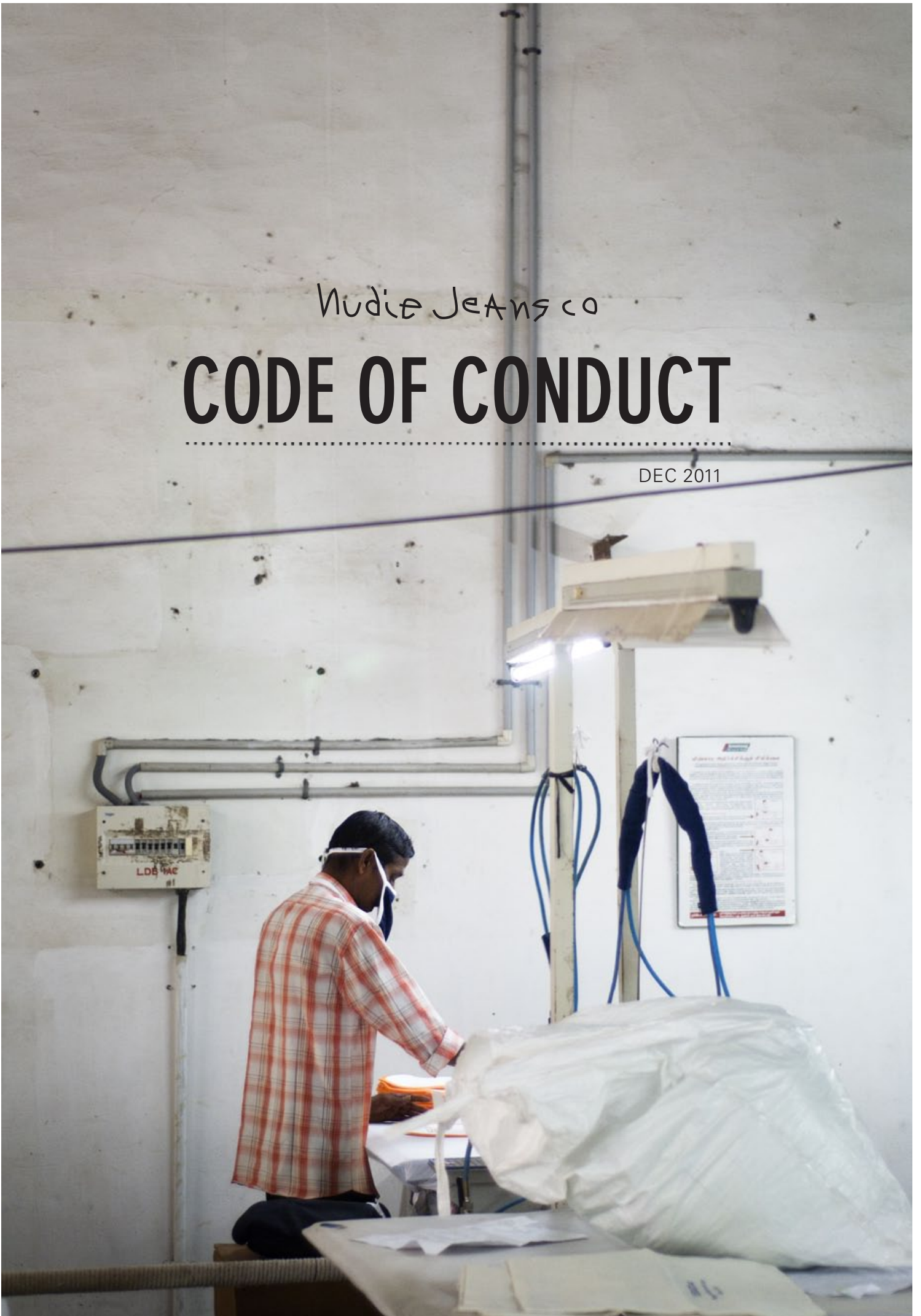


Mudie JEANS CO

CODE OF CONDUCT

DEC 2011



INTRODUCTION

Most companies demand a good product and high quality at a reasonable price from their suppliers. We at Nudie Jeans also believe in taking greater responsibility for our actions. This includes much more than just good products at the right price.

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. We at Nudie Jeans want sustainable and healthy development for people and the environment. We want to help improve conditions in the garment industry. That's why we want everyone who works with us to be concerned about human rights, wages, working hours and social accountability.

CHOICE OF SUPPLIER AND THE SUPPLIER'S RESPONSIBILITY

Nudie Jeans and our suppliers share great responsibility towards all people involved in producing our products. Nudie Jeans requires that its suppliers guarantee good working conditions and a good working environment in manufacturing. Our responsibility is to select those suppliers who can guarantee that no one involved in our production – at the suppliers or sub-suppliers – is denied basic human rights or suffers any injury. Our conscious choice of suppliers is based on long-term relationships and personal confidence.

Nudie Jeans are convinced that our suppliers and sub-suppliers already do much more for working conditions and the environment than the minimum requirements. We are proud of our relationships and want to continue being proud. We expect participation and dedication in this collaboration. By asking our suppliers to provide Nudie Jeans with reports, action plans and certifications, we can work together to develop this proud tradition and share it with our concerned customers and consumers.

CODE OF CONDUCT

Nudie Jeans want our suppliers to guarantee good working conditions and a good working environment in manufacturing.

We think it is very important to take responsibility for our actions, and we want to make this perfectly clear to all of our suppliers and sub-suppliers, our staff, agents, distributors and other parties. To ensure that the Nudie Jeans products we sell are produced responsibly, we have a code of conduct, which applies to all parts of the production chain.

The Code of Conduct is based on international regulations set by the International Labour Organization (ILO)¹ and the UN Universal Declaration of Human Rights² and includes the Code of Labour Practice used by our partner Fair Wear Foundation.³ The Code of Conduct applies to Nudie Jeans and to our suppliers and their sub-suppliers. Nudie Jeans is aware that there are cultural and legislative differences between countries. The code of conduct contains the basic requirements we demand of all of our suppliers and sub-suppliers. If the Code of Conduct is not followed, the conditions must be improved. The improvements will be handled first by discussions between Nudie Jeans and the suppliers and we strive to solve all issues but non-improvement of conditions can be grounds for termination of our collaboration and any contracts with the supplier.

ENVIRONMENTAL REQUIREMENTS

Nudie Jeans wants to contribute and influence society towards sustainable development and minimizing the environmental impact of production. We demand that our suppliers and sub-suppliers follow applicable legislation and regulations regarding the environment. We strive to work with 100% ecological cotton in our products and we would like our suppliers to provide the related certificates. We want our suppliers to comply with the REACH regulations for chemical content in the production process.

LEGAL REQUIREMENTS

All of our suppliers and sub-suppliers must at least follow the national legislation and regulations in the countries where they work. If any of Nudie Jeans' requirements contradicts national legislation, the law applies. If this occurs, the supplier must inform Nudie Jeans. The requirements Nudie Jeans makes in its Code of Conduct can be more far-reaching than the national legislation. We have expectations that our suppliers are willing to work for improvement beyond the law.

TRANSPARENCY

Our social report and MSA made by Fair Wear Foundation should be available at Nudie Jeans, where the result of our CSR performance is shown, including the areas which need improvements.

1 ILO regulations, <http://www.ilo.org/global/standards/lang-en/index.htm>

2 UN universal Declaration of Human Rights, <http://www.un.org/en/documents/udhr/>

3 Fair Wear Foundation www.fairwear.org

FAIR WEAR FOUNDATION'S CODE OF LABOUR PRACTICE ⁴

EMPLOYEE RIGHTS

There must be no use of forced labour at any of our suppliers.

There should be no discrimination in employment. The employer should treat all employees equally, regardless of their race, colour, sex, religion, political affiliation, trade union membership, nationality, social origin, or disabilities. In addition we also believe that employees should have the right to education, trainings and possibilities to develop their skills. Female workers should not be discriminated due to pregnancy or maternity leave and should be given equal access to employment.

DISCRIMINATION

There should be no discrimination at the workplace or in the recruitment.

Wage policy, recruitment, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps.

CHILD LABOUR

There must be no use of child labour. Nudie Jeans does not accept the economic exploitation of children. According to the UN Convention on the Rights of the Child, people are considered children until the day they turn 18 years. Nudie Jeans does not accept employees under age of 15 years. If a supplier have employees aged 15–18, they must be treated with special consideration, with working hours and tasks adapted to their low age. For example, they must not do excessive overtime or night work.

FREEDOM OF ASSOCIATION

There should be freedom of association and the right to collective bargaining

Workers have the right to negotiate as a group with their employer ('collective bargaining'). The employer must not punish workers who express their opinions and wishes. All workers have the right to form and join trade unions of their own choice ('freedom of association'). When the right to freedom of association and collective bargaining is restricted under law, the employer must not hinder other forms of collective bargaining and workers' organisations. Workers' representatives must not be discriminated against and must have access to all workplaces necessary to carry out their role.

LIVING WAGE

We should strive to pay a living wage but wages must at least meet the legal minimum wage if there is one. Wages for a standard working week should always be sufficient to meet the basic needs of workers and their families and to allow for some savings. Deductions from wages, which are not provided for by national law, are not permitted. Workers should be informed about how their wages are made up, including wage rates, pay periods and deductions from pay. Workers should receive a pay slip, which gives this information.

Wages shall be paid out regularly and be reasonable in relation to the amount of work. The workers should also be entitled of all legal social benefits, like pension and health benefits, these benefits must be clearly marked on the payment slip.

WORKING HOURS

There should not be excessive working hours; the working hours must follow the law. In any event, workers must not be required to work more than 48 hours per week on a regular basis and must have at least one day off for every seven-day period. Overtime should be voluntary, and working hours including overtime should not exceed 60 hours per week. Overtime should not be demanded on a regular basis and must always be paid at a premium rate, in accordance with the law.

All employees shall be entitled to contractual holidays and sick leave with no negative repercussions. All employees shall be entitled to parental leave without negative repercussions. Pregnancy may not under any circumstances be considered grounds for termination.

⁴ A combination of FWF standards <http://fairwear.org/labour-standards> and Nudie Jeans standards.

CONTRACT

There should be a legally binding employment relationship.

Every worker should get a written contract and all legal social security charges should be paid stated in the contract.

The contract should also be valid for short term or part time employed workers.

SAFTETY AND WORKING ENVIRONMENT

There should be safe and healthy working conditions.

Nudie Jeans requires that employee safety is always top priority. The employer must provide a safe and hygienic working environment. The employer should provide protective equipment where necessary and train workers to use it. The employer should also take steps to prevent accidents and minimise health risks. No hazardous equipment or facilities are permitted. Production facilities must have clearly marked exits and emergency exits. A fire alarm and fire extinguishers must be easily accessible on every floor. First aid equipment must be easily accessible and at least one person in each division should be trained in giving first aid. If an injury occurs at work, the employer shall fund all medical costs that are not covered by the insurance. Lighting, heating and ventilation systems shall be designed to ensure a good working environment. The employees shall have access to a sufficient number of clean toilets. Physical abuse, threats of physical abuse, unusual punishments, sexual and other harassment, and intimidation by the employer is strictly prohibited. It is the supplier's responsibility to ensure that the working environment is safe and healthy.

INSPECTIONS

To ensure that the code of conduct is followed, Nudie Jeans reserves the right to, at any time, send representatives or external auditors such as Fair Wear Foundation staff to inspect the suppliers and sub-suppliers who produce for us.

The undersigned hereby confirms that:

- We have read the Nudie Jeans code of conduct and accept the terms required of us as suppliers and of our sub-suppliers.
- We accept that Nudie Jeans, a representative of Nudie Jeans or an external auditor may visit the facilities where goods are produced for Nudie Jeans.
- We accept that if the code of conduct is not followed, this may result in our contracts being declared void.

The requirements in the code of conduct are minimum requirements. We are certain that many of our suppliers have even higher demands of themselves. Therefore, we want you to provide us with the relevant certifications and reports to confirm this.

Certifications & reports attached to this agreement:

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Date.....

Signature

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