



MUD JEANS

Code of Ethics
&
Code Of Conduct For Suppliers

May 22, 2017



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Foreword

“We are on a mission to radically change the fashion industry by taking the most popular fashion item in the world, a pair of jeans, and producing it in the most sustainable way without losing a timeless sense of style.”

Bert van Son, CEO of MUD Jeans

The fashion industry contributes to water pollution and climate change, sends tremendous amounts of waste to landfills and threatens the health and safety of the people who make clothes and the people who wear them. But it doesn't have to be that way. At MUD Jeans we strive to always develop innovative and creative practices that make our business a responsible driving force. We believe that promoting collaborative innovation, circularity and recycling is the only viable way for societies to path the way for a sustainable future. We are on a mission to continually improve the way we produce the most popular fashion item in the world, the jeans.

We dream of a world without waste! To do that, we cooperate closely with our suppliers and business partners in pursuit of this aim. Accordingly, we have prepared this Code of Conduct to illustrate what we expect of our employees, suppliers and business partners, so everyone who works with us know that our ideas are met with strong commitments covering human rights, workers' rights, corruption, and last but not least the environment.

MUD Jeans aims to continuously improve policy and practice that supports suppliers in complying with this Code of Conduct. We are happy to work with you and together improve these standards over time. Because if there is a will, there is a way.

Principles

MUD Jeans International B.V. is referred hereafter as “MUD Jeans”, having its registered office at Veluwezoom 32, 1327AH Almere, the Netherlands, and registered under the number: 55383904.

MUD Jeans' suppliers are to supply goods and services that are produced in compliance with this code of conduct. Moreover, the suppliers are to communicate the code of conduct to their sub-suppliers, and to monitor implementation.

A supplier must be able to document compliance with the code of conduct at MUD Jeans' request. Such documentation may take the form of self-declaration, follow-up meetings, and/or inspections of the working conditions at production sites. The supplier will be obliged to name and provide contact information for any sub-supplier that MUD Jeans wishes to inspect.



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In the event of a breach of the code of conduct, MUD Jeans and the supplier will jointly prepare a plan for remedying the breach. Remediation must take place within a reasonable period of time. The contract will only be terminated if the supplier remains unwilling to remedy the breach following repeated enquiries.

Requirement relating to Own Practice

When new suppliers are selected, emphasis will be given to social and environmental standards. MUD Jeans and MUD Jeans' suppliers shall avoid partners that operate in countries subject to international boycott by the United Nations (UN).

Requirements relating to Supply Chain Conditions

These ethical trade principles are founded on key UN and International Labour Organization (ILO) conventions and documents. National laws shall be respected, and where the provisions of law and these ethical trade principles address the same subject, the most stringent shall apply.

I. Workers' Rights

We strive for living and working conditions that are just, safe and dignified.

We promote fair factories, where transparency – fair wages – good working conditions are at the top of our list. We are also proud to be part of the Young Designer Program of the Fairwear Foundation.

I.1. Forced and compulsory labour

ILO Conventions No. 29 and No. 105

I.1.1 There shall be no forced, bonded or involuntary prison labour.

I.1.2 Workers shall not be required to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice.

I.2. Freedom of Association and the Right to Collective Bargaining

ILO Conventions No. 87, No. 98, No. 135 and No. 154

I.2.1 Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The employer shall not interfere with, obstruct, the formation of unions or collective bargaining.



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1.2.2 Workers representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

1.2.3 Where the right to freedom of association and/or collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers' representation and negotiations.

1.3. Child Labour

UN Convention on the Rights of the Child, ILO Conventions No. 138, No. 182 and No. 79, and ILO Recommendation No. 146

1.3.1 The minimum age for workers shall not be less than 15 and comply with

- i) the national minimum age for employment, or;
- ii) the age of completion of compulsory education,

whichever of these is higher. If local minimum is set at 14 years in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.

1.3.2 There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.

1.3.3 No person under the age of 18 shall be engaged in labour that is hazardous to their health, safety or morals, including night work.

1.3.4 Policies and procedures for remediation of child labour prohibited by ILO conventions no. 138 and 182, shall be established, documented, and communicated to personnel and other interested parties. Adequate support shall be provided to enable such children to attend and complete compulsory education.

1.4. Discrimination

ILO Conventions No. 100 and No. 111 and the UN Convention on Discrimination Against Women

1.4.1 There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based on ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

1.4.2 Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.

1.5. Harsh or Inhumane Treatment

1.5.1 Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, is prohibited.

1.6. Health and Safety

ILO Convention No. 155 and ILO Recommendation No. 164

1.6.1 In term of building safety, we require our suppliers and other business partners to make employees' safety a priority at all times. No hazardous equipment or unsafe buildings are accepted.

1.6.2 The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Hazardous chemicals and other substances shall be carefully managed. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or



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occurring in, the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

1.6.3 Fire Safety: Emergency exits on all floors must be clearly marked, well lit and unblocked all the way out of the building. Evacuation through emergency exits must always be possible during working hours.

Everyone working on the premises, including managers and guards, must be regularly trained in how to act in case of fire or other emergency. Regular evacuation drills for all employees are required; evacuation plans and fire fighting equipment must be in place.

1.6.4 Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.

1.6.5 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

1.6.6 Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water.

1.7. Wages

ILO Convention No. 131

1.7.1 Wages and benefits paid for a standard working week shall as minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs, including some discretionary income.

1.7.2 All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.

1.7.3 Deductions from wages as a disciplinary measure shall not be permitted.

1.8. Working Hours

ILO Convention No. 1 and No. 14

1.8.1 Working hours shall comply with national laws and benchmark industry standards, and not more than prevailing international standards. Weekly working hours should not on a regular basis be more than 48 hours.

1.8.2 Workers shall be provided with at least one day off for every 7-day period.

1.8.3 Overtime shall be limited and voluntary. Recommended maximum overtime is 12 hours per week, i.e. that the total working week including overtime shall not exceed 60 hours. Exceptions to this are accepted when regulated by a collective bargaining agreement.

1.8.4 Workers shall always receive overtime pay for all hours worked over and above the normal working hours (see 1.8.1 above), minimum in accordance with relevant legislation.

1.9. Regular Employment

1.9.1 Obligations to employees under international conventions, national law and regulations concerning regular employment shall not be avoided through the use of short term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.

1.9.2 All workers are entitled to a contract of employment in a language they understand.

1.9.3 The duration and content of apprenticeship programmes shall be clearly defined.



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2. Environment

“The greatest threat to our planet is the believe that someone else will save it”

Robert Swan

Sustainability is at the core of our company. As an economic actor, we have the responsibility to have a positive impact on people’s well-being and natural resources. At MUD Jeans we do that through sustainability strategies, circularity principles, and systems thinking approach. Because just like our pair of jeans, it’s what’s inside that really counts.

2.1. Sustainability

Sustainability is at the core of MUD Jeans. Most of all, we want the world to be a better place. Thus we actively promote and encourage sustainable practices. We no longer support the fashion industry in being the second biggest polluting industry in the world. We are aiming for a carbon neutral output.

2.2. Circular Economy

We want our production chain to be as circular as possible. We want to close the loop! In that regard, we encourage the use of clean energy supplies through renewable and clean sources.

We want our business model to be growing, circular, shared and benefiting everyone. Our products safe, healthy and designed for reuse and recycling.

2.3. Measures to minimize adverse impacts on human health and the environment

Throughout the entire value chain, we make sure to have a positive impact on human health and the environment. This includes minimizing pollution, promoting an efficient and sustainable use of resources, including energy and water, and minimizing greenhouse gas emissions in production and transport. The local environment at the production site shall not be exploited or degraded but rather sustained.

2.4. Product Safety

All partners in MUD Jeans supply chain shall comply with all applicable laws and regulations regarding safety of products we manufacture, and shall meet applicable recognized voluntary industry standards for our products and processes.

2.5. Animal Welfare

At MUD Jeans we strive to rule out the use of animal based products/leather in our value chain. Measures to improve standards of animal welfare shall be taken at all times. We don’t use leather labels on our jeans and use cotton labels for the branding of the jeans.



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2.6. Implementation of the Applicable Environmental Legal Framework

National and international environmental legislation and regulations shall be respected and relevant discharge permits obtained.

2.7. Water Management and Wastewater Treatment

Water is a scarce resource in many parts of the world and should be used as efficiently as possible. All outgoing wastewater from wet processes must be treated before it is discharged. The treated wastewater quality must meet the requirements in local legislation.

2.8. Waste Management

Any waste and in particular hazardous waste must be taken care of in a responsible manner and in accordance with local law.

2.9. Systems Approach

Solving the global challenges our societies are facing today require the coordination of people and solutions across industries, sectors and disciplines. For that reason, systems thinking is at the core of the reasoning at MUD Jeans and we strongly encourage our suppliers and all the actors taking part in our supply chain to develop holistic systems of understanding.

3. Ethics

Ethical behaviour cannot be fully described in a policy manual or code. However, as a guide for making decisions, ask yourself, “Would I feel morally uncomfortable if the full details of my action or non-action were known to my immediate supervisor, my co-workers, my department staff, my friends, my family, the public, or MUD Jeans’s customers, suppliers, or shareholders?”

3.1. Integrity and Privacy

Behaving with integrity means that we will do what we say we will do, not making promises we do not intend to keep, or cannot be reasonably sure we can keep. This includes doing our best to comply with the standards of conduct set out in this Code of Conduct, and helping others to keep MUD Jeans’ commitment to do business in an honest and ethical manner.

The rules of conduct in this Code of Conduct are not exhaustive; they complete the policies, procedures and other rules concerning worker and employee behaviour at MUD Jeans.

To ensure that high standards of ethics and integrity are maintained, all MUD Jeans employees and suppliers must adhere to the following principles:



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- You will obey all applicable national and local laws, rules, regulations and Company policies and procedures;
- You are open and honest in your business dealings and treat others with dignity, respect and fairness;
- You will not engage in an activity that places anyone's health or safety in danger;
- You will not verbally, physically, or sexually harass others;
- You will not discriminate against individuals because of age, race, ancestry, colour, religion, gender or sexual orientation, or for any other reasons prohibited by law;
- You will respect the privacy of information belonging to customers, suppliers, shareholders, fellow employees and anyone with whom they do business;
- You will not use or disclose confidential and proprietary Company information without proper authorization; and
- You will not take advantage of your position for the purpose of personal gain from information acquired through your employment.

3.2. Political Activity

As a general rule, MUD Jeans refrains from participating in political activities or making political donations in the name of the Company at any level of government. This does not mean, however, that you are precluded from participating or personally contributing to political activities as a private citizen, although you should ensure that you are not perceived as acting in the name of MUD Jeans. In exceptional cases, and where local law permits, a political donation may be made in the name of MUD Jeans with the express authorization of the President and Chief Executive Officer. In addition, should issues of significant importance to the Company arise in a political context, MUD Jeans may from time to time participate in political processes in order to advance its legitimate business interests. Such participation would be in accordance with local laws and the guidelines set forth in this Code of Conduct and may include such activities as lobbying, publication of its views in the media and support of interested organizations.

3.3. Conflict of Interest

Employees and workers should conduct their personal and business affairs with honesty and integrity so no basis for a conflict of interest, either actual or apparent, will occur. Employees and workers shall not have a direct or indirect interest in a customer, supplier, contractor, agent or other entity doing business with MUD Jeans without disclosing that interest and obtaining approval in accordance with the provisions of the Code of Conduct.



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3.4. Fraud or Theft

MUD Jeans employees and suppliers are expected to comply with all laws, rules and regulations that apply to MUD Jeans' business, including Company policies and procedures. No one shall take any action that would cause the violation of applicable laws, rules and regulations. Employees and suppliers shall not allow, facilitate or participate directly or indirectly in fraudulent or illegal operations.

3.5. Corruption

3.5.1 Corruption in any form is not accepted, including bribery, extortion, kickbacks and improper private or professional benefits to customers, agents, contractors, suppliers or employees of any such party or government officials.

3.5.2 Neither MUD Jeans nor any of its employees shall ever offer or accept illegal or unlawful monetary gifts or other forms of remuneration in order to secure business-related or private benefit, or benefit for customers, agents or suppliers.

3.6. Marginalized Population

Production and the use of natural resources shall not contribute to the destruction and/or degradation of the resources and income base for marginalized populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

3.7. Intellectual Property

Intellectual property comprises trademarks, domain names, patents, industrial designs, copyrights and trade secrets. Partners in the supply chain have a duty to protect MUD Jeans' intellectual property, just as they have the obligation to respect that of others. Intellectual property is considered confidential information. Any invention, discovery, improvement work product, trade secret and other technological development made by suppliers or employees of MUD Jeans during his work or employment for/with MUD Jeans related directly or indirectly to the business of MUD Jeans, remains the property of MUD Jeans.

4. Compliance and Reporting

4.1. Responsibility of Officers and Managers

Officers as well as managers of MUD Jeans are first in line with regards to the reputation of integrity and honesty of MUD Jeans. They must respect and abide by the provisions of the Code of Conduct. In particular they should:

- Show example by abiding by the provisions of the Code of Conduct in all circumstances;
- Ensure that all employees under their direction have a copy of the Code of Conduct, that they understand same and abide by the provisions of the code;



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- Create an environment which sustains ethical behaviour and which allows for a pleasant and productive work atmosphere and ensures a safe and healthy workplace;
- Immediately discuss with the concerned individual(s) any violation, real or perceived, in order to clarify the situation;
- Preserve the confidentiality of the information obtained from discussions between an employee and a supervisor regarding violations of the provisions of the Code of Conduct by other employees.

4.2. Responsibility of Employees

As an employee, you are responsible for making sure that your words and actions live up to the Code of Conduct. If you have doubts about the ethical implications of any proposed action, or knowledge of illegal or fraudulent acts, or if you have knowledge of circumstances, facts, actions or omissions which could harm the interests of MUD Jeans or its reputation of integrity, or of any violation of the Code of Conduct, you have the obligation to report your concern through the appropriate channels. See the section entitled “Reporting of Concerns”.

Mutual trust encourages the flow of information that MUD Jeans needs to make the right decisions and to take appropriate actions. You are responsible for fostering a climate of trust and openness, and for being honest and forthright in your communications with others within MUD Jeans. To do otherwise would lead to a climate of distrust, which would seriously impair MUD Jeans ability to operate efficiently and with integrity.

You must not make statements that could discredit the quality of the products or services of MUD Jeans or to otherwise tarnish the image or reputation of MUD Jeans. You should avoid participating directly or indirectly in activities that could prejudice the interests, the image or the reputation of MUD Jeans. You are responsible for your actions. At no time should you feel you are forced to commit an illegal action or an action that is contrary to the principles outlined in the Code of Conduct. If you feel this is the case, you should report your concern through the appropriate channel. See the section entitled “Reporting of Concerns”.

4.3. Compliance

All the person who work for MUD Jeans are expected to read, understand and adhere to the Code of Conduct. One have the obligation to conform oneself to this code as well as to the policies and procedures of MUD Jeans. Any employee or suppliers whose actions contravene the Code of Conduct or the policies or procedures of MUD Jeans may be subject to disciplinary action, up to and including termination. Any contractor, supplier, agent or consultant who fails to meet the standards of the Code of Conduct may see their contract terminated or not renewed. Depending on the nature of the non-compliance, MUD Jeans may have the legal obligation to report the non-compliance to the appropriate authorities.

In all cases where a collective agreement is applicable, disciplinary actions will be administered in accordance with the provisions of the agreement.



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4.4. Reporting of Concerns

We must all work to ensure prompt and consistent action against violations of the Code of Conduct. However, in some situations it may be difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where the issue still exists after discussion with your supervisor, you are encouraged to discuss the issue with the head of the management team. If that also is not appropriate, you should discuss the issue with the head of human resources, the General Counsel, a member of the Executive Management Committee, the President and Chief Executive Officer.
- You may report ethical violations or other questionable acts in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act. In addition to the foregoing, if you are a MUD Jeans employee, you may report concerns through MUD Jeans' Whistle-blowing policy as mentioned in Section 4.5. Non-employees may report concerns regarding accounting, internal accounting controls and auditing matters through their own complaints procedure, or if lack there off contact MUD Jeans Head of Human Resources.

4.5. Whistle-Blowing Policy

4.5.1 This Whistle-blowing Policy is intended to encourage and enable employees and others to raise serious concerns internally so that MUD Jeans can address and correct inappropriate conduct and actions. It is the responsibility of all managers, officers, employees, interns and others to report concerns about violations of MUD Jeans' Code of Conduct or suspected violations of law or regulations that govern MUD Jeans' operations.



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4.5.2 Whistle-blowing protections are provided in two important areas -- confidentiality and against retaliation.

4.5.3 MUD Jeans employees have access to this policy through internal means.

4.5.4 We strongly encourage our suppliers and business partners to develop whistle-blowing policy in order to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

4.6. Request for Information

Any requests for information pertaining to the application or interpretation of this Code of Conduct should be directed to Petra Wentholt at petra@mudjeans.eu.



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MUD Jeans Code of Ethics & Code of Conduct for Suppliers

Certificate of Compliance

Once you have read the MUD Jeans Code of Conduct, please sign below and return it to MUD Jeans Headquarters:

MUD Jeans International B.V.
Veluwezoom 32
1327AH Almere
The Netherlands

I acknowledge that I have read and that I understand the MUD Jeans Code of Conduct. I undertake to comply with the provisions of the Code and to confirm, upon request, my compliance therewith or to any new version thereof. I understand that MUD Jeans may, at any time, add, change or rescind the Code of Conduct or any other policy or practice in its discretion, provided I am advised of such change.

Date

Location

Name of supplier or employee
(please print)

Signature of supplier or employee

Note to Human Resources Department: Please file this agreement in the personal file of the company or of the employee.