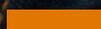


Nudie Jeans Human Rights Policy

Nudie JEANS CO



NUDIE JEANS HUMAN RIGHTS AND ANTI-SLAVERY STATEMENT

Introduction

Nudie Jeans is striving to take responsibility for the full product, this means that we want to take responsibility from the raw material to the end of life of the product. We do not envisage a trade-off between profit and people, or between manufacture and environmental responsibility. These issues are major factors in our choice of suppliers. As with most other clothing brands, we don't own the factories in which our clothing is made. However, together with the garment factories we collaborate with, we bear the responsibility of providing a safe, fair and ethical working environment for all the people who are involved in the manufacturing of our clothes. Our consumers are not just interested in the quality of the products they buy; they also care about the work behind the brand and the social and environmental conditions of its production. At Nudie Jeans we want sustainable and healthy development for people and the environment. Our responsibility is to select those suppliers who can guarantee that no-one involved in our production – whether supplier or subcontractor – is denied their basic human rights or suffers any injury. Our conscious choice of suppliers is based on long-term relationships and our sourcing policy.

Our values as stated above are now formalized within our Human Rights Policy and this Statement, reflecting our commitment to acting ethically and with integrity in all of our business relationships. The values are based on the UN guiding Principles on Business and Human Rights (UNGPR).

Since we operate in the UK, we are bound to follow the The Modern slavery Act 2015 as per UK law, that are directed at businesses to increase transparency and encourage responsibility in their supply chains. Specifically, large businesses are required to disclose steps they have taken to evidence efforts to ensure their business and supply chains are free from Modern slavery and Human Trafficking (that is, slavery, servitude, forced and compulsory labor and human trafficking) Nudie Jeans is committed to confronting the issue of modern slavery. This Statement details the action taken to date to tackle modern slavery within our supply chain and business operations.

Nudie Jeans structure

Nudie Jeans (Group) consists of Nudie Jeans Marketing, Nudie Jeans Retail, Nudie Jeans PTY and Nudie Jeans Inc. The Group has 156 employees worldwide with 31 stores worldwide, including US, UK, Australia, Netherlands, Germany, Norway, Sweden and Japan. Our products are sourced from Italy, Portugal, Tunisia, Turkey, India, Poland and Sweden. We currently work with around 25 main suppliers and 40 subcontractors including fabric suppliers across these sourcing regions.

Policies and verification processes

For both new and existing relationships, compliance with Nudie Jeans Code of Conduct including our Human Rights policy is essential. Our Code of Conduct is focused on the Fair Wear Foundation Code of Labor Practice and reflects our commitment to acting ethically and with integrity in all our business relationships. Suppliers and factories must share our non-negotiable values. Transparency and trust within all business relationships is key to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our supply chains. Therefore, all main suppliers of Nudie Jeans must also sign the Transparency agreement as this is the foundations for being publicly presented in our production guide online. (www.nudie-jeans.com/productionguide)

Although our policy has always prohibited forced labor and human trafficking, we specifically raise awareness on and prohibit practices that can result in modern slavery such as bonded recruitment programs and passport confiscation from migrant workers. As part of our membership in Fair Wear Foundation we require all manufacturing units to fill in and sign the FWF Questionnaire, the supplier thereby agree to be audited by independent third party social auditors.

Evaluating risk

When completing our risk analysis of any new supplier or factory, we take into account multiple factors including recruitment practices, geography, product type and legal frameworks using audits combined with reports by the ILO, Country reports amongst others. We file all findings in our audit assessment manual. In the manual, recruitment practices including use contract, temporary and migrant workers, the prominence or lack of labor unions and the use of recruitment fees is noted.

We work with both third party audits and our own audit assessment manual for new suppliers. Since 2012 we have audited all first tier factory sites (where the final product is sewn together and labels attached) as well as second tier factories (where the garments are washed, printed and embroidered) with a third part auditing firm. In some cases we have also audited third tier suppliers (where the cotton is made into fabric) through either our own assessment visits or 3rd party audits. Maintenance of our factory audit database in connection with awareness of developing global issues has greatly assisted us in identifying which factories are likely to be at greatest risk. Whilst we strongly believe in going beyond compliance through auditing, establishing full visibility of our factory estate has been crucial for us to assess risks within our supply chain.

Although we have established full visibility of our first tier sites, in order to continue assessing the risk of Modern slavery, we must keep looking beyond first tier factories to the lower tiers, including mills, weaving units, printing units, washing units and tanneries. We have worked on identifying these units, focusing on primarily Italy, Turkey and India. We have also pinpointed regions of high risk, such as the Tamil Nadu region in India which in some cases has issues of debt bondage for young girls and the Chinese subcontractors widely used in the Italian garment industry.

Subcontracting

As modern slavery most commonly occurs in the lower tiers of manufacturing and base material processing, we require all of our suppliers and factories to declare their full supply chain including dye houses, embroiderers and laundries. This question features in the FWF questionnaire to new suppliers and our audit assessment manual.

We are clear with our suppliers from the very beginning of our relationship that unauthorized subcontracting is prohibited.

We have developed further monitoring to provide enforcement to this policy along with additional support and communication to suppliers in the wake of global crises such as unregistered Syrian refugee workers in Turkey. Through our ongoing monitoring program in the past year we have discovered unauthorized subcontracting in Italy. After many years with efforts to remediate the situation and trying to verify that the employees of the subcontractors were paid correctly, we decided to reduce these subcontractors and chose alternative methods for production.

Monitoring and managing risks

Our strategy to reduce the risk of modern slavery begins with requiring compliance by all business partners with our policies and expectations, assessing where risk may be found and then managing these risks through a variety of different methods, a range of which we have set out below.

Collaboration

Modern slavery is an inherent threat to all countries and industries and as such it can be best tackled through collaboration. Nudie Jeans has been a member of Fair Wear Foundation for 10 years and works with FWF and other corporate members to develop ways to tackle Modern slavery, sharing awareness of new and developing issues, ideas on approaches to risk mapping, supplier and factory engagement and training. The annual Brand Performance Check made by FWF is addressing how we have performed due diligence at new suppliers and manage risks in the supply chain. Nudie Jeans is also a member of a newly started working group where one of the main aims is to mitigate the Italian supply chain with regards to modern slavery.

The networks allow for a greater opportunity to collaborate with other brands on both proactive initiatives and the best action to take in response to developing threats.

Risk Action plan

If an audit indicates any risk of the existence of modern slavery, or if the audit results or a visit in factory indicate that it could result in modern slavery, this will be investigated further and we could require another independent assessment, collaborative action or an alternative form of investigation. If modern slavery is confirmed, we implement our Risk Action Plan.

We have also investigated factories independently if there is evidence of serious document falsification which could cover up instances of modern slavery. If this is confirmed, and there is no legitimate reason for the conflicting information, we consider this to be a zero tolerance issue.

Supplier and Business Training

Training is a key component in risk management and our focus to date has been on raising awareness of modern slavery, how our employees and suppliers can recognize it and what to do if they suspect modern slavery is taking place. Suppliers have received webinar training and specific examples of practices considered to constitute modern slavery or forced labor in their region of production in order to bring the policy to life.

Protection of Complainants

It is essential that all stakeholders and employees feel able to raise concerns about modern slavery. The FWF Complaints function introduced to all units involved in Nudie Jeans production, supports anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

Summary

Nudie Jeans are committed to play an active part in an industry that aims to eliminate. In the past year we have worked hard to develop the steps identified in this Statement, including increasing business awareness, strengthening internal processes and improving visibility of our supply chain.

Further Steps

In review of the steps we have taken so far to target modern slavery within our supply chain, in the coming year we intend to continue our work on the below:

- Continue 'lower tier' mapping to identify threats of modern slavery
- Connect with disclosed lower tier sites with the support of our suppliers to complete the FWF Questionnaire
- Conduct further in-market investigation for high risk areas with more visits to factory sites

This statement is made pursuant to section 54(1) of the Modern slavery Act 2015 and constitutes Nudie Jeans Human Right and Anti- Slavery statement for the financial year ending 31st December 2018.



Signature
CEO

Date

11/3-2019