

**NA-KD**

MODERN SLAVERY STATEMENT

2021

## **ABOUT THIS STATEMENT**

This statement has been published pursuant to the UK Modern Slavery Act 2015 and sets out the steps that Nakdcom One World AB (hereinafter NA-KD) have taken during the financial year 2021 to address modern slavery in its value chain – within its own business operations as well as in its supply chain.

# ORGANISATIONAL STRUCTURE AND SUPPLY CHAIN

NA-KD launched in January 2016 and is one of the fastest-growing e-commerce fashion brands in Europe. Our website had over 220 (250) million visitors in 2021 and our social media is one of the fastest growing, with over four million followers. Most of our customers are young women, and they are our number one priority. In 2021, we shipped products to customers in more than 80 (50) countries each month, and our customers can also find NA-KD's products on marketplaces such as Zalando and ASOS. To get even closer to our customers, we launched the NA-KD App for iOS devices in 2021. Our customers seem to like it as it is already responsible for 20% of our global sales, while geographical implementation is still ongoing. In the beginning of 2022, the NA-KD App will also be available for customers using android devices.

In 2021, NA-KD also launched a new business model, enabling our customers to seamlessly sell and buy pre-loved NA-KD products on our site. This is our biggest sustainability initiative to date, and you can read more about it in this report. We also launched Kids by NA-KD and continued to expand BTY by NA-KD, which was launched late 2020.

Most of our customers are in Germany, Scandinavia, and the Netherlands, which are our biggest markets. Our total net sales in 2021 was 2,299 MSEK (1,871.3 MSEK). The majority of our sales came from Germany (31%), Netherlands (12%), Sweden (12%), Denmark (12%), Norway (8%), and the rest of the world (25%). During 2021, we sold over 12 (9) million products. Our headquarters are in Gothenburg, Sweden. We also have offices in Stockholm, Sweden, and a purchasing office in Istanbul, Turkey. At the end of 2021, NA-KD had 327 (299) employees.

# ORGANISATIONAL STRUCTURE AND SUPPLY CHAIN

To create the best and latest fashion for our customers, we are working together with independent producers.

At the end of 2021, NA-KD had 199 (191) producing factories, the majority in China and Turkey. Our warehouse operations and logistics are key in making sure the right product is being shipped to the right customer. We have a new warehouse in Sweden, which started its operations in August 2020

We also have a warehouse in the Netherlands and, since May 2020, a warehouse in Poland (which handles most of our returns). Due to Brexit, we also initiated a small third-party operated warehouse in the UK in June 2021 to handle local returns. All warehouse operations are outsourced, but with NA-KD supervisors on all main sites.

NA-KD has a zero tolerance approach to all forms of modern slavery, trafficking and forced labour, including any form of servitude, forced, bonded, indentured, trafficked, or non-voluntary labour, or precarious employment. The same zero tolerance applies for all parts of our business, including for all our business partners.

NA-KD recognises that the fashion supply chain is complex, and there are often more than 4-5 tiers of suppliers between NA-KD and the supply of raw materials. NA-KD also recognises that the countries in which our tier 1 production occur rank high in terms of risks for human rights violations, including forced labour and modern slavery. During 2018-2019, NA-KD worked hard to gain full transparency into its tier 1 supplier relationships. By the beginning of 2020, this aim was achieved and as of 2021, we have full transparency of our tier 1 factories (garments assembly facilities, where the cutting, sewing, finishing, and packing takes place), which are available in our supplier list on our website. Starting 2021, we are accelerating our traceability and transparency efforts through several industry partnerships, as we want our customers to know the origin and impact of their wardrobe – tier 2 and beyond.

# HUMAN RIGHTS POLICY AND SALIENT HUMAN RIGHTS

At the end of 2020, NA-KD defined its salient human rights for the first time. Forced labour and human trafficking is identified as one of the salient human rights, with highest concerns for people working in parts of the value chain where migrants workers are more common, such as manufacturing, logistics, raw material extraction, and outsourcing and subcontracting of staff. All NA-KD's salient human rights are clearly expressed in the Human Rights Policy, which was approved by NA-KD's executive management team in December 2020.

# NA-KD'S INTERNAL CODE OF CONDUCT AND TRAINING FOR NA-KD EMPLOYEES

During 2021, we updated our internal Code of Conduct, which states our minimum requirements for acceptable and unacceptable behaviour and is applicable for every representative of NA-KD: managers, colleagues, consultants, interns, and anyone else working for or on our behalf. It is based on international norms and guidelines such as the OECD Guidelines for Responsible Business Conduct, the ILO Declarations of Fundamental Principles and Rights at Work and the UN Guiding Principles for Business and Human Rights. The Code of Conduct includes Modern Slavery and Forced Labour as one of its principles, and clearly communicates NA-KD's zero tolerance approach in this regard. The Code of Conduct outlines the expectations on NA-KD's employees and representatives to demonstrate vigilance and escalate if they have any reason to suspect any occurrence of modern slavery or forced labour in relation to our value chain operations.

Following the launch of the new Code of Conduct, we rolled out a training program during the second half of 2021, including mandatory in-depth trainings for all managers (75% attendees) and in-depth training for all employees working in high-risk environments, e.g. sourcing, purchasing and wholesale (95% attendees). The training included examples of situations that may qualify as Zero Tolerance issues, including modern slavery and forced labour and examples of warning signs to look for when visiting production facilities, warehouses, or any other risk environments.

A total of 70% of NA-KD employees across all departments and organisational levels had received training by the end of 2021. Starting 2022, the Code of Conduct training will be part of NA-KD's onboarding process for all new employees.

# NA-KD'S SUPPLIER CODE OF CONDUCT

NA-KD are strong believers of industry collaboration to drive change towards a more sustainable fashion industry, including assessing and mitigating modern slavery risks. Therefore, we are active members of amfori, an association aimed at improving social conditions in global supply chains. We work according to their framework, together with our suppliers, to make sure that all the manufacturing parties we are working with agree to the principles and values we stand behind and strive to implement in our supply chain. The amfori Business Social Compliance Initiative (BSCI) and their Code of Conduct for business partners and producers have been adopted by NA-KD and are at the centre of our work with social and ethical compliance.

NA-KD requires all its suppliers to comply with this supplier Code of Conduct, which is aligned with international norms and conventions, such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain. Through the Code of Conduct and its Terms of Implementation, NA-KD clearly communicates that our business partners and suppliers shall not engage in any form of Modern Slavery or forced labour, and that they are expected to cascade the values of the Code further up their supply chains. The Code of Conduct, which covers all our salient human rights, values on environmental protection, and anti-corruption, is part of our purchase agreements and all suppliers working with NA-KD are required to sign it at the start of the business relationship as an integral part of our Purchase Agreement.

# DUE DILIGENCE PROCESS, RISK ASSESSMENTS AND SUPPLIER TRAININGS

All our suppliers must hold a valid social audit or verified assessment at the start of their business relationship with NA-KD, with exception only for low-risk suppliers with production in, for example, Sweden.

The social audits cover the content of the Supplier Code of Conduct, including all salient human rights, working conditions and ethical business practices. The audits or verifications are performed by a certified third-party auditing company, which gathers information via documentation and worker dialogues. In 2021, we allowed our producers to choose between our approved systems for social audits or verified self-assessments: Higg vFSLM and amfori BSCI as our preferred systems, as well as Sedex SMETA and SA8000. This is to help relieve suppliers from 'auditing fatigue' while brands and retailers move towards a common social compliance standard across (and beyond) the fashion industry. We require social audits or verified self-assessments to be conducted and renewed annually or bi-annually; the regularity is prioritised on a risk-based approach.

We conduct risk-based due diligence, using the tools available in the respective system for audits or verified assessments, and work actively to engage our suppliers in continuous improvement efforts annually. Corrective Action Plans/Continuous Improvement plans and reporting, capacity building and supplier dialogue constitute the corner stones in this work. In 2021, the amfori Academy and the SLCP offered both online and face to face training, although availability of face-to-face training has depended on local restrictions due to Covid-19.

As NA-KD's supplier base is constantly evolving, we are continuously working to onboard new suppliers that comply with our values and principles, and at the same time work with risk mitigation and continuous improvement efforts within our existing supplier base.



# SOCIAL AND LABOUR FINDINGS IN OUR SUPPLY CHAIN IN 2021

Our supply chain audits in 2021 show no prevalence of forced labour or modern slavery amongst our producers. However, we notice the presence of migrant workers in some regions and have offered guidance and support to producers on the protection of especially vulnerable workers. Our measures taken in 2021 to eliminate modern slavery, forced labour and child labour has been integrated in our general due diligence efforts, including conducting social audits and offering our independent producers capacity building to suppliers, and requirements to cascade the values and principles set forth in our Supplier Code of Conduct upstream the supply chain to minimise the risks of such violations to occur. Risk-based due diligence at our warehouse in the Netherlands In the beginning of 2021, we conducted a risk based human rights due diligence at our third-party operated warehouse in the Netherlands. This was done following a risk assessment that identified that the presence of contracted migrant workers from Eastern Europe through employment agencies constitutes a risk for potential human rights violations. This was done following a risk assessment that identified that the presence of contracted migrant workers from Eastern Europe through employment agencies constitutes a risk for potential human rights violations.

We assigned Enact Sustainable Strategies to perform the due diligence, which included dialogues with workers (performed off-site), inspection of working conditions and migrant workers living accommodations, dialogues with employment and recruitment agencies, dialogues with management of the third party operating the warehouse, as well as gathering and reviewing available documentation. There were no findings nor suspicions of mistreatment of workers or severe human rights violations. The three main issues identified were lack of risk-based policies at the warehouse operator, lack of a worker's council, and opportunities to improve working time planning to offer part-time solutions to workers. After the due diligence efforts, we have continuously followed up the action plan together with our third party operating the warehouse and can see that they are taking appropriate actions. A supplier Code of Conduct has been developed and is under implementation, complemented with a checklist for recruitment agencies to avoid risks of human rights violations. Further, social audits have been implemented twice a year for recruitment agencies and their workers. A workers' council will be started at the beginning of 2022 and there have been general wage increases including shift allowance for all hours.

For further information on our sustainability work, please see our [Sustainability Report for 2021](#).

**This statement is approved and signed by  
the following Board of Directors**



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**Oscar von Konow**  
Interim-CEO  
June 7, 2022



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**Magnus Emilsson**  
Chairman of the Board  
June 7, 2022

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[www.na-kd.com](http://www.na-kd.com)

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