort to gain insight into the less visible part of the supply chain, we joined the initiative Sag Salim. The program was initiated by another denim brand 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 2021 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 Sag 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. During the year, we have also reached out to other organizations in production countries. In 2021, we also participated in many online seminars and webinars on workers’ situations in specific production countries with various stakeholders in the industry, for example GIZ, Fair Action, Cividep, AGT, IDH, and STITCH as a way to increase social dialogues.

Activities and communication around the Sag salim project reaching 3,837,759 people in 2021, with engagement of 248,680 workers after one year of membership.

The key issues identified include wages, discrimination, water, living and working conditions, legal

status, transportation, health, childcare, lack of grievance mechanism, and long hours.

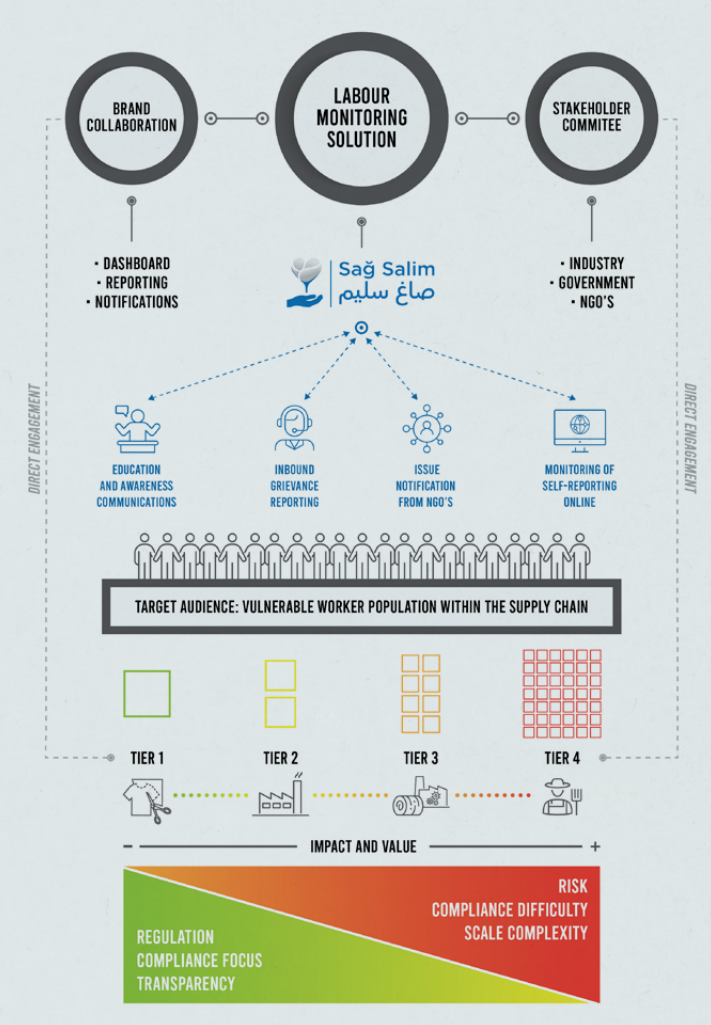
Highlights from the reports include the reach of the program and the impact of the educational content we have been developing and distributing, which has generated an increase in engagement of 173% in the last six months of 2021. This has led to an increase in reporting and is also assessed as likely to have a positive impact in 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 resulted in a shift in attitude and the implementation of social auditing at the farm level. Social audit at the farm level were carried out at five farms that provide Nudie Jeans with organic cotton. This was the first assessment of the social conditions at the farm level. Worker reporting to the Sag Salim hotline come from all tiers of the supply chain, beginning with just farms and now including manufacturing facilities as well.

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 joined the program in October 2020. The program actively seeks out instances of deliberate exploitation, slavery, and unsafe working conditions and puts methods in place to resolve them. The targeted areas include, but are not limited to, organic cotton farms in the Izmir region of Turkey, 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.



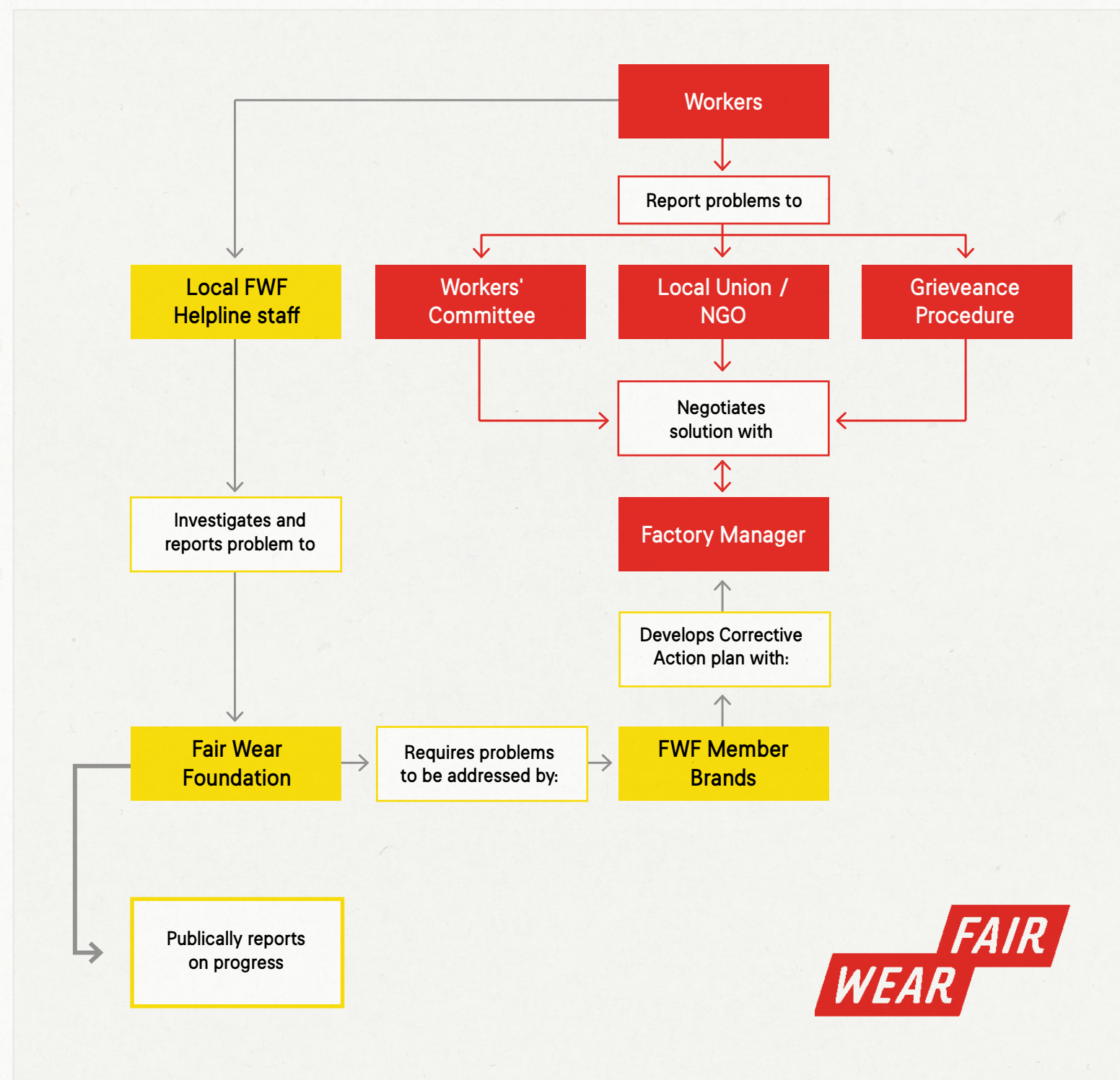
Sağ Salim framework developed by Precision Solutions Group and Outland Denim.



## 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 to 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. Despite the pandemic, the number of worker complaints was low with one complaint from employees at one of the Turkish suppliers. 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 conclude 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. 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.

Last year was the second year in which we reported on our sustainability efforts in the Higg Brand and Retail Module (BRM). This module enables us to track, measure and share our sustainability efforts with value chain partners. Reporting on our sustainability efforts through the BRM has served as inspiration to develop certain aspects of our sustainability work and to shed light on the part of this work in need of further development.

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 25 sewing and making suppliers, and 24 subcontractors for laundry, printing, and embroidery. In addition, we have about 55 suppliers involved in the fabric and material process, 15 trims suppliers and 20 raw material suppliers.

In late 2021 we added all of the suppliers with which we have an established relationship and/or that we have visited to the Open Apparel Registry.





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 visited 100% in Tier 1, 28% in Tier 2, 20% in Tier 3 and 10% in Tier 4. In total, we visited 46 % of our full supply chain, Tier 1 – Tier 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.

Under normal circumstances, we visit all of our Tier 1 suppliers in a year, but in 2021 we were not able to visit two new subcontractors for printing and embroidery in Portugal.

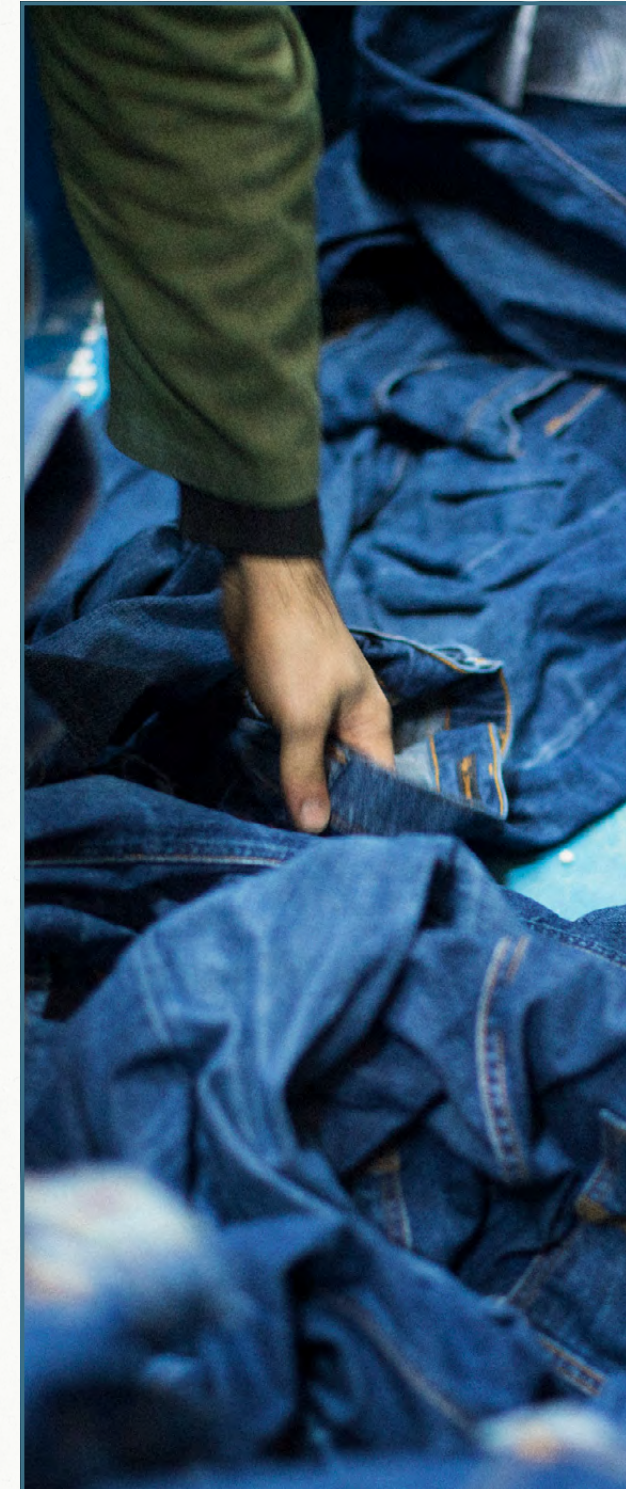
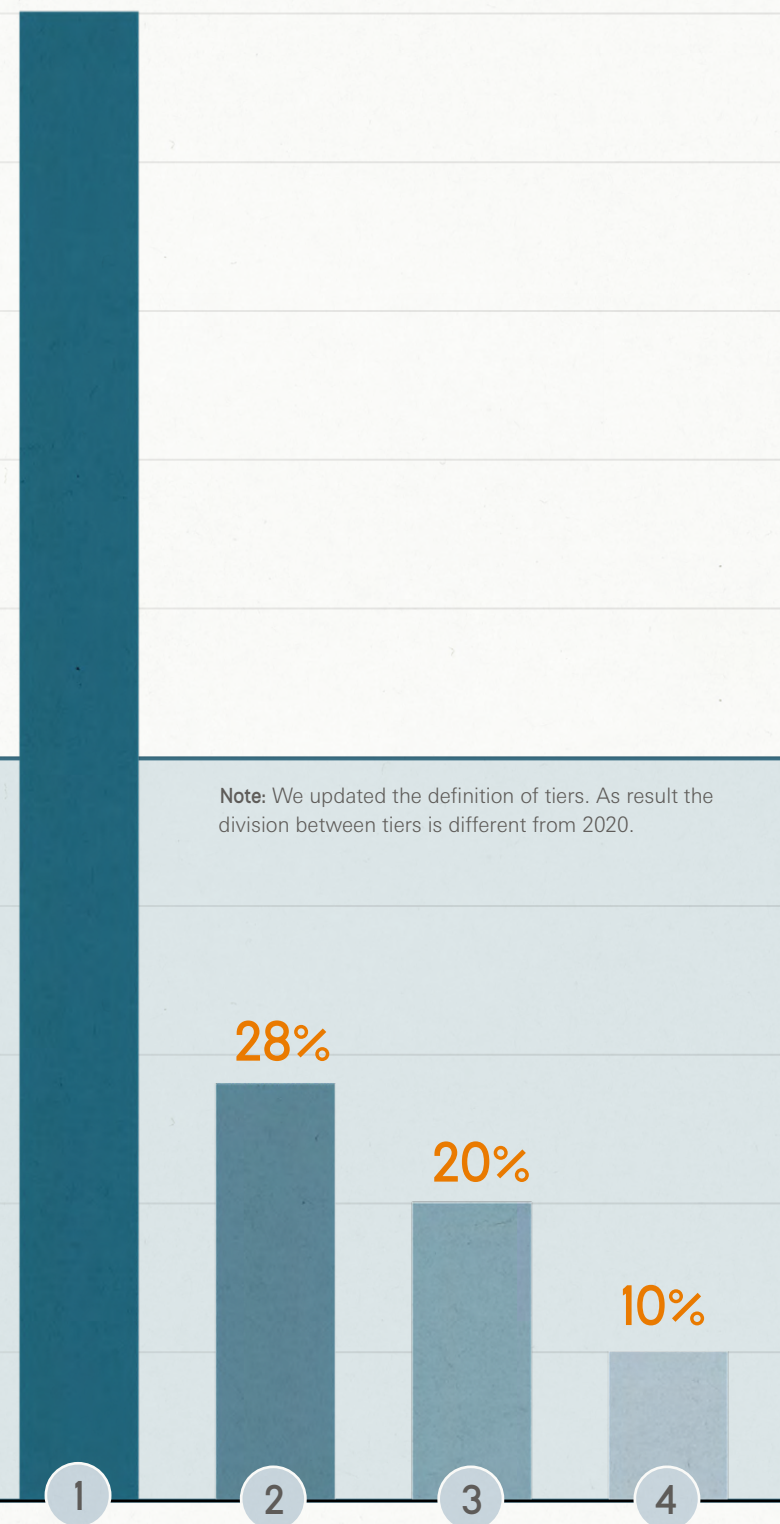
100%

## 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.

**Note:** We updated the definition of tiers. As result the division between tiers is different from 2020.



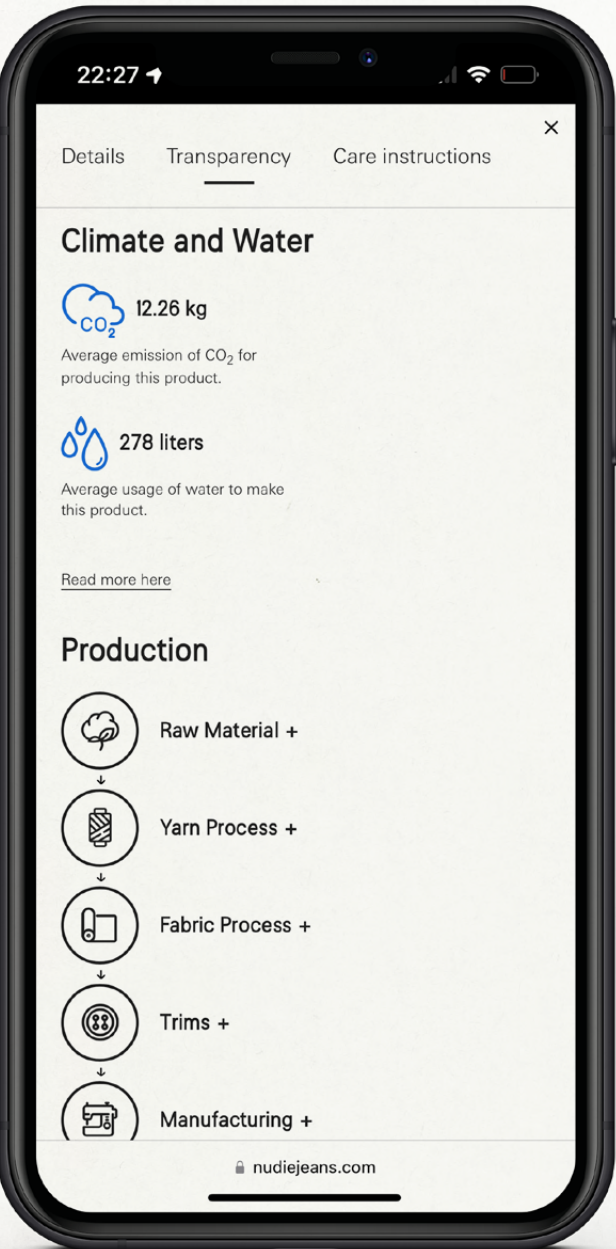
## Tunisia — our largest production country

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, 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 2020. Over the years, the suppliers has greatly improved many social aspects, prticularly 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.



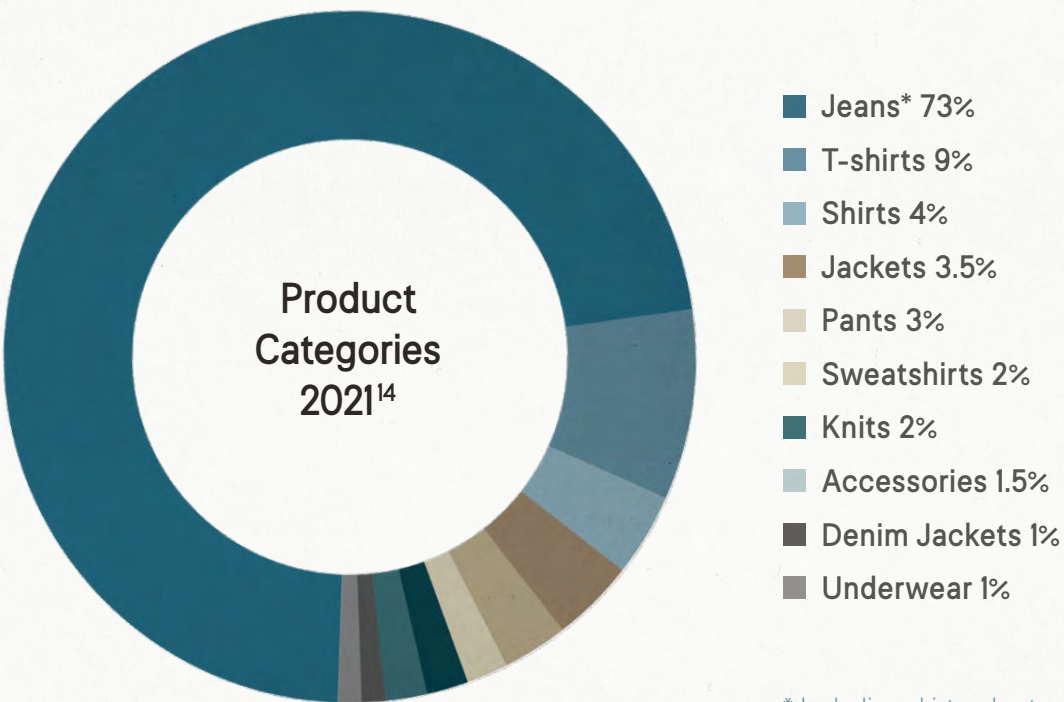
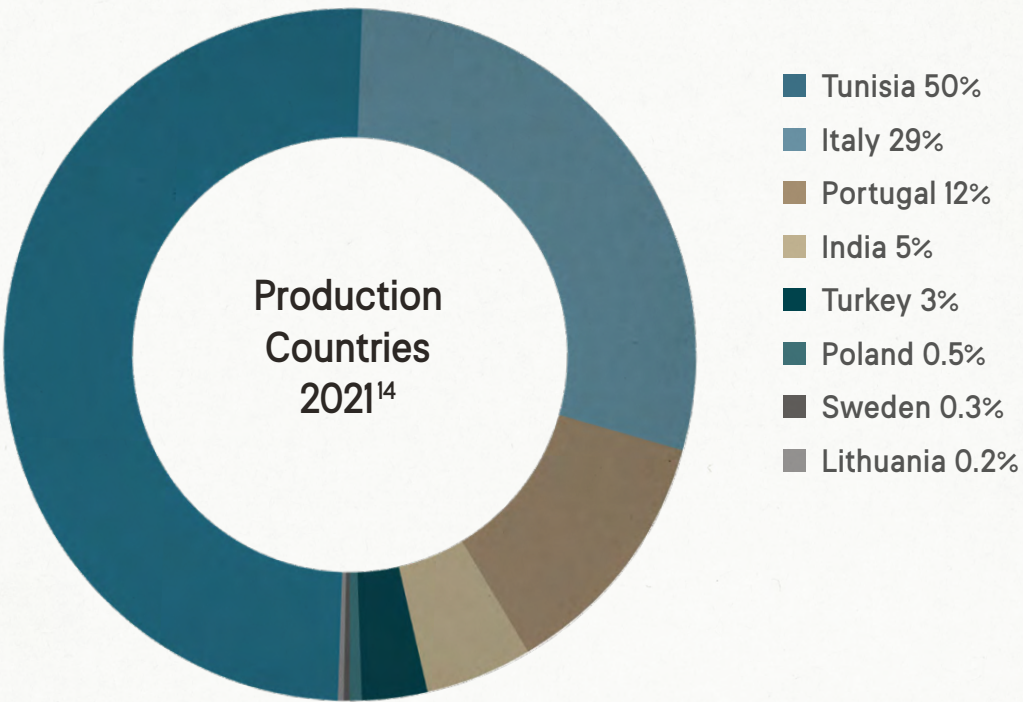
“ In 2021, we provided climate and water data on the product level.



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

In 2021, we continued to take steps in our work for transparency by launching transparency at the product level. The goal was to present both social and environmental information for every product, and so far, we have included audit summaries for the audited factories, certifications, and supplier information for every step in the production chain. The main addition to the product card in 2021 were 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, 2021.



\* 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 the 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 wastewater 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. According to a Textile Exchange report<sup>15</sup>, organic cotton farming has the potential to reduce blue water con-

sumption by 91%, compared to conventional cotton. This is mainly because of widespread use of rainwater as an irrigation source, together with 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.

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 2021, 22% of denim fabrics were made according to the different water-saving technologies offered by our denim fabric suppliers.

15. → [The life cycle assessment of organic cotton fiber: Summary of findings](#)



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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.



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, which give our denim a worn look, we see a rapid development of water-saving methods and technologies 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), 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,

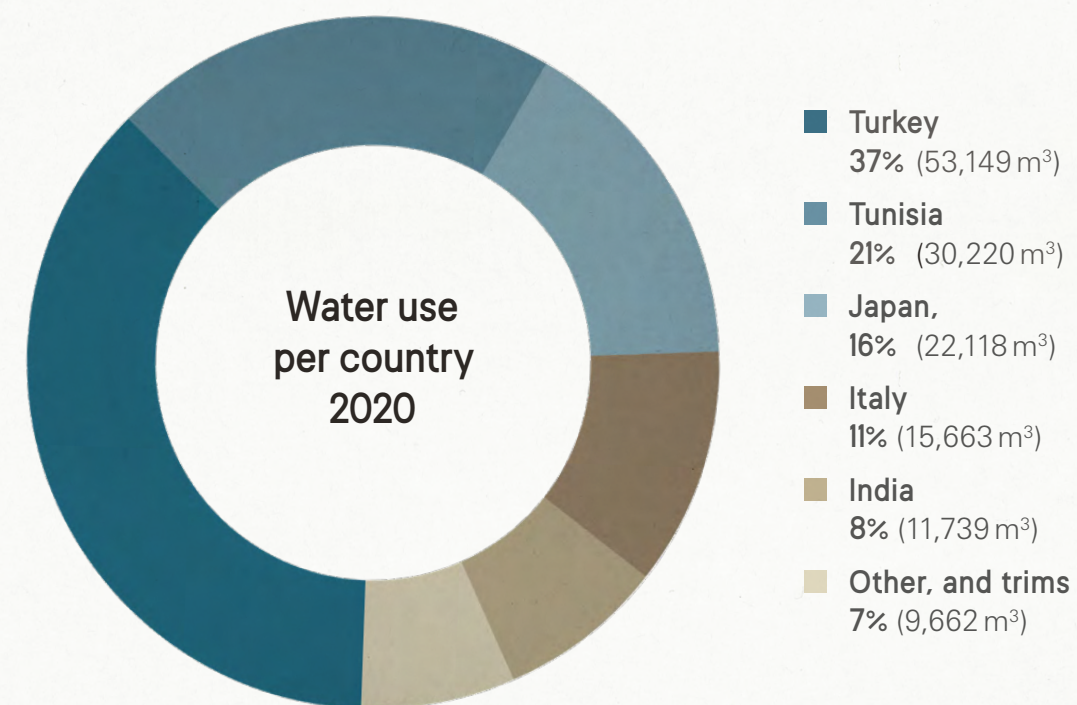
which is necessary, as salt, as a waste product in textile dyeing, affects the dye chemistry.

The suppliers located along the coast of Tunisia and in the Izmir region of Turkey 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 Turkey, 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

For the third year in a row, we have mapped water use in our supply chain, and we will continue doing so moving forward to be able to follow the trends in water usage. The total amount of water used in Nudie Jeans' supply chain to produce our products in 2020 was 172,325 m<sup>3</sup> of water where 62% of the data is based on actual data from our suppliers and 37% of the data is based on estimated numbers. This is a total decrease of 2% compared to 2018. Collecting water data over several years will continue to improve our understanding of water use in our supply chain, as well as pinpointing the hot spot where we need to focus our water-reducing activities.





# Climate

In 2021, for the third year in a row, we mapped the full emissions of our business. We collected data for the full year of 2020 and are measuring our progress towards our base year of 2018. We follow the Greenhouse Gas Protocol methodology<sup>16</sup>, which means we cover scope 1, 2, and 3: our own emissions and energy use, as well as emissions from the full supply chain 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.



## 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 roadmaps 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; we see this as the minimum amount necessary to even begin to claim that we take responsibility for the climate impact of our business.

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 for each year.

We have aimed to collect as much actual data as possible to track actual changes made by our suppliers over the year. 75% of our total emissions are based on actual data from our shops, offices, suppliers, and carriers for the full year of 2020. Estimated data accounts for 25% 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 2020. 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 2020.
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 Ker-ing environmental KPIs or Higg MSI when secondary data were unavailable based on the premises above.
4. Material weight and Higg MSI standard values was used for calculating emissions from raw material stages.

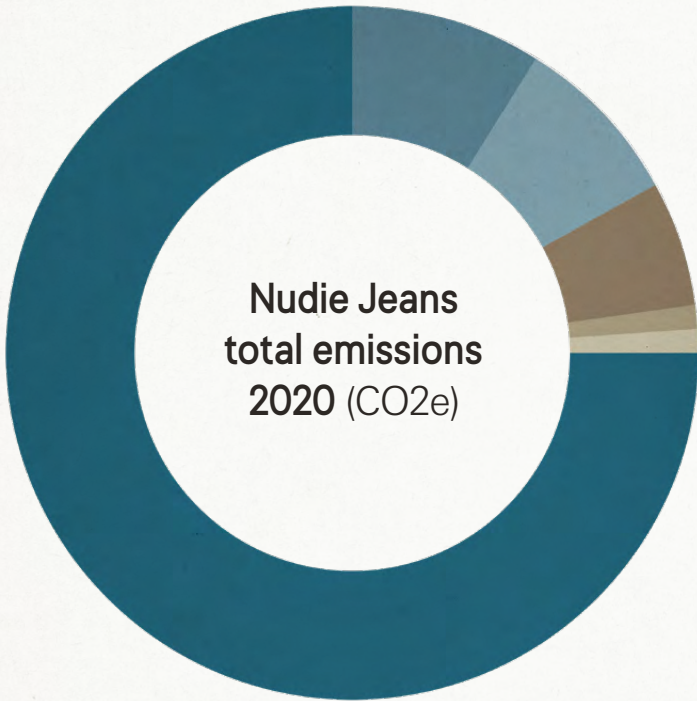


16. → [Greenhouse Gas Protocol](#)



In 2021 we have focused our climate work on following up discussions with our key suppliers to find ways to support them in the transition to renewable energy use. Together with our climate consultants, we have also planned to establish our climate action plan which will take shape in 2022 and will further specify and clarify what actions we must take to reach our climate targets. We also re-worked our Scope 3 target from an in-

tensity target to an absolute target, and as a committed member of STICA we follow the ambition to align our targets with what is required by scientific consensus to stay within the 1.5°C warming pathway. We are planning on officially submitting our climate targets to the Science Based Targets Initiative in the coming year, as our targets are already in line with the 1.5 -degree pathway of the Paris Agreement.



- Nudie Jeans supplier survey 2020 | **75%**
- Average values | **9%**
- Textiles based on MSI Higg values | **8%**
- Based on Nudie Jeans supplier survey 2018 | **6%**
- Based on Nudie Jeans supplier survey 2019 | **1%**
- Trims, based on MSI Higg values | **1%**

**i** 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 3 by 50.4 % by 2030 from a 2018 base year. This commitment is aligned with what is required by scientific consensus regarding what is required to stay within the 1.5°C warming pathway.





In 2021 we also extended our product transparency with emissions and water data on product level. It was first made for the Fall21 collection, and we have continued to publish the data for subsequent collections. The product calculations are based on the specific product's supply chain and processes, weight, and fiber composition. We have developed this methodology with the 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 the rapid development in this field. We hope this increased awareness of our products' climate impact can drive consumption and garment use in a more responsible direction. On our website, we have published a methodology document explaining in more detail how the calculations were made<sup>17</sup>.

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 2020 is presented in the chart on the next page. We can see a significant decrease of emissions in some of the emissions categories in 2020 compared to previous years, for business travel for example, which is directly related to the effects of COVID-19.

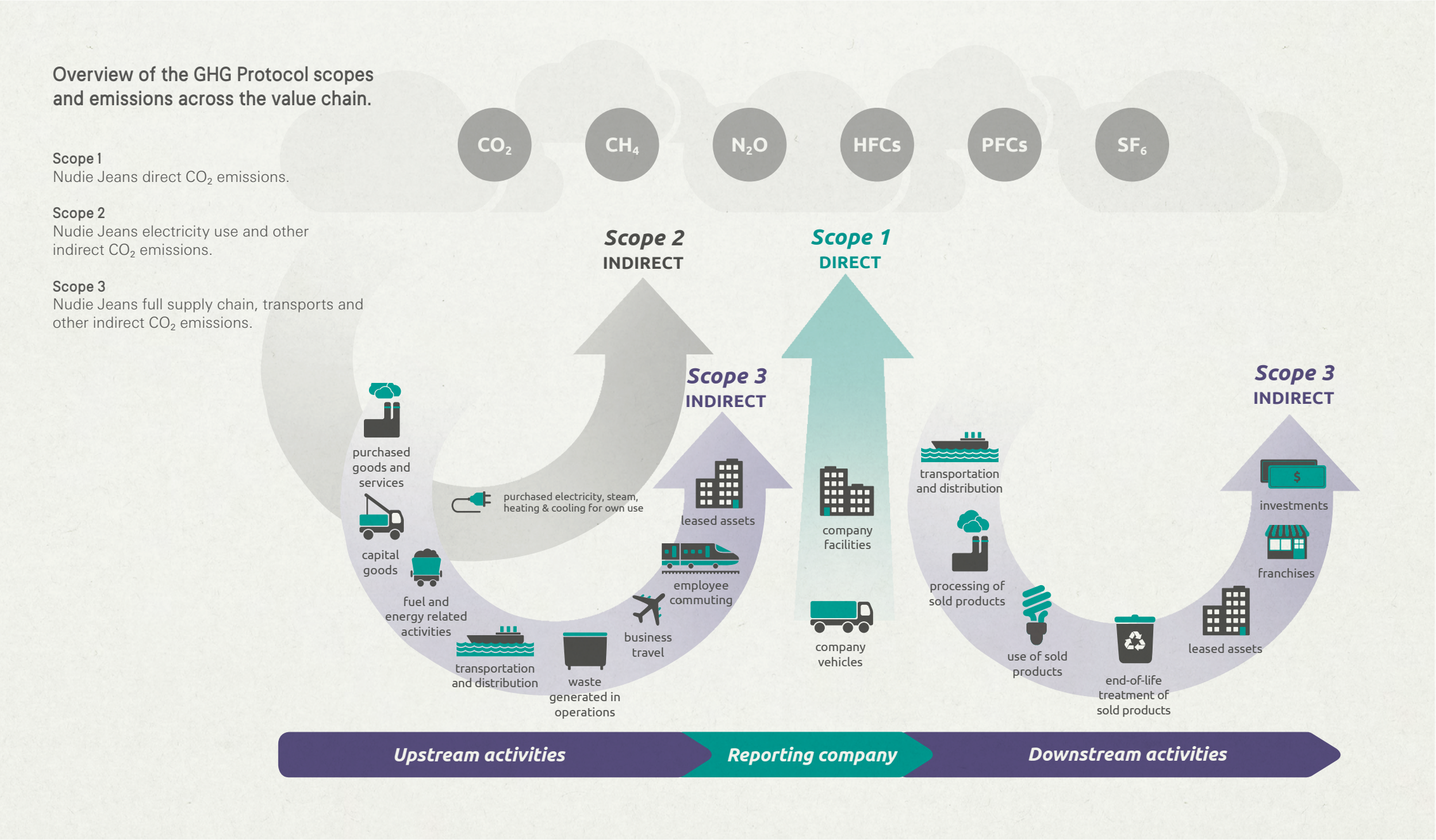


Image credit ghgprotocol.org

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



# Nudie Jeans climate impact 2020

(CO2e)

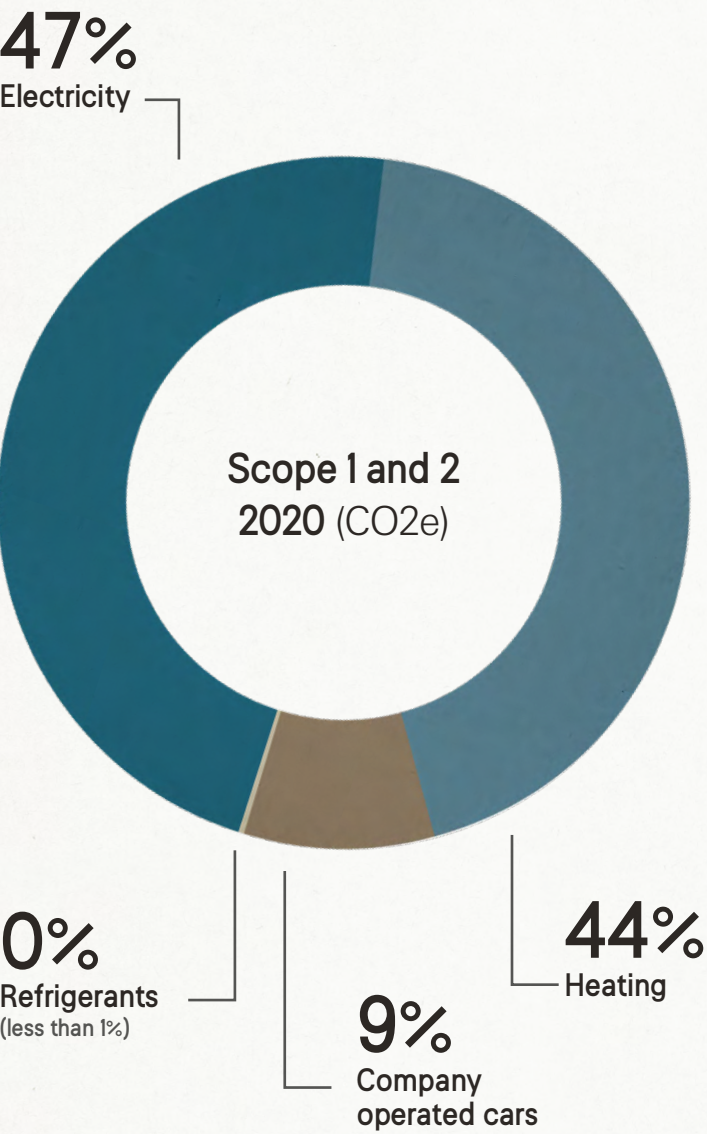
Emissions category	Scope 1 (ton)	Scope 2 (ton)	Scope 3 (ton)	Total emissions (ton)	Share of total (%)
Business travel	37	—	98.4	135.5	2
Company owned cars	37	—	10.3	47.3	1
Flights	—	—	83.9	83.9	1
Traintravel	—	—	0.0002	0.0002	0
Hotel	—	—	4.2	4.2	0
Energy use	11	354.7	21.5	387.2	4
Electricity consumption	—	190.5	7	197.5	2
Heating	11	164.2	14.5	189.7	2
Refrigerants	0.2	—	—	0.2	0
Transports	—	—	1,937.3	1,937.3	21
Truck	—	—	134.6	134.6	2
Rail	—	—	—	—	0
Sea	—	—	4.6	4.6	0
Air	—	—	1,798.1	1,798.1	19
Use-phase	—	—	873.9	973.9	9
Transports	—	—	487.9	487.9	5
Energy use	—	—	386	386	4
Purchased goods and services	—	—	6,028.4	6,028.4	64
Production*	—	—	5,830.6	5,830.6	62
Truck transports	—	—	131	131	1
Sea transports	—	—	38.6	38.6	1
Packaging material	—	—	28.1	28.1	0
TOTAL	48	355	8,960	9,363	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

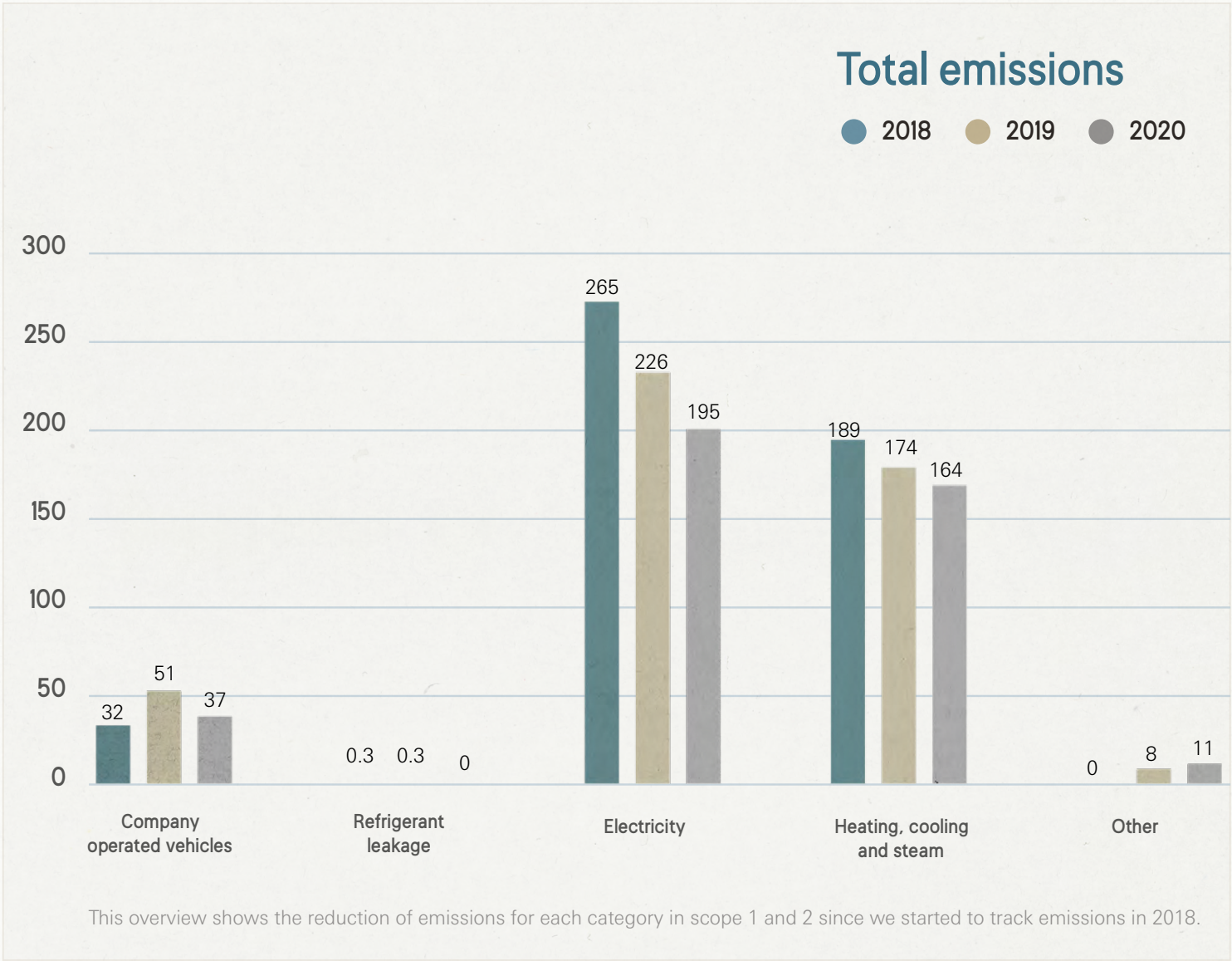
According to the Greenhouse Gas Protocol, direct emissions from company-operated cars, direct heating and refrigerant leakage in Nudie Jeans' facilities are included in scope 1, while electricity for heating, cooling and general electricity consump-



Emissions from scope 1 and 2 have decreased by 17% compared to our base year 2018

tion is included in scope 2. Emissions in scope 1 and 2 stands for 4% 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 2020, our electricity from renewable energy sources amounts to 230,689 kWh, which is 22% of the total energy use in scope 1 and 2. Increased use of renewable energy in our stores and offices has played an important part in the 17% decrease in emissions in scope 1 and 2 since the base year of 2018. But in 2020, many of our stores have also had to close for periods due to COVID-19 restrictions, and this has also impacted the total energy consumption. 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.





### Scope 3

In 2021, for the third 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. The total emissions from scope 3 in 2020 show a small decrease of 4% compared to our base year of 2018, but scope 3 emissions still stand for a total of 96% of Nudie Jeans full emissions. Decreases in emissions can be found in all scope 3 emissions categories except for the category "Purchased goods and services", where we had increased emissions in 2020. Much of the decreased emissions in the other categories can be connected to decreased production and reduced travel due to the pandemic. The increase in emissions from our suppliers is also most likely an effect of the pandemic, as irregular production and fluctuating production volumes along with closing and opening the factories leads to much less effective energy use.

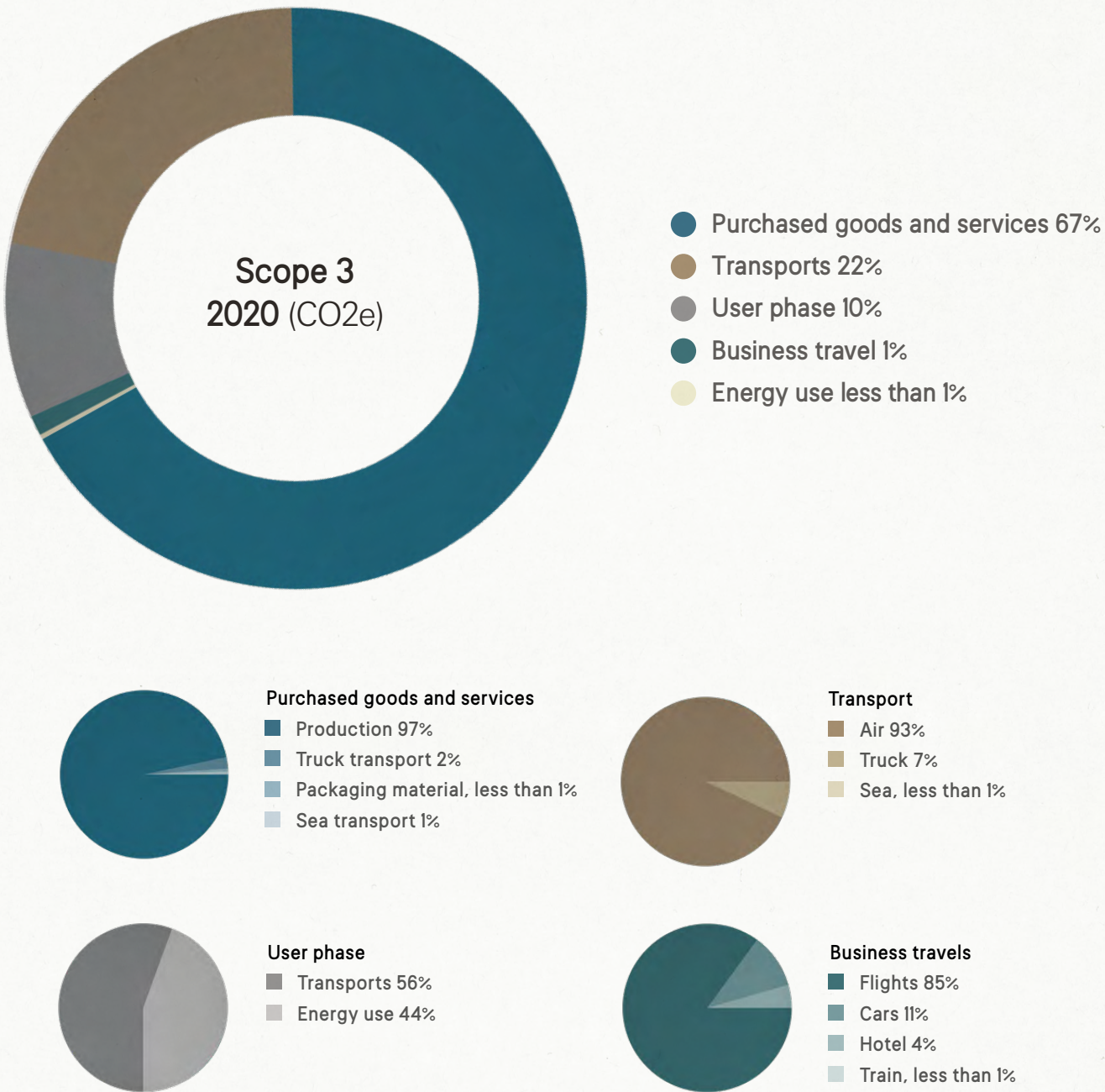
In 2021, we have had a number of individual follow-up meetings with the most important suppliers in our supply chain to discuss their contribution to Nudie Jeans emissions and what actions they can take to reduce their emissions. As 62% of Nudie Jeans' total emissions come from our suppliers, the most important work we can do is to support our suppliers in their transition to working with renewable energy.

Switching to renewable energy throughout the

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

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 RECs<sup>18</sup> as a temporary alternative solution and, in the longer term, invest in local renewable electricity production through solar cells and/or wind power.

18. Renewable Energy Certificates

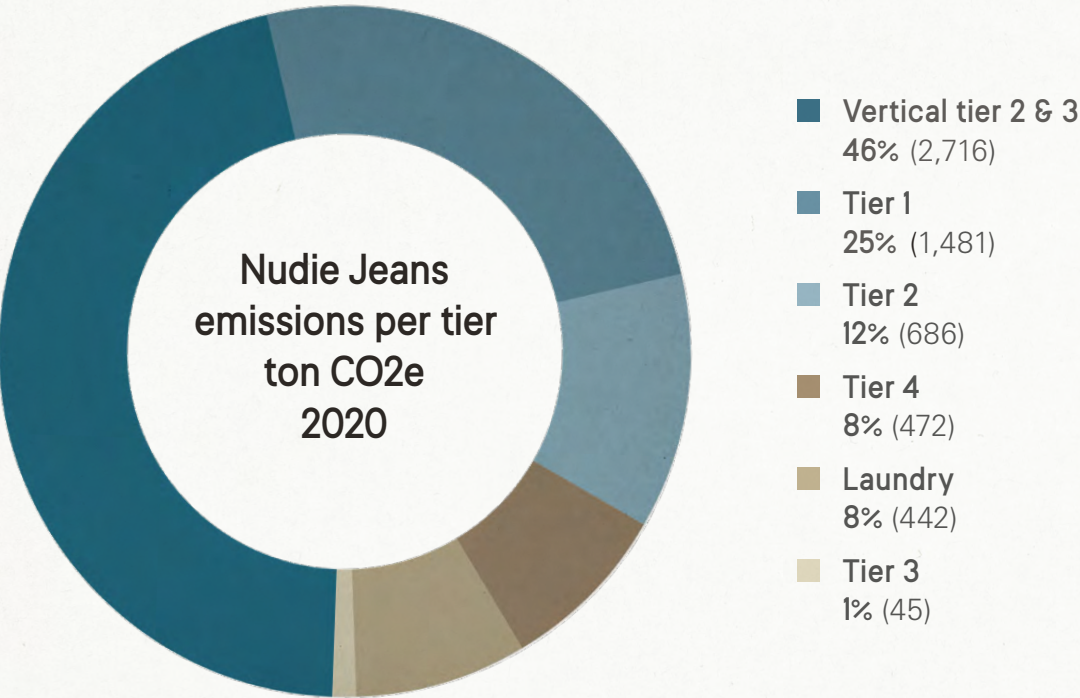




Purchased goods and services

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 64% of Nudie Jeans total emissions. The

most energy intensive processes in our supply chain are the fabric production, and the fabric suppliers creates the largest share of emissions from our supply chain. It is therefore important to us to focus on supporting our fabric suppliers in the transition to increase their share of renewable energy.





# Transports

All of 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 online customers. With transports to every continent, we inevitably generate CO2 emissions. The emissions created by inbound and outbound transports account for 21% of Nudie Jeans' total emissions.

We transport incoming goods by truck, sea, air freight and train. In 2021, we explored the possibilities of transporting more goods by train, especially larger volumes of denim from Tunisia and Italy to the warehouse in Sweden.

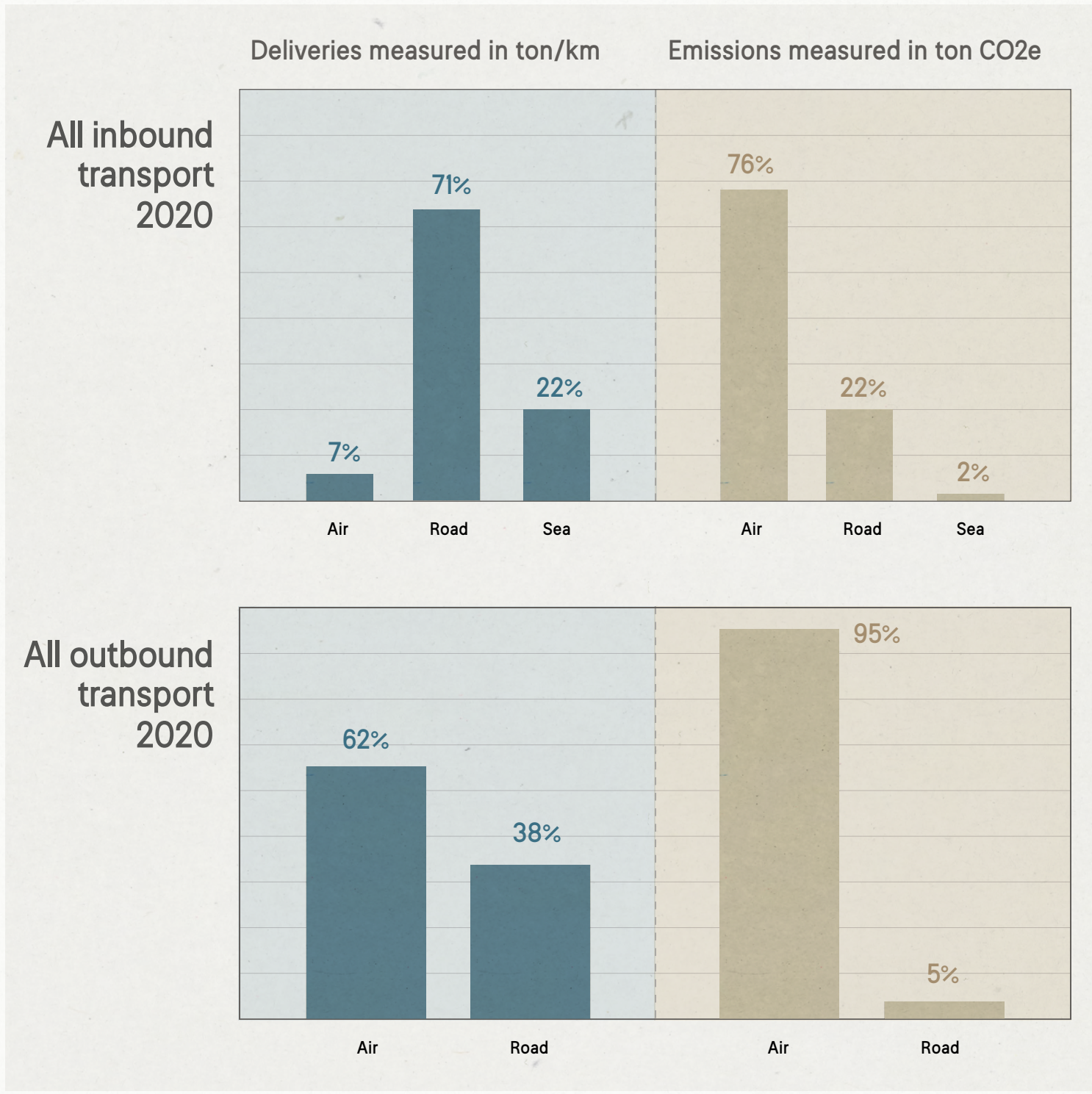
By tracking and analyzing transport emissions per collection, we have increased our internal knowledge of where and how in our work with incoming transport we can make changes to decrease emissions. The increased use of train freight will hopefully lead to decreased emissions from inbound transports moving forward. We are working on our production planning to allow suppliers to deliver according to the established timeframe, to be able to use sea freight and to not have to compensate for delayed production by cutting transport time by using air freight.

We have also started the process of creating internal scorecards for the carriers we use to evaluate their sustainability efforts. It will be increasingly

important for us to work with carriers with active climate efforts, if we are going to achieve the necessary reductions, to reach our climate targets.

For outgoing shipments from our warehouse in Sweden, we use trucks for delivery in Europe and air freight for all other destinations. Online orders to customers were mainly transported by air freight in 2020, which our emissions mapping covers. The main source of emissions from our transport are emissions from air freight, 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.

The development of our omni-channel solution in 2021, in which our Nudie Jeans shops also serves as local hubs for distribution, will be one way to decrease the use of air freight for online orders specifically. Instead, online orders will be sent from the nearest Nudie Jeans shop and transported locally by truck. In 2021, we have also started trials of transporting goods from Sweden to our stores in Australia by sea instead of air. This change of transport mode requires a longer lead-time, which has also had an effect on our stock planning. All of these developments will contribute to lower emissions, which we hope to see in the emissions mapping for 2021.





We are also in close contact with our carriers, with whom we are discussing sustainability developments and how we can work toward solutions to decrease carbon emissions together. We have continued to work with high lighting the shipping methods in our online shop that are better in terms of emissions to encourage customer 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 2020 as well as generic emissions for all hotel stays that same year. Due to limited opportunities for travels in 2020, as a result of COVID-19 restrictions, emissions generated from our business trips were significantly lower in 2020 than in 2018, a decrease of 77 %. While business trips only account for 2% of our total emissions, we do 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 again, in which we encourage train trips over shorter flights, and the continued use of virtual meetings when suitable. However, we will continue to visit 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 our efforts to keep the emissions from business trips low by suggesting smarter travel routes and keeping track of the emissions of various airplane models.

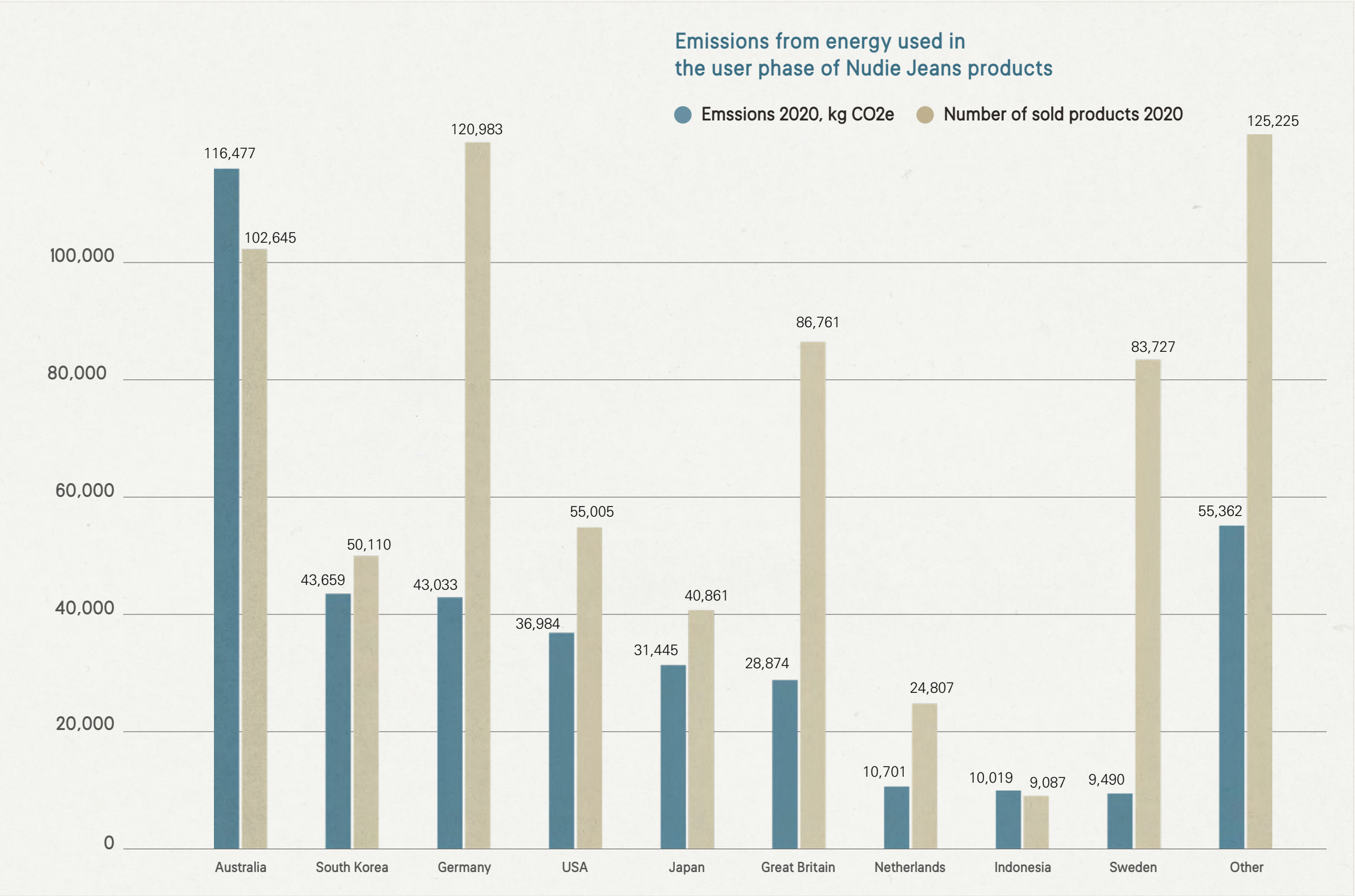




User phase

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 is 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 2020's sales number and the same user pattern found 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 electricity subscription of their home to a renewable energy subscription.



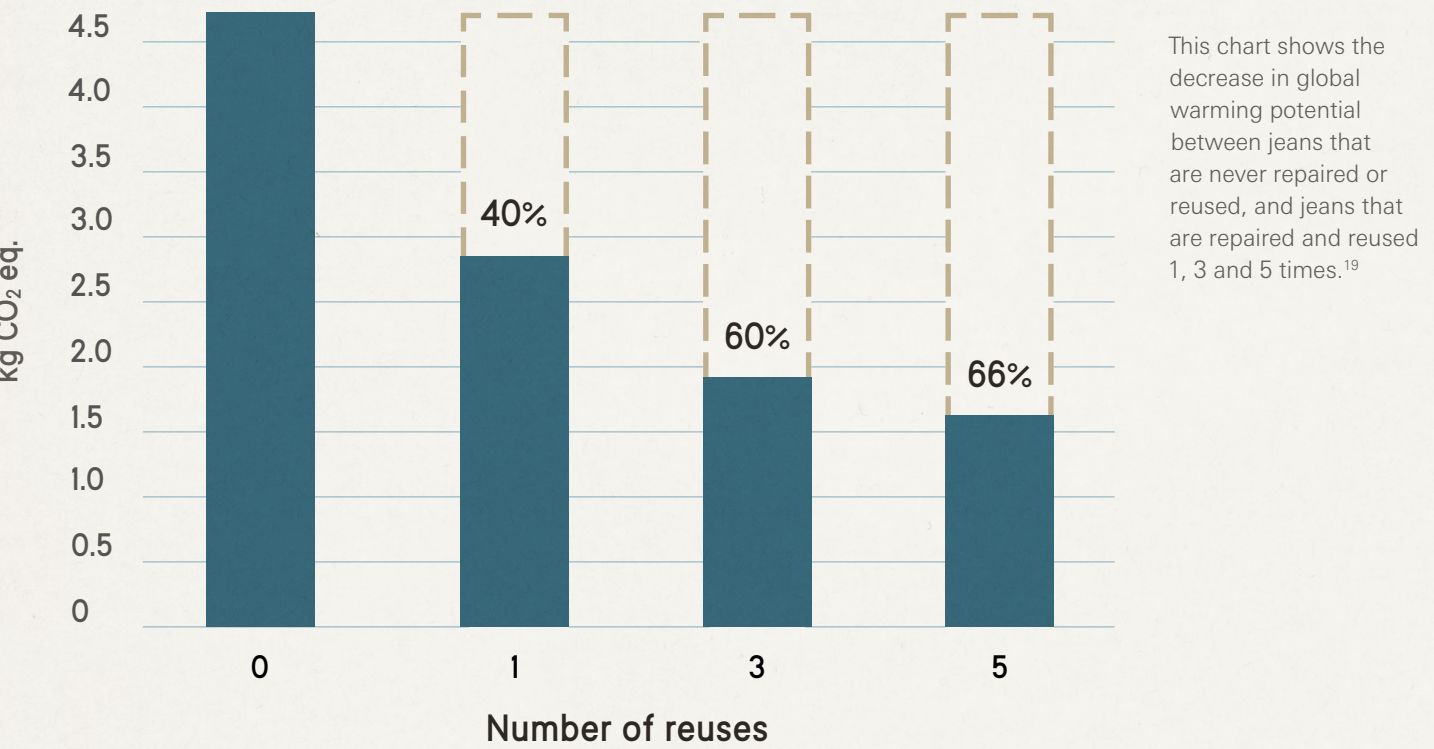




### Prolonging the life of jeans — a climate perspective

Calculating potential emissions savings is tricky. We cannot include what are called 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 as well as from a general resource use perspective. In 2019 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.



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

**We have mapped our emissions for three 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 three consecutive years, and we have offset our business' full emissions for these years. In 2021, we invested in offsetting covering all emissions connected to our business in 2020. For 2020 this means that we have invested in offsetting covering our emissions of 9,363 ton CO<sub>2</sub>. The offsetting projects are invested in through the UN Carbon Offset Platform. We have invested in three different projects, one biomass-based power plant based in Chilakapalem Village in Andhra Pradesh<sup>20</sup>, close to Odisha where Chetna Organic, our Indian organic Fairtrade cotton supplier is based. Two wind power projects; one in Rajasthan and Karnataka,<sup>21</sup> and one in Tamil Nadu<sup>22</sup>. The latter are based in the same area as our Indian jersey supplier. All the above projects generate renewable electricity to the regional grid, replacing energy from fossil-based sources. We aim to continue to invest in carbon offsetting covering our business' full emissions as a compliment to actual reduction activities.

### 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.<sup>23</sup> 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 2020, our CO<sub>2</sub> emissions from UPS deliveries reached 728 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, and thus we support their tree-planting and preserving activities. In 2021, the production of our bags and packaging generated 46 tons of CO<sub>2</sub> emissions, and to offset them Avisera protected and planted 6,300 trees in the projects Envira Amazonia Tropical Forest Conservation in Brazil and Guanaré Forest Restoration in Uruguay.

20. → [Renewable Energy Generation](#)  
21. → [Wind Power Project](#)  
22. → [Electricity Generation through Wind Power](#)  
23. → [UPS Carbon Neutral program](#)



# 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 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 all product categories.	Accept all product categories for take back (except underwear and accessories) by 2020.
Risk of a reduced lifetime of tops due to a lack of resales channels.	Reuse drops, including tops.	Add Reuse tops to the assortment by 2023.

**Sustainable relationships with** customers are the foundation of a sustainable business model and our repair service are 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 have a sustainable product, but we do not stop there. In the Repair shops, where we prolong the lifespan of our garments, we also encourage customers to adopt more sustainable 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 secondhand denim and reuse 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 to our Repair shops, and as a communication tool when speaking to our users in the physical shops or online.

Our level of sustainability, and actions to increase, is in diversity, scalability, longevity, and 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 scalability of and accessibility to these services are crucial aspects 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, to push for more sustainable and 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, Challenges, Actions and Goal structure above, but we have also identified more general risks that we work with. These risks and challenges include the



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:**

- SATIN
- Switching Gear Enabling Network (SGEN)
- UNIDO/Switchmed

**In 2021 we held speeches and presentations related to user phase and communication:**

- School of Business, Economics and Law, Sustainable Marketing and business ethics
- Nordstan shopping center, Slow Fashion
- Siptex and Sysav, Circular actions
- SwitchMed Connect UNIDO, Textile recycling
- The Swedish School of Textiles, University of Borås, Sustainable supply chains and digitalization



quality risks of having second choice garments,<sup>24</sup> unsold product in stocks, recycle challenges, unforeseen events like COVID-19, high return rates and misleading communication and marketing of our products to consumer. 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.

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







# The Repair Shop

Building sensory and social shopping experiences that showcase our product and letting details tell our brand story and philosophy





"We always take the inherent qualities of the premises into consideration and make them shine along with our brand identity."

Ida Toll  
Inhouse Architect  
Nudie Jeans



Every Nudie Jeans Repair Shop has a unique character. But as a Swedish brand, we want them all to pay tribute to Scandinavian design history, which is associated globally with a certain design language. Ida Toll is our in-house architect. She's responsible for conveying that distinct Nudie Jeans aesthetic and ensuring every shop and shop fit align with our sustainability philosophy. So what does it take to juggle both aspects and make it cohesive every time? Ida straightens out the question marks.

– **What I love about** my job is that I get to say, "This time, we really nailed it," and really mean it every time, some 20 store projects later. I've had the opportunity to continuously develop the same concept over the last 10 years, following



the brand's evolution. We've collectively gathered so much knowledge over the years and work toward a joint vision of what a Nudie Jeans Repair Shop should be.

The process of planning and building a shop takes time, and there are many variables to consider. Being involved from day one, Ida can help tip the scale on whether or not to move forward with a project. This can help to cut unnecessary expenses. And, unfortunately, maybe kill a few darlings along the way.

– I'm involved in the planning and evaluation of a prospective object before we make decision. We always take the inherent qualities of the premises into consideration and make them shine along with our brand identity. We try not to fix what's not broken, but if something is, we mend it in a considerate manner.

**As an architect working** with sustainability, Ida faces a lot of different challenges. For one, the world is large, and time is always a factor. A sustainable option in Europe can quickly become resource-demanding if needed to be installed in Asia a few weeks later.



– There's always a challenge in sourcing furniture and materials locally without losing our Scandi feel. Like finding a close-enough relative to the Swedish pine in New Zealand. But accepting a challenge is part of the Nudie Jeans DNA.

– **The sustainability prerequisites** we set up lead a great deal in the design process, as it rules out a lot of materials. We avoid the ones we know too little about and that are difficult to recycle, like plastics and compounds containing hazardous substances.

– We've always had a sustainable approach towards store fits and work toward establishing a framework that defines the brand in the same

way our collection does. Another focus area moving forward will be to design interior fittings that can be reused. That will play a significant part in fulfilling our vision about a circular shop fitting model.

**Ida finds inspiration** in everyday midcentury Scandinavian architecture and try to combine it with traditional carpentry and textile handicrafts, creating environments that feel comfortable and confident.

– A Repair Shop should convey the romantic spirit of Swedish smalltown Monday blues, paired with Japanese craftsmanship and love of all things indigo.








## Repair Shops

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 materials, we select the most sustainable option, for instance FSC-labeled wood to ensure responsible forestry practices, fiberboard with the least number of adhesives, or Carb2-certified alternatives to verify that no formaldehyde has been used in the production process.

Regarding finishing, such as paints, oils and coatings, we aim to use organic or environmentally sound options, and we make sure to avoid hazardous treatments. We also avoid all sorts of petroleum-based products for our shop fittings, such as plastics, vinyl carpets, laminate surfaces, composite materials, and thermosets.

New lights in shops are always LEDs to save energy and when operational functionality permits, we use as many vintage and secondhand items as possible. These items include chairs, smaller

 **According to the waste hierarchy, prolonging the life of a garment is more sustainable than recycling it.**

merchandise furniture, lamps and textiles. We only use FSC-certified wooden hangers in our shops, which have a long lifespan and are made in sustainable material.

We endeavor to have control of and insight into not only our supply chain's environmental and social impact, but also our own Repair Shops'. It is important to understand that our own day-to-day work also has an environmental footprint, and to explore ways of mitigating. Up until spring 2021, we followed the requirements for environmental management according to the Swedish standard Miljödiplomering by Svensk Miljöbas (Swedish Environmental Foundation) This was the last year our shops followed the standards of this certification, as we at the Nudie Jeans head office in 2021 was certified with the ISO 14001:2015 standard to better reflect the set up of our global repair shops. Our Repair Shops in Sweden, Germany, UK, US, Oslo, and Amsterdam and Australia are not certified themselves but all have an integrated environmental management system based on ISO 14001:2015 criterias.

Each repair shop map the environmental impact of the business unit, such as electricity consumption, waste separation and chemical products. Undergoing annual internal revisions is one way to develop and sustain our efforts, although the internal revisions for 2021 were postponed due to the pandemic. Yearly improvement strategies are created to drive the work forward. For instance, our CO2 emissions in scope 1 and 2 of the Green House Gas Protocol, where our Repair Shops and offices are included, were reduced by 17% in 2020 compared to our base year 2018. Due to COVID-19 a few of our Repair Shops was closed in periods which also reduced the use of electricity and heating, and this is also reflected in the large decrease. But we have in 2021 continued to look over electricity subscription to transition to renewable electricity sources. The Repair Shops covered by the environmental management system are regularly provided with internal or external sustainability or environmental trainings, 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 then 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 harvest of 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 about prolonging the lifespan of the denim. Repairs are deeply rooted in our DNA, to encourage people to care about the true value of the garment, which is a crucial part of a more sustainable 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, one can always order a free Repair Kit from our website. The Nudie Jeans Repair Kit contains thread, patches and a few more essential items for DIY repairs.

Normally in a year, we travel to many of our wholesalers with our Mobile Repair Station, making it possible to repair even more jeans. In 2021, most of these activities were cancelled due to COVID-19.

Since 2018, we also have an integrated Repair Partner concept, in which key wholesale partners are entrusted and given the opportunity to take part in and support our circular activities. Thereby our Repair Partners increase the availability of our repair service and makes it more scalable. In 2021, all our Repair locations together repaired a total of 42,500 pairs of jeans which was a decrease with 7.4% compared to 2020. Pre pandemic, we have seen annual growth in our repair figures, something we perceive as an indication for increasing number of repair users coming from newly

opened repair spots as well as increased engagement in the already existing Nudie Jeans repair community. But the annual growth also comes from efficiency improvements within our own Repair Shops.

Due to the closing of several of our stores in line with COVID-19 restrictions we have had less possibilities of upholding a full-scale repair activity. With shortages of staff, we have also had to focus the activities in the stores around core sales business. Given these conditions we decided to pause our targets on numbers of repairs, number of collected Nudie Jeans and sold Reuse. We will restart this work again when the stores are back to full capacity.

The global average repair figure in Nudie Jeans shops showed good development in the early years. In 2020, this number was 1,641 pairs per shop and in 2021 it dropped to 1,131 pairs. The lower number of repairs is slightly balanced with the increased number of repair kits that were sent out; both might be explained by the impacts of the COVID-19 and the closing of two stores. It is possible that more of our users have turned to the use of Repair Kits in the absence of their local Repair Shops due to the temporary lockdowns. In 2021 we sent out 3,410 Repair Kits globally, which is 827 kits more compared to 2020, and an increase of 32%.





# Free repairs forever...

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





“ 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.

– **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 also enables us to take care of the jeans



people are about to throw away. We either recycle and use them for patching material or sell them second-hand in our Re-use program.

– 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. You also get 20% off on your next pair. 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 for them to hand in their jeans. And collecting these jeans lets us downcycle and use them for patching material.

**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 offer within a few years.

**While free repairs and** Reuse jeans are still limited by geography, buying a pair of Re-use is possible



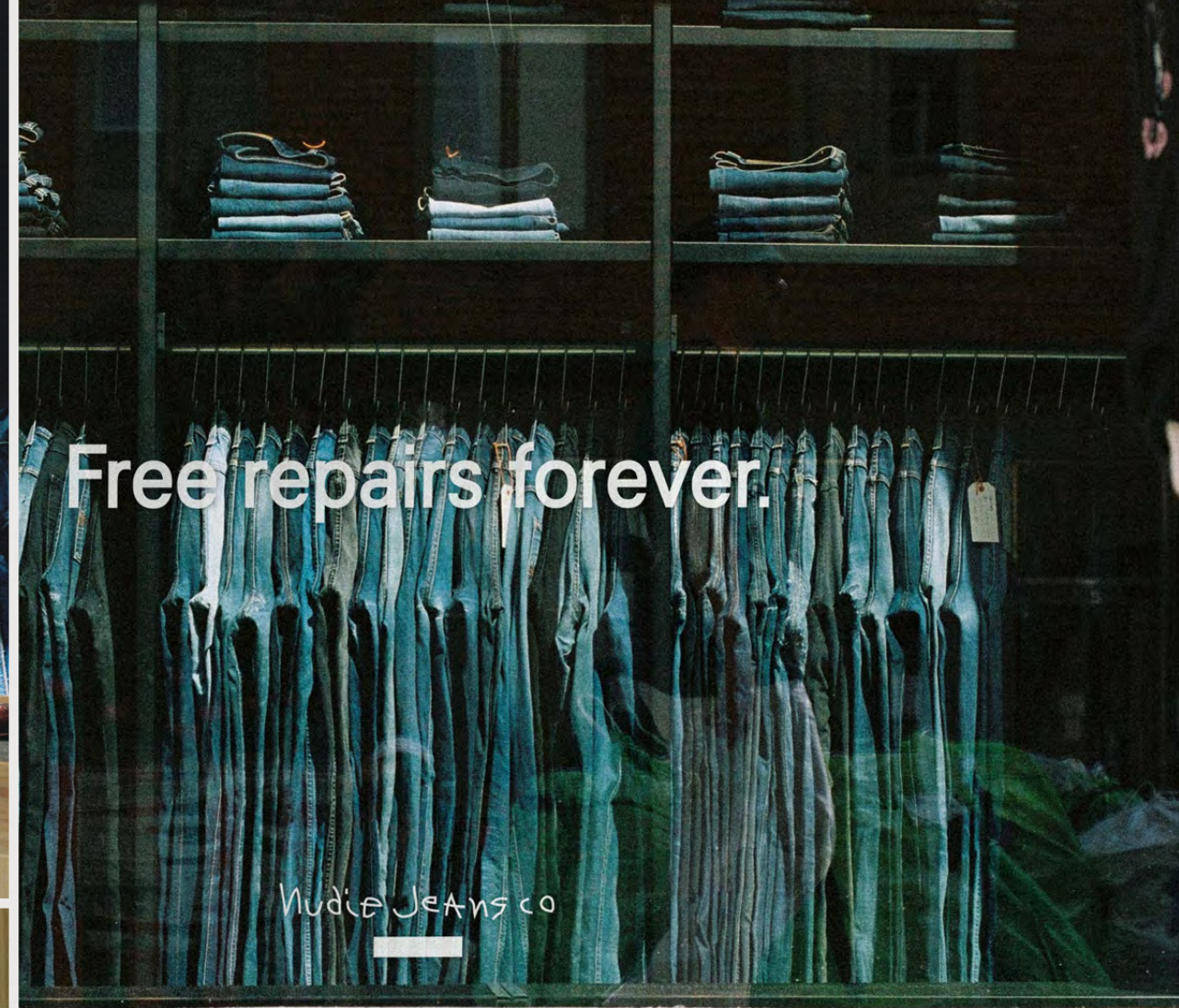
on nudiejeans.com. Michael is the curator of the online Re-use drops.

– I pick out the best pieces, 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, order a free Repair Kit, and get your DIY on. We also have Mobile Repair Station on tour, visiting stores across Europe.







# Reuse

According to the waste hierarchy, prolonging the life of a garment is more sustainable than recycling it. Beyond repairing, use of garments can be prolonged through exchanges with others, by



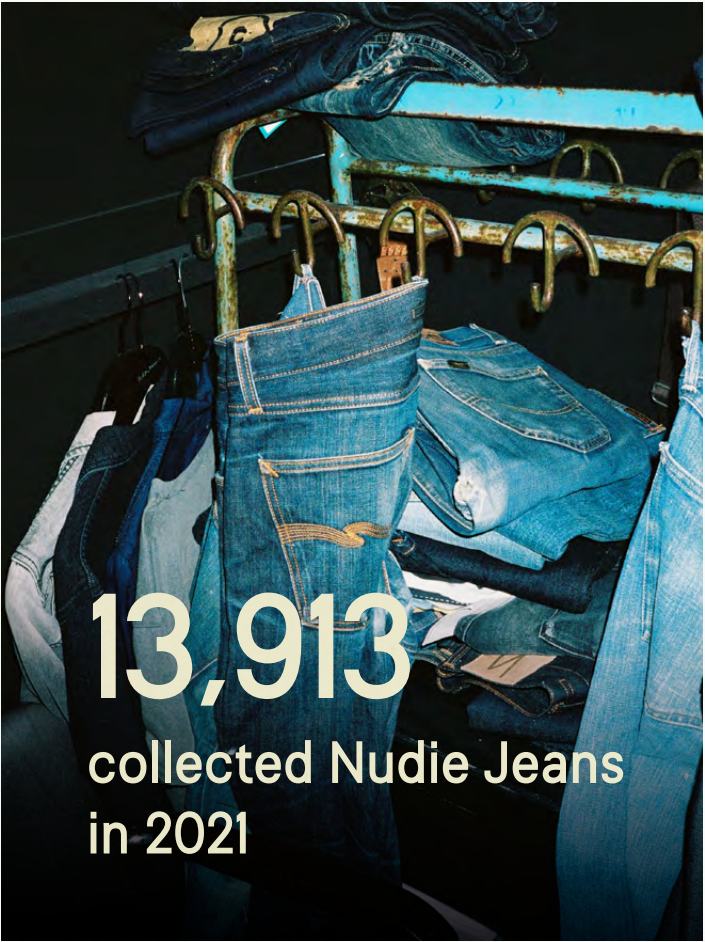
**2,273**  
sold reuse Nudie Jeans  
in 2021

gifting them, donating to thrift shops, by redesigning, reselling them, or in case they are a pair of Nudie jeans, handing them into the Reuse Program in one of our Repair Shops. At Nudie Jeans, we offer 20% discount off a new pair when our customers hand in an old pair of Nudie jeans. This way, customers have an incentive to engage in not only our free repair service, but also in 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 circular projects, such as the production of caps, hats, backpacks, rag-rugs and more.

We wash the Reuse jeans, repair them if needed, and put them on the Reuse rack in our Repair Shops, ready to become a new customer's favorite pair. Our Reuse jeans are "Bra Miljöval" labeled, which is the Swedish "Good Environmental Choice" eco-label issued by the Swedish Society for Nature Conservation (Naturskyddsföreningen). Since 2018, we also offer Reuse jeans online, where in limited occasional drops, pre-loved denim is made available at our online shop. In 2021, this initiative continued with a total of three drops. The results of the Reuse drop were once again great, and all drops had high levels of sales. In 2021, we sold 2,273 pairs of Reuse jeans, a slight increase of 1.5% compared to 2020.

# Recycle

Once we have used and reused the denim, we need to explore recycling as the last step of closing the loop. Recycling reduces waste and the consumption of virgin raw materials. Cotton fibers last much longer than we tend to use textiles and wear our clothes. A pair of jeans can be recycled in various ways, but there are challenges in both the mechanical and chemical recycling processes. We are constantly looking for new ways to extend the life of our cotton fibers. When it comes



**13,913**  
collected Nudie Jeans  
in 2021

to recycling our own products, we try to avoid mixing our organic cotton with other products containing conventional cotton. In this way, it can be used again as recycled organic cotton, which we consider the most sustainable alternative.

By exploring ways of recycling our own products, we know that the input of recycled cotton is organic, along with the input of 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 we can collect in our Repair Shops, the less virgin raw materials we will need to use. This way, we can optimize the post-consumer fibers according to the waste hierarchy and prolong the life of the cotton fiber, regardless of if it is as a pair of Reuse jeans, as repair patches, as material for production of denim accessories, or as recycled fibers in a cotton blend for a new pair of jeans.

In 2021, we collected 13,919 pairs of post-consumer Nudie Jeans in our Repair Shops which is a 51% increase compared to 2020.

The lockdowns caused by the outbreak of COVID-19 has also impacted this area of our circular activities, since our Repair Shops where we collect the post-consumer jeans have followed national restrictions at all markets.



# Wholesale

In our wholesale business, and in their different markets we noticed that the topic of sustainability is on the rise. More and more accounts are showing interest in our brand and our sustainability profile. In 2021 we had 85 accounts with a sustainable profile, an increase with 1% since 2020. This shows that more and more consumers are willing to invest in garments from brands with more sustainable practices, and we foresee an increased transition in the coming years.

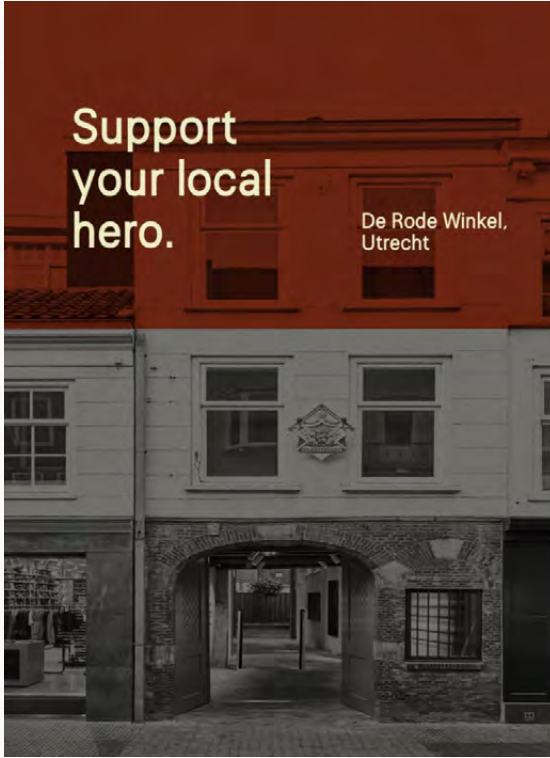
We work with some of the best independent retailers across the globe. Some have been around for a long time, while others are new and forming the next generation of wholesale accounts and independent retailers. In different ways, they have all been part of building the Nudie Jeans brand and spreading the word about our products and business beyond the reach of our own Nudie Jeans shops.

In the challenging times of the pandemic, we wanted to show our support for our independent retail partners. That is why we continued the concept of Local Heroes. In our social media channels, we published interviews about a few of our most heartwarming collaborations to inspire our customers to support these businesses as well.

In the American market, we have our subsidiary Nudie Jeans Inc. The situation in the American market in 2021, characterized largely the continuous spread of COVID-19. Even so, we managed

to support the customers in wholesale during this tough year in retail. We fulfilled our promise of "free repairs forever" at our repair shops when they were open, and we increased our customer service and other services online for the North American market.

Local Heros covered in 2021:  
**Danali Clothing**, Winnipeg, Manitoba, Canada, **Home of Blues**, Karlsruhe, Durlach, Germany, **De Rode Winkel**, Utrecht, The Netherlands, **Denim & Brands**, Stenungsund, Sweden, **Dreist**, Aachen, Germany.





# 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 also creating opportunities to further impact consumers' adoption of more circular be-

haviors. In addition, we believe the concept sets a good example regarding the need for stakeholder collaborations aiming to achieve greater responsibility and increased circularity within the textile industry.

The Repair Partners are equipped with the same sewing machines and sets of tools as our own Repair Shops to easily carry out the same services that we provide.

"Since half a year Vielgut is a proud Repair Partner of Nudie Jeans. Since 2012, the year Vielgut started, we are working with Nudie Jeans. Nudie Jeans matches for over 100% with our Vielgut brand values, 'Authentic', 'Raw' and 'Care for the world'. Nudie Jeans is one of the most distinctive brands in the industry. The Nudie look and feel, the Nudie focus on sustainability and the Nudie collaboration with retailers and customers, it all stands out of the crowd.

For us, our 'Care for the world' brand value goes beyond working with sustainable cotton, recycled wool or fair wages. It's also about lasting as long as possible. And enjoying the transformation of your dry denim to the max. Therefore, we love to be a Repair Partner. And our Nudie Jeans customers also appreciate the concept of getting their jeans repaired for free and making them last longer. Because the best jeans are the jeans which feel like your best friend when you put them on in the morning"

**Vielgut**  
Repair Partner  
Netherlands



## All current Repair Partners

RESRES, Copenhagen, Denmark | Pop and Shoes, Lyon, France | Glore, Stuttgart, Germany | Vielgut, Eindhoven, Netherlands | Liquor Store, Birmingham, UK | EBB18, Groningen, Netherlands | The Adjective, Bangkok, Thailand



# 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 as well as 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 be proactive and strategically send items back to our Swedish warehouse, from where they can be sold online instead, 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 also 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, for instance, 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 of and responsibility for 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; these garments are referred to as 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 occur more frequently than among tops. Regardless of product category and whether the garment makes it to a shop, we still

## In 2021, we turned 31,000 pieces of seconds choice jeans into new denim fabrics

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. We made this a particular focus in 2021, and together with our suppliers in Tunisia and with support from the United Nations Industrial Development Organization (UNIDO) and research organization Switchmed, we released our biggest recycling project to date when we in total used 31,000 pieces of second choice garments to make new denim fabric.

Although we often buy minimum volumes of fabric stock, we sometimes end up with leftover fabrics at our production suppliers in between collections. Since we primarily work with denim fabrics, it is more common to end up with leftover denim than other fabrics. Regardless of what fabric leftovers we have in stock, we try to make sure they are used. The first solution is often to use the fabric for our production of future collections or for production of 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 until future projects.

### Nudie jeans largest recycling project

Together with UNIDO (United Nations Industrial Development Organization) and the SwithMed program, Nudie jeans took on its largest recycling project to date in 2021. The project consisted of recycling second quality Nudie jeans, those that do not quite meet the quality standards — the wash may be too dark, the stitching may not be quite right, or the cut may be irregular. The project was carried out together with Nudie Jeans largest denim manufacturing supplier Denim Authority, and the fabric supplier SITEX/SWIFT. Both suppliers based in Tunisia with the entire recycling and remanufacturing process taking place within a 180-kilometer radius, reduced both cost and transport emissions. In 2021 this work resulted in the production of around 40,000 meter new produced denim fabrics made with 20% recycled cotton coming from Nudie Jeans seconds. Around 31,000 second quality Nudie jeans were used in the process. The project is ongoing with more production planed in 2022.

The result of the study of this work:  
→ [Textile Waste Mapping](#)



# 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. The Forest Stewardship Council offers a certification to ensure responsible forest management. 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 materials and 60–20% virgin plastic. We have since mid-2020 made sure that all our polybags that are used for packaging in our production chain are made of 80% recycled plastics.

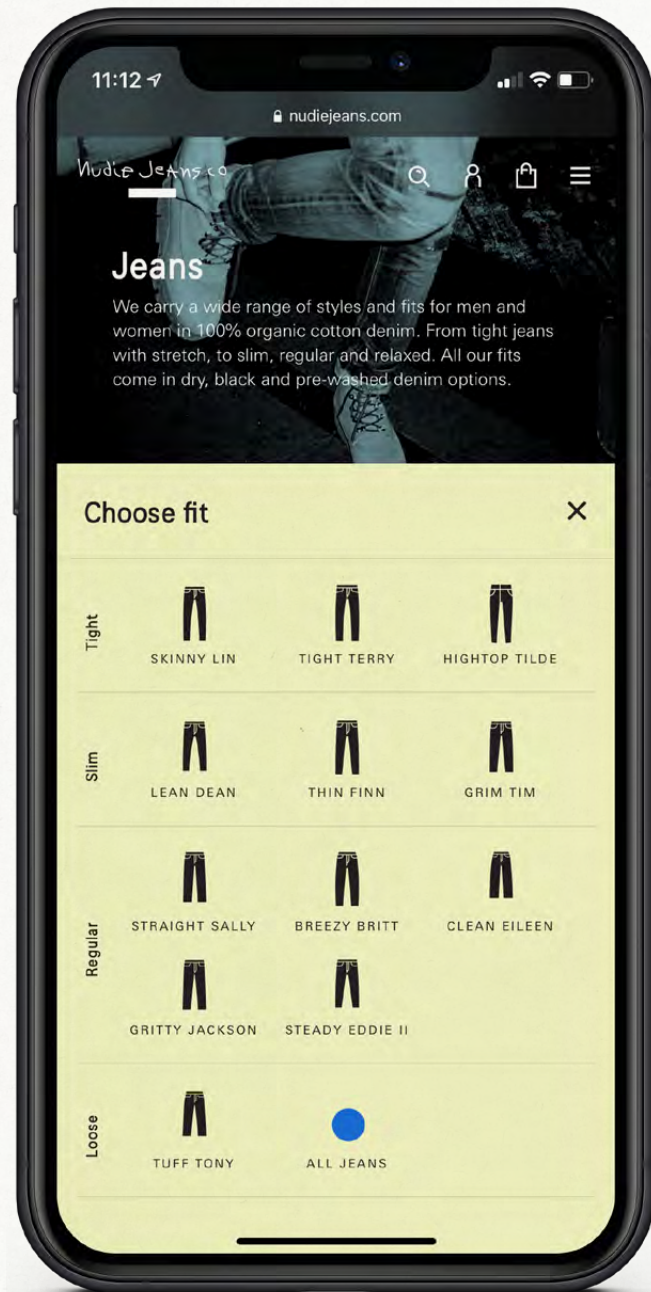
We have examined many different options, including biodegradable plastics, but after thorough research, we decided that recycled and recyclable

plastic is the best option for us right now, 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 2021, we purchased 50,850 paper bags for our Repair Shops, 195, 000 e-commerce plastic bags, and 6,625 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, scheduling phone calls with our customer care agents for personal advice and providing a fit and size guide, close-up images of our products, detailed product descriptions and a highly transparent production guide. In 2021, we continued to provide increased production transparency directly on the product page in our online shop. This gives our online visitors easier 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 the garment is in before being dispatched for an online purchase.

Seven days after delivery, we send a survey with the option for customers to give feedback on their experience and the product. The goal is that all feedback on products will be internally addressed to our garment technicians and product developers for future reference. We believe that all of this improves the customer experience and indirectly

establishes more sustainable and profitable long-term 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 delivery, as well as longer return windows. In our online shop, we offer free shipping for purchases over a certain amount, roughly €100. Jeans are not the easiest garments to buy online and as we establish new customer relationships, the return rate increases, since 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 creating an increased 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 business economics interest in keeping our return rates low. Yet, we want to take responsibility for

products that do not meet our customers' needs by offering the smoothest possible return process. However, being customer-friendly does not mean we have to offer free returns.

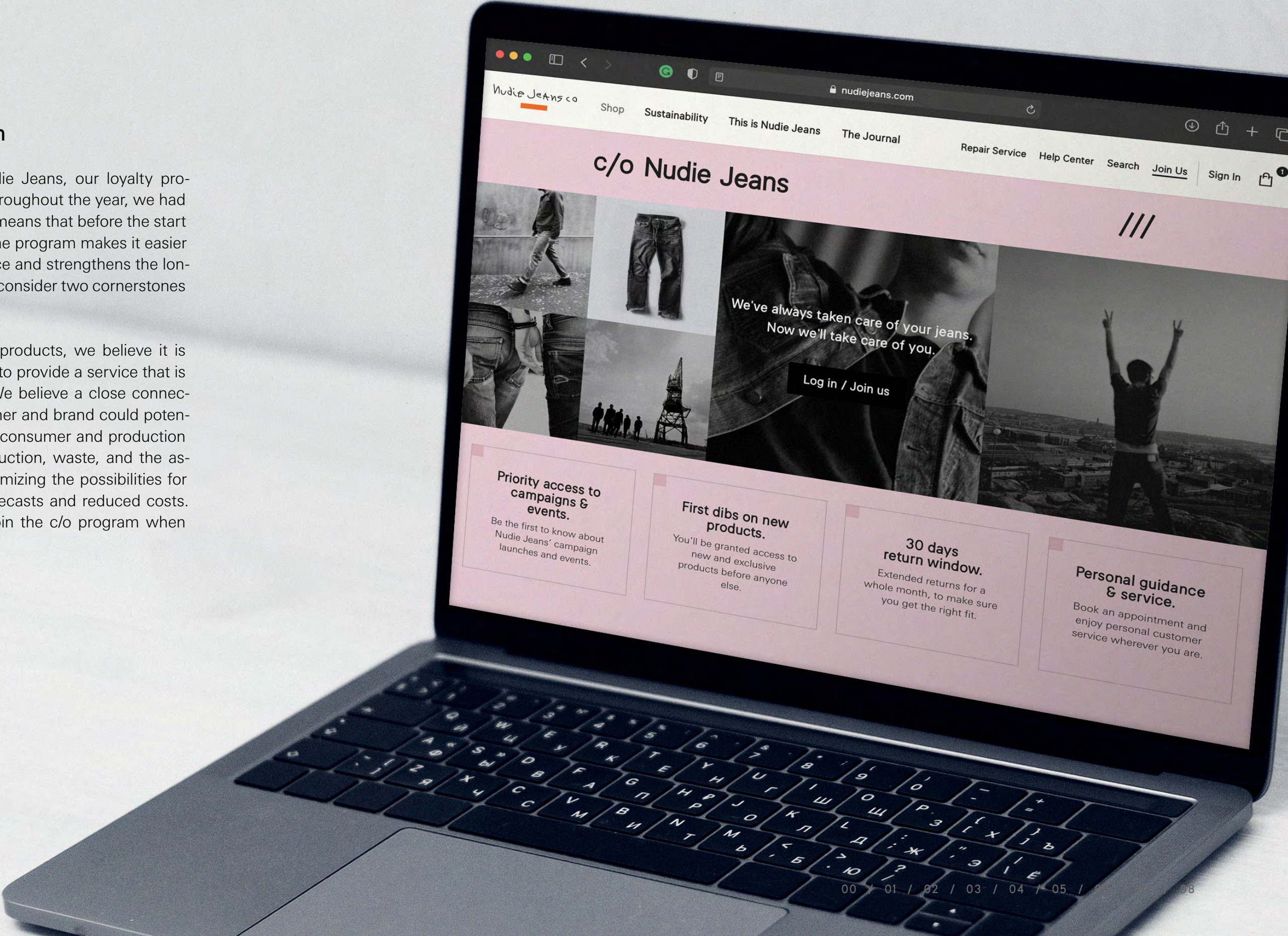
We can still reach customer satisfaction and profitability by being creative in efficiently handling returns and asking ourselves why the customer returned the product in the first place. Returns are a natural part of the experience between consumers and brands and managing them is crucial to maintaining a healthy and long-lasting customer relationship. In 2021 we extended our network of return hubs globally. Our local Repair Shops work as a warehouse where they pack, ship and handle local returns of e-commerce orders. This enhances the entire return management process and the customer experience by decreasing the shipping time, CO2 emissions, pick & pack costs, and return rates. The customer is more likely to change to a new size or product when returning in-store. We added a new fit guide with the option of dragging and comparing all of our bottoms, and we will soon launch a similar measurement tool for our tops. In spring 2022, we will go live with product reviews.



### c/o Nudie Jeans — our loyalty program

2020 was the first complete year of c/o Nudie Jeans, our loyalty program for an improved customer experience. Throughout the year, we had 79,572 new members join the program, which means that before the start of 2021, we had a total of 121,957 members. The program makes it easier to provide the best possible personalized service and strengthens the longevity of our customer relationships, which we consider two cornerstones of a more sustainable consumer culture.

In addition to knowing our supply chain and products, we believe it is equally important to know our customers, and to provide a service that is suitable for the individual and the occasion. We believe a close connection and clear communication between customer and brand could potentially generate more synchronized and circular consumer and production patterns. In turn, this could mitigate overproduction, waste, and the associated environmental impact, while also 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

In 2021, we kept our NPS (Net Promoter Score) at a high level: +76.6, although a decrease of 3.6 from 2020<sup>25</sup>. The e-commerce market generally has a high NPS, with an average of +62 in 2020. The response rate for 2021 was 19.2% which was a notably lower rate (-6.7%) compared to 2020. In 2021 we sent our more surveys reaching more people, but the response rate was consistently low throughout the year.

Despite a lower response rate, we kept the split between Promoters, Passives, and Detractors equal just like the previous year. Of the 19.2% responses, 82,5% were Promoters meaning they rated us either a 9 or a 10 (84.8% in 2020). The Passives that rated us 7–8 were 11.5% (11.3% in 2020). Our Detractors increased slightly and of the total responses, 5.9% gave us a 6 or less in their rating (4.2% in 2020).

The reason for the split between Promoters, Passives and Detractors was mainly a result of our largest markets such as UK, Germany, Sweden, US, Australia and Canada all showing a decreased response rate which made us more vulnerable to passive and detractor scores in the total NPS result. Looking at the NPS and the different themes rated by our customers, the highest scoring themes were Quality, Style and Sustainability. The themes with most promoters were Jeans, Style and Quality. Keywords mentioned were sustainability, 100% organic cotton, great fit, great product and quality of the fabric.



Our aim is 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 in 2022 will consist of keep on improv-

ing and developing our service and tools to further improve the overall experience. We will also start measuring NPS scores in our Repair shops/ Repair partner stores to get acquainted with feedback from our repair customers.

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

### Our Net Promotor Score 2021 was 76.6, with comments like:

"The brand is sustainable, ethical and tracks its supply chain as well as being transparent with the conditions at their production facilities. It also has great clothes for all gender identities (for example a lot of unisex) and is local to me. I also love that the brand offers repairs for jeans which makes them even more sustainable and conscious."

"A fantastic product backed up by industry-leading production transparency and an innovative re-use program."

"Love the quality of the jeans. Together with the fact that it is 100% organic and fair and ecological produced makes them perfect."

"Great customer service, great product, sustainable products that can be repaired and they fit fantastic! "

"The look and feel of the jeans are amazing plus it's made sustainably while providing fair labor throughout every process and it's better for the environment! What's not to love?"

#### The NPS Benchmark score system:

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



# 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 partner with relevant organizations, we adress 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 a direct positive impact on SDG 12, Responsible

consumption, and production; target 12.8, Ensure that people have the relevant information and 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 an indirect 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 capac-



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.

ity on climate change mitigation, adaptation, impact reduction and early warning. SDG 16, Peace, justice and strong institutions, and its targets 16.2, End violence and abuse against children, and 16.3, Equal access to justice for all, are connected to our long-term collaboration with Amnesty Sweden. The detailed work related to each target is described in the previous chapter in this report.

**In 2021 we held speeches and presentations related to communication and sustainable marketing:**

- Greentech festival
- Sustainable Marketing & Business Ethics and Sustainability, School of Economics, Gothenburg University
- Sweden in Transition podcast
- Vitra, Speakers Series
- Worldfavor, Customer Case
- YRGO, brand and sustainability



# Sharing is caring

In 2021, 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 2021, we participated in over 120 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 40 public speeches we held globally, including presentations and panel talks, at various online events with different target groups and purposes.



## 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, what we aim to do but also what we do not do. The biggest challenge lies in balancing the complexity of sustainability topics with an easy communication.



“ In 2021, we participated in over 120 events including interviews and public speeches.



## Social media and community

We love to share our knowledge and experiences with the Nudie Jeans users in the industry, and our employees. 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 experiences with breaking in their jeans. This is a way for us to share our passion for a well-worn-in pair of jeans with our users. 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' experiences with their jeans back into the design process. At Nudie Jeans, most of our communication aims to include aspects of sustainability. Social media is Nudie Jeans' major tool for showing what we do and for communicating with old and new users. Our social media channels and journal had numerous posts on sustainability-related topics in 2021, for instance, several posts about our Re-use jeans; Recycling in Tunisia; our participation in Fashion Revolution Week, and Nudie Jeans performance in sustainability rankings. In 2021, we continued with more episodes of our short explanatory videos, called What the FAQ, including some sustainability episodes.



### What the FAQ — Is Nudie Jeans really sustainable?

See more episodes on the Nudie Jeans YouTube channel.



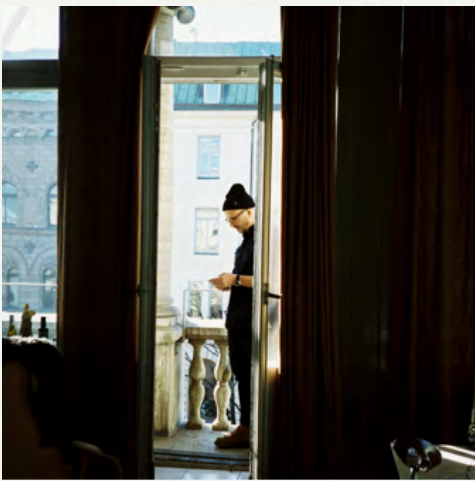
### Nudie Jeans' climate targets in the newly released STICA Progress report 2021

In 2019 we joined Swedish Textile Initiative for Climate Action (STICA) and today the first Progress report is released! Together with 40 Nordic apparel and textile companies...



### Sustainability is no longer a trend. It is a profound change for a better future.

De Palma says, "Exploring ways for recycling post-industrial textile waste could reduce this dependency and support the development of a recycling infrastructure in the production..."



### Our Vision: To Become the World's Most Sustainable Denim Company

Sustainability has always been a part of the Nudie Jeans brand promise, just like our passion for denim and selling high-quality products with an unparalleled service level....



### Re-worked — handmade by Maria Erixon Levin, crafted exclusively for Browns

"Things you thought lost forever – there's something beautiful in mending them – improving them, making the imperfections part of something new."



### We might just be the most transparent denim company in the world...

To give you a bit of context, we present a brief catch-up: In 2013, one of our owners said, "One day, we're going to be the most transparent denim brand in the world." A bold statement...



### Audits and training

Transparency is not an end in itself, but it's a tool for much-needed change within the fashion industry. We've put a lot of effort into our transparency work and collaborate with our manufacturing partners to ensure that all Nudie Jeans products are...



### The grades are in — and we got an A

Baptist World Aid just published their annual Ethical Fashion Report. Nudie Jeans ranked among the high achievers and got an A. We are, of course, proud to be among the best...





# Re-worked

Handmade by Maria Erixon Levin



Very few things in life last forever, and denim is no exception. Repairing is not only a way to extend the life of your jeans and be environmentally conscious. It's also a way to make them look great. And at Nudie Jeans, we are, and always have been, about the evolution of your favorite pair of jeans. We let our co-founder, Maria Erixon Levin, elaborate on her vision about taking care of the things you love.

– **Things break. It's a part of life.** In Japan, they use gold to emphasize cracks when repairing pottery. I really like that philosophy, letting the imperfections become something that elevates the object, making it more beautiful than the original.

In 2021, Maria did a special project for Browns in London. She picked out fifteen pairs of selva jeans and a denim shirt and hand-mended them with beautiful indigo fabrics. And the pieces were labeled as "Re-worked – Handmade by Maria Erixon Levin" and sold exclusively at Browns East boutique in Shoreditch.

– When I was asked to do this project for Browns, I thought it was a great way to show the Nudie Jeans' repair and Re-use philosophy — the beauty of authentic recycling.

**Wabi-sabi is an old** Japanese aesthetic centered around embracing imperfections in nature. But it also applies to objects, celebrating simplicity, roughness, and asymmetry. What's worn and torn shouldn't be thrown away.

– When we started Nudie Jeans, we were inspired by the worn-in or worn-out jeans of the

cult icons. And that roughness of worn-in denim is truly something you want to make beautiful. You want to make the repairs visible; that's the purpose.

**Hand-mending is easy** to do, and the result is always special. The process is meditative. You elevate and save your favorite pair of jeans, and plus you create something very unique.

– I love digging into my archive of old indigo fabrics. It's really calming. After that, it's like laying a puzzle; you place the fabrics so they look beautiful on their own,

but also as a whole. You should find a patch that'll fit the jeans perfectly — the patch should complement the jeans.

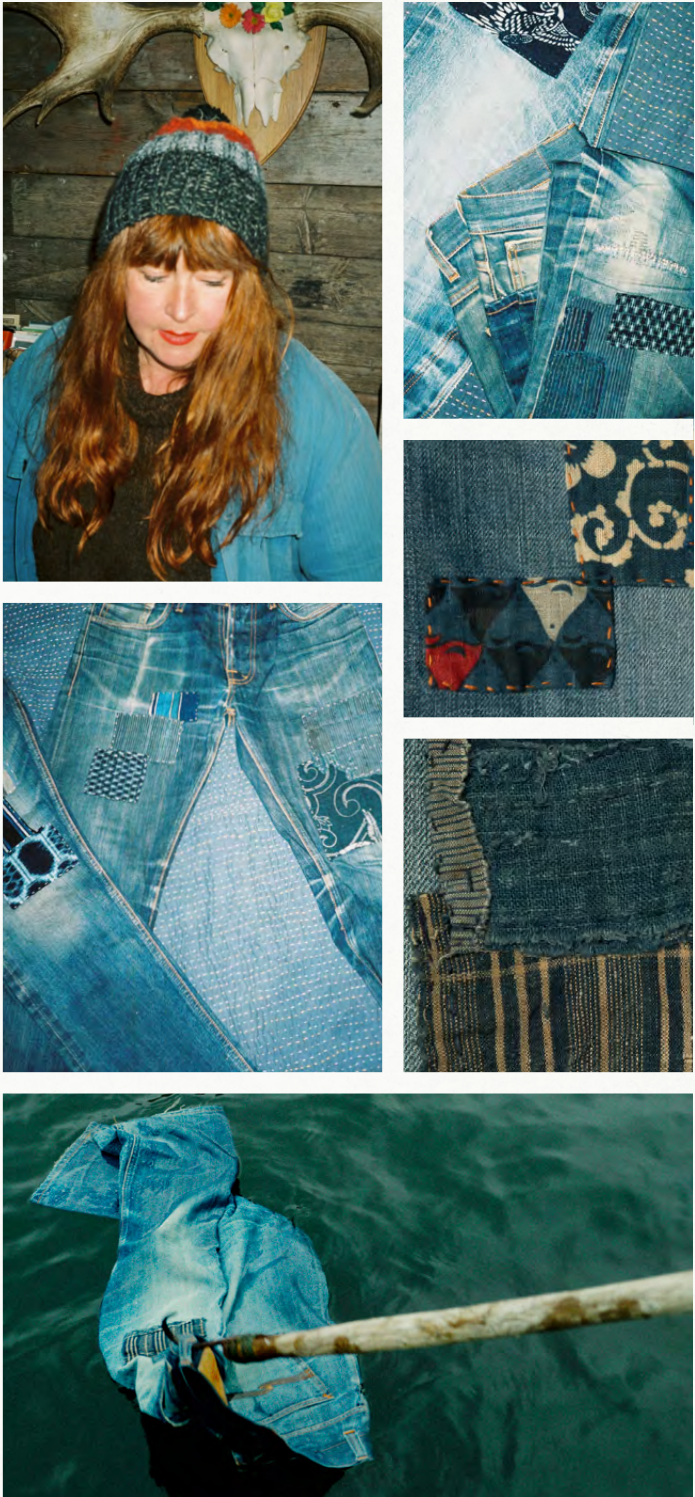
**The entire "Re-worked" project** was carried out at Maria's house on the island of Gullholmen, in the western archipelagoes of Sweden. This island is of great significance for the project and Maria. Gullholmen is located in the Skagerrak Strait, with its western shores directly exposed to salty winds of the Northern Sea.

– I dip the jeans in the ocean since the saltiness



makes the fabrics retract. And letting the jeans dry in the wind and sun makes it extra beautiful. It forms a unity, and that's the thing: the hole, the repair, and the jeans become one.

**The project Re-worked** — handmade by Maria Erixon Levin perfectly showcased Maria's love for denim, creativity, and views on sustainability and responsible consumption. Things that have had a massive impact on the fashion industry positioned Nudie Jeans as a top player within sustainable fashion.





# 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

The purpose of the Swedish Textile Initiative for Climate Action (STICA) is to support the apparel and textile industries and their stakeholders in the Nordic region to, at a minimum, reduce greenhouse gases in line with 1.5 C of warming, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. We joined STICA in 2019



→ [sustainablefashionacademy.org](https://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](https://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](https://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](https://textileexchange.org)



## Chetna Coalition

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

→ [chetnaorganic.org.in](https://chetnaorganic.org.in)

## 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](https://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 Turkey.



→ [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/](https://fairtrade.se/)

## Amnesty Sweden

We have collaborated with Amnesty Sweden almost since the beginning of the brand. Some examples include the Human Rights T-shirt competition in 2007, and the Empowerment Challenge in 2014. A portion of the proceeds from our sales have been donated to Amnesty's work. We are currently supporting Amnesty's work with children's rights by donating EUR 5 for each pair of children's jeans we sell. In 2021, we raised 51,000 SEK for Amnesty Sweden, in support of every child's right to a safe childhood and have since 2001 raised 5,4 million SEK in total to Amnesty's work.



→ [amnesty.org](https://amnesty.org)



### 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](https://textileandfashion2030.se)

### Stadsmissionen

To support local sustainability initiatives in our hometown of Gothenburg, we support Stadsmissionen as a "Silvervån." Göteborgs Stadsmission is a politically independent, non-profit organization that conducts non-profit activities such as activities for vulnerable people in the Gothenburg region. The organization works with social responsibility, focusing on people in especially vulnerable situations, by providing shelter, food, counseling, and support in the long-term change process. Stadsmissionen works in close collaboration with the city and the local business community and welcomes anyone in need of shelter. To make the work successful it is dependent on enthusiasts and volunteers whose only goal is to help others. It is great to see and be part of a movement and experience all the improvements that are made.



→ [stadsmissionen.org](https://stadsmissionen.org)

### Steering group, The Västra Götaland Climate Council

The Västra Götaland Climate Council is a part of Climate 2030 – Västra Götaland in Transition, a mobilization of efforts by several stakeholders in the region, led by the Västra Götaland region and the Västra Götaland County Administrative Board.

The Climate Council gathers leaders from the private sector, public administration, academia, and NGOs in the region with the purpose of gathering momentum and creating a common voice to raise key climate issues and crucial questions at the regional, national, and international level.

→ [klimat2030.se](https://klimat2030.se)

### CSR Västsverige

We are a member of CSR Västsverige, Sweden's largest CSR network for the private, public and NGO sectors. This is a platform for learning and sharing experiences and knowledge. We have participated in meetings with other member brands from different sectors to discuss CSR-related topics.



→ [csrvastsverige.se](https://csrvastsverige.se)



# 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 2021, we had 95 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.

## UNIDO / Switchmed

In 2020 we started the pilot project aiming to support the fiber recycling in Tunisia with our manufacturer and a new raw material supplier. The collaboration has developed and UNIDO joined as an analytical case study partner, following the processes of one of our latest pre-consumer recycling projects in Tunisia. The pilot was carried out in 2021, and mapped the practices used from the factory and the recycling partner and gave suggestions for further actions. Nudie Jeans and the partner factories established a long-term recycling program where second choice jeans will be turned into new fabrics, and eventually new products.

→ [unido.org](https://unido.org)

## 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.



# Research and innovation

## SATIN

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

→ [vti.se/satin](https://vti.se/satin)

## Switching Gear Enabling Network

Switching Gear Enabling Network (SGEN) Circle Economy and Fashion for Good have joined forces to drive the formation the Switching Gear Enabling Network (SGEN) which we became part of in 2020. It is a global network of over 50 circular innovators, frontrunning brands and relevant experts. The network is carefully curated to include relevant stakeholders that are needed to scale rental and re-commerce (resale) business models in the apparel industry. The purpose of this network is to support the Switching Gear project pilots and accelerate the uptake of re-commerce (resale) and rental business models in the wider apparel industry. Members of the network are united in their aim to reduce the overall impact of the apparel industry by shifting to new commercially feasible consumption models that prolong the life of garments and products.

→ [knowledge-hub.circle-lab.com/SGEN](https://knowledge-hub.circle-lab.com/SGEN)

## 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.



# Nudie Jeans as a workplace

At Nudie Jeans, we consider our employees to be our most important resource alongside 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.

Since December 2021 Winningtemp has been our engagement tool throughout the entire Nudie Jeans Group. 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, person-

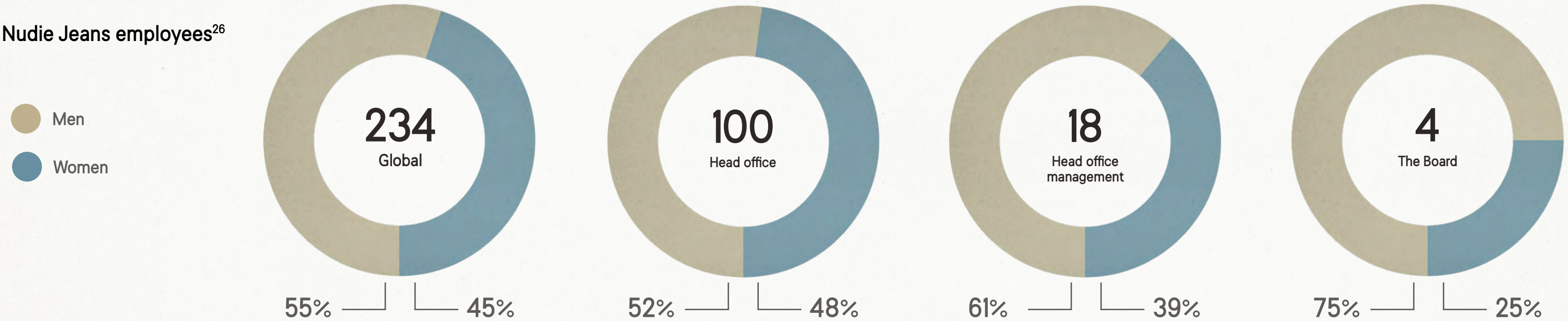
al development, team spirit, and engagement. For head office, we added two new categories in 2021, psychological safety and self-leadership.

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



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.

## Nudie Jeans employees<sup>26</sup>



26. The figures are based on numbers of persons 2021.



handled the same way, and we no longer collect cover letters. This is because we want to eliminate the risk of unconscious bias. With the new platform we can ensure that applicants are chosen solely on their experiences presented in their CV. In 2022, we plan to test an anonymous application process. This means the applicants' names will be hidden until they are called in for an interview. The name of an applicant may be basis for unconscious discrimination, which we are trying to eliminate. 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 is a support and service function for the entire Nudie Jeans Group. Their focus is to provide managers with tools and knowledge necessary for their leadership roles. They provide information and training in labor law and occupational health and safety on a regular basis. In 2021,

the HR generalist was appointed the responsibility for developing and maintaining our internal training programs. The 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 external HR partners, lawyers, and other relevant experts to stay up to date with developments within the area. To have a well-functioning and sustainable workplace it is imperative to have good leadership, in 2021 we have therefore developed what we call "The Management Board", a platform with guidelines and routines for our managers focusing on:

- Country-specific labor law
- Recruitment Process
- Onboarding program
- Employee appraisal template
- Employee follow up template
- Offboarding process
- Parental leave process
- Sick leave process
- Risk assessment template

We work to ensure that the Nudie Jeans culture and work environment is the same throughout the entire organization. All employees have access to our work environment handbook, internal policies, and culture document. We also provide each sub-



### Want to work with us?

All job listings and internships at Nudie Jeans are available  
→ [careers.nudiejeans.com](https://careers.nudiejeans.com)







sidiary with their own employee handbook, that is specific to each country and business area.

Our work environment coordinator conducts annual safety and fire inspections both at head office and in our stores, and each store has their own safety supervisor. Due to the pandemic and restricted possibilities of traveling, we have had challenges visiting all of our stores. Many of our employees have been working from home as some countries, have had both lockdowns and furloughs. However, by using digital video meetings tools we have still been able to conduct inspections in 2021. The work we do on work safety is reflecting on SDG 8 Decent work and economic growth and target 8.5 Full and productive employment and decent work and target 8.8 Secure working environments.

The work environment committee meets at the head office, four times per year, to discuss work environment topics. Equality and discrimination, meeting culture and the COVID-19 restrictions were among the topics discussed during the year. In 2021, we started a project to benchmark salaries and benefits in the UK. The ambition is to continue in 2022 with the remaining subsidiaries.

We strive to promote a healthy work-life balance. In 2021, there was a significant increase in the number of employees at head office who took parental leave: total of 35% of the workforce at the head office took parental leave. The figures include both longer and shorter parental leave. A positive sign for gender equality is that 57% of the employees who took parental leave during the year were men.

Nudie Jeans shops in Sweden and Netherlands has a collective bargaining agreement, while Nudie Jeans Marketing, which includes the 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 the employees at the head office.

## 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 2021, globally our eNPS was 44. 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 2021 we were able to recover financially in all distribution channels compared to 2020 but COVID-19 has still had a big impact on our financials. We nearly came back to the same revenues in the company group as 2019 but due to lockdowns in important markets we did not reach our total revenue budget.

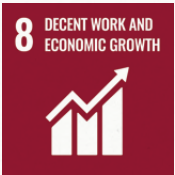
We have continued to work actively together with both our suppliers and customers to navigate through the pandemic. Offering extended payment terms and flexible deliveries is one example of how we have supported our retailers. Our financial situation has a direct impact on SDG 8 Eco-

nomic 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.

During the pandemic longer lead times from goods receipt to payments from customers increased the pressure on our cash flow. Long term financial stability has always been important for Nudie Jeans, to secure independence and the ability to make long term investments, instead of taking shortcuts to achieve short term goals. We have continued to invest in our business, and we have a goal to

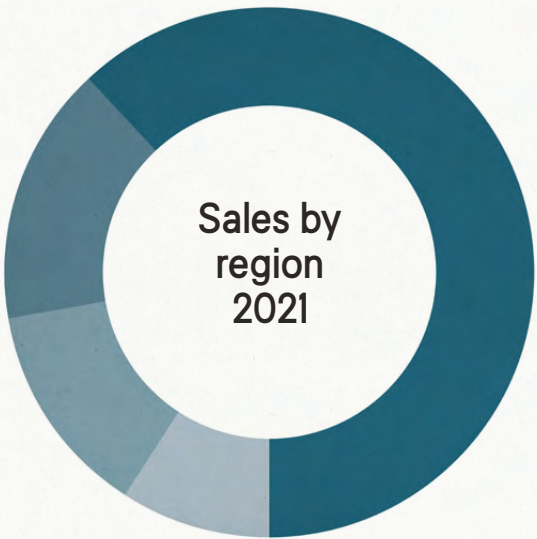
increase our revenues in the coming years. For us it is important to achieve a well-balanced growth without compromising with our prioritized SDGs.

We were able to increase our profitability during 2021 compared to 2020 and we have a strong balance sheet and equity ratio. Sustainable and profitable growth is essential for us, as part of our strategy to increase our independence and investments.

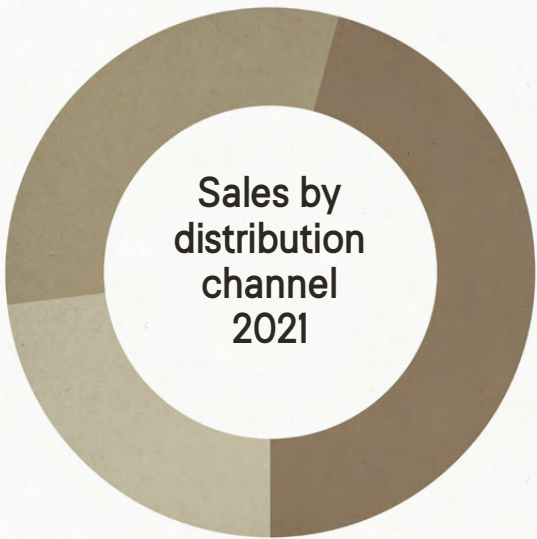


The SDGs in each chapter are illustrated by the importance of the goal, where the mainSDG is displayed in a larger size and the associated SDGs are smaller, based on the significance for Nudie Jeans' impact.

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



- Europe 62%
- Australia / NZ 16%
- North America 13%
- Asia 9%



- Wholesale 46%
- Ecommerce 31%
- Retail 23%



# Next steps forward

**We are proud how far we** come, and we are where we are today because we have never hesitated to try out new ideas. We welcome creative thinking not only from management, but from everyone

who works with us. Some of the decisions we have made have changed over time, while others – decisions that seemed crazy at first glance – have proven to be the best we have made. We are

not afraid to try. We believe this is the best way to grow. Looking forward, we have goals to work toward and challenges to handle. We do this with both 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 <sup>27</sup>	Time frame		Status 2021	Comments
Chemicals Substitute the use of harmful chemicals in production with less harmful chemicals.	Launch 2 GOTS-certified jeans styles.	2022	➔	In progress, five GOTS-certified jeans styles launched in 2021.	Thanks to our product development team, we released more GOTS jeans styles in 2021
Climate Reduce GHG emissions and gather actual emission data from scope 1, 2 and 3.	Offset GHG emissions for scope 1, 2 and 3.	2021	✓	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.	2021	✓	Fulfilled	In June 2021, Nudie Jeans head office became ISO 14001:2015 certified.
	Decrease our emissions from business travel by -20%.	2022	➔	In progress, -77% in 2020.	Due to COVID -19 restrictions business travel has decreased significantly.
	Reach 100% renewable energy sources for electricity used in all Nudie Jeans operated facilities by changing energy subscription or investing in Renewable Energy Certificates.	2023	➔	In progress, in 2020 22% of all electricity consumed in our facilities came from renewable sources.	The share of renewable energy decreased in 2021, but we are taking steps to increase it in the coming years.
	Reduce scope 1 and 2 GHG emission by 51% to 2030.	2030	➔	In progress, -17% in 2020.	The significant decrease seen here is also due to closed stores in 2021 due to COVID-19 restrictions.
	Reduce scope 3 GHG emissions by 50.4% per product to 2030 <sup>28</sup>	2030	➔	In progress, - 4 % in 2020.	Emissions has been reduced in all categories except purchased goods and services.

27. For all data, we used 2018 as a base year, unless otherwise stated.

28. Excluding emissions from "use-phase" the emissions category.



<b>Living wages</b> 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 <sup>29</sup> .	2022	➔	In progress, 50% in 2021.	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 <sup>30</sup> .	2025	➔	In progress, 63% in 2021.	We expanded the living wage program to 3 new units in 2021.
<b>Scale up our circular activities in the user phase.</b> 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, 40% in 2021.	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	➔	In progress.	The take back campaigns are in focus in 2022.
	Add Reuse tops to the assortment.	2023	➔	In progress.	Based on the outcome of the campaigns we will select Reuse tops for the assortment.
<b>Transparency</b> Increase transparency and traceability for the full supply chain.	Reach transparency for 100% of our suppliers at the product level in our online shop <sup>31</sup> .	2021	✓	Fulfilled	Transparency data were provided for all 2021 collections.
	Adding CO <sub>2</sub> and water data to products online.	2021	✓	Fulfilled	Data on water and CO2 emissions were calculated and provided for each product, from Fall21 collection.

29.

Main suppliers in all our production countries.

30.

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

31.

Valid for tier 1–4 in the supply chain.

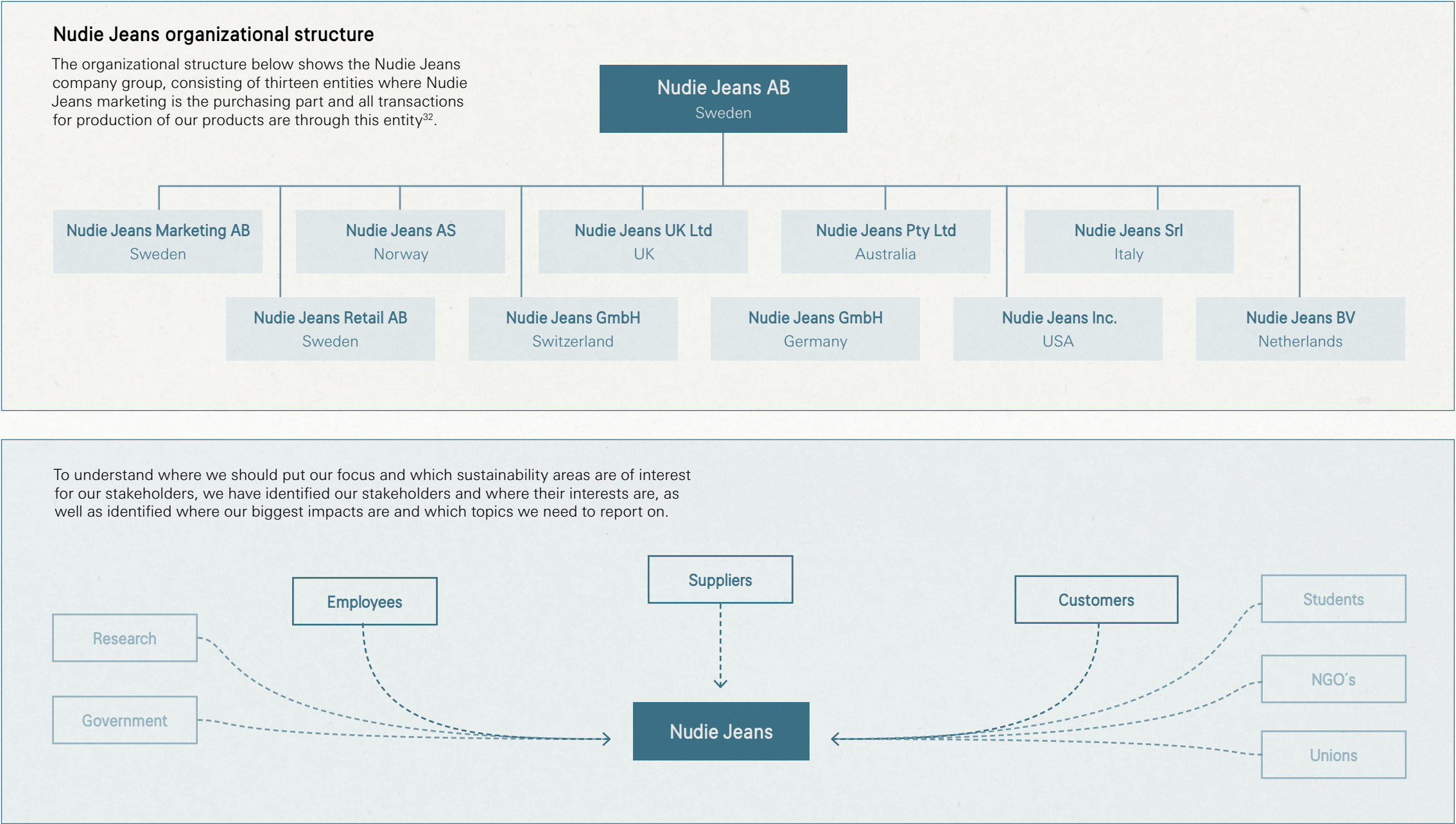


# Reporting structure

Nudie Jeans' sustainability report for 2021 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, Turkey, 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.

32. 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.





The stakeholder survey was renewed for customers in 2021 and sent out through our newsletter in September 2021. 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 reuse 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 references<sup>33</sup>

This material references disclosure:

- 102-1, -3, -4, -6, -8, -13, -14, -15, -16, -17, -18, -40 from GRI 102: General Disclosures 2016.
- 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.
- 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 for GRI: 402 Labor management relations 2016.
- 403-1 and -4 from GRI 403: Occupational Health and Safety 2016.
- 404-2 from GRI 404: Training and Education 2016.
- 405-1 from GRI 405: Diversity and Equal Opportunities 2016.
- 406-1 from GRI 406: Non Discrimination 2016.
- 407-1 from GRI 407: Freedom of Association 2016.
- 408-1 from GRI 408: Child Labor 2016.
- 409-1 from GRI 409: Forced and Compulsory Labor 2016.
- 413-1 for GRI 413: Local community 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.

33. The GRI standards update 2021 will be applied from 1st January 2023 and will apply to the 2022 sustainability report.

## 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.

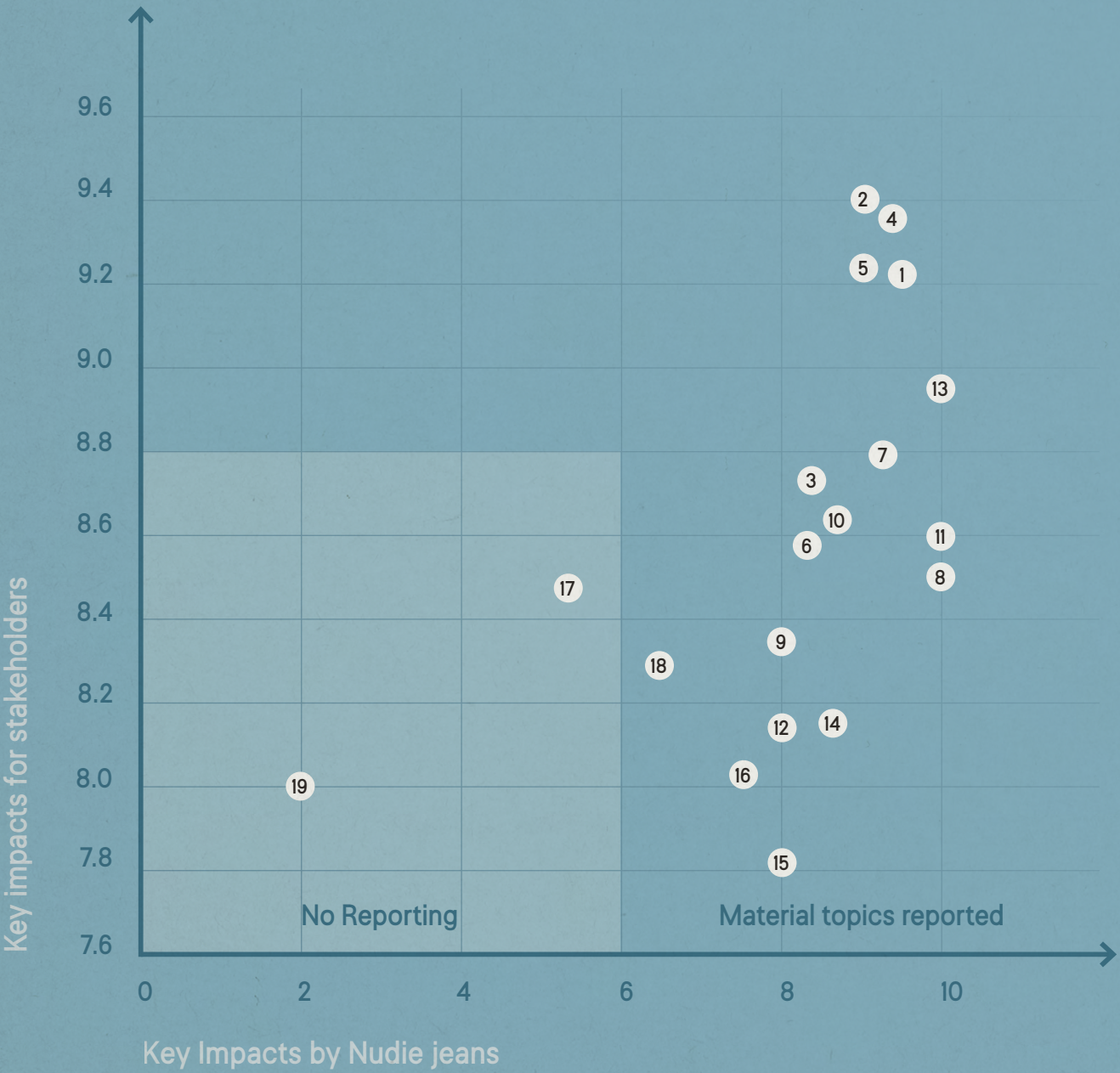
This led to the structure of this report, with chapters covering materials, production, user phase and information on Nudie Jeans as a workplace, communication, partnerships, and financial information. We have included all sustainability activities for the full year 2021.

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](http://worldfavor.com)), and Asana, ([asana.com](http://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	7–15
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	16–33
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 tracebility 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	34–69
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, 16, 17	102: General disclosures	Scope: Head office	90–99
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	100–102
Financial Information	16. Financial status of Nudie Jeans	8	201: Economic performance	Scope: Head office	103
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 2021 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, April 26, 2022

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



By doing what we are doing, we show the industry and consumers all over the world that it is possible to produce and consume more sustainably.

# Thank you!

For reading Nudie Jeans Sustainability Report 2021

If you have any comments, questions or feedback, please contact us at [sustainability@nudiejeans.com](mailto:sustainability@nudiejeans.com)



Appendix 1

# Abbreviations list

<b>AFIRM</b> (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	<b>GOTS</b> (The Global Organic Textile Standard)	Textile processing standard for organic fibres, ecological and social criteria by independent certification of the entire textile supply chain	<b>SDG</b> (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"
<b>B2B</b> (Business To Business)	Describing business arrangements or trade between different businesses	<b>GRI</b> (Global Reporting Initiative)	Helps businesses and organizations understand and communicate their impacts on issues such as climate change, human rights and corruption	<b>SBT</b> (Science-Based Targets)	A collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature
<b>B2C</b> (Business To Consumer)	Describing the sale of goods or services directly to customers for their own use	<b>MRSL</b> (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	<b>STICA</b> (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
<b>BCI</b> (Better Cotton Initiative)	A non-profit, multistakeholder governance group that promotes better standards in cotton farming and practices	<b>MSI</b> (Materials Sustainability Higg Index)	A database and tool to measure and score the environmental impacts of materials	<b>Tier 1</b>	Includes the process of the finished product assembly and laundry
<b>BRM</b> (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	<b>OCS</b> (Organic Content Standard)	International, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody	<b>Tier 2</b>	Includes the process of the material production and trim production
<b>CBA</b> (Collective Bargaining Agreement)	A written legal contract between an employer and an union representing the employees	<b>OIE</b> (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	<b>Tier 3</b>	Includes the process of the raw material processing
<b>Certified to LAST</b> (Long life design, Accessible spare parts, Sustainable materials and Transparency)	An initiative from RISE to create a certified label on real products to guide consumers and motivate companies to produce more sustainable products	<b>Post Consumer</b>	A waste type produced by the end consumer of a material stream	<b>Tier 4</b>	Includes the process of the raw material extraction



<b>Circularity</b>	The principle that used or discarded products serve as raw materials for new products or materials
<b>EMAS</b> (Eco-Management and Audit Scheme)	A voluntary environmental management instrument
<b>eNPS</b> (Employee Net Promoter Score)	A method of measuring how willing the employees are to recommend their workplace to their family or friends
<b>FSC</b> (Forest Stewardship Council)	An international non-profit, multistakeholder organization that promotes responsible management of the world's forests
<b>FWF</b> (Fair Wear Foundation)	An multi-stakeholder organisation that works with garment brands, workers and industry to improve labour conditions in garment factories
<b>GMO</b> (Genetically Modified Organism)	Any organism whose genetic material has been altered using genetic engineering techniques

<b>PPE</b> (Personal Protective Equipment)	Equipment worn to minimize exposure to hazards that cause serious workplace injuries and illnesses
<b>Pre Consumer</b>	A waste type produced after or in the manufacturing stage of a product but before it is used by the consumer
<b>RAS</b> (Responsible Alpaca Standard)	A voluntary standard that addresses the welfare of alpaca and the land they graze on
<b>RMS</b> (Responsible Mohair Standard)	A voluntary standard that addresses the welfare of goats and the land they graze on
<b>RWS</b> (Responsible Wool Standard)	A voluntary standard that addresses the welfare of sheep and the land they graze on
<b>RSL</b> (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

<b>UNIDO</b> (United Nations Industrial Development Organization)	A specialized agency of the United Nations that assists countries in economic and industrial development
<b>USDA Organic Seal</b> (US Department of Agriculture)	A standard for organic farming
<b>WEP</b> (Workplace Education Program)	Designed to help brands and factories take steps towards workplace awareness
<b>WRI</b> (World Resource Institute)	The activities are focused on seven areas: food, forests, water, energy, cities, climate and ocean