

NA-KD Sustainability Report 2023



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About this report

This is the fifth time NA-KD has created a sustainability report, which is made annually. The last report was published in June 2023. This report is made with reference to the GRI Standards and covers the full year of 2023. The sustainability report is also made in accordance with expectations in the Swedish Annual Accounts Act 6 chapter 11§. The report has not been third-party verified. Read more on page 51.

About NA-KD

Our Story

NA-KD is a global vertical direct-to-consumer fashion brand launched in 2016. We have a data-driven 'online first' approach and our customers are our number one priority.

We know our customers well. The majority are Gen Z and Y: women born between 1979 and 2007. Most of them live in Germany, Scandinavia, and the Netherlands, and during 2023 we have gained increasing popularity in France and the US. Our customers want us to be authentic, trustworthy and relatable – and to share their values on how we treat people and the planet. We don't only speak to our customers; we also speak through them. We live in a symbiotic relationship with influencers and our customers, through design all the way to user-generated content. Our website had 169 million visitors in 2023, our app was downloaded close to 1.9 million times, and our social media is one of the fastest-growing, with over 3.9 million followers.

We are disruptive in how we think and grow. For us, collaborating with influencers is just who we are. These collaborations are fuelled by influencer culture, bring energy and creativity to the mix, and of course drive traffic to na-kd.com. During 2023, we had 64 collaborations where influencers designed their collections together with us, and worked with over 4,500 influencers in total.

In 2023 we continued our journey towards decoupling growth from volume. Our net sales in 2023 was 2,013 MSEK (2,346 MSEK) which means we kept our size as a company while continuing to lower our purchasing volume with 22% at the same time. Hence reducing our absolute emissions with 30% during the year.

To create the best and latest fashion for our customers, we are working together with independent factories. At the end of 2023, NA-KD had 106 producing factories, the majority in China and Turkey. Our warehouse operations in Sweden and the Netherlands, and our logistic partners, are key in making sure the right product is being shipped to the right customer.

NA-KD 2023 in numbers

277

employees by the end of the year

64

collab drops

1.7 M

unique customers during the year

72

countries that we ship to

7.2 M

products sold

2,013

net sales

A message from our CEO

During 2023, I was asked to take on the role as CEO of NA-KD. It was an offer I couldn't turn down. One might ask why, given the many challenges the fashion industry faces, like stricter sustainability legislation, availability of raw materials, high expectations from investors as well as customers delivering a clear message: There's a demand for our industry to shift from being a cause of problems, to being an industry that delivers solutions.

All this calls for much needed change. And to me, NA-KD is well positioned to heed it – and contribute to this transition by breaking new ground as our industry moves towards a new era.

Since I took office, my mission has been to speed and scale up a turnaround where sustainability and profitability become intertwined. It's a direction that creates clearer synergies between these agendas. And thus, we have developed an entirely new strategy and business plan that outlines a renewed and clarified ambition for our brand.

As a result, we have already implemented a cost-saving program and carried out an investment round. And we are now taking significant steps towards stable finances and a healthy cash flow, while our sustainability efforts have intensified in many respects.

Moving ahead along our climate action roadmap, we reinforce a direction we have already taken: Since the majority of our climate footprint comes from the manufacturing of materials and the production of clothing, we will produce fewer but better garments. And in 2023, we reduced our production by 22%.

Reducing returns is another important task. One that extends from design to marketing and sales. It's about designing fashion items that customers want to keep – and ensuring that they get the best possible information about the garment.



"There's a demand for our industry to shift from being a cause of problems, to being an industry that delivers solutions."

Mattias Jacobsson, CEO

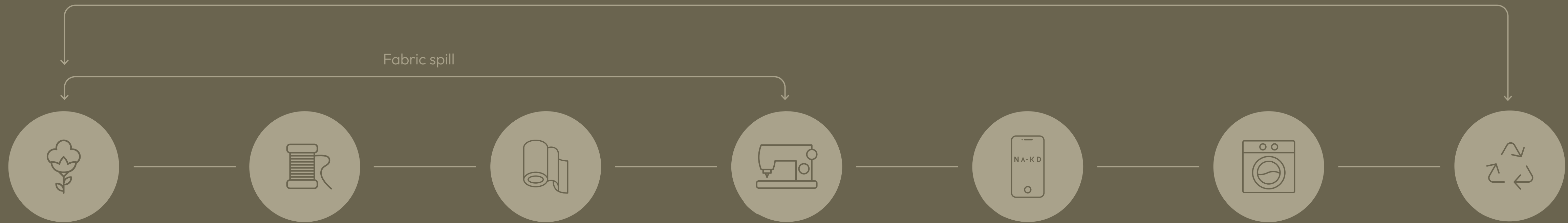
Showing products with moving material has significantly reduced the return rate. Another way to reduce returns is to introduce stricter return policies in markets with high return rates. And something as simple as user reviews has proved to be crucial. It helps customers make better decisions, while giving us a better understanding of what works and what doesn't.

The latter is crucial, since everything we do revolves around our customers – who would rather buy one garment they love, than two that they like. So, in order to strengthen our business and sustainability performance, we need to deepen our understanding of our customers even more. It is a prerequisite for creating attractive fashion that is manufactured in a way that they and we can stand for, at a quality that allows for these garments to have a long life.

Ultimately, a sustainable shift in the fashion industry is a collective effort. And it is in our supply chain that we can create true impact and real change. Through industry initiatives like STICA, we are working together with other fashion companies to help our suppliers progress in their transition. For example, we conduct training and raise the awareness of climate change and different ways to take climate action to reduce their emissions. In some cases, we also assist suppliers in investing in renewable energy by providing expertise and providing competitive offers for renewable energy.

At the same time, we also need to find entirely new solutions that push the boundaries of fashion. Therefore, we have launched NA-KD Future – a test lab for new materials, technologies, and ideas. Because investing in continuous change and improvement are central elements of our sustainability and our business strategies, that will contribute to transforming an industry that inevitably needs to change.

Our value chain



Raw material extraction

Cultivation and extraction of raw materials from the earth, plants, or animals. The most commonly used materials by NA-KD in 2023 were polyester, recycled polyester, cotton and viscose Ecovero. Recycled materials are still mainly pre-consumer waste such as from excess materials and waste during the manufacturing stage, and for polyester it is primarily recycled plastic bottles. Our goal is that by 2030, 100% of our materials should be organic, recycled or other lower impact materials. In 2023, this was 38.1% (31).

Raw material processing

Processing of raw materials into yarn and other intermediate products. This stage is where the fibre is turned into yarn through spinning or extrusion, but also where the production of dyes, inks, and resin happens, and where the leather tanning process takes place.

Material production

Production and finishing of materials (e.g. fabrics and trims) that go directly into the finished product. In this stage, the weaving and knitting of textiles happens, as does the dyeing, printing and washing of the fabrics. This production stage is generally resource intensive, due to the use of water, energy and chemicals required, and this is where the fashion industry has one of its biggest challenges, with impacts on people, climate and the environment.

Manufacturing of products

Assembly and manufacturing of final products. At the end of 2023, NA-KD worked together with 106 (113) independent factories, primarily in China, Turkey and India, but also a few in Bangladesh, Italy, Pakistan, Portugal and Vietnam. In 2023, China stood for close to 49% (65) of our production costs, and Turkey close to 48% (31). In total, over 15,961 (18,000) people are employed throughout the factories making our products. As our supplier base is constantly evolving, our traceability and due diligence work is reliant on consolidation of our production, but also on spreading risk, onboarding new suppliers and continuously identifying opportunities for improvement and risk mitigation within our existing supplier base.

NA-KD.com

At the end of 2023, NA-KD had 277 (273) employees, at our HQ in Gothenburg, Sweden. We also have a few employees working remotely, primarily engineers. For NA-KD, working in symbiosis with creators and influencers is part of our DNA. In 2023, we collaborated with over 4,500 (8,600) influencers.

Consumer use

At NA-KD, we are obsessed with our customers. If it matters to them, it matters to us. In 2023, NA-KD sold over 7.2 (11.6) million products to over 1.7 (2) million unique customers in 72 (69) countries. Globally, only 20% of textiles are reused or recycled. At NA-KD, we believe this is a shame. In 2023, we continued to explore circular business models and launched our collaboration with Sellpy, with the aim of giving defective return products a second chance. We are working towards making circular business models become a significant part of our business in the future. Read more on page 36.

End of life

In the global fashion industry, 80% of all discarded textiles are doomed for landfill or incineration and, every second, the equivalent of one truck of textiles is landfilled or incinerated. Slowly, the industry is transforming and technologies are approaching to increase and scale the share of textiles that are recycled.

Our value chain

Accelerating traceability and transparency

We have set out on a mission to increase traceability and transparency in our value chain, knowing that this is also where we have the greatest impacts on people, climate and the environment. We gladly take on the responsibility and challenge, however, we know it won't be easy, because fashion supply chains are long, complex and often opaque.

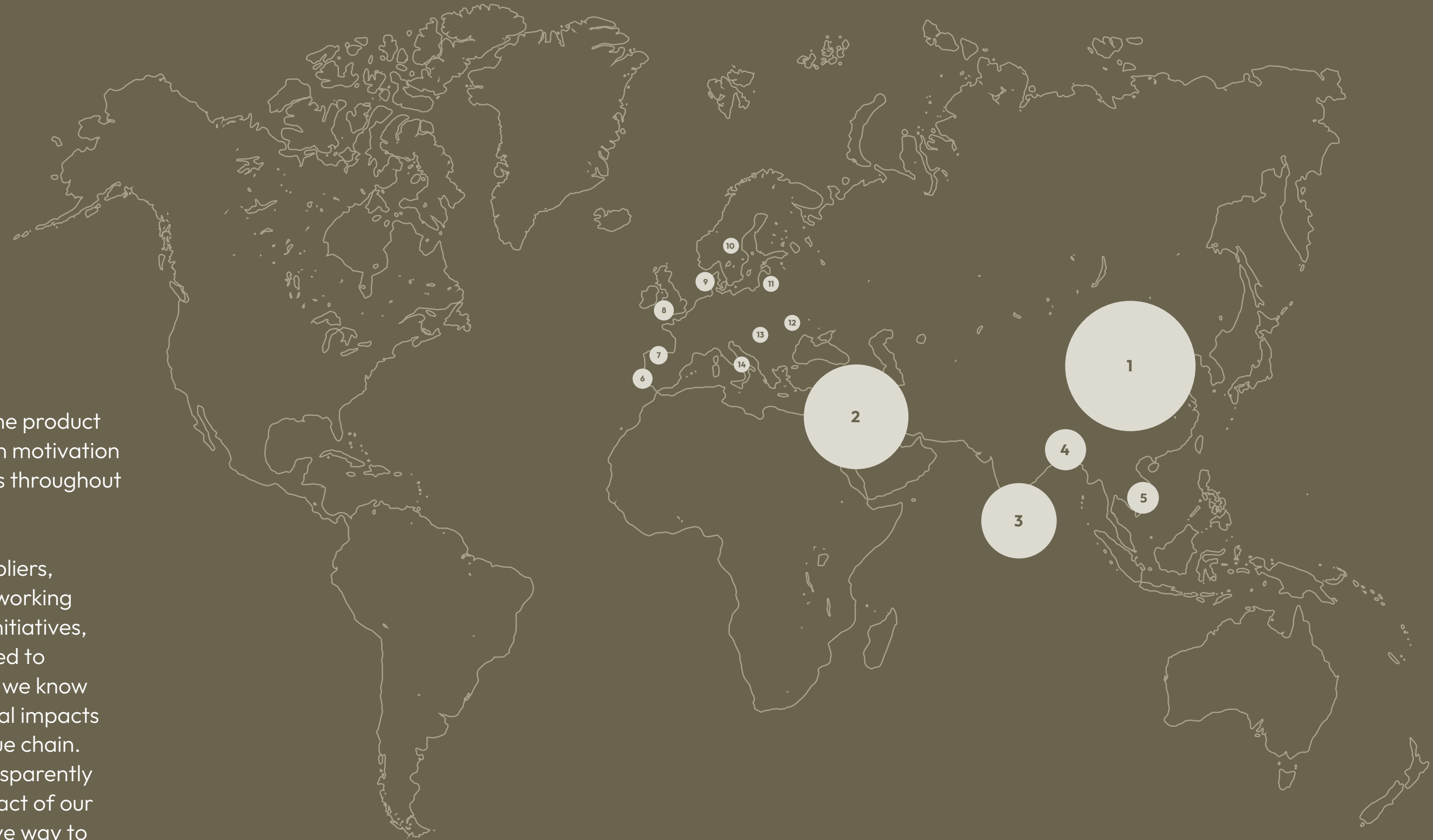
Since April 2021, we have full transparency of our tier 1 factories – the garment facilities where the cutting, sewing and finishing takes place are available in our supplier list on our website. As we strongly believe in industry collaboration, our list of producing factories is also shared with Open Supply Hub, which is an open-source map and database of global manufacturing facilities and their affiliations worldwide. We will continue to enhance our supplier list with additional details, including key sustainability metrics.

By 2030 at the latest, we want full traceability for at least 80% of our production - from tier 1 right back to raw materials. We are also actively working on mapping out our tier 2 suppliers, the mills that weave, knit and dye the fabrics, and will add these to our supplier list in 2024. Although transparent

communication with our customers on the product origin and journey is important, our main motivation is to work more closely with our suppliers throughout the supply chain.

We want to proactively support our suppliers, throughout the value chain, to improve working conditions, progress climate reduction initiatives, and ensure agricultural practices are used to conserve biodiversity, water and soil, as we know that the biggest environmental and social impacts from our business are upstream our value chain. We will make sure we communicate transparently about the social and environmental impact of our products in a clear, honest and innovative way to our customers and other stakeholders.

“We want our customers to know the origin and impact of their wardrobe.”



The dots represent number of factories we worked with during the year. Small dots without country names represent one factory only. For a full overview of the tier 1 cut and sew factories we work with, please see the supplier list on our website here.

- 1. China
- 2. Turkey
- 3. India
- 4. Bangladesh
- 5. Vietnam
- 6. Portugal
- 7. Spain
- 8. Great Britain
- 9. Denmark
- 10. Sweden
- 11. Lithuania
- 12. Bulgaria
- 13. Romania
- 14. Italy

2023 Highlights

We're on a fast-paced sustainability journey, and we want to bring all stakeholders with us along the way. Transparently. Through ups and downs. Through tough challenges, as well as celebrating our achievements together. It is only by collaborating with our different stakeholders that we will be able to reach our bold sustainability targets. Here, we share some of our highlights during the last year.

Signing Better Cotton Initiative

to enable reaching our goal of phasing out all conventional cotton by 2025.

Brand certification

from textile exchange for organic and recycled materials, as well as for responsible wool.

Increasing product transparency

by adding product certificate information to each product page on our website and app.

Launching NA-KD Future

our product innovation testlab to make fashion fit for the future.

Decoupling growth from volume

with an absolute emission reduction of 55% since our base year in 2020, all while maintaining our turnover compared to the same year.

Collaboration with Sellpy

to give defected return items a second chance.



The big picture

Trends we've spotted for 2024 and beyond

As a brand aiming to make fashion fit for the future, NA-KD is **celebrating a new era of green politics and progressive leadership**. The EU's Green Deal and EU Textile Strategy are raising the bar for the fashion industry significantly. With these new legislative frameworks, we are likely to see a much-needed transformation of the fashion industry within the coming 5–10 years. All potentially depending on the outcome of the EU elections in 2024.

Sustainability is the mega trend in fashion. Strong voices continue to demand actions **against the climate crisis**, especially among Gen Z. Brands need to deliver ambitious targets and tangible results. But organic and recycled materials are not enough, today the consumer expects much more. Product environmental footprints become increasingly important, and may soon also be required by law for brands to show transparency on.

At the same time **prices for raw materials vital to the fashion industry will likely continue to be generally high**. Cotton prices are at their highest level in ten years due to the US ban on cotton from Xinjiang in China. Extreme weather, including droughts, heat waves and flooding in Pakistan, have also heavily impacted cotton crops across the U.S, central Asia and China. We also see that overall inflation and increasing demands for lower impact materials is also pushing up prices, even though there may be a dip in prices with lower demand during the inflation.

The combination of the above, drives industry initiatives to find **solutions for recycling and upcycling textiles**, increases industry collaboration to drive down emissions and other

environmental impacts in supply chains and **spurs alternative business models**.

The second hand market has been growing for years and is forecast to double to a total of 34 billion euros by 2025. More and more brands and retailers are investing in new resale business models and offer second hand goods alongside their regular collections. Similarly, we see a similar trend for rental.

To enable this much needed transformation, we see an **uprising of technology in fashion**. Digital product ID's will help stakeholders identify how products can be recycled. 3D technology is increasingly being used in everything from body scanning technologies to digital products that are marketed online and tried on via personalised avatars before they have even been produced. AI algorithms are used in the industry to predict market demand, avoid overproduction of clothes, and set competitive prices. The evolution of fashion ranges from gender-free collections to spray-on fabric technology being showcased on runways and clothing companies offering menstrual underwear or temperature-changing smart fabrics.

Technology and social media is especially important among the young generation of Gen Z and Y. Live-streamed shopping is seen by many as **the future of online retailing** because it has the character of an event and enables a direct, human encounter between retailer and consumer. Micro-influencers will rule influencer marketing in the future, and developing the relationship with employees into in-house influencers will increasingly bring employees into being more credible brand ambassadors.



01. Vision

Always making women feel at their best.

02. Mission

Together with our customer, we make NA-KD the top-of-mind fashion brand. We inspire and make women feel confident by providing them the latest fashion, easily accessible and fit for the future.

03. Values

Courage

We take risks to evolve and dare to fail, rather than never try. We speak up and use our voice for what we believe in.

Curiosity

We constantly seek new perspectives. We question our assumptions to create breakthroughs by challenging the status quo.

Momentum

We favour progress and simplicity. We take ownership and act and constantly push the limit of our potential.

Collaboration

We embrace diversity and inclusion and actively seek new ways to collaborate. We win and we lose together while making sure to have fun along the way.

Customer obsession

We see things from the customer's perspective and always put them first. We strive to deliver in every customer interaction.

Fashion fit for the future

We want future fashion to be grounded in equality, diversity and a deep respect for nature. To get there, we will use our creativity, agility, lots of energy and an honest and open relationship with our customers.

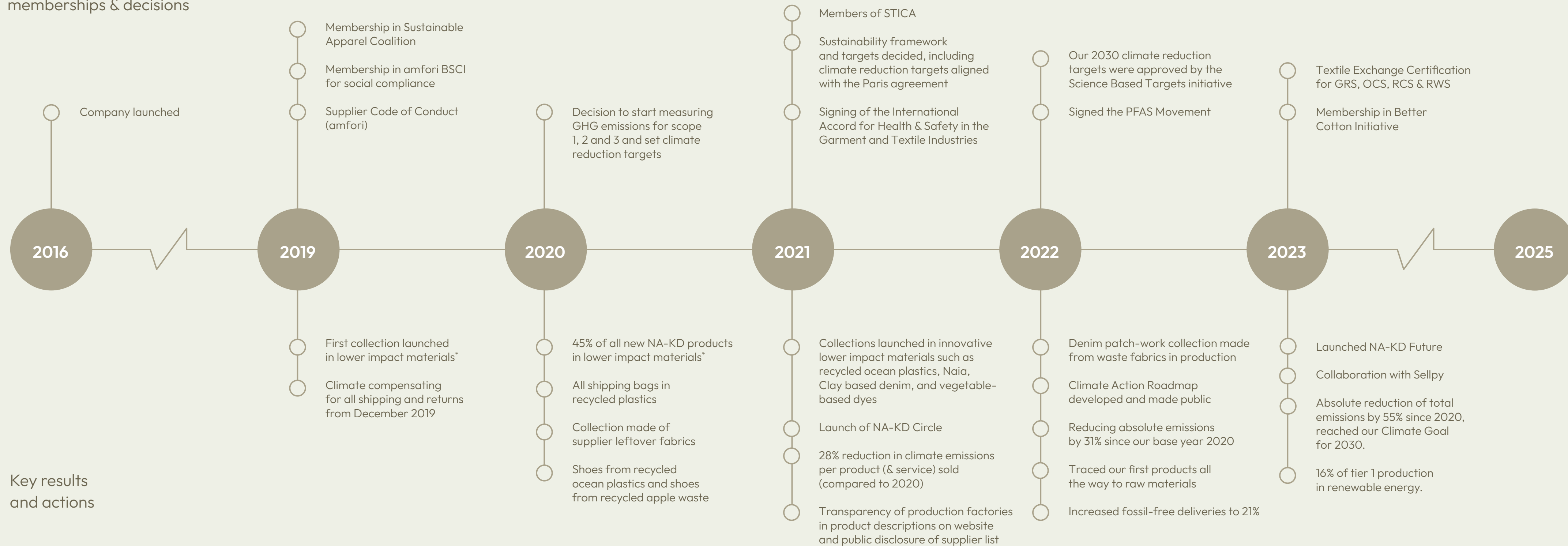
Our vision, mission and our corporate values guide us in all our work. Our values are not just words that we stick on a wall. They are the beliefs, philosophies, and principles that drive our business. These brand values have been set together with our employees and are our company's DNA. They guide us in every decision and drive us in action and in our communication.

Our values are included in our onboarding of new employees and we work with them on a regular basis, through workshops, activities and in company meetings. They are also part of our performance reviews. The CEO and Senior Management team are responsible for our values, which are available in English, our corporate language.



NA-KD's sustainability timeline

Commitments, memberships & decisions



- Our key goals**
- By 2030, reduce absolute emissions by 50%, from cotton fields to customers
 - By 2030, have 100% organic, recycled or other lower impact materials in all our products
 - By 2030, reach full supply chain transparency for 80% of our production
 - By 2030, have 20% of turnover generated from circular business models
 - By 2025, 80% of customers perceive NA-KD as “celebrating equality & diversity”
 - By 2025, have 100% circular packaging (made from recycled materials and is reusable, recyclable or compostable)

Key results and actions

* such as organic cotton, recycled cotton, recycled polyester, LENZING™ ECOVERO™ Viscose, TENCEL™ Lyocell, TENCEL™ Modal, Naia, and other organic/ recycled and/or more sustainably produced materials.

Our sustainability approach

Our sustainability strategy is grounded in a materiality assessment, an approach that allows us to build a very clear picture of our actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across our activities and business relationships. This process enables us to act quickly on important issues that will deliver the most progress against our sustainability goals, while limiting and mitigating our negative impacts and leveraging our positive impacts.

Our material topics have been identified through a lean process starting with a high level analysis of actual and potential impacts on economy, environment, and people. Second, we have prioritised the significance of our impacts including taking into account our stakeholders' views in determining our material topics and their prioritisation of significance.

Our highest risk of impacts on people and human rights have been identified through a human rights impact assessment. They are described in our salient human rights documents on our [website](#), which includes an overview of geographical and structural risks identified in our value chain. The impact assessment is based on the amfori BSCI country due diligence tool and the results from our social audits of our supply chain partners. Our salient human rights are (in no order of priority): Discrimination, Harassment, Victimization &

Violence, Health & safety, Living wages, Freedom of association & collective bargaining, Decent working hours, Social Security, Forced labour & modern slavery, Child labour / young workers, and Access to clean water.

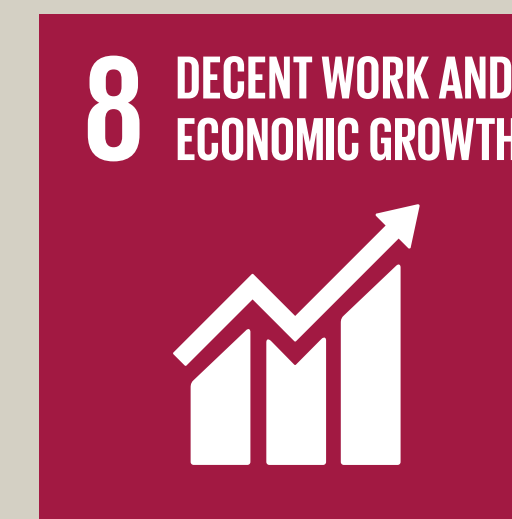
Equally, our environmental salient rights are: Contribution to climate change, Land used for textile production instead of food, Land use impacting biodiversity loss, microplastic pollution, Water impacts, Chemicals in production causing environmental pollution, and Overproduction causing landfill. These have been identified through an environmental impact assessment conducted at the highest level of the company and are also found on our [website](#) including materials and areas with highest risks and our actions for mitigation.

We believe that as a young and fast moving company with a young customer audience, we have an opportunity to contribute to a circular economy through circular business models, which is also a key aspect in reducing our climate and environmental impacts.

By collaborating with our customer community, we also have an opportunity to inspire and make women feel at their best by wearing NA-KD fashion and lift the voices of our customers. We believe that we have an opportunity to enable our employees to grow internally with cross-functional career paths, and provide a culture where nothing is impossible.

We are dedicated to contributing to the Sustainable Development Goals as formulated by the United Nations. For the sake of our future and for all of us – but also because that’s just the way we want to do business. Our sustainability work is a fundamental part of who we are.

The five Sustainable Development Goals we contribute to the most are:



Our sustainability approach

Stakeholders

A stakeholder is an individual or group that has an interest in a company and can either affect or be affected by its business. Our key stakeholders have been selected based on who we interact with that can impact NA-KD as a business or that we in turn impact with our business. They are the ones that have informed our process of determining our most material topics. Our stakeholders include our customers, colleagues, influencers, owners, business partners, academia, and wider society. Our approach to sustainability involves close collaboration with these stakeholders – it's only together with them that we will achieve our goals.

Customers

Our customers are always our number one priority, and we are obsessed with understanding them – if it matters to our customers, it matters to us. The journey to becoming more sustainable – for our business and our industry – is full of challenges, and we will only succeed by collaborating with our customers. For example, how can we best support them to adopt more sustainable consumption behaviours – such as selling and buying preloved items? To make sure we are truly listening to what our customers want and need from us when it comes to sustainability, we are conducting customer surveys and have a close ongoing dialogue through our dedicated customer service team and through our social media team.

Based on our continuous customer dialogue, our customer's top three impact areas for NA-KD are:

1. Quality & price balance
2. Lower impact materials in products
3. Packaging & plastics

Colleagues

Our colleagues make us who we are. Without their creativity, passion and talent, we would not be able to serve our customers the way we do. That's why our colleagues are so important to our sustainability journey – their ideas and ability will take us to the next level. The physical and mental wellbeing of our colleagues is of utmost importance to us. We are also dedicated to ensuring everyone has an equal opportunity to succeed. Listening to our colleagues' feedback through our employee satisfaction survey, continuous dialogues, and performance reviews, the top three things where NA-KD is seen to have the most impact are:

1. Products with better quality & lower environmental impact
2. Working conditions at NA-KD and throughout the supply chain
3. Sustainability governance by the board and senior management



Our sustainability approach

Influencers

We've always worked symbiotically with our influencers. They speak our minds and we truly want to amplify diverse voices from around the world through our platforms. We have an ongoing dialogue with all creators that we work with in our daily work. From our performance management team, to key account managers and our collab design and purchasing teams. Based on these continuous dialogues, the top things where NA-KD has an impact are seen as:

1. Lower impact materials in products
2. Design for longevity

Business Partners

NA-KD works with a variety of business partners: from producing vendors, to wholesale and retail partners, as well as logistics and distribution partners. Key for our operations are our producing vendors. We do not own any factories but work with supply chain partners for the making of our products. At the end of 2023, we had 106 (113) tier 1 factories making the products we sell. Together, we are constantly working towards improving their environmental and social performance. We are always on the lookout for suppliers that offer innovative and lower impact materials and production methods.

We have continuous dialogues with our suppliers and since 2021 we have more regular meetings with our key suppliers focusing the dialogue on sustainability. Based on these continuous dialogues, the top three things for NA-KD to focus our sustainability work on are:

1. Responsible purchasing practices
2. Lower impact materials and certificates management
3. Investments in renewable energy and chemicals, including for sub-suppliers

Owners

Our owners trust that we can overcome obstacles and will win more customers in the long run – all in a more sustainable way. They guide our long-term vision and strategy, and are therefore critical partners in our sustainability journey. Based on our continuous dialogues with our owners in our Board of Directors, the top three things where NA-KD has an impact are:

1. Secure product compliance in the current complex and fast changing regulatory environment
2. Deliver on the Climate Action Roadmap
3. Strengthen strategic business relationships in supply chain

Academia & Research

We all need to listen to the science on climate change. It's telling us that we must act quickly and decisively to reduce global emissions by at least 50% by the end of the decade. For the fashion industry to transform into a more sustainable and circular industry, we need new, scalable solutions for recycling textiles and keeping resources in a closed-loop system. We strive to continuously monitor the latest research and science on climate change and lower impact fashion practices in general. Based on this, the top three areas science tells us that we have an impact on are:

1. Transforming supply chains to fossil-free production
2. Transition to circular business models
3. Think holistically and include all aspects of sustainability, e.g. water, biodiversity, working conditions, and human rights

Society

At NA-KD, we always have an ear to the ground for new social and cultural movements and trends. We stand by our values of equality and diversity and give our support to BLM and LGBTQIA+ rights. We are also convinced that our momentum, collaboration and curiosity around climate change issues will bring more people with us on our sustainability journey. Our collaboration with this stakeholder group includes NGOs, policymakers, our peers and multi-stakeholder initiatives like the International Accord for Health & Safety in the textile and garment industry and STICA. Our societal stakeholders inform us that the greatest areas of impact for NA-KD are:

1. Climate change & mitigation, including circularity
2. Transparency & Communication
3. Women and workers' rights

Our sustainability approach

Elaboration on our most material topics

Based on our materiality assessment described above, our most material topics are listed and described below. Runner ups are: Water, Biodiversity, Microplastics, Chemical management, Transport, Packaging and Marketing communication. These topics are also touched upon throughout this report.

Circular products and business models

This is about thinking circular in everything we do as well as increasing revenue streams from new business models. We need to do this journey in collaboration with our customers, and with support of policy decisions and regulation to drive change towards circularity. There is a potentially very positive impact on both environment and economy if NA-KD is part of succeeding with this transformation, from being able to meet our climate reduction targets to reaping the economic benefits from staying competitive in the future landscape for fashion.

Related policies: Environmental Policy, NA-KD Code of Conduct, Supplier Code of Conduct. Read more on our policies, commitments, processes, actions taken and effectiveness in the chapter on Circularity, page 34.

Climate Action

Reducing climate and environmental impact from our business and products is a key business driver. Focus is twofold on transitioning to circular business models and minimising negative environmental impact from the making of new products, which is the part of the value chain with the biggest impacts. For most of our key stakeholders, this is a prioritised topic, as urgent climate

action is needed – and as businesses that adapt to and rethink their business models, are likely the winners in the long run.

Related policies: Environmental Policy, NA-KD Code of Conduct, Supplier Code of Conduct. Read more on our policies, commitments, processes, actions taken and effectiveness in the chapter on Climate Action, page 17.

Lower impact materials

Our customers are our number one priority, and more lower impact materials are their number one priority when it comes to sustainability. Our materials, from raw materials to the making of fibers, yarns and fabrics, have the biggest climate, water, and chemical impact across our value chain. Hence, moving towards lower impact materials reduces these negative impacts throughout our value chain, at the same time as we live up to customer expectations.

Related policies: Environmental Policy, NA-KD Code of Conduct, Material Ethics & Animal Welfare Policy, NA-KD Restricted Substances List. Read more on our policies, commitments, processes, actions taken and effectiveness in the chapter on Our Products, page 26.

Product traceability & transparency

Transparency and honesty are what build the foundation of any stakeholder relationship. To future-proof our business, NA-KD is on a journey to become even more transparent. The risks of not being transparent in our communication is to lose credibility and trust from our stakeholders, and ultimately lose sales. A key to taking action and managing impacts from most of our material topics is product traceability. As oftentimes our greatest

negative environmental and social impacts are upstream supply chain, knowing the products' value chain is of utmost importance to both address our impacts and to be able to be transparent to our stakeholders about our value chain and impacts.

Related policies: NA-KD Code of Conduct. Read more on our commitments, processes, actions taken and effectiveness in the section about our value chain on page 5.

Diversity and inclusion

The main focus for NA-KD in this area is in our own operations and employees' work situation. We have an opportunity to be diverse and inclusive as a company and mitigate the risks for discrimination, harassment and bullying. This is also a significant factor in our communication to and with our customers and creative business partners – we strive to ensure that we champion diversity and inclusion in everything we do, from the models we use to being inclusive in language and overall communication. Naturally, diversity and inclusion is also vital in our work with supply chain business partners, especially with regards to the right to non-discrimination, harassment, and violence. The risks for not addressing diversity and inclusion, or any potential human rights impacts across our value chain, can be immense – for both people and our business. We make products for people, made by people, and that's why people are at the core of what we do.

Related policies: NA-KD Code of Conduct, Human Rights Policy, Work Environment Policy, Equal treatment policy, Supplier Code of Conduct. Read more on our policies, commitments, processes, actions taken and effectiveness in the chapter on Diversity & Inclusion, page 40.

Female empowerment

NA-KD is a brand for everyone, but our primary target group is women. We believe that we have a potential positive impact on women as we want to lift women's voices and empower women everywhere, wherever they are. This is part of our vision – always making women feel at their best. We see this opportunity especially for our customers, creators and our colleagues, as well as stakeholders in wider society. We believe we can inspire and make women feel confident in several ways – for our customers by wearing NA-KD fashion, for our collaborators by giving them access to our wide channels on social media, and by lifting all the fabulous women working at NA-KD.

Related policies: NA-KD Code of Conduct, Human Rights Policy, Work Environment Policy, Equal treatment policy. Read more on our policies, commitments, processes, actions taken and effectiveness in the chapter on Diversity & Inclusion, page 40.

Our most material topics

- Climate action
- Lower impact materials
- Transparency
- Circular products and business models
- Diversity and inclusion
- Female empowerment

Our sustainability approach

NA-KD's Sustainability Governance

NA-KD's highest governance body is the Board of Directors, where the two of the three largest shareholders are represented, with an independent Chairman. Our CEO reports to the Board of Directors.

NA-KD's Senior Management Team is led by our CEO and includes managers from the main areas of the company: Operations, Sales & Marketing, Purchasing, Sourcing, Engineering, Finance and People & Culture. The Board of Directors is ultimately responsible for NA-KD's impacts on the economy, environment, and people, and the Senior Management Team is responsible for its operational execution, including developing, approving, and updating the organisation's purpose, values and mission statements, strategies, policies, and goals related to impacts on the economy, environment, and people. This work is delegated to and led by the Head of Sustainability & Quality who reports to the Chief Supply Chain officer.

NA-KD's sustainability work is guided by our internal Code of Conduct, which was updated during 2021, and communicated to all employees followed by annual training. Read more on page 42. NA-KD set out our sustainability strategy – Deliver fashion fit for the future – at the beginning of 2021. The sustainability objectives and key results are broken down in all teams, as part of our performance management system based on what is most relevant to each team's daily tasks. This way our sustainability performance and governance is a naturally integrated part of NA-KD's quarterly objectives and key results. There is a special focus on "Reduction of CO₂e per product (and service) sold", "Product sell through rate", as well as our "Share of lower impact materials", on both corporate level and for each product category.



Sustainability framework

Fashion fit for the future

We want future fashion to be grounded in equality, diversity and a deep respect for nature. To get there, we will use our creativity, agility, lots of energy and an honest and open relationship with our customers.

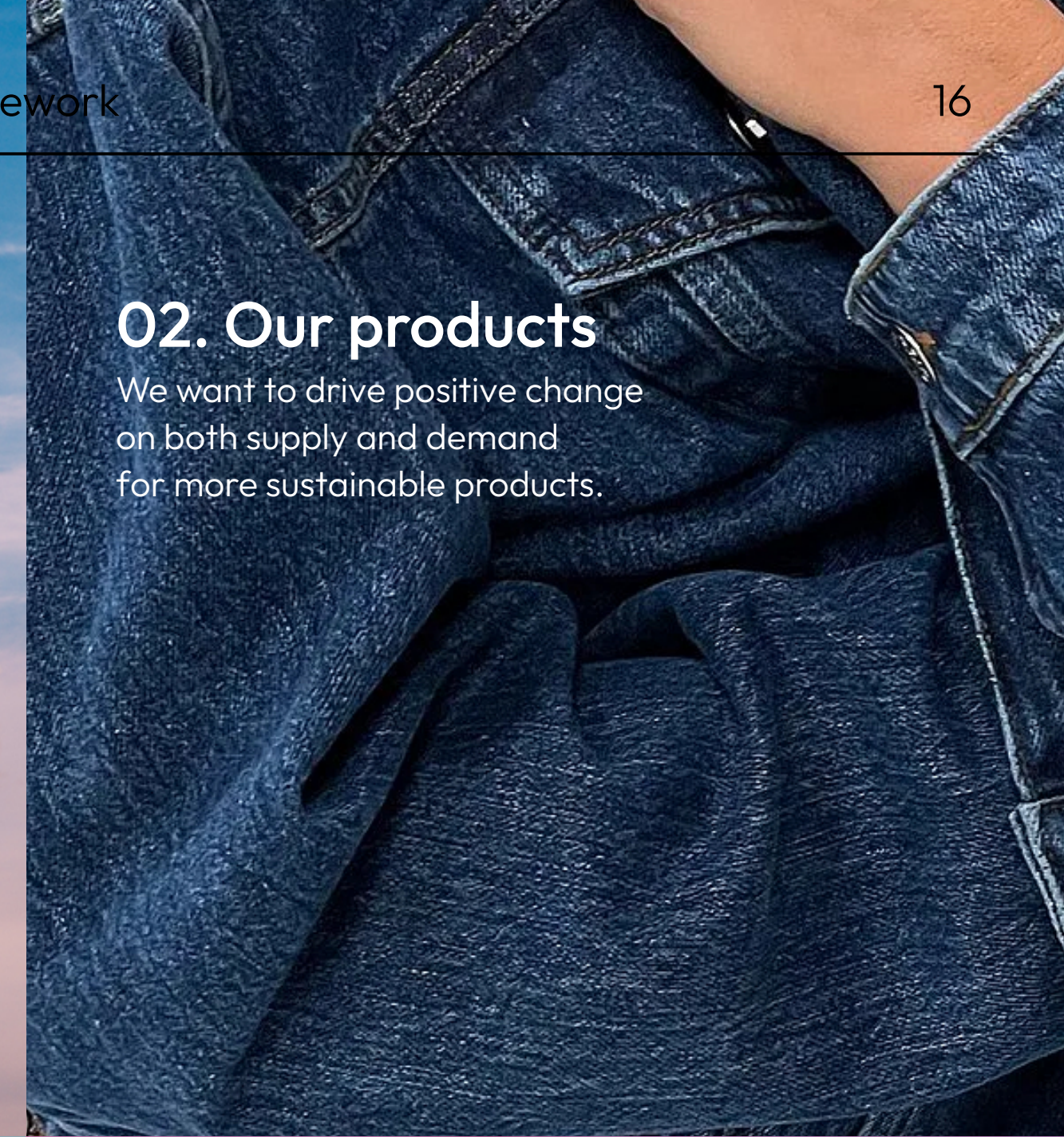
01. Climate action and Nature

Our customers want climate action now and demand a more sustainable approach.



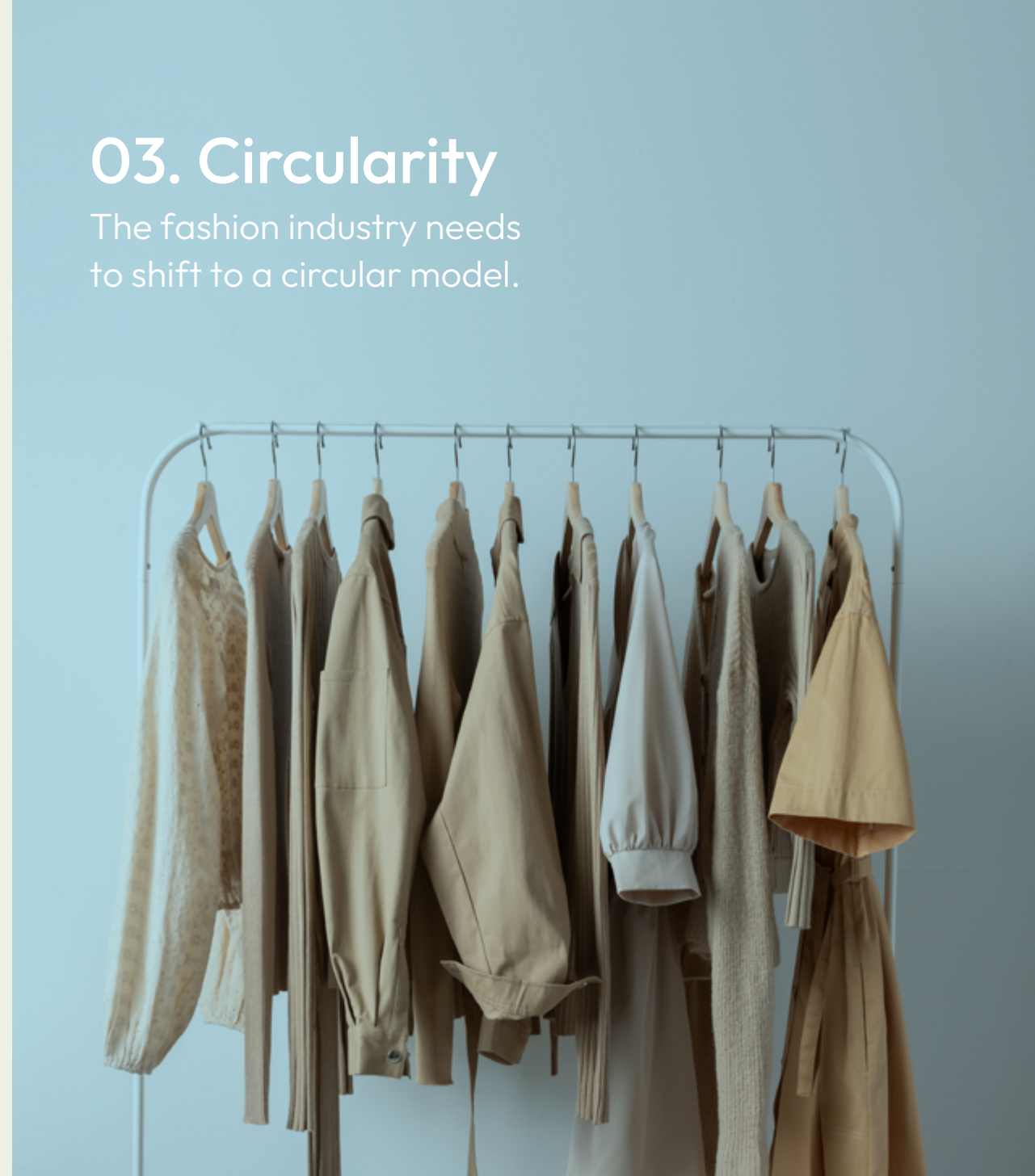
02. Our products

We want to drive positive change on both supply and demand for more sustainable products.



03. Circularity

The fashion industry needs to shift to a circular model.



04. Diversity and Inclusion

We will be a champion of diversity and female empowerment in fashion.



01. Climate Action and Nature

At NA-KD, we recognize the fashion industry's substantial impact on climate and nature. We understand the interconnectedness of climate change, resource use, biodiversity, water scarcity, human rights and livelihoods. Our commitment is to address climate change, striving to protect and conserve biodiversity, clean water supply, ecosystems, and natural habitats affected by our operations.



01. Climate Action and Nature

Policies

In NA-KD's **Environmental Policy**, we state our commitment to address environmental challenges. This includes avoiding adverse impacts, promoting biodiversity, ensuring sustainable resource use, controlling pollution, and practicing responsible water stewardship that respects the needs of local communities. We strive for sustainable consumption and production through circular business practices, contributing to climate change mitigation and adaptation with a science-based approach supporting the 1.5-degree pathway. Our measures encompass reducing emissions from materials, volume reduction, optimizing transportation logistics, and supporting business partners in adopting energy efficiency and renewable energy. We aim to build a resilient business with a focus on climate adaptation, collaborating with suppliers to enhance climate resilience. We actively measure, monitor, and work towards reducing emissions across our value chain.

In NA-KD's **Code of Conduct**, we have outlined our dedication for the climate and our work towards minimizing our product's life cycle environmental impacts such as resource use, emissions, negative impacts on water and waste while moving towards a circular economy. This includes striving to reduce, reuse, repair, repurpose and recycle all materials that we use at NA-KD. We aim to choose recycled or reused alternatives when we make purchases, and increase our share of organic and recycled materials or other lower impact materials in our products. Reducing our carbon footprint across our value chain and shifting towards circularity are of utmost importance to us.

Material impacts, risks and opportunities

Environmental **risks** to our business, value chain, communities, and the planet include depletion of natural resources, climate change, biodiversity loss, land use change, water impacts, and changing consumption patterns. Many environmental risks are closely connected to human rights risks, such as land rights and livelihoods, the right to access clean water, and the impact of climate change on communities with inequitable access to resources or finance. More on this can be read on our Salient Environmental Impacts document [here](#).

NA-KD's main **impacts** on climate and nature is in the supply chain, particularly in fabric manufacturing and processes like dyeing and washing, which are often energy- and water-intensive. More on this can be read on our Salient Environmental Impacts document [here](#). These processes account for approximately 80% of our greenhouse gas emissions and it's also where the industry has their biggest challenge regarding water pollution. The fashion and textile industry contribute significantly to global greenhouse gas emissions, with production, transport, use, and disposal of textile products generating substantial emissions that contribute to global warming.

It is important to consider how our products impact the environment throughout their life cycle. We have identified risks in various areas, such as getting raw materials, manufacturing, transportation, and changes in what customers want. More information about the risks related to climate change are on page 54 of this report.

Simultaneously, new EU climate legislation and garment emission taxes may raise production costs with renewable energy or lead to higher import prices due to taxes. This dual challenge could be both a risk and an opportunity, contingent on our capacity to transition from fossil fuels in our supply chain. We also face risks from extreme weather events that may disrupt distribution and production in specific countries. Additionally, changing customer attitudes and preferences, such as a heightened demand for low climate impact products and services, pose a risk that necessitates our adaptability to these evolving market dynamics.

Our customer-centric **opportunities** involve offering circular business models, low-impact products, and transparent communication on environmental and climate impact for informed choices. Choosing second-hand items has, on average, a 70 times lower impact than buying new, according to EuRIC. Our efforts to enhance material sourcing and adopt circular business models align with our climate, water, biodiversity, and chemicals goals. As a relatively small brand with limited leverage, collaboration with industry peers becomes a strategic opportunity.

By working collectively through initiatives like the Scandinavian Textile Initiative for Climate Action (STICA), we aim to influence our supply chain partners positively. STICA's aim is to support apparel and textile

companies to reduce its climate impacts in line with the 1.5 degree pathway while strengthening its global competitiveness. This collaborative effort allows us to support partners in transitioning to low-carbon production through energy efficiency and renewable energy adoption.

We also have an opportunity to partner on projects that introduce regenerative practices in agriculture, fostering plant diversity, restoring soil health, and promoting biodiversity, like the Better Cotton Initiative or by using certified organic cotton.

70 times

lower is the average impact of choosing second-hand items compared to buying new, according to EuRIC .

01. Climate Action and Nature

Strategy

To keep global warming below 1.5 degrees, in line with the Paris Agreement, we have an ambitious plan. Our goal is to reduce absolute climate emissions by 50% by 2030 across our value chain. To achieve this, we have developed a [climate action roadmap](#) where we ultimately need to reduce our overall resource use. This, by creating products our customers want, made with lower-impact materials and processes and increase our circular business models.

To integrate climate action into our business strategy, an estimated result of our objective to reduce climate impact with 50% per product (& service) sold by 2025, is followed up on a quarterly basis in the companies OKRs. Annual absolute emissions are closely monitored and transparently shared with all employees, promoting accountability and awareness.

"We need to make more money for every piece we produce and every CO₂e that we use."

Our objective

Reduce our absolute emissions across our value chain in line with the Paris Agreement.

Targets

By 2025, reduce emissions from our own operations by 80% (scope 1 & 2)

By 2025 reduce emissions by 50% per product (& service) sold (scope 1, 2 & 3)

By 2030, reduce absolute emissions by 50% (scope 1, 2 & 3)

By 2030, have 75% of our production volume being made with renewable energy

By 2030, have 75% of our last mile truck deliveries fossil free

By 2030, reduce emissions by 45% from product materials through volume reduction and moving towards using best available technology

2021 2022 2023

-73	-74	8.9
-28	-48	-42
-6	-36	-55
3	3	16
15	21	26
-7	-33	-58

Transition plan for climate change mitigation

The baseline period for our transition plan corresponds to the full year of 2020 and the transition plan for reducing the carbon footprint extends to the year 2030. In 2021, we did our first climate audit for FY2020, where we identified our system boundaries and scopes according to the GHG-protocol.

During 2022, we created our Climate Action roadmap, in close collaboration between the sustainability, purchasing and logistic departments, our financial department and our CEO. This, to make sure that our climate action roadmap is fully aligned with our financial goals and integrated in our overall business strategy. The transition plan was approved by the CEO. We had two important goals to consider when creating our climate action roadmap: our financial goal and our emission reduction goal. Looking at different growth and emission reduction scenarios it became clear that we need to decouple growth from volume if we are to reach our goals. There are four important parameters for this roadmap: increase our full-price sell-through rate, lower our emissions in the production of new products, increase revenue from circular business models, and decrease our overproduction.

Please see an overview of the climate action roadmap [here](#). Read more on the next page for a description for each scope, decarbonisation levers, key actions and our progress.

01. Climate Action and Nature

Decarbonization levers, actions and results

In 2023, we achieved a 55% reduction in absolute emissions from our 2020 base year, maintaining revenue compared to the same base year, with significantly reduced purchasing volumes. Our emissions per product sold increased slightly from 4 CO₂e in 2022 to 4.4 CO₂e in 2023 due to a small decrease in sales, but nearly reaching our 50% reduction target for 2025, with a total decrease of 42% since 2020. By reducing our production volume, we significantly lowered our carbon footprint.

This reduced emissions from materials, manufacturing (tier 1 production), and transportation (inbound shipping). We used the Greenhouse Gas (GHG) Protocol to calculate our 2023 climate impact. The GHG Protocol is a global, standardised framework to measure and manage greenhouse gas emissions. The Protocol measures:

Scope 1: Direct emissions from our own operations

Scope 2: Indirect emissions from energy that we buy

Scope 3: Indirect emissions from upstream and downstream our value chain

Total Emissions	2020 base year	2022	2023	Difference since base year	
				Absolutes	Percentage
Total Scope 1 CO ₂ e emissions (tonnes)	10	8,9	10	0	0%
Total Scope 2 CO ₂ e emissions (tonnes)*	177	38	194	17	10%
Total Scope 3 CO ₂ e emissions (tonnes)	70,048	45,682	31,945	38,103	-54%
Total CO ₂ e emissions (tonnes)**	70,764	45,729	32,149	38,615	-55%
CO ₂ e per product (& service) sold (kg)	7,6	4,0	4,4	3,2	-42%

Calculations in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 1 and 2

Our own emissions

In scope 1 and 2 we have our own emissions. These stand for less than 0.1% of our total emissions and include our company cars where our goal is to replace petrol and diesel cars with fossil-free alternatives. For company operated facilities our goal is to change to renewable electricity and heating sources in all of our own facilities. Our emissions in scope 2 have increased due to our new warehouse in the Netherlands, where we are yet to install solar panels.

Decarbonisation levers and key actions

1. Replace company cars to fossil free alternatives:
 - 0 out of 1 company car are fossil free, decreased amount of company cars from 3 to 1.
2. Switch to renewable energy for all our facilities:
 - The solar panels on our Swedish warehouse roof supplied over 38% of its electricity needs in 2023, totaling 173,148 kWh.

Scope 1 and 2	2020 base year	2022	2023	Difference since base year
Scope 1 emissions	10	8.9	10	0%
Company cars	5.1	8.9	10	96%
Refrigerant leakage	5	0	0	100%
Scope 2 emissions	176.8	37.5	194	10%
Electricity	121.5	2.7	160	32%
Heating	55.3	34.8	34	-39%
Total (tonnes CO ₂ e)	181.9	46.4	204	12%

* Scope 2 emissions under the market-based approach is equal to 40.8 tonnes CO₂e. Under the location-based method (using grid average emission factors), scope 2 emissions were 8.3 tonnes CO₂e. ** Further details in the GRI Index.

01. Climate Action and Nature

Scope 3

In scope 3 we have our value chain emissions. These stand for the main part of our total emissions, over 99%, where raw materials and the production of materials is the biggest source of NA-KD’s emissions. This chapter is structured into different sub-areas, such as production (tier 1, tier 2–4, packaging materials), shipping (inbound, outbound, samples and internal transfers, returns), circular business models and business travel.

Production, tier 1

For tier 1 we aim to reduce our emissions with three different actions. The first one is to change the location of the production to countries with grids with lower emissions with the goal of 75% of the production. The second one is to support our tier 1 facilities to change to renewable energy. Our goal is that 75% of our volume in tier 1 production will be produced with renewable energy 2030. The third action is to reduce our volumes, which will reduce the virgin production and the emissions connected.

Decarbonisation levers and key actions

1. Change production locations to low emission grid locations:
 - In 2023, 36% of our production was in low emission grid locations.
2. Enable and support factories to switch to renewable energy:
 - Through the Swedish Textile Initiative for Climate Action (STICA), we have together with our industry peers, invited suppliers and performed webinars to increase climate awareness for tier 1 and tier 2 factories with the purpose to encourage our supply chain partners to start their climate journey, set reduction targets and build their own climate action roadmaps. The first webinar included a climate change awareness session, which had a focus on risk and opportunities within fashion and textile supply chains. The second webinar focused on Environmental

- Management Systems and Energy efficiency solutions and the third one was focusing on different renewable energy solutions. The webinars were held for suppliers in both Turkey, China and India, with country specific risk and opportunities and renewable energy solutions.
- In 2023, 9 of our tier 1 factories used renewable energy, either through solar panels or IRECs.
 - 3. Reduce our volumes:
 - We reduced our purchasing volume with 22% in 2023 compared to 2022.
 - In 2023, tier 1 manufacturing** emissions accounted for 8.9% (7%) of the total, decreasing by over 14% (55%) to 2,845, tonnes of CO₂e from 3,294 tonnes in 2022, primarily due to reduced volumes.

Our scope 3 emissions

Emissions category	2020 base year	2022	2023	Difference since base year
Tier 2-4: Material and textile production *	47,217	31,595	19,683	-58%
Tier 1: Manufacturing**	9,668	3,294	2,845	-71%
Transports and distribution***	9,843	7,304	6,873	-30%
Packaging****	2,353	1,504	1,122	-52%
BTY by NA-KD	-	65	0	-100%
Rental business model	0,3	0	0	-100%
Third party warehouses	949	946	636	-33%
Business travel	531	953	727	37%
Production of energy used within own operations	16	14	45	181%
Refriekant leakage	5	8	7	39%
Total (ton CO ₂ e)	70,582	46,062	31,945	-55%

*For tier 2-4, emission factors used are from the Higg Materials Sustainability Index (MSI) database 2022. For further details please see GRI index. ** Data collection and calculation for factories in tier 1 is based on the Higg FEM database and hence delayed one year due to data availability. Factories with emission data in this database stand for 36% (45%) of quantity and total emissions and the average from this data was used to calculate emissions for the remaining producing units. *** For packaging, consumption data of shipping bags, polybags and cardboard was used to cover packaging to customers, and waste data from warehouses to cover transport from suppliers to NA-KD.

Produced volume with renewable energy in Tier 1

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Target:											
Produced volume with RE in tier 1	0.63	1.35	3	8	12	20	30	40	50	60	75%
Actual in %	4	3	3	16							

As of the verified Higg FEM reporting in 2022, for 2021, 5 of our producing facilities have solar panels installed and 2 have renewable energy certificates, covering 1.6% of our production volume. Additionally, 2 facilities have shared certificates with NA-KD outside of Higg FEM, making our total volume produced with renewable energy 2.7%

01. Climate Action and Nature

Production, Tier 2-4

For tier 2-4 we aim to reduce our emissions with three different actions. The first one is to reduce our volumes. This will give the highest reduction in emissions. The second one is to use a higher amount of low impact fibers and solution-dyed fibers. The third one is to increase the use of renewable energy in our tier 2 facilities, i.e. the fabric mills. The goal is to have 26% of the volume made with renewable energy by 2030.

Decarbonisation levers and key actions

1. Reduce our volumes:
 - In 2023, we reduced our purchasing volumes from 2541 tonnes to 1613 tonnes, corresponding to a 37% reduction in weight and 37% reduction in emissions compared to 2022. This reduction is attributed to a strategic change in our purchasing strategy, emphasizing core products and reducing the number of styles by 44.4%.
2. Increase the share of lower impact materials in all our products:
 - In 2023, we increased our share of lower impact materials from 31% to 38%.
3. Increase use of renewable energy in tier 2 facilities:
 - In 2023, we started to map out our tier 2 facilities. By the end of the year we had identified 192 mills that we work with, and will continue with this mapping throughout 2024.

Top emission materials tonnes (t CO₂e)

Emissions category	2020 base year	share	2022	share	2023	share
Polyester	13,583	29.0%	9514	30.1%	4,838	25.0%
Recycled polyester	768	1.6%	3027	9.6%	3,169	16.0%
Viscose	4,852	10.3%	3,276	10.4%	2,056	10.0%
Acrylic	5,101	11.0%	1959	6.2%	2001	10.2%
Cotton	6,058	12.8%	2,182	6.9%	1,388	7.1%
Lenzing Ecovero Viscose	597	1.3%	1589	5.0%	1,250	6.4%
Polyamide	3,244	6.9%	1,940	6.1%	1,177	6.0%
Wool	1,026	2.2%	1,095	3.5%	937	4.8%
Organic cotton	13,583	9.6%	2,488	7.9%	902	4.6%
Polyurethane	2,512	5.3%	1,490	4.7%	416	2.1%

Production, Packaging materials

For packaging our focus is to change virgin material to recycled content for plastic and cardboard. This will have the biggest impact on reducing the emissions for our packaging.

Decarbonisation levers and key actions

Change to recycled content for plastic and packaging materials:

- In 2023, 70.4% of our packaging was made of recycled materials. Read more on page 38.

Recycled packaging materials	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Target: Recycled Plastic in %	63	65	70	75	80	85	90	95	100	100%
Actual	63	94	93							
Target: Recycled Cardboard in %	4	20	30	40	50	60	70	80	90	100%
Actual	4	61	65							

01. Climate Action and Nature

Shipping

– In 2023, we reduced transport emissions from 7,304 to 6,873 tonnes of CO₂e, a 6% (21%) decrease, partly due to reduced volumes, decreased air shipments, and increased fossil-free deliveries to customers. Our total transport emissions per sold product decreased by 11% (41%) since our base year but with a slight increase from 2022 to 2023, from 0.6 kg CO₂e to 0.9 kg. Read below on our transition plan for shipping, our decarbonization levels and actions.

Carbon footprint (tonnes CO₂e)

	2021	2022	2023
Air	6,098	4,806	5,048
Ocean	564	567	372
Road	2,472	1,929	1,453
Rail	75	2	0
total	9,209	7,304	6,873

Our total transport emissions (tonnes CO₂e)

	2021	2022	2023
From suppliers to warehouse	5,907	3,541	2,050
whereof samples	215	4	107
From warehouse to customers	2,114	2,237	3,522
Returns	617	707	987
Between warehouses	356	814	314
Total	9,209	7,304	6,873

Inbound

Our biggest reduction will be made by shifting air transportation to sea for the countries of origin where both sea and air transport flows are accessible. The use of fossil fuels in truck, boat, and air transport will be reduced in line with the respective transport sector’s global goals for 2030 (IEA, 2022), which will have a general positive effect on our emission reductions. The number of shipments will automatically decrease in line with the reduced amount of purchased virgin produced.

Outbound

We aim to become more established in the US market and phase out sales to Australia and New Zealand due to the high emissions in distribution. In this case the transport flows via air to Oceania (i.e. Australia and New Zealand) will be exchanged to North America (i.e. USA). The use of fossil fuels in trucks will be reduced in line with our internal goal of achieving 75% fossil-free transport by 2030. The number of shipments will increase in line with the projection for an increase in sold volumes by approximately 6%.

Inbound targets	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Targets: Total	n/a			4	4	3	2	2	2	2	2
Actual				2							

Outbound targets	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual targets: Fossil free delivered orders (truck) in %	n/a		20	25	30	35	40	50	60	70	75%
Actual	7	15	21	26							
Kg CO ₂ e / delivery											

Decarbonisation levers and key actions

Samples and internal transfers

Our goal is to achieve a significant decrease in fossil fuel dependence for truck and air travel by 2030, as defined by the international benchmark set by the IEA (2022), which will have a general positive effect on our emission reductions. We also aim to reduce the emissions from shipping samples by focusing on different projects for digitizing the sample process. This will decrease the number of samples needed.

Returns

The use of fossil fuels in truck and air transport will be reduced in line with the respective transport sector’s global goals for 2030 (IEA, 2022). As an increase of approx. 6% is projected for our sold volumes, including circular business models, the number of shipments will increase accordingly. Our target is to have a return level of approximately 30%.

- Increase use of fossil free fuel in our transportation:
 - During the year, we have worked to consolidate our fossil free alternatives to reduce complexity and to secure functional deliveries, hence no new markets have been added with fossil free alternatives. We are now working with five partners for fossil free deliveries in six markets. Last mile fossil free deliveries were increased from 21% to 26% in 2023.
 - We aim to offer fossil-free deliveries in all main markets by 2030 at the latest.
 - Continue to challenge freight forwarders for sustainable transport options, including electric vehicles and hydrogen fuel.
- Reduce mileage and consolidate shipments for inbound:
 - Introduced Barge, a river vessel as a means of transporting our containers from the port in Rotterdam to an inland terminal closer to our new warehouse in Duiven. With this change we can expect to reduce our last mile of inbound emissions (port to warehouse) by 40%.
 - In Sweden we reduced our last mile of inbound footprint by shipping all containers to Helsingborg Port instead of Gothenburg. This change means that we have reduced the last mile of inbound trucking from 237 km to 26 km.
 - We have continued to work on consolidating more shipments at origin to reduce our overall total shipments and increase the utilization of our containers. By aligning our Cargo ready dates with suppliers we have been able to consolidate more shipments and as a result we increased our fill rate from 80% (2022) to 86% - reducing our overall emission output per shipment.

01. Climate Action and Nature

3. Decrease air shipment:

- We reduced inbound air shipments by 60% through better planning.
- We consolidated air shipments by 0%.
- We reduced the amount of total air shipments in 2023 by nearly 300% with a total of 74 air shipments compared to 285 in 2022. This is partly due to the reduction in the amount of collabs, reduction in overall volume as well as working closely with suppliers to consolidate our orders when we know that there will be multiple air shipments in a short period of time from the same supplier or region.

4. Decrease returns:

- In mid-2022, we implemented a returns charge, eliminating free returns across all markets, something that we kept in 2023. This strategic move encourages customers to reconsider orders, aiming to minimize unnecessary transportation. To support informed purchasing decisions, we enhance on-site information, images, and videos.
- We reduced our return rate with 6.5 percentage points in 2023, compared to 2022.
- Return emissions increased by 40% compared to previous year. Mostly due to higher amount of air freights.

Circular business models

Circular business is an important part of our transition plan as it is an enabler to reduce a large part of our emissions and at the same time increase our growth. For example, regarding second-hand, we only have emissions from handling, transporting and packaging. Our goal is that circular business models should stand for 20% of our GMV by 2030.

Decarbonisation levers and key actions

1. Accelerate the shift to circular business models and services.
 - In 2023, we initiated a collaboration with Sellpy to further extend the lifespan of returned defected products, offering them a second chance. Read more on page 36.
 - We stopped with NA-KD Circle. Read more on page 36.

Overview & status of climate transition plan

Scopes	Business area	2020 Baseline (ton CO ₂ e)	Reduction % 2030	Reduction % 2023 from baseline
Scope 1 & 2	Company operated facilities	177	-75%	-23%
	Company cars	5	-80%	127%
Scope 3	Business travel	530	-49%	38%
	Production, tier 1	9,668	-56%	-71%
	Production, tier 2-4 Purchased material	45,975	-49%	-58%
	Packaging	2,353	-50%	-52%
	Shipping, inbound	6,604	-72%	-71%
	Shipping, outbound	2,579	-55%	37%
	Shipping, returns	660	-50%	49%
	Total	69,514	-53%	-55%
	Goal 2030			

01. Climate Action and Nature

NA-KD's Offsetting

In alignment with the global goal of halving emissions by 2030, protecting and restoring natural carbon solutions like forests and wetlands is crucial. Sectors contributing to current emissions should take responsibility by investing in projects that either remove carbon from the atmosphere or prevent emissions.

At NA-KD, since the end of 2019, we have offset all emissions from our transport, encompassing suppliers, warehouse, customer shipments, NA-KD Circle shipments, and potential returns. Our primary focus is always to reduce the impact of our transports. We work closely with transport providers to minimize emissions, recognizing the carbon-intensity of e-commerce logistics. Looking ahead, we actively engage with logistics providers to transition towards lower carbon intensity and emission-free solutions.

For 2023, we offset 6873 tonnes of CO₂e from transport emissions through investments in projects accredited by the Gold Standard. For 2023 we have invested in the wind project Ortamandira WPP (GSID 2469) in Turkey. You can read more about the project [here](#). Our offsetting process is accredited by the Gold Standard. This is a certification for non-governmental emission reduction projects in the Clean Development Mechanism (CDM), the Voluntary Carbon Market and other climate and development interventions. You can find the standard [here](#).

Business travel

With production in Turkey and Asia we will always need to travel in order to work closely with our suppliers, but in this post-pandemic world, we have all learned new ways of communicating. That is why we believe that we can work closely with our suppliers even on a digital scale and therefore decrease the need for travels. We also see a big potential to decrease our air travel when it comes to our marketing department. We will find new ways of planning photo shoots that can decrease both the need for air travel and the use of other transportation, i.e. trains. Trains stood for 0.9% of the total business travel emissions 2023 but have since base year increased with 223,325%.

Decarbonisation levers and key actions

- Reduce air travel:
- Air travel decreased with 26% from 2022, but have increased from baseline with 26%.

Description of our offsetting projects and cost per year

Offsetting year	2023
Area	Ortamandira, Turkey
Project	Wind turbines
Standard	Gold standard
CO ₂	6,873
Cost	>40 €/tCO ₂
More info	Link here

Correspondence of total CO₂e for our transports and distribution to total CO₂e offsetting per year

Scope 3 Transport and distribution in CO ₂ e	2023
Total CO ₂ e	6,873
Offsetting CO ₂ e	6,873

02. Our Products

We will make our products more sustainable by using lower impact materials and making sure everything we make lasts as long as possible. To help our customers make more sustainable choices, we will tell them how, where and with what impact our products are made. We want to drive positive change to both supply and demand for more sustainable products.



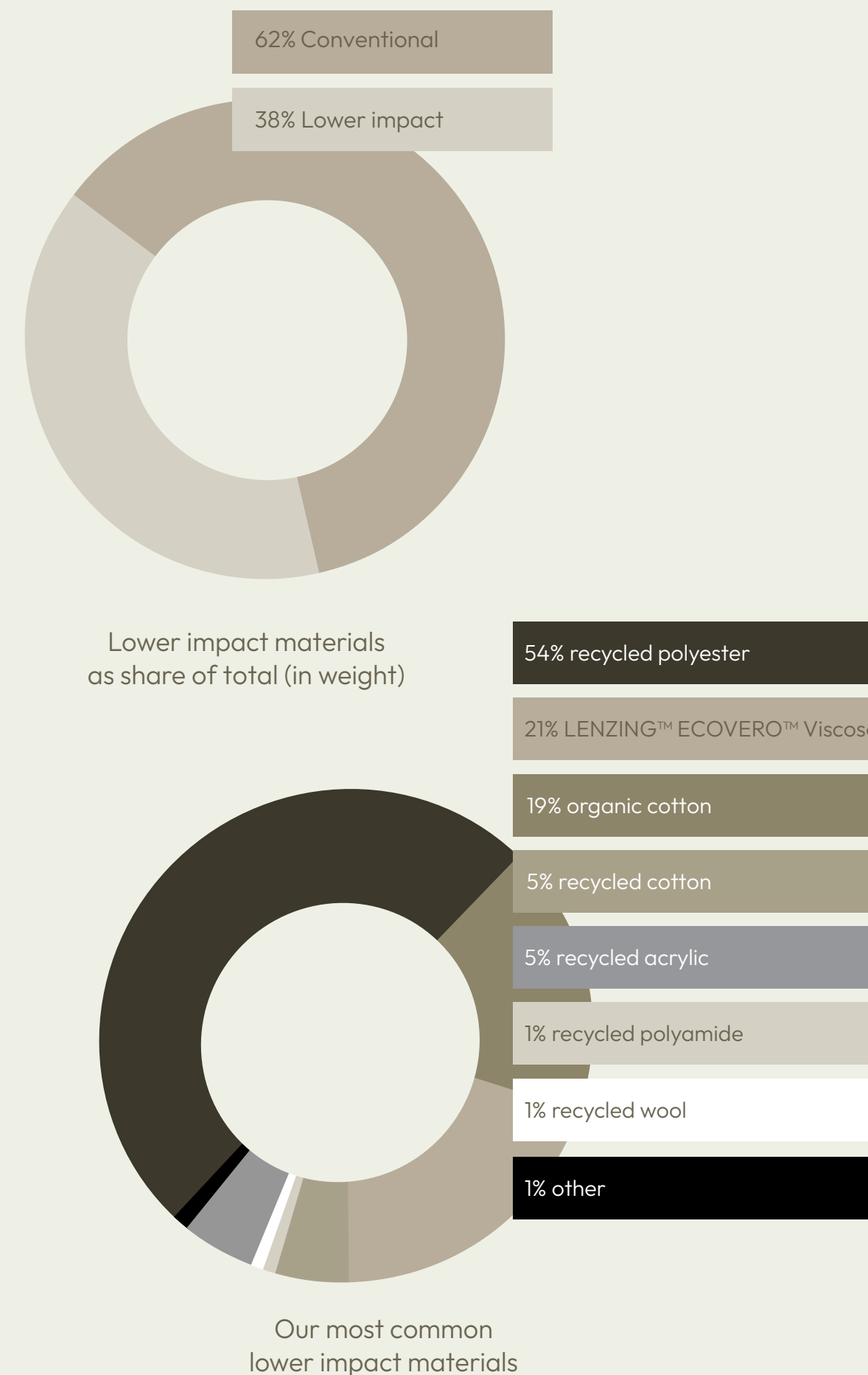
02. Our Products

Policies

When it comes to more sustainable products, i.e. products with a lower impact, choosing the right material is paramount. The right choice means a smaller environmental footprint and less harm to both humans and wildlife. The fabrics we use that have a lower impact* are certified by independent third-party accredited agencies. We believe it is important for our customers to know this information through our product communication and labelling in order for them to make informed purchasing decisions. In this chapter you will learn more about our progress towards lower impacts materials, our product labelling and how we work with chemical management to keep our customers safe.

In NA-KD's **Code of Conduct**, we clearly state that we strive to prevent or minimise the negative environmental impact of our own operations and take a precautionary approach to environmental challenges. Our aim is to continually reduce our product's life-cycle environmental impacts such as: resource use, emissions, negative water impacts, and waste, and use our creativity to create change towards a circular economy. This is further elaborated on in our **Environmental Policy**, where we state that we strive to reduce our impacts from materials through volume reduction and by moving towards using materials that require less energy, land and water to produce.

Through quality and circular approaches, we state that we strive to reduce the need for virgin raw materials. It is also clarified that we are committed to managing chemicals responsibly across our supply chain, comply with relevant regulations and industry standards, strive to eliminate hazardous substances and promote safe alternatives. We strive to ensure the safety of all products for our customers, workers, value chain partners and the environment throughout their lifecycle and beyond. This is communicated to our suppliers contractually through our Restricted Substances List, which is based on Afirm.



*Such as organic cotton, recycled cotton, recycled polyester, LENZING™ ECOVERO™ Viscose, TENCEL™ Lyocell, TENCEL™ Modal, Naia, and other organic/ recycled and/or more sustainably produced materials.

02. Our Products

Material impacts, risks and opportunities

Our materials

Impacts, risks and opportunities

The **impacts** from our materials, and the making of our products, is where NA-KD has our biggest impacts on people and planet. Throughout the value chain, we have impacts on water, emissions, pollution, biodiversity and people. By far our biggest fibres are polyester, cotton and man-made cellulosics, where more details on the **impacts** can be found below, as these differ depending on the fibre. The **risks** we see are connected to increasing raw material prices, especially for lower impact materials that comes from renewable or recyclable sources- and uses less water, energy, or chemicals in their production than conventional alternatives.

This is both due to increasing demand and lack of supply. For some recycled materials, the quality is not always as good as for virgin materials, and not as strong. This can impact both the durability and quality of the end product. Our **opportunities** are of course to transition to 100% lower impact materials* before our competitors do, to both reduce our impacts and to gain competitive advantage and to strengthen our brand.

Our objective

*With a lower impact material we mean one that comes from renewable or recyclable sources – and uses less water, energy, or chemicals in their production than conventional alternatives.

Targets

By 2030, have 100% organic, recycled or other lower impact materials in all our products

By 2025, phase out 100% of all conventional cotton. (the percentage of conventional cotton that has been phased out)

By 2030, have 100% recycled polyester

By 2030, have 100% FSC cellulosic materials (viscose, modal, lyocell & acetate)

2021 2022 2023

44%	31%	38%
76%	58%	48%
38.8%	28.1%	43.2%
53%	45%	51%

Our actions

- We reduced our overall purchasing volumes with 22.4% compared to last year.
- We implemented a process to be able to track and follow-up certified and trademark materials digitally and incorporated that in our budget tools for the purchasing product category teams.
- We continued to develop our fabric library, with the aim of being able to consolidate our fabrics to increase our share of lower impact quality materials.

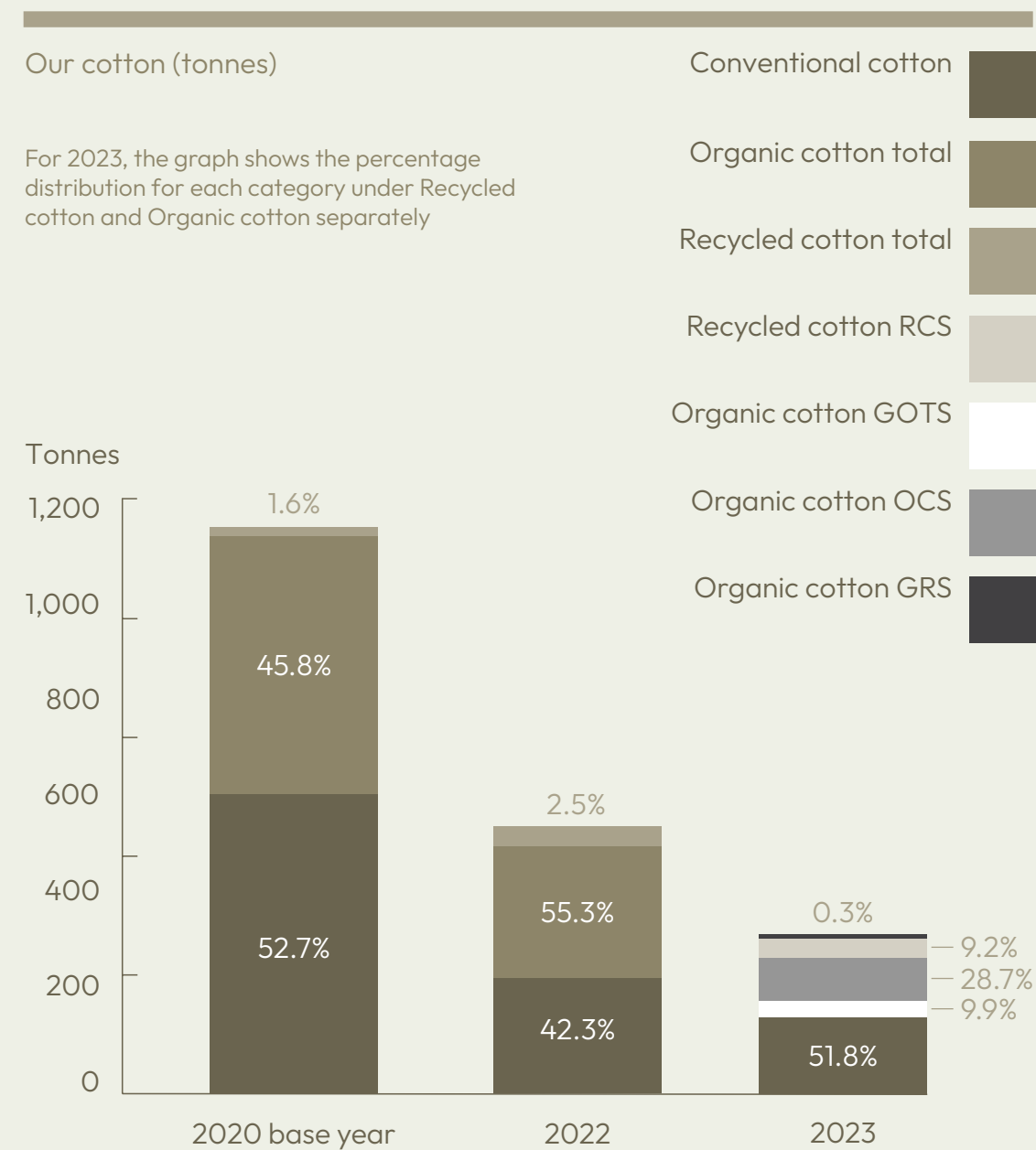
Materials used by weight	2020 base year	2022	2023
Synthetic materials	2,270	1,480	1,010
Cotton	1,174	522	280
Man-made cellulosic fibers	364	345	243
Linen	23	59	17
Wool	10	25	24
Leather	7	4,5	4.7
Other	115	105	32
Total weight (tonnes)	3,963	2,541	1,610.7

02. Our Products

Cotton

For cotton, our main **impacts** are connected to water, chemicals, energy use and biodiversity impacts from cultivation. Cotton requires lots of water during both cultivation and preparation of the textile. According to Textile Exchange, it takes about 12,000 bottles of water to produce enough cotton for a T-shirt and a pair of jeans. The use of organic cotton cuts water use by 70% (on average). In 2023 we have continued to see unfavourable weather conditions due to climate change impacting cotton crops in many parts of the world, and

reports of forced labour conditions in parts of Chinese cotton production pose huge challenges for sourcing organic cotton. This poses **risk** to NA-KD as geographies such as the US have put a ban on cotton from the Xinjiang region in China, and demand surpasses supply of organic cotton which drives prices up. This is the reason for that in 2023, we decreased our use of organic cotton from 54% to 38.8%, at the same time as recycled cotton went from 2.5% to 9.4%. To change this trend, we have an opportunity to still reach our goal of phasing out all conventional cotton by 2025, through our membership in the Better Cotton Initiative.



Our actions

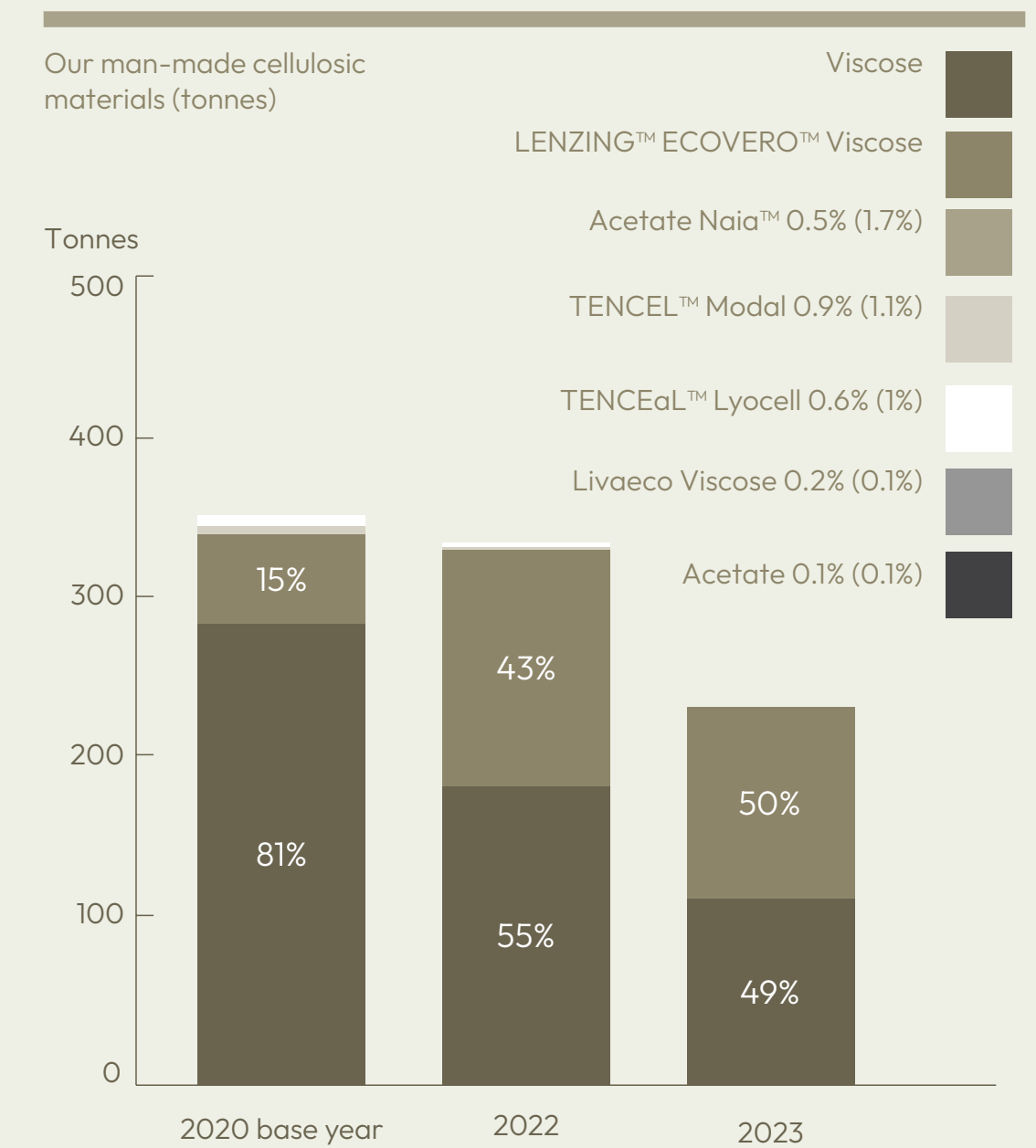
- We became members of Better Cotton Initiative.
- We got certified by the Organic Content Standard.
- We reduced our overall purchased cotton volume by 46% during the year.

Man-made cellulosic fibres

Man-made cellulosic fibers are mainly made from wood, from dissolved pulp. They are more commonly known as Viscose, Lyocell, Modal and Acetate. The main **impacts** are connected to deforestation and biodiversity impacts if the wood used is not sourced responsibly. The production processes can also have significant polluting impacts. The biggest **risks** for NA-KD are connected to the reputational risks for the raw material origin of our MMCs and its impacts, as 49% of the viscose and acetate we use are still to be transformed to certified sourced viscose that can verify responsibly managed forests. Our **opportunities** are to continue our journey towards certified sourced viscose and to explore the explosion of alternatives for recycled cellulosic fibres such as Innfinna and Refibra.

Our actions

- We increased our share of our better produced MMCs from 45% to 51%.
- We reduced our overall purchased MMCs volume by 30% during the year.



02. Our Products

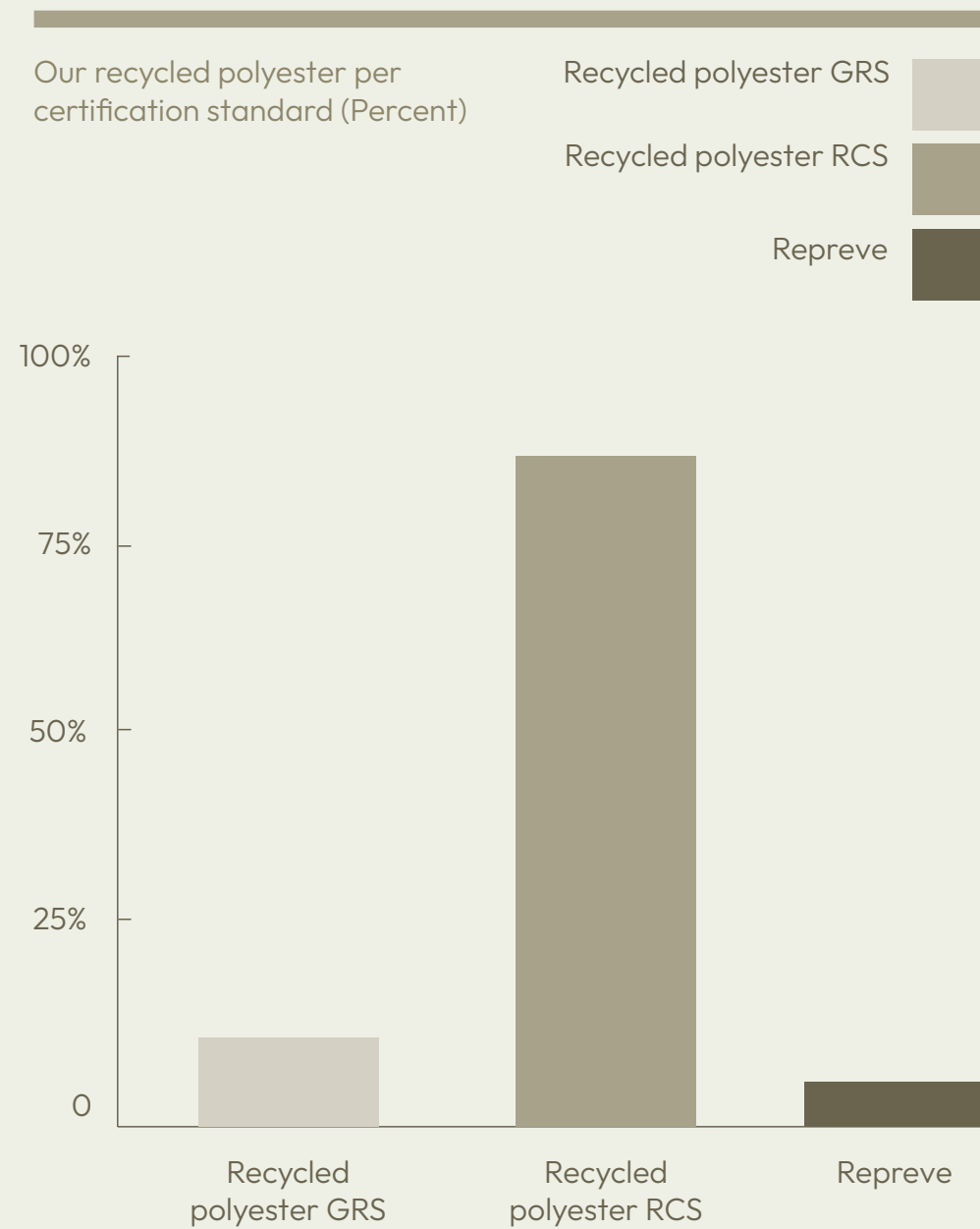
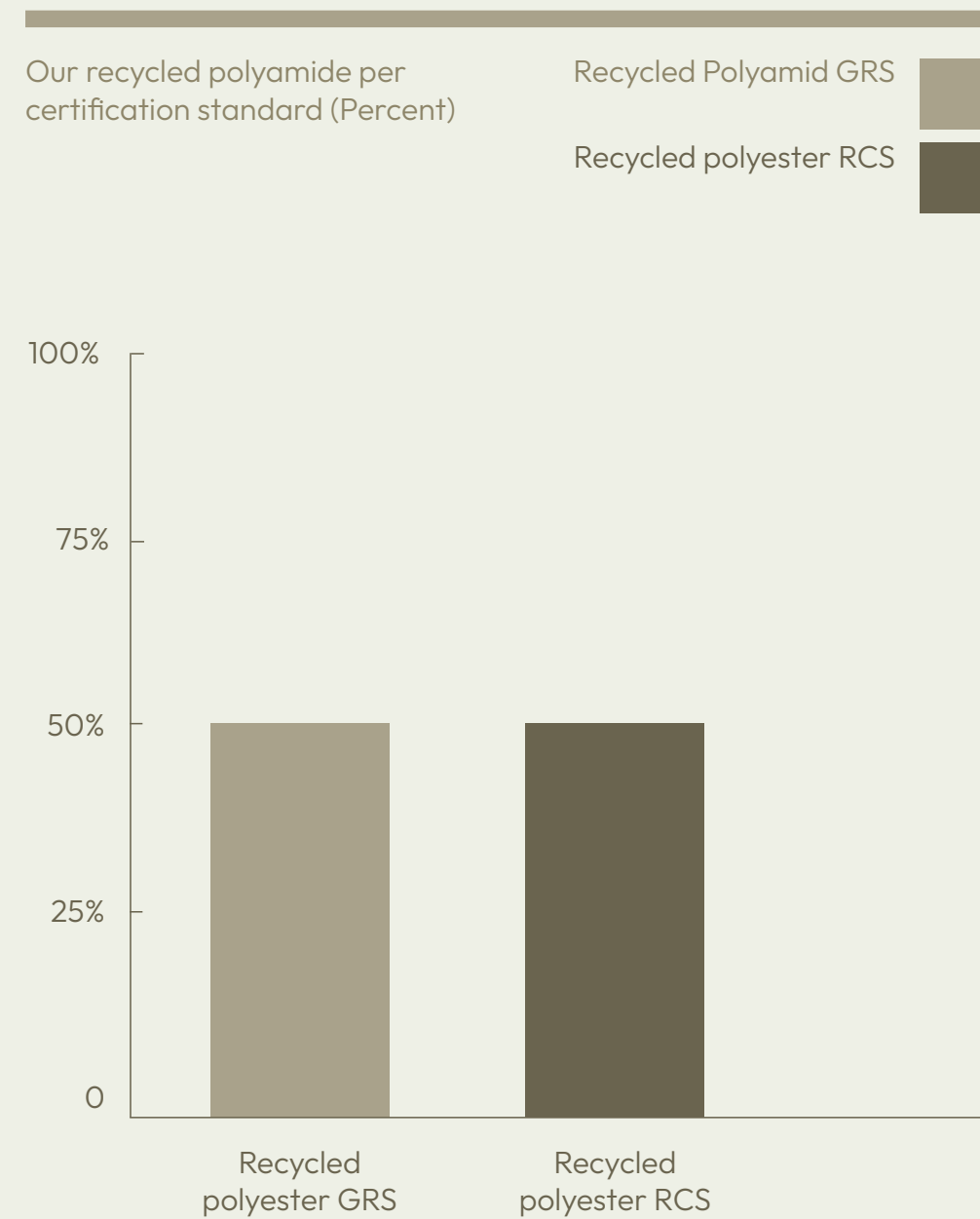
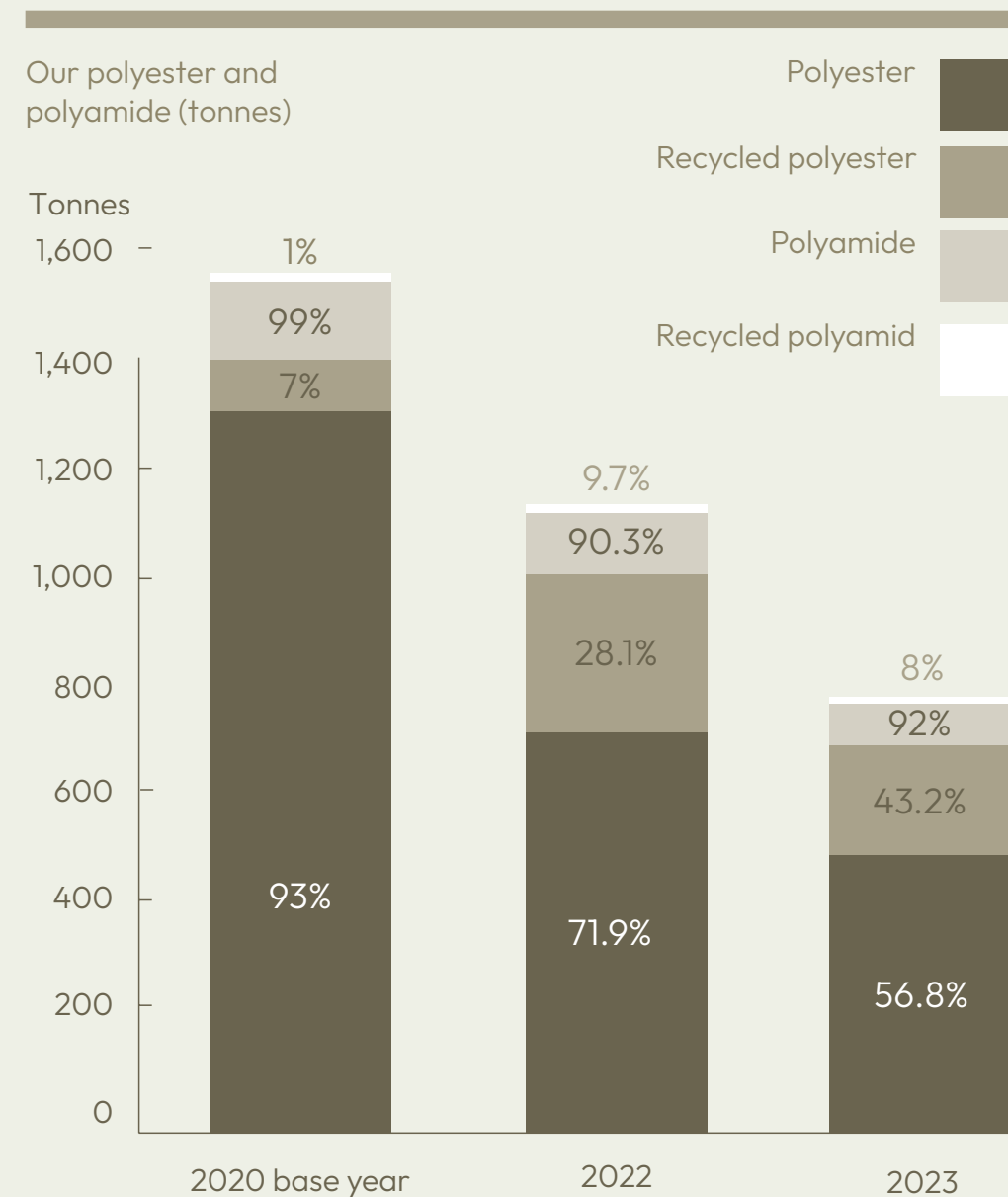
Polyester & polyamide

The main **impacts** connected to polyester and polyamide are connected to that they are man-made fibers that come from oil – and therefore non-renewable resources. We are determined to expand the share of our polyester and polyamide fabrics that are made from recycled fiber, which in turn will reduce our climate impact. Still, there are also impacts on energy usage and chemicals during the production processes of these fibres, as well as micro-plastic releases during the user phase. The main **risk** we see for our business is that fashion companies are competing with other industries

over a limited source of recycled materials. In combination with increasing demand and a slow industry transition to textile-to-textile recycled fibres, this drives prices up for recycled polyester. Our main **opportunities** is still to transition to recycled polyester and polyamide, as the polyester fiber is very durable and, if washed and cared for in a mindful way, it will have a very long life. Further, we have an opportunity to support the industry transition to textile-to-textile recycling and to lower our dependence on fossil based fibres.

Our actions

- We got certified for Global Recycled Standard and the Recycled Claim Standard.
- We increased our share of recycled polyester from 28% to 43.3%.
- We reduced our overall purchased polyester volume by 30% during the year.



02. Our Products



NA-KD Future

In spring 2023, we launched NA-KD Future. NA-KD Future is our product innovation test-lab where our customers can find unique collections featuring new innovative materials, design concepts and production techniques. A space for us to test, trial and scale up new materials and processes, find new partnerships and techniques as well as design processes. While aiming to make fashion fit for the future.

The purpose with NA-KD Future is to find innovations that help us bring lower impact products to the bigger market, through lower impact materials and production techniques. The materials and techniques that work well for our business, we hope to be able to scale up and implement on our overall collection. These are the materials and concepts that we launched during 2023:

Circular design mindset

The circular design model promotes reducing waste, reusing materials, and designing products to be recycled at the end of life to reduce the amount of waste that ends up in landfills. With these principles in mind, the denim collection Adapt was created and launched in April 2023, using 100% recycled materials, only one fiber, and with multi-purpose functionality. Both pre- and post-consumer waste was collected to be broken down into new fibers.

The pre-consumer waste coming from the cutting waste from the manufacturing process, and the post-consumer waste coming from cotton that has been manufactured, sold, and handed in for recycling by consumers. The multi-purpose design of the garments is made with the longevity principle, making the garments easy to wear for a long time, over seasons and for different occasions and purposes. The use of only one fiber; cotton, makes the garments, in the end, easier to recycle.



Aquacultural waste

The garments of this collection are made with UMORFIL® Beauty Fiber® — an aquacultural fiber that derives from fish scale, and wood-based TENCEL™ — fibers that are developed to promote innovation in lower-impact textile products. According to data from the Food and Agriculture Organization (FAO), when a fish is carefully processed, approximately 35% of its total weight is considered food loss. Umorfil recognised the potential value of fish scales and set out to explore their potential by creating a new purpose for them- a purpose that we were happy to explore in this collection.



Polylana

At the end of the year we launched a knit collection made with Polylana. Polylana has the softness of a woolly fibre but with a lower environmental impact than virgin acrylic. The polylana fibre is versatile, traceable and 100% recyclable. It is an innovative fibre developed by a company based in the Netherlands. It serves as a lower impact alternative to acrylic, a commonly used high impact fibre in knitted products.

02. Our Products

Product Labelling

Impacts, risks and opportunities

We have a responsibility to provide our customers with quality information about our products. Our customers have the right to make informed decisions before they purchase NA-KD products. The **impact** we see in this area is if we can use our product labelling to make our customers increasingly choose to buy products with organic, recycled or other lower impact materials. The business **risks** are primarily connected to future legal requirements on environmental impact labelling of products. Depending on the detail of environmental data needed for this labelling as part of regulations, this may require a lot of investments and resources to be able to comply. In some cases this can be about access to market, in other cases about the right to make green claims for our products. However, our **opportunities** are great, as we believe educating our customers about how they can lower their fashion footprint is a really exciting way to accelerate our progress. With clear product labelling, we can build customer trust, strengthen our brand and increase our customer acquisition and retention, all while hopefully making our customer choose products with lower impacts.

Products labelled “More sustainable” on our website have to live up to the following criteria:

- Made with at least 50% lower impact materials, with a certificate to prove this
- Produced in factories that participate in our Environmental Performance Program using the Higg Index
- Produced in factories that have a valid social audit and are continuously improving their working conditions (valid for all suppliers)
- Produced in factories that have signed our Supplier Code of Conduct (valid for all suppliers)

Our actions

- We have updated our Product Detail Pages on our website with more clear information to customers on certificates and trademarks for each product. The purpose is to make it easier for our customers to make more informed choices when they purchase our products and make more sustainable choices easier.
- We have changed our hangtags to more clearly communicate to our customers about recycled and organic certified materials in our products.
- We are working to update our “More sustainable” flag on our website to be more specific and better reflect the lower impact materials in each product.

Our objective

Inspire customers to have a more sustainable wardrobe. We want to encourage and collaborate with our customers to jointly create a more sustainable fashion industry.

Targets

By 2025, reach 100% of customers buying products with organic, recycled or other lower impact materials

By 2025, generate 70% of GMV from products with at least 50% organic, recycled or other lower impact materials

	2021	2022	2023
By 2025, reach 100% of customers buying products with organic, recycled or other lower impact materials	76%	82%	59%
By 2025, generate 70% of GMV from products with at least 50% organic, recycled or other lower impact materials	51%	57%	55%

02. Our Products

Chemical Management

The use of chemicals can have an **impact** on both people and the environment. Both in the products and for chemicals used during the production processes. It is therefore of essence that restricted chemicals are not used and why we actively promote the use of non-hazardous chemicals and production techniques using no or fewer better chemicals. The **risks** to our business in this area are mainly if we fail to uphold our chemical policy and processes. However, in 2023 we did not recall any products due to chemical issues. Our **opportunities** in this area are to continue our transition to materials produced using Best-Available-Technology and to continue to strengthen our chemical requirements on our suppliers.

Our actions

- We clarified our chemical policy as part of updating our Environmental policy.
- We updated our chemical testing strategy and accelerated our chemical testing of products.
- We clarified our chemical testing working procedures.
- We updated our Restricted Substances List (RSL) twice.
- We continued to support the PFAS movement and have a ban on PFAS as part of our RSL.



03. Circularity

The fashion industry needs to shift to a circular model. For NA-KD, that means being smart about the materials and design we use in our products and packaging. And it means prolonging the lifecycle of everything we make through innovative business models, like reselling, upcycling and subscriptions – in close collaboration with our customers.



03. Circularity

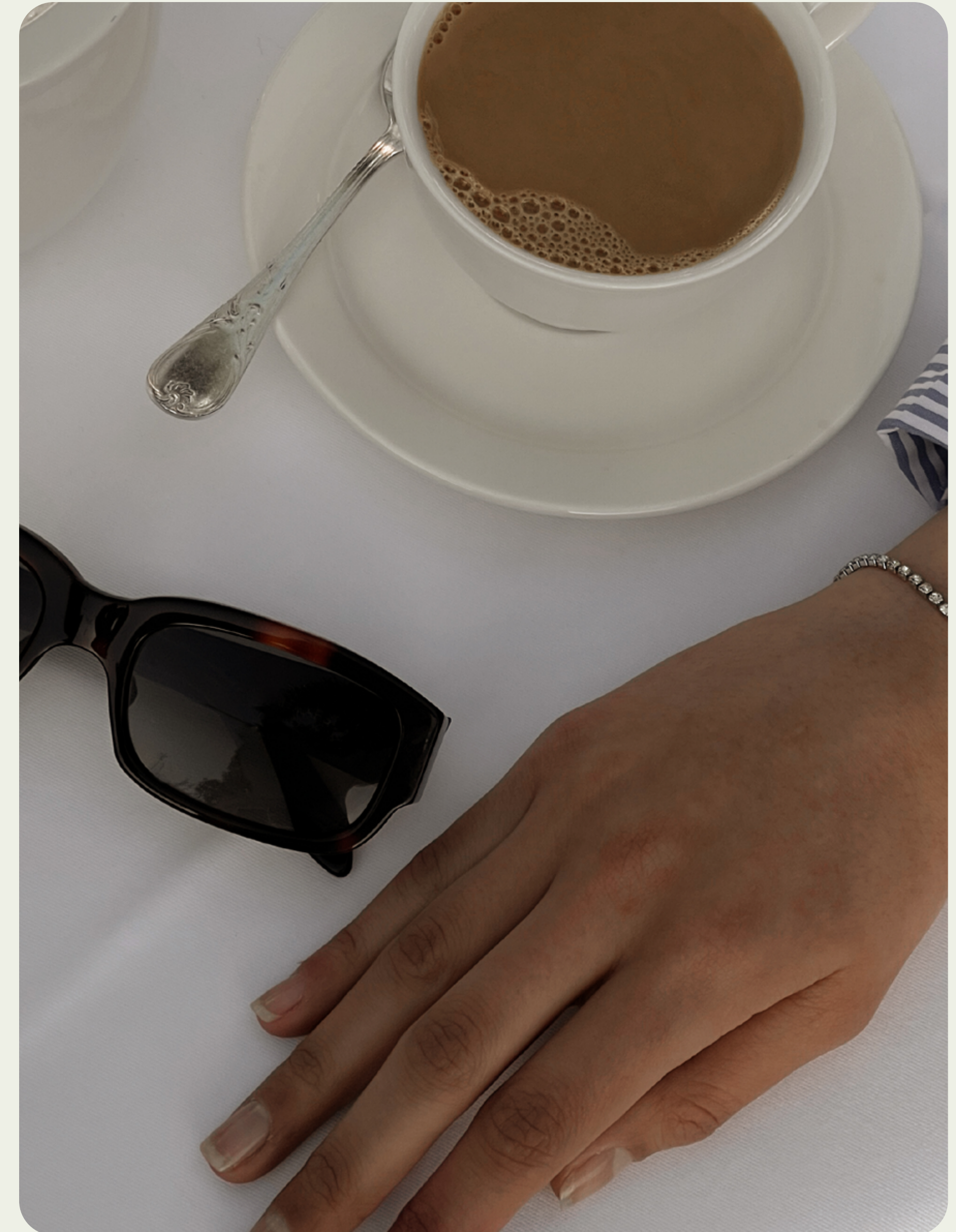
Our industry has a large environmental footprint. 80% of all discarded textiles are doomed for landfill or incineration. Only 20% are reused or recycled. Every second, the equivalent of one truck of textiles is landfilled or incinerated.¹

This make-use-dispose linear system is deeply unsustainable. At NA-KD, we are committed to being part of making the fashion industry circular. In this chapter you will learn more about how we work with circular business models, design for circularity and how we work to reduce our waste.

Policies

In NA-KD's Code of Conduct we state that we are determined to be part of the solution in creating a more sustainable and circular fashion industry. We clearly state that we strive to reduce, reuse, repair, repurpose and finally recycle all types of materials that we use at NA-KD. We detail this further in our [Environmental Policy](#)

“We commit ourselves to minimize waste in all our operations, optimizing resource utilization, and working towards a circular economy. In the long term, we aim to create products that are made to be made again, where waste is designed out, and products and materials are kept in use.”



¹ [Ellen Macarthur Foundation](#)

03. Circularity

Circular business models

Impacts, risks and opportunities

Through circular business models we have an opportunity to create positive **impacts** by changing consumption behaviors together with our customers and business partners. The challenge is to make it as natural to sell and buy second hand, or rent your clothes, as it is to buy something new. Circular business models need to become the new norm. At NA-KD, we believe that we need to collaborate to make this transition; within the industry, with policy makers, and with our customers. The **risks** are connected to the slow change in customer behavior coupled with lack of real political incentives for a circular economy which makes finding the right recipe for scalable and profitable solutions a challenge.

However, the **opportunity** prevails for the company that finds the right way of making a profit on circular business models with the right fit for their customer audience. While at the same time transforming the business into a more resilient business model and hence attracting capital and investors. To be able to reach our climate reduction targets, circular business models must become a core part of our business model in the future. We know this is the right path to walk, yet we recognise the challenges of this transition.

Our objective

Towards a circular fashion business
We want to prolong the life of our products through new business models and close customer collaboration.

Targets

By 2030, have 20% of turnover generated from circular business models.

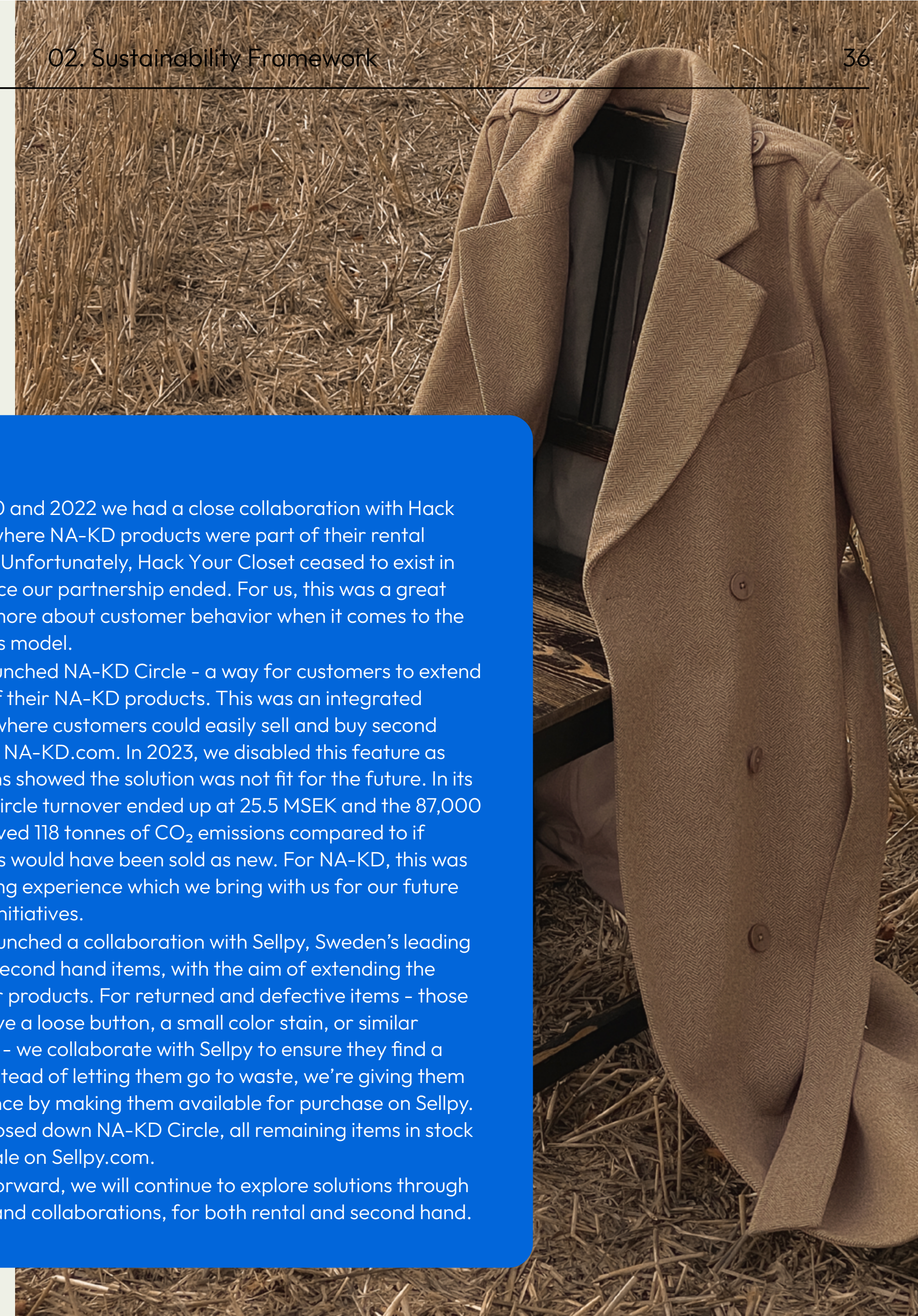
By 2030, save at least 10,000 tonnes of CO₂e through circularity initiatives

	2021	2022	2023
Turnover from circular business models	0.22%	0.27%	0.005%
Tonnes of CO ₂ e saved	81.7	96	n/a

*Figures from 2023 and 2022 included turnover and saved tonnes from NA-KD Circle and HYC sales and rents. Figures for 2023 include only figures from Sellpy sales.

Our actions

- Between 2020 and 2022 we had a close collaboration with Hack Your Closet, where NA-KD products were part of their rental subscriptions. Unfortunately, Hack Your Closet ceased to exist in 2022 and hence our partnership ended. For us, this was a great way to learn more about customer behavior when it comes to the rental business model.
- In 2021, we launched NA-KD Circle - a way for customers to extend the lifespan of their NA-KD products. This was an integrated marketplace where customers could easily sell and buy second hand items on NA-KD.com. In 2023, we disabled this feature as our evaluations showed the solution was not fit for the future. In its lifetime, our Circle turnover ended up at 25.5 MSEK and the 87,000 pieces sold saved 118 tonnes of CO₂ emissions compared to if these products would have been sold as new. For NA-KD, this was a great learning experience which we bring with us for our future second hand initiatives.
- In 2023, we launched a collaboration with Sellpy, Sweden's leading platform for second hand items, with the aim of extending the lifespan of our products. For returned and defective items - those that might have a loose button, a small color stain, or similar imperfections - we collaborate with Sellpy to ensure they find a new home. Instead of letting them go to waste, we're giving them a second chance by making them available for purchase on Sellpy.com. As we closed down NA-KD Circle, all remaining items in stock were put on sale on Sellpy.com.
- As we move forward, we will continue to explore solutions through partnerships and collaborations, for both rental and second hand.



03. Circularity

Designing for circularity

Our products

Impacts, risks and opportunities

With design for circularity, NA-KD has an opportunity to reduce the environmental **impacts** from our products and packaging. When consumers are asked, nine out of ten people say they would consider mending their clothes if they knew it would help the environment. More than 60% of people say they use their clothes for less than four years¹ Studies from Mistra Future Fashion show that using a garment 80 times instead of 40 can reduce its climate footprint up to 50%. There is therefore significant potential for consumers to reduce their impact through a relatively simple change in behavior. At the same time, products must be designed for durability. In Sweden, 36% of people throw old garments into household waste instead of selling, donating or recycling them². Although this number has decreased, it is still too high.

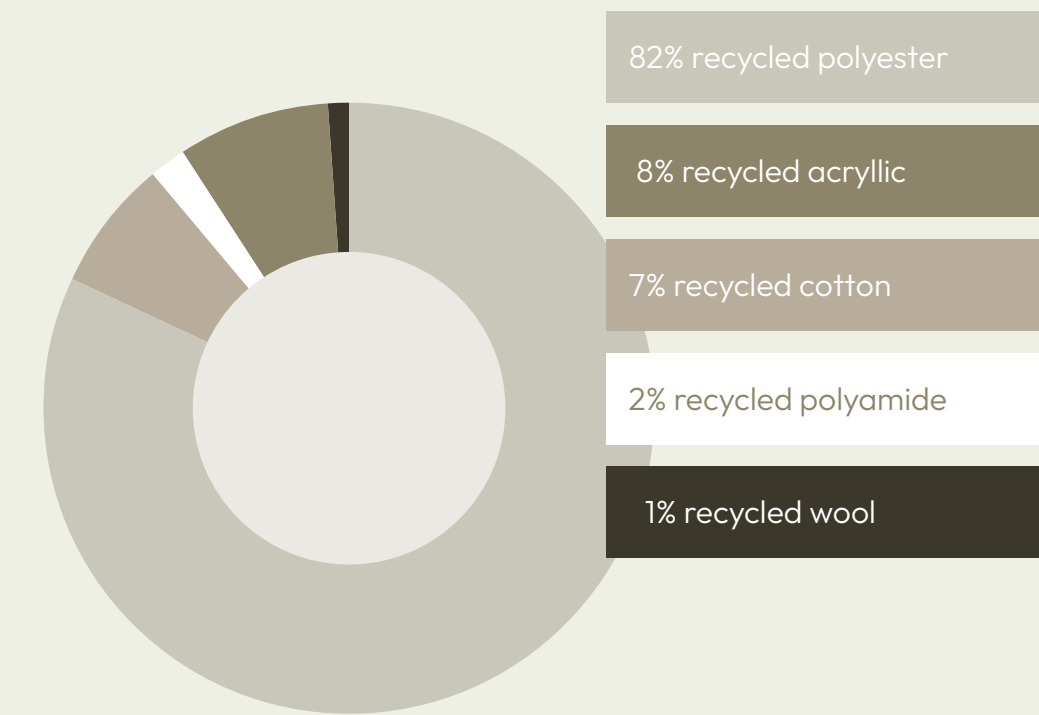
The **risks** to NA-KD are to keep up with legislation. We need to ensure that our products are fit for the upcoming EU eco-design regulation and are competitive in the fashion landscape through both quality and style, while keeping customers happy with regards to product prices.

We have an **opportunity** to design products that last, and products that are made to be made again, either through re-make or recycling, or both. In this respect, NA-KD is on a journey. A journey that we happily share with our customers and other stakeholders.

Our goal is to reach 100% of synthetic and metal materials from recycled origin by 2030. Recycled materials prevent materials from going to landfill, they also reduce the need for virgin materials and therefore the use of chemicals, energy, and water. Recycled fabric is mostly created from textile scraps in production and post-consumer waste from other product types, and only to a small extent from used garments that have been collected for recycling. The recent emergence of technologies that can recycle fibers to make new yarns and fabric is tremendously exciting. Although this tech is not yet available at scale, the industry is heading there fast, and this is a great opportunity for both NA-KD and our peers.

However, circularity only works if its principles are applied across the entire fashion value chain. When we're designing products, we need to plan for longevity and try to make sure that, when the products reach the end of their life, they can be easily recycled.

"Other" refers to all the materials with recycled content from the below note. In 2023, this consists of recycled synthetic rubber, brass, copper, iron, steel and zinc.



We need to work with our industry peers to increase the share of recycled materials used in products. Meanwhile, reselling, recycling and upcycling need to become core components of our business.

Our actions

- We increased our share of recycled material to 23%, compared to 14% in 2022.
- We increased our share of recycled synthetics and metals to 22% in 2023, up from 21% in 2022.
- We launched a collection designed with circularity in mind (read more on page 31).
- We made a first analysis of how many of our products that are recyclable, and plan to set a strategy for how to increase this share.
- We launched a Remake collection in the beginning of 2024.

Our objective

Designing for circularity. We want to use all resources in the smartest way possible, with a focus on products and packaging.

Targets

By 2030, 100% of synthetic and metal materials are from recycled materials

By 2025, have 100% circular packaging, which means it is made from recycled materials and is reusable, recyclable or compostable

	2021	2022	2023
Recycled materials in products	3.9%	21%	22%
Circular packaging	26.8%	65%	80%

¹ Swedish Nature Conservation Authorities
² Ellen MacArthur Foundation

03. Circularity

Our packaging

Impacts, risks and opportunities

The same logic as for products also goes for our packaging. The **impacts** from our packaging are connected both to the production of the packaging and the materials used, as well as from packaging end of life.

We are proud that the majority of our packaging is circular. In 2023, 70% (65%) of our packaging was circular, meaning both from recycled materials and reusable, recyclable or compostable, and we used a total of 435 tonnes of packaging material.

As an e-commerce brand, this is core to our business and close to our hearts. Because we mainly sell soft products, most of our shipments go in low volume bags rather than cardboard boxes. Our studies show that bags of recycled plastics are better from a pure emissions perspective, whereas FSC / recycled paper is better for reducing micro plastics. The **risks** connected to packaging are primarily the customer perception connected to the polybags and shipping

bags we use. Even if made with recycled plastics, and recyclable, the perception of plastic as “bad” is still strong among customers. We have **opportunities** to continue to educate our customers, and to continue to reduce the amount of packaging we use, to ensure we use recycled materials and that the packaging is either reusable or recyclable.

Our actions

- We mapped the recycled share of the cardboard used for our inbound transports, including certificates.
- We have updated our labels and packaging guide for our suppliers.

Circular packaging

Type of packaging	Material by weight*	% with recyclable content**	% of packaging with certificates	% recyclable	% Circular packaging
Total	164,681	93%	93%	100%	93%
Cardboard Boxes (inbound)	245,878	70%	52%	100%	70%
Hang tags	24,719	100%	100%	100%	100%
Total	435,278	80%	70%		

*Polybag weight from locally sourced supplier, medium bag weight used: 0.015 kg. Total purchased quantity for apparel and bags, remove quantity purchased polybags from nominated supplier = Quantity locally sourced polybag **Recycled content calculated for inbound boxes: (Tot inbound box weight/ Tot Purchase quantity)*Purchase quantity per vendor= Box weight by vendor. We tracked all vendors which uses recycled material, then took the vendor total box weight and vendor with recycled quantity and summed up to total recycled box weight.

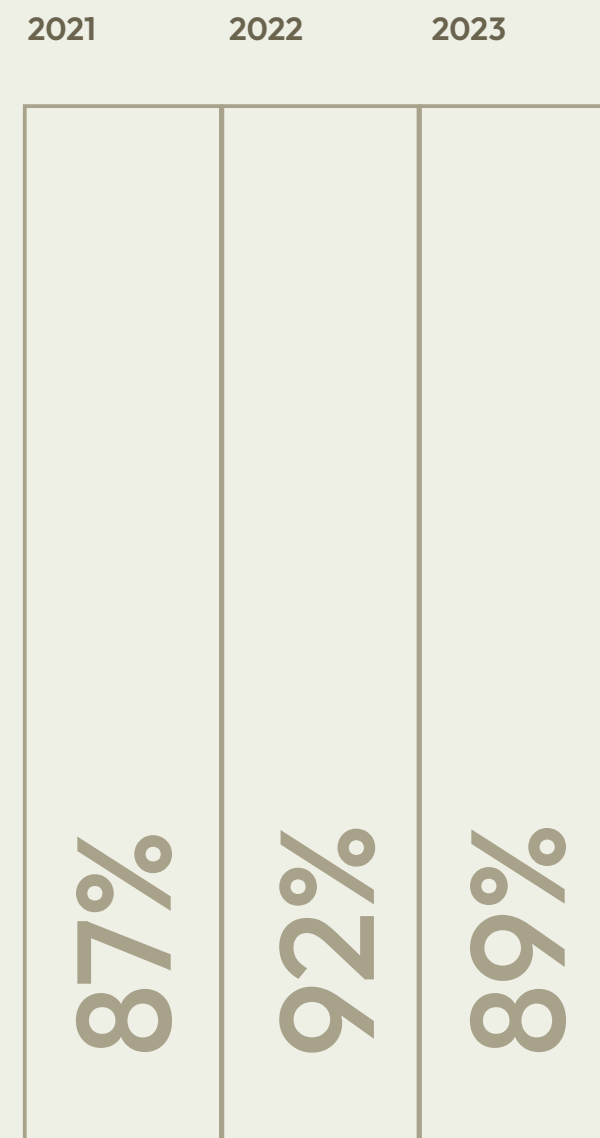
03. Circularity

Waste

Objectives, KPI's and targets

Targets

By 2025, reuse or recycle 100% of packaging materials from all our sites



Impacts, risks and opportunities

Our suppliers send products to our warehouses from around the world. While necessary to protect those goods, the packaging used unfortunately creates a lot of waste. If not handled correctly, this waste can have a significant environmental impact. Also, our customers use packaging for potential returns, which also creates waste.

Further, we also have an **impact** through the waste generated by the packaging used for customer shipments. On the packaging we clearly communicate to our customers that the material is recyclable and we ensure compliance with local Extended Producer Responsibilities for packaging to facilitate handling of the packaging end of life.

However, our greatest potentially negative impact is if our products end up as landfill waste after customer use at end of life instead of being recycled for their materials or energy recovery. As reuse and recycling capacities in Europe are limited, a large share of used textiles collected in the EU is traded and exported to Africa and Asia, and their fate is highly uncertain. There are repeated reports about these exports to the global south with severe social and environmental impacts as a consequence. NA-KD therefore supports the legal development in the EU to prohibit this type of waste export, and to legislate for product longevity and recyclability.

Our actions

- We recycled 89% (92%) of the waste created*, hence 11% (8%) of our waste was non-recycled.
- We may add additional actions here.

Associated with above, the **risks** connected to waste are if NA-KD garments would be found in these landfill dumps, causing environmental and social negative impacts. On the **opportunities** side, we need to continue to support the industry to transition to a textile-to-textile model, where we design out

waste from the beginning. Increased and scalable technologies and infrastructure in this area would bring prices down for textile-to-textile recycled fibres, and hence benefit the business financially, while reducing the industry waste.

Waste data	2020 base year		2022		2023	
	waste (kg)	whereof recycled materials	waste (kg)	whereof recycled materials	waste (kg)	whereof recycled materials
Cardboard (well-papp)	904,650	904,650	1,108,693	1,108,693	1,056,242	1,056,242
Plastics	205,549	105,549	121,484	22,116	85,030	17,460
Wood	72,770	72,770	24,020	22,980	29,670	29,670
Textile	0	0	871	871	592	592
Hazardous waste	0	0	1	0	0,68	0
Other**	58,332	0	39,650	37,940	14,6370	64,010
Total	1,241,301	1,082,969	1,294,719	1,192,600	1,317,905	1,167,974
Total Recycled		87%		92%		88.6%

**Type of waste; metal, glass, active waste (general).

The undertaking shall provide contextual information on the methodologies used to calculate the data and in particular the criteria and assumptions used to determine and classify products designed along circular principles under paragraph 37(a). It shall specify whether the data is sourced from direct measurement or estimations; and disclose the key assumptions used.

04. Diversity and Inclusion

Fashion should empower and inspire. We will strive to enable our customers, creative partners, employees, and those working in our supply chain to raise their voices and fulfill their potential. From our warehouses and factories, to our offices and studios, we will advocate for equal rights and live by our commitment to diversity and inclusivity. We will be a champion of diversity and female empowerment in fashion.



04. Diversity and Inclusion

Our customers

Everybody has the right to speak their mind and express their thoughts and opinions. But today, many are silenced because of their gender, ethnicity, religion, or sexual orientation. We will not have an inclusive society until we provide equal conditions for all people to express themselves, to develop and succeed. Different parts of the world have different challenges – in some places, ethnicity is the main driver of repression, while in others, it's gender. In most, several points of discrimination intersect.

We are using our business and social channels to empower our customers to raise their voices – whoever they are, wherever they live. We do this in several ways. We celebrate that beauty comes from difference by showcasing work from diverse young talents. We listen to and learn from our customers and creators. We accelerate career opportunities for young women, especially those in the creative industry. All for our vision – always making women feel at their best.

Policies

In our **Code of Conduct** we state that when dealing with customers, we should always use fair business, marketing and advertising practices. Further, our **Human Rights Policy** clarifies that

“We are committed to respecting the human rights of our millions of customers that are at the heart of our business. To provide products and services that are not only safe, but allow people to express themselves. We aim to promote equality and diversity through all our marketing and customer communication.”

Together with one of our core values; Customer Obsession, these policies are at the core of all our day to day customer interactions.

Impacts, risks and opportunities

As a company with primarily a young female customer audience, we have a responsibility for social inclusion and non-discrimination in all our marketing, customer phasing communication and consumer dialogues.

Being within the fashion industry, we are aware of the negative impact we might create in society by the usage of images and products that do not necessarily cater to all body types and how it can lead to feelings of inadequacy and body image issues. However, it creates an opportunity for us to work on our products in a way that it would cater to more diverse body types. We have an opportunity to create a positive **impact** by making women feel empowered and at their best by wearing NA-KD products.

By practicing non-discrimination and showcasing different women in terms of ethnicity, size, age, disabilities, beliefs and other diversity aspects, we have an opportunity to convey the message of everybody's equal value. The **risks** and **opportunities** to our business is whether or not we fail or succeed in this, and the impact that may have on our brand value, and hence on our customer acquisition, retention and sales.

Our actions

Working with creators

- In 2023, we worked with more than 4,500 (8,600) influencers, in 18 (20) different countries, and representing all continents of the world. For the influencers and collaborators with whom we design specific collections, we have a new concept where we invite them as creative directors. They are part all the way from designing the collection, with more ownership throughout the project.
- We offer our brand as a platform for their professional growth, with an aim to encourage them to raise their voices. During 2023, we did 64 influencer collaborations. We strive to achieve a broad representation with the influencers we work with and to use our platforms to empower and encourage women to be themselves. Examples are our collaborations with Oumayma & Khaoula and Enya, Down syndrome queen.

NA-KD Art

- NA-KD Art is a quarterly creative avant-garde collection designed by NA-KD. It presents collections with a higher degree of fashion, containing carefully selected innovative and exclusive qualities and designs. It's an arena for our designers and creatives to push boundaries, create freely, and disrupt the ordinary. NA-KD Art is currently our most high-class concept and during 2023 we presented 64 collection drops.

Customer support

- NA-KD customers are always welcome to reach out to our customer support team to raise concerns. We have frequently asked questions on our customer portal, a dedicated return portal and a customer services team available 24/7 where customers normally receive an answer within eight hours.
- We understand that the main concerns from our customers are about product quality, fit and size, as well as return issues, e.g. our re-introduction of a return fee.

04. Diversity and Inclusion

An inclusive workplace

The more diverse a company, the better it performs. According to a McKinsey research, companies that rank in the top quartile for gender diversity in executive teams are 25% more likely to have above-average profitability than companies in the bottom quartile. The research also showed that companies in the top quartile for ethnic and racial diversity are 36% more likely to outperform industry peers. When it comes to the fashion industry, while women make up two thirds of the workforce, this ratio is not represented at executive levels.

Making diversity and inclusion the norm won't just improve corporate culture, it will also lead to growth and great performance.

Policies

Our most fundamental policy is our **Code of Conduct**, a document for anyone working for, or on behalf of, NA-KD. It outlines what is expected and acceptable behavior and ensures that all parts of our business are fair and ethical, that each and every one of our employees feel safe and thrive in their workplace, and that any person who is reached by or interacts with NA-KD feels respected. The policy cover Diversity, Inclusion & Non-discrimination, Harassment, Victimisation & Bullying, Working Hours & Compensation, Safe and Healthy Work Environment, Freedom of Association and the Right to Collective Bargaining, Child Labour, as well as Modern Slavery and Forced Labour. Read more about our Code of Conduct under Business Conduct on page 49.

Further, we have additional policies covering our work environment and employment practices. These are our Human rights policy, Work environment policy, Equal treatment policy, Rehabilitation policy, Alcohol and drug policy, Pension policy, Staff privacy policy, as well as our Work permit policy. We also have our Whistleblowing policy which you can read more about on page 43. The purpose of these policies is to state how we manage our working conditions and communicate that transparently to all employees. All company policies can be accessed through our internal employee info site.

Impacts, risks and opportunities

All companies have an **impact** on their employees, potentially both positively and negatively. These impacts are connected to working conditions in general, equal opportunities regardless of who the employee is, a healthy and safe work environment both physically and mentally, adequate wages and compensation, secure employment, no excessive working hours, as well as a culture of clear responsibilities, openness and trust. The **risks** to our business if failing to uphold good working conditions and negative impacts on our employees can be significant in terms of brand reputation, sales and being able to recruit and retain talent. During the last years, NA-KD has worked with a strong focus on continuously improving our working conditions, which we can see has given results, from both employee dialogues and our employee satisfaction surveys. Having satisfied employees that are happy with their working conditions and enjoy coming to work is an **opportunity** for NA-KD as these employees are likely more productive, more creative and more likely to walk the extra mile. On the next page we elaborate on some key aspects of our impacts in terms of equal treatment and opportunities, as well as working conditions, and our processes to manage these.

Our objective

An inclusive workplace. We want to create a culture of belonging with equal status, rights, conditions and opportunities for all.

Targets

A balanced representation of male, female, non-binary people through the organisation; both from a functional and managerial perspective

Maintain our high level of foreign-born co-workers

Keep the eNPS between 10 and 30

Equal eNPS between departments

	2021	2022	2023
A balanced representation of male, female, non-binary people through the organisation; both from a functional and managerial perspective		65% female managers	70% female managers
Maintain our high level of foreign-born co-workers		33%	33%
Keep the eNPS between 10 and 30	-14	18	12.2
Equal eNPS between departments	1.7	1.3	1.7

04. Diversity and Inclusion

Equal treatment and opportunities for all

For us, it is given that all our employees have equal rights and opportunities. We do not accept discrimination, victimization or harassment in any form and this is made crystal clear in our Code of Conduct and Equal Treatment Policy covering the seven defined grounds of discrimination; Gender, Transgender identity or expression, Ethnicity, Religion or other belief, Disability, Sexual orientation and Age. We ensure equal pay through yearly compensation reviews, aiming to eliminate any form of gender discrimination. Dedicated to an inclusive workplace, our policies emphasize a discrimination-free environment and equal opportunities with priority on diversity, respect, and inclusion. The average hours of training per employee was 26 hours in 2023. We utilize our employee satisfaction surveys, a whistleblowing system and regular check-ins to detect and prevent violence or harassment, with one case related to discrimination and none to harassment and bullying in 2023.

Employee satisfaction & departmental inclusion

With the Survey Monkey platform we measure Employee Satisfaction and eNPS. The Employee Satisfaction survey is sent out monthly, and invites all employees to anonymously answer five open questions. The answers are compiled into an overview and sent out to the Management team and on a departmental level to each manager for team discussions. Looking at our employee satisfaction score from an inclusion perspective, we see 1.7 difference between departments in our survey beginning of 2023 (difference between highest and lowest score on a 10 point scale). This shows that we as a company and culture are moving in the right direction to be equally inclusive for all, as we've improved from 1.3 the year before and 1.7 previous to that. Our eNPS is sent out quarterly, and gives our employees a forum to anonymously rate their level of ambassadorship. In 2023, we went from 18 in January 2023 to 12.2 by the end of the year, with a natural dip during our re-organisation in the second half of 2023.

Becoming the best version of ourselves is an ongoing commitment. To keep reaching for it, we make sure all our employees can share their views on what we are doing right and where we can continue to improve.

NA-KD 2023 in numbers

82%
foreign born employees

30+
nationalities in our teams

43%
female executives by the end of the year

258
FTE's by the end of the year

33%
foreign born employees

65%
female managers by the end of the year

Employee data	Nordic	Rest of Europe	Rest of the world	Total
Employees	251		26	277
Permanent	229		26	255
Temporary	7			7
Non-Guaranteed hours	4			4
Full Time	227		26	253
Part Time	2			2

Employee data as of end of 2023. NA-KD has no seasonal variations in number of employees. All information has been compiled through our HR system Alexis. Remote workers are include in the consultant numbers, as they are employed legally through a global payroll company.

Employee satisfaction	eNPS	Participation	Highest diff between dept
2019	-27	76%	
2020	-21	74%	3.2
2021	-14	65%	1.7
2022	18	93%	1.3
2023	12.2	91%	1.7

Our actions

- In 2023, we organized a Diversity & Inclusion training for all employees, offering the chance to learn, practice tools in groups, and foster a more inclusive workplace. This training will be an annual, ongoing initiative.
- In 2023, we have revised our strategy around our employee satisfaction surveys. Following each survey, all responses are shared with respective departments to collectively analyze trends. This proactive collaboration allows us to identify early warning signs of favorable behaviors, ensuring ongoing improvements across the company.
- In 2023, our managers underwent a training program in leadership and work environment, equipping them with tools to effectively manage both leadership responsibilities and the mental and physical work environment among their teams.

04. Diversity and Inclusion

Working conditions

In fall 2023, we did a reorganization to enable efficiency and reach profitability. Unfortunately, we had to let go of 60 permanent employees and closed down our production office in Turkey. During the process we strived to ensure excellence in communication, both with employees and union representatives, and the overall process with as little impact as possible on the employees. We had weekly updates to all employees and offered counseling support throughout this period of time. Further, we supported our affected employees with several concrete contact points to potential new employers, and invited potential employers and affected employees to meet during working hours in our office.

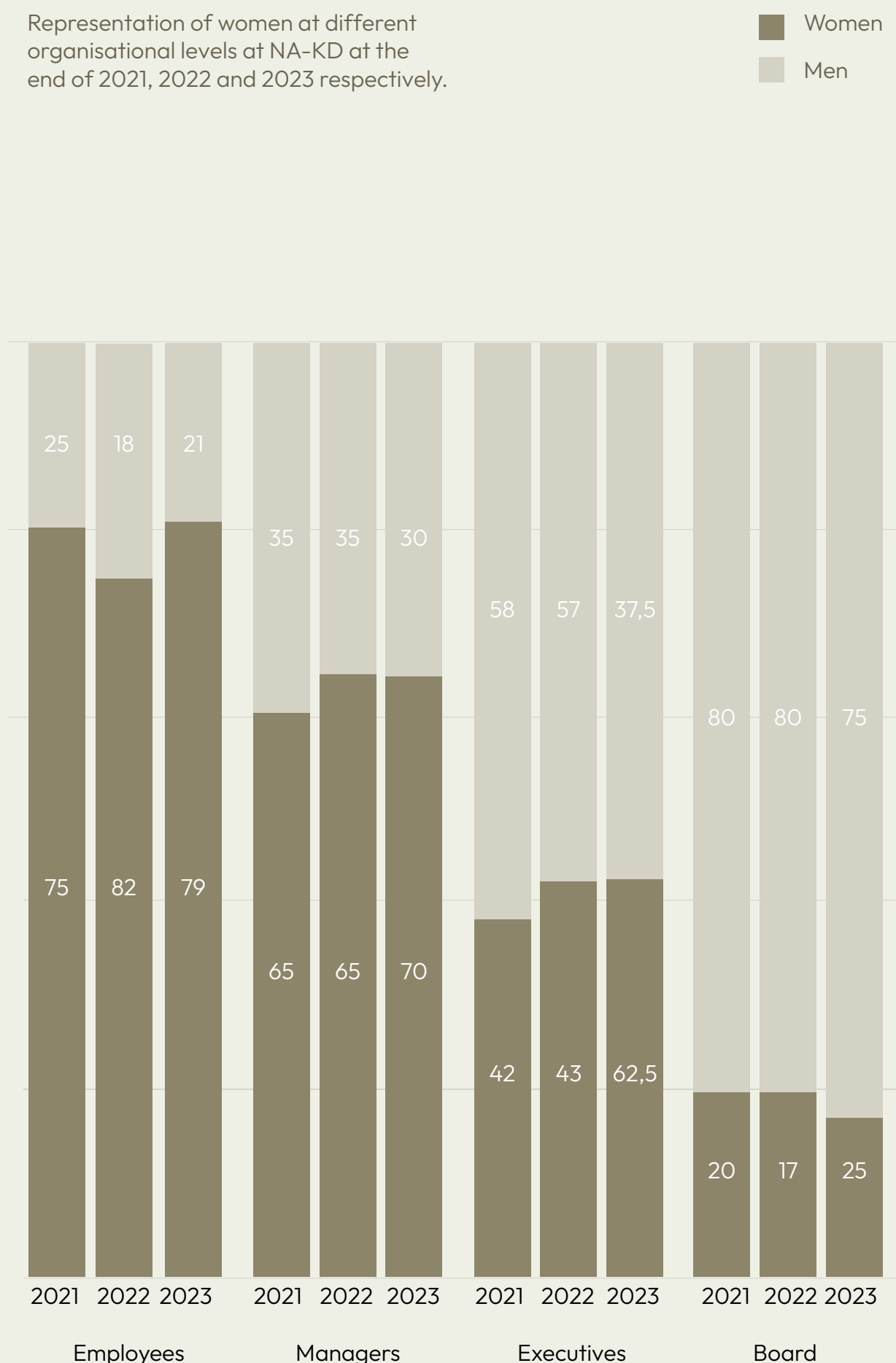
We promote transparency through initiatives like town hall meetings and company forums are used to foster open dialogue, keeping employees informed about any company developments. NA-KD complies with applicable laws and agreements on working time, resting hours, compensation and benefits, including overtime working hours, as well as annual, sick and parental leave and any other applicable leave regulations. In our company policy it is stated that our working time should never exceed on average 40 hours per week. All employees receive time off for proper rest and paid vacation. We respect employees' rights to freedom of association and collective bargaining. NA-KD did not have a collective bargaining agreement during 2023.

We have a dynamic work approach, allowing remote work for two days a week, flexible working hours, and additional perks in the Benefit Package, emphasizing work-life balance. We prioritize a safe and healthy work environment, adhering to laws and regulations. Safety initiatives include regular hazard checks, fire safety, and wellness programs to enhance employee well-being. While there were no work-related fatalities in 2023, two non-severe injuries were reported.

Compensation and benefits

We provide everyone who works for NA-KD with fair and market-based compensation for the work they do. Yearly, we conduct a salary mapping and analysis, ensuring employees are fairly rewarded for the work that they do. This led to some departments getting a general increase in salaries in 2021. We also have a pension and insurance program for our employees. In 2023, overall, female salary was 71% of male salary. One reason being more men having positions that require higher education, and more women in support functions. We actively try to search for women for higher qualified positions and recruit men to departments where we have a lot of female employees. Both to close the wage gap and to increase diversity in departments. All our employees are entitled to parental leave and pension, and are covered by our occupational health and safety management system with extra health insurance, as per applicable local legislation. Our employees are guided through our Employee Info Site.

Representation of women at different organisational levels at NA-KD at the end of 2021, 2022 and 2023 respectively.



Our actions

- In 2023, we enhanced our benefits package to prioritize Work-Life Balance. Employees get five additional paid days off and a paid hour off for wellness activities. Previous initiatives to support work-life balance and health and safety continue.
- In 2023, we strengthened our Health and Safety efforts by establishing a standardized process for office safety investigations. Quarterly safety checks and office routes allow employees to voice concerns and suggest improvements.

04. Diversity and Inclusion

Workers in the value chain

Although many challenges with providing fair and equal jobs for everyone in the fashion industry’s global and complex supply chains relate to structural issues and local legislation, that does not justify them. If someone’s work contributes to our business, we have a responsibility to respect their rights, even if they work for another company or supplier where we may have limited impact and leverage. The key to tackling issues of inequality and injustice in complex value chains is traceability – we must know how and where our raw materials, fabrics, dyes, and prints are being made. This is to better understand the realities and needs of the many thousands of workers employed in our value chain (including the women who stand for 49% (57%)¹ of the workforce in the cut and sew factories that we work with), to identify how our operations impact them, to perform our due diligence and address risk, take action to prevent, mitigate or remediate any negative impacts, and identify opportunities where we can contribute to improving their situations. Our traceability and transparency journey has just begun, you can read more on page 6.

Impacts, risks and opportunities

Through our operations and purchasing practices, NA-KD has **impact** on the people employed throughout our value chain. The way we do business and our choice of production markets impacts our business partners and the people contributing to the making of our products. To monitor and address our

Our objective

Fair and equal jobs in our supply chain
We respect human rights and will make it a priority to empower and enable all people across our supply chain to be able to fulfil their potential.

Targets

By 2025, 50% of our business volume produced in factories (tier 1) showing high performance in social audits (at least B in amfori BSCI audits, or similar in other systems)

By 2030, factories (tier 1) representing 100% of business volume have made their own living wage assessments for their workers

	2021	2022	2023
15.2%	21%	30.2%	
			In 2024 we will do our first assessment of where we are today.

biggest impacts, we have identified occupational health and safety risks, adequate wages, decent working hours, freedom of association and the right to collective bargaining, social security, child labour, forced labour and discrimination, violence and harassment as our salient human rights, about which you can read more on page 55 and in our description online. We also see that the transition to a greener and climate neutral economy may have a negative impact on workers in the value chain if brands will produce less products hence giving the opportunity for less number of workers needed upstream.

The biggest **risks** we see are related to incidents and instability in production markets impacting our value chain partners and workers, and disrupted value chain relationships, which could impact NA-KD’s access to products to put on the market. Read more about risks connected to social sustainability on page 55. Our **opportunities** include nurturing our business partner relationships through responsible purchasing practices, and supporting our suppliers in identifying, mitigating and remediating their potential risks, allowing them to continuously improve the working conditions for the people in their value chain, which could in turn have a positive impact on productivity and the quality of our products.

Policies

People in our value chain must be treated with respect and dignity – equality must be evident in everything we do. It is our responsibility to respect and promote human rights throughout our entire value chain. Our Human Rights Policy, developed in line with the UN Guiding Principles on Business and Human Rights (UNGPs), guides us in this work, together with our Supplier Code of Conduct, Escalation Policy and Zero Tolerance Protocol.

We have adopted the amfori BSCI Code of Conduct as our Supplier Code of Conduct and require that all our suppliers sign this Code as part of the purchase agreement. Further, factories must conduct social audits on an annual or bi-annual basis, depending on their performance. Through the Code and its Terms of Implementation, covering all our salient human rights, working conditions, environmental protection, and ethical business practices, we clearly communicate that our suppliers are expected to integrate these values in their social management systems, and cascade the requirements further up their own value chains.

We are explicit in our minimum requirements that we do not tolerate any forms of corruption, extortion or embezzlement, or any forms of bribery. We make it clear to all suppliers that personal information should be handled with care and need to comply with applicable privacy and information security laws and regulations. This is also part of the social audits that our factories are required to perform.

¹ See GRI table page 57 for details

04. Diversity and Inclusion

Conducting due diligence

All the factories (tier 1) that we work with must hold a valid social audit or verified assessment at the start of their business relationship with NA-KD. The social audits are performed by a certified third-party auditing company, which gathers information via documentation and worker dialogues. We allow our factories to choose between our approved systems, which all cover the content of the Supplier Code of Conduct. Our preferred systems are amfori BSCI and the Higg vFSLM, while we also approve Sedex SMETA¹ and SA8000. In 2023, 30% (21%) of our factories showed a high performance in social audits (at least B in amfori BSCI audits, or similar in other systems). 100% of our apparel, footwear, and accessories factories show a valid social audit before we start working with them.

We are accelerating the implementation of our Human Rights Policy and Supplier Code of Conduct, and are conducting risk-based due diligence across our value chain continuously. Throughout our supply chain and business relationships, we strive to identify, assess, monitor, and mitigate any potential human rights violations. In many cases, structural issues in local contexts are the most challenging aspects to tackle, such as excessive working hours and insufficient social insurance coverage in China, and gaps between the legal minimum wage and estimated living wage in many production markets.

¹ Factories conducting Sedex SMETA 2-pillar audits are excluding business ethics. In total, 17 (13) of factory audits did not cover business ethics in their social auditing. Our production in those facilities was 0.07% of our total production during 2023.

Substantial and lasting change cannot be achieved without joint action from the industry, from governments and other stakeholders, and without engaging suppliers and workers. We aim to use our leverage to make a positive impact, even in situations where we have no direct control.

These are the three pillars NA-KD has identified as keys to promoting social sustainability in our supply chain:

- Industry Collaboration, Awareness & Advocacy
- Effective Management Systems & Worker Empowerment
- Responsible Purchasing Practices

Our approach to supply chain human rights due diligence:

1. Supplier Code of Conduct:

Entry-level minimum requirement for all existing and new suppliers. Prerequisite for working with NA-KD since 2019.

2. Verified self-assessments or social audits:

Having a social and labour audit or verified self-assessment is an entry-level minimum requirement for all new factories (tier 1). We require social audits or assessments to be conducted and renewed annually or biannually – the regularity is prioritised on a risk-based approach.

3. Corrective actions and continuous improvement:

Lower audit scores and/or non-compliance issues require a corrective action plan and demonstration

of efforts to continuously improve the social and labour practices at the factory. Findings in crucial audit questions are given higher priority in our continuous supplier dialogues. In some instances, a follow-up audit is required.

4. Escalation and business action:

Our Business Partner Zero Tolerance Protocol and Escalation Policy clarify our procedures and business actions in case of severe non-compliance findings in our value chain, and in case of inaction or repeated failure to correct and/or remediate within a reasonable timeframe.

5. Training and capacity building:

Suppliers are encouraged to participate in capacity building programs, online and face-to-face, through the amfori Academy, the How to Higg guide and manufacturer forums. Additional training and guidance are offered on a needs-basis.

04. Diversity and Inclusion

01. Social and labour findings in our supply chain in 2023

As part of our ongoing work for fair and equal jobs, we have identified our salient human rights – the rights where we see the greatest risk of doing harm to people throughout our value chain. Read about the 2023 status of each area to the right:

Workers	# of workers in factories producing for NA-KD	# of female workers in factories producing for NA-KD	whereof women
Asia	15,692	7,214	46%
Europe	269	191	71%
Bangladesh	978	32	3%
Bulgaria	110	100	91%
China	6,401	4,443	69%
Great Britain	11	8	73%
India	1,398	135	10%
Italy	50	25	50%
Pakistan	2,907	510	18%
Portugal	57	21	37%
Romania	41	37	90%
Turkey	4,008	2,094	52%
Grand Total	15,961	7,405	46%

Working conditions

Health and safety

Our supply chain audits conducted in 2023 show that our factories are facing some common health and safety challenges (e.g. faulty equipment or inadequately stored chemical containers), of which the majority have proven relatively easy to correct. There have also been a handful of recordings of partial compliance to Crucial Code of Conduct questions, e.g. findings related to building permits not being issued and in a timely manner, insufficient number of workers with first-aid training due to continued delays in the certification process.

Adequate wages

While our supply chain audits do not reveal any findings of workers paid below the local legal minimum wage, they do confirm the presence of gaps between local legal minimum wages and living wages. This is a highly complex matter and a structural challenge that we must tackle with industry wide efforts, by sharing examples and engaging stakeholders at all levels, including brands, retailers, standard systems, agents and suppliers, factories, unions and other labour organisations, governments, the civil society, and academia. In 2023, economic recession in several production countries (e.g. Turkey), has resulted in increased gaps between the living wage and the minimum wage paid to workers.

Decent working hours

Our supply chain audits show that compliance with decent working hours is a structural challenge for NA-KD's factories in several production markets, including but not limited to China, and especially in production facilities where domestic migrant workers constitute a large part of the workforce.

Freedom of association and the right to collective bargaining

Our social audits show that the factories in our supply chain are acting in line with this principle and are implementing alternative forms of worker representation where no independent unions are present. Factories representing over 69,8% (80.3%) of our production volume have some kind of worker representation, either union representatives or worker representation in other forms.¹

Social security

Our supply chain audits show a higher prevalence of risks related to the social security coverage among factories in China, where this is a structural challenge that requires industry-wide collaboration to tackle

Social audits in 2023	# of audits conducted in 2023	% of spend
Asia	59	66.93%
Europe	1	0.001%
Bangladesh	1	0.81%
Bulgaria	1	0.03%
China	42	41.42%
Great Britain	1	0.15%
India	2	0.23%
Pakistan	1	0.20%
Turkey	11	24.09%
Portugal	1	0.001%
Total	60	66.94%

Audits with a "high grade" (such as A-B in Amfori BSCI system) expire after 2 years.

Equal treatment and opportunities for all

Discrimination, harassment, victimisation and violence

While our supply chain audits show no evidence of such transgressions amongst our factories, we do see this as a prioritised area of our focus that requires industry-wide efforts to improve.

Other work-related rights:

Forced labour and modern slavery

Our supply chain audits show no prevalence of forced labour or modern slavery amongst our factories. However, we know that the risk is more prevalent upstream supply chain and in certain regions (e.g. in Turkey and China), especially in ginning facilities and cotton farms, and where there is presence of migrant workers. NA-KD is increasing its vigilance in regards to such risks and has offered guidance and support to our suppliers on the protection of especially vulnerable workers. For more information on our work in this area, please see our latest [Modern Slavery Statement](#).

Child labour and young workers

Our supply chain audits show that the tier 1 factories we work with set an age limit for workers that is in line with or higher than legal requirements, and that they have policies in place to prevent child labour and protect young workers. In times of economic difficulty, the risk of children and young workers leaving or being taken out of school in favour of contributing to their family's economy increases, and as we are currently seeing a slowing economic situation across parts of the globe we see an increased risk. In 2023, UNICEF and the Business and Human Rights Association Minerva published a report on child labour in the garment sector in Turkey, to which NA-KD has reacted with increased vigilance and accelerated our supply chain traceability efforts.

¹ See GRI table page xx for details.

04. Diversity and Inclusion

Our actions

Our measures taken to eliminate forced labour, child labour and other value chain risks include conducting risk assessments and social audits, promoting continuous improvement through individualised support for Business Partners, and offering our independent factories capacity building through the amfori Academy. Apart from our regular due diligence efforts, these are some actions we have taken in 2023:

- In 2023, amfori launched their grievance program Speak for Change in Turkey, and will continue to expand it to other countries in 2024 and beyond. Many of NA-KD's Turkish suppliers using the amfori BSCI system for audits have already started promoting the grievance tool towards their workers, and NA-KD is encouraging more factories to follow their lead.
- We have accelerated our traceability efforts (read more on page 6) and we will continue to engage in dialogue with our value chain partners and stakeholders and identify the risks higher up in the supply chain.
- We have also supported and educated NA-KD employees visiting factories on warning signs to look for, and provided them with capacity building, tools and updates on specific risks related to workers in our value chain.
- We continued to improve the way we communicate with our suppliers. We have accelerated our continuous dialogue on sustainability, and regularly provided our business partners with news on legislative changes and updates of our policies and workflows. Our communication channels and tools have included quarterly sustainability newsletters, our integrated supplier portal for logistics, sourcing and sustainability, online webinars and training sessions, and face-to-face meetings, etc.
- We have continued to actively advocate for the alignment of standards within all the organisations and industry initiatives we are participating in (including amfori, the SAC and the International Accord), this after officially joining the list of brands, retailers and organisations accepting SLCP verified data in 2022.
- NA-KD is a proud member of the International Accord for Health and Safety in the Textile and Garment Industry, a commitment that we re-signed in 2023 for both Bangladesh & Pakistan.

Our role in society

For many years, diversity in fashion has simply meant using a non-white face in marketing campaigns. But today, fashion companies are responding to pressure from customers, employees and other stakeholders to do more. Instead of relying on eye-catching imagery, we are expected to proactively advocate for diversity and inclusion and contribute in the local communities where we operate.

We want to advocate for everyone's right to be who they are, to celebrate diversity and advance inclusion in our society. We want to create social impact through our community engagement activities.

Our local community

At NA-KD, as in other fashion companies, product development generates a lot of samples. These can be clothes or accessories used by our photo studio to create images for our website and social media, or clothes that have been tested and screened by our purchasing department and garment technicians.

During 2023, we donated most of these clothes to charities, like Stadsmissionen and Räddningsmissionen (the Rescue Mission). Donations of clothing and accessories to Stadsmissionen in Gothenburg are sold in their second-hand shops, and the profits create employment opportunities for people outside the job market.

In 2023, we continued our partnership with the Rescue Mission, a local NGO in Gothenburg supporting people in vulnerable life situations, and more specifically we

support their program Agora, which supports socially vulnerable women – including homeless women, refugees, victims of domestic violence, and women exposed to human trafficking and sexual exploitation. Meeting places, outreach work, sheltered housing and individually designed support are just a few elements of their work, which reaches around 20 persons each month. Apart from a yearly monetary donation, NA-KD gives support to Agora in more practical ways – including continuous donations of clothing and footwear, carefully selected to meet the needs of the persons they support.

We are proud to support these organisations in our local community and hope more women are kept warm and feel their confidence being boosted with the help of our donations.

NA-KD is a proud member of the International Accord for Health and Safety in the Textile and Garment Industry.



Business Conduct

Code of Conduct

Our internal code of conduct is approved by our Board of Directors and states our minimum requirements for acceptable and unacceptable behaviour. It is applicable for every representative of NA-KD – managers, colleagues, consultants, interns, and anyone else working for us, 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 covers three key areas: An inclusive workplace, Protecting the planet for future generations, and Conducting business ethically – which includes areas such as anti-corruption and bribery, money laundering, conflicts of interest, confidential information and data privacy.

If someone does not act according to the business conduct as laid down in our Code of Conduct, this may have a negative **impact** on both people and planet, depending on the action or behaviour. The main **risks** to our business could be either legal or financial or affect the company's reputation if we do not uphold these basic principles of business conduct. On the contrary, our main **opportunities** by upholding our ethics are to build strong business relationships, proud employees and to be an attractive employer for the future.

During the second half of 2023, we launched mandatory e-learning training for all employees, where 81.5% of employees attended. The Code of Conduct training includes training on anti-corruption and bribery.

Speaking up

We want our employees to speak up if something is troubling them. This is clearly stated in our Code of Conduct, internal employee site, and Whistleblowing Policy. All employees have also been offered training as part of our Code of Conduct e-training and relevant policies are all available on our employee site.

Our employees are regularly informed about the importance of speaking up and the company's commitment to protecting those who come forward.

Our Employee satisfaction surveys are handled internally by People & Culture, The Employee Satisfaction survey is conducted monthly and invites all employees to anonymously respond to five open-ended questions. These responses are then compiled into an overview that is shared with the Senior Management team and distributed at a departmental level to managers for team discussions and actions. This process allows us to continuously monitor and improve our workplace environment, aligning with our commitment to sustainability and employee well-being.

We encourage our employees to always reach out to their manager, the manager's manager, the People and Culture team, or answer the Employee Satisfaction survey if they encounter any issues. However, if they feel uncomfortable doing so, we have implemented a whistleblowing tool. This tool allows employees, as well as anyone else, to report issues anonymously. We prioritize creating a safe and supportive environment where everyone's voice is heard and respected.

Our Whistleblowing (EQS Compliance) system is handled through a third party and is investigated by internal and external parties depending on the case.

Initially, reports are reviewed by the VP of People & Culture, internally. The function (VP of People & Culture) can act independently vis-à-vis organization and is authorized/has the freedom to initiate, conclude investigations and formulate conclusions from the follow-up of reports. Subsequently, if warranted, relevant internal authorities are informed; CEO, CFO, Legal, or CSR. If necessary, external consultants, auditors, or legal professionals are engaged to support the investigation process. In cases involving potential criminal activity, law enforcement authorities may be contacted. Our whistleblowing tool is accessible to the public via our website.

The most important **impact** we make through our Employee satisfaction survey and our whistleblowing system is to enable employees or others to speak up, and hence be able to act on any potential misconduct. **Risks** are if people do not speak up and the misconduct continues, hence continuing to bring potential harm to people, nature, or our business. Whereas the greatest **opportunity** lies in being able to reduce, mitigate, and/or remedy harm by acting on whistleblowing information.

In 2023, no cases were reported through our Whistleblowing system. However, our Employee Satisfaction Survey indicated one case related to

discrimination and none to harassment and bullying. In one instance, we engaged in dialogue with employees to gather additional information and ensure thorough investigation and action. Our ongoing efforts, including regular one-on-one meetings, satisfaction surveys, cultivation of corporate culture and values (refer to page 42), and adherence to our internal Code of Conduct, exemplify our commitment to minimizing grievances within the organization.

Anti-corruption & bribery

NA-KD has a zero tolerance for corruption, bribery and all unethical behaviour. Our key policies in this area are our Code of Conduct, Anti-bribery and corruption policy and the Whistleblowing policy. Our policies provide practical guidelines on how to evaluate and avoid unethical behaviour and how to report any suspected dishonest or illegal activities. The policies are available on our intranet and all new employees are informed during onboarding.

The **impacts** from any potential corruption can be significant. Corruption increases inequalities in societies, it erodes trust in business relationships and is one of the biggest risks for upholding respect for human rights across global supply chains. Obviously, the **risks** to our business from not upholding our high standards on anti-corruption and bribery could be severe and have both legal and financial repercussions.

Our employees working with external business relationships are at higher risk of exposure to corruption and bribery. Therefore, they were given in-depth training on our Code of Conduct with significant focus on ethical business conduct, including anti-corruption and bribery, at the launch of our updated Code of Conduct in 2021. No complaints of corruption or anti-competitive behaviour were reported in 2023.

05. Business Conduct

Animal Welfare and Materials Ethics

We believe fashion should be compassionate – we don't want our products to harm animals in any way. NA-KD is a proud member of the Fur Free Retailer Program. This work is guided by our [Material Ethics and Animal Welfare Policy](#) in which we clearly state what animal derived materials are prohibited to use in NA-KD products, and which materials we may use freely and/or given certain circumstances (e.g. third party certificates). We say a big no to fur, and for many years we have banned the use of exotic skin, as well as any material from endangered species.

Connected to the materials we use, NA-KD has an **impact** on both people, environment and animals. If sourced unethically, animal derived materials, such as wool and leather, can have a negative impact on both animal welfare and environmental impacts such as deforestation, pollution and biodiversity loss. It is therefore of essence that we continuously educate our sourcing and purchasing colleagues on our policy and ensure all required certificates are in place when sourcing animal derived materials. The **risks** to our business is if we fail to uphold our policy and our brand and reputation would be damaged. However, we have an **opportunity** to strengthen our brand and customer trust by keeping our high ethical standards in animal welfare and material ethics.

Supplier relationships

- Our supplier Code of Conduct is contractual for all our suppliers and the foundation for managing business conduct in our supplier base. We have adopted the amfori BSCI Code of Conduct as our Supplier Code of Conduct. You can read about how we work with supplier Code of Conduct compliance on page 45.
- We want to proactively support our suppliers to improve working conditions, progress climate reduction initiatives, and ensure that their practices conserve biodiversity, water and soil, as we know that the biggest environmental and social impacts from our business are upstream our value chain. Good supplier relationships are fundamental for us to be able to drive this work. Poor supplier relationships and payment practices may have a negative impact on both workers (e.g. in terms of wage levels and salaries being paid on time) as well as possible supplier investments in technologies to reduce environmental impacts. There is also a likelihood of repercussions upstream supply chain of such behaviour. However, there are also business risks with poor supplier relationships such as increased costs and inefficient sourcing, buying processes and product quality. On the contrary, there are also great opportunities with strong, long lasting supplier relationships. With good relations comes better prices, more efficient processes and willingness to invest together in things like new innovative materials or traceability concepts and systems.

Our actions

- We got certified by the Responsible Wool Standard.



GRI Report 2023

About this report

This is the fifth time NA-KD has created a sustainability report, which is made annually. The last report was published in June 2023. This report is made with reference to the Global Reporting Initiative's (GRI) Standards and covers the full year of 2023. The sustainability report is also made in accordance with expectations in the Swedish Annual Accounts Act 6 chapter 11§. The report has not been third-party verified.

There are some significant changes in the reporting structure compared to last year, as we are starting to adapt our reporting structure to the upcoming Corporate Sustainability Reporting Directive that will apply to NA-KD as of reporting on FY2025. Any additional information on changes are clearly stated next to the information in the report and/or in the GRI Index. The primary target group for this report is our owners and investors. Other stakeholders such as customers, colleagues, business partners, and other societal actors should also be able to understand and get information on our progress on our material topics and sustainability performance through this report.

Reporting content

NA-KD's sustainability disclosures are prepared to provide stakeholders with relevant information about our material environmental and social impact. In defining the report's content, NA-KD applies GRI's reporting principles on stakeholder inclusiveness, sustainability context, materiality, and completeness.

The content of this report covers the Nakdcom Group, where Nakdcom One World AB, registration number 556971-2002, is the parent company and prepares the consolidated accounts. The report covers the financial year 2023 and data gathered covers this year for all our product categories and business operations, unless otherwise stated. The sustainability report is part of the administrative report in our Annual Report for 2023 and is developed in line with legal requirements. NA-KD's senior management team is responsible for the content and accuracy of this report.

All KPIs in this report cover the Swedish parent company, unless otherwise stated, as the Group's subsidiaries Odd Fashion of Sweden AB, Nakdcom AB in Sweden and Nakdcom UK Ltd in the UK and Nakdcom Inc in the US do not have any significant operations and mainly follow the same principles as the parent company.

Strategic framework

During 2021, NA-KD created a strategic framework to drive sustainability performance; Fashion Fit for the Future. The framework focuses on four key areas, defined based on our stakeholder dialogues and materiality assessment, which is also what we report on in this report. The four areas are Climate Action, Circularity, Our Products and Diversity and Inclusion. The framework has been decided by NA-KD's Senior Management Team and presented to and approved by the Board of Directors. While different stakeholder groups raise concerns or ask for specific information on different topics, certain sustainability topics are common for most stakeholder groups. Read more about our main stakeholder groups and their topics of interest, materiality and reporting on page 12. Translated into GRI topics, please see reference in the GRI index on page 57.



06 . GRI Report 2023

About NA-KD

In 2023, NA-KD shipped products to customers in 72 (69) countries and our customers can also find NA-KD's products on marketplaces such as Zalando, ASOS and About You. Our total net sales in 2023 was 2,013 MSEK (2.346 MSEK). The majority of our sales came from Germany (28%), Sweden (15%), Netherlands (13%), Denmark (11%), Norway (7%), and the rest of the world (25%). During 2023, we sold over 7.2 (11.6) million products. Our headquarter is in Gothenburg, Sweden. We also had offices in Stockholm, Sweden, and a purchasing office in Istanbul, Turkey, which we decided to close at the end of 2023. At the end of 2023, NA-KD had 277 (273) employees.

We have warehouses in Sweden and in the Netherlands, as well as return warehouses in Poland and the UK. During 2023, we opened our new automated warehouse in the Netherlands with the same operator as the Swedish warehouse. All warehouse operations are outsourced, but with NA-KD supervisors on all main sites.

NA-KD is a privately owned limited company. Our largest shareholders as of 31 December 2023 are: Partech Growth FPCI 16.8%, Northzone VIII L.P. 14.8%, Quadrille Technologies IV Companies SLP 13.6%, eEquity SPV 1 AB 8.7% and Jartsi Holding AB 7.5%.

Johannes Löning became our new independent Chairman of the Board as of September 2022, and is solely having the role as Chairman of the Board (no executive responsibility). During 2023 we got a new CEO, Mattias Jacobsson, a new CFO, Caroline Anderberg, and made a reorganisation to enable efficiency and profitable growth.

Sustainable apparel coalition

As part of our membership in the Sustainable Apparel Coalition (SAC), we report on our sustainability progress each year through the Higg Index Business Review Module. For our 2022 assessment, done in 2023, we have not verified our results and are hence not allowed by SAC to communicate our progress. However, the 2020 Higg vBRM showed us that we should improve our environmental risk assessment, including identifying salient environmental risks, impacts, and opportunities. In 2021, we made this risk assessment, including materials with highest risks and in 2022 we have also set out our materials strategy for 2030, as part of our Climate Action Roadmap. Another improvement area was to establish a program to promote the use, installation, or purchase of renewable energy (wind or solar) by our suppliers. Through STICA, NA-KD has taken the lead in a working group to drive this change for our

supplier base in Turkey, offering free educational webinars and consulting to suppliers and sub-suppliers on the topic of renewable energy. Further, similar free webinars have been offered to suppliers in China and India during 2023, and we are now working together in STICA to be able to offer Chinese suppliers competitive prices for IRECs. Read more on page 21.

With the support of the Sustainable Apparel Coalition (SAC), we also use the Higg Facility Environmental Module (Higg FEM) to assess environmental impacts of production facilities in the most critical areas. In 2023, 50 factories, representing 78% of our spend, assessed their environmental performance in the Higg FEM. Our next step is to roll out the Higg FEM self-assessment to our supply chain partners in tier 2 and upwards (including fabric manufacturers, laundry and dyeing mills), where we know we have a higher environmental impact in terms of energy, water and chemical usage. Our third party verified FEM score across participating factories was 59.19 out of 100 (45.5 in 2022) — based on combined average scores for energy 82.82 (73.5), water use 75.38 (63.7), waste water 64.19 (48), waste management 44.55 (30.6), air emissions 45.3 (26.1), chemicals 37.58 (24.6) and environmental management systems 63.81 (51.7).

Our aggregated vFSLM score for participating factories in 2023 was 87.7%. Aggregated section scores were: Recruitment & Hiring 97.4%, Working hours 87.9%, Wages & Benefits 88.3%, Worker Treatment 99.7%, Health & Safety 94.6%, Termination 99.7%, Management systems 72.42% and Above & Beyond 7.3%.

vFSLM roadmap	2020	2021	2022	2023	2024
Goals	pilot	5%	20%	30%	50%
Actual	pilot	4%	14.3%	6%	

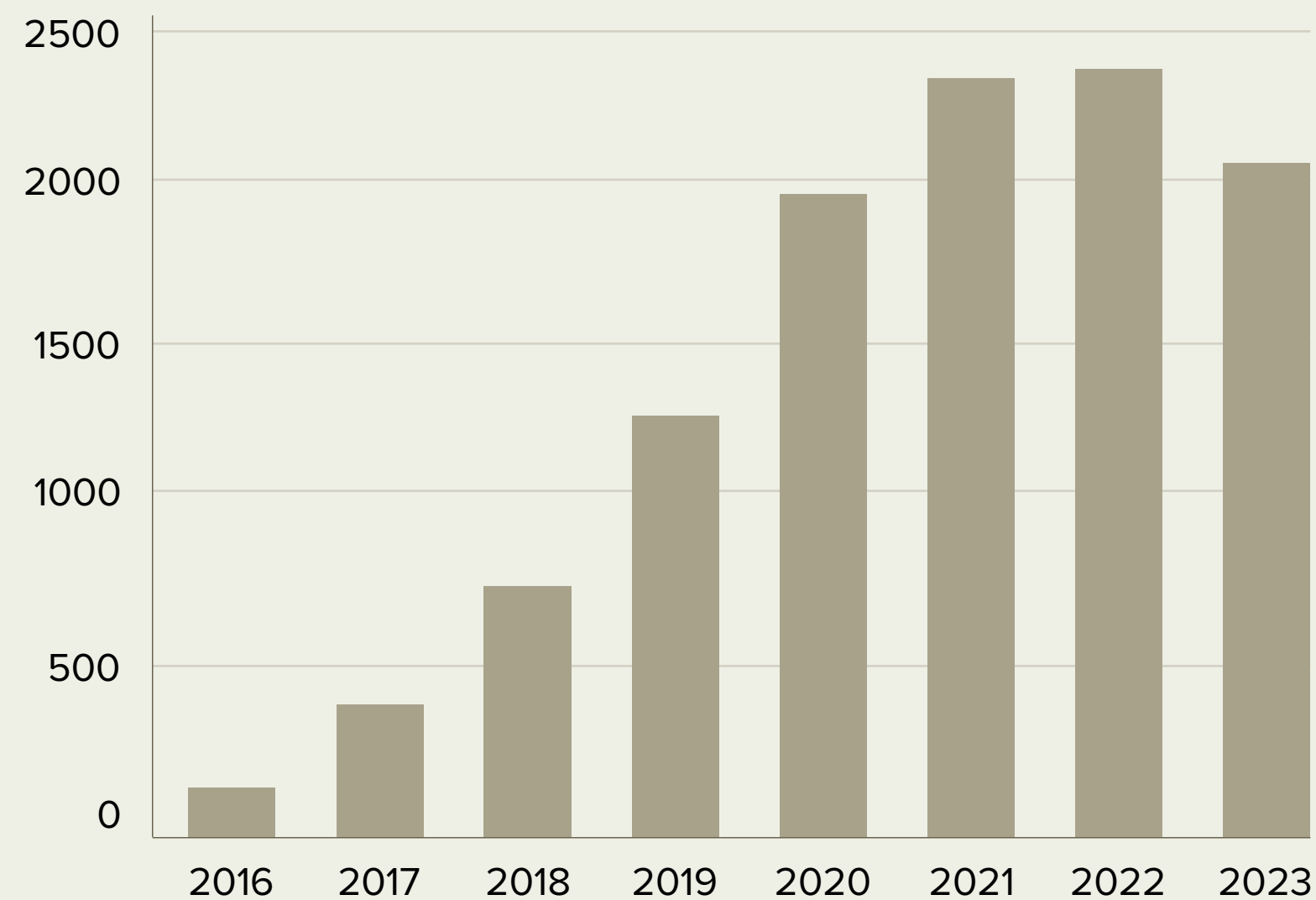
Higg FEM x2	2020	2021	2022	2023	2024
Goals (FEM)	10%	25%	50%	80%	80%
Actual (FEM)	79%	88%	78%	78%	
Goals (vFEM)	pilot	10%	25%	40%	50%
Actual (vFEM)	pilot	15%	11%	23%	

As % of spend

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Financial numbers

Turnover (MSEK) per year 2016-2023



Consolidated income statement summary

Amounts in MSEK	2023-01-01 – 2023-12-31	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31	2020-01-01 – 2020-12-31
Net sales	2,012.70	2345.5	2,299.2	1,871.3
Other operating income	150.2	87.2	111.1	146.1
Operating expenses				
Cost of goods sold	-952.8	-1297.6	-1,275.1	-889.9
Other external costs	-978	-1248.0	-1,274.9	-1,023.0
Personell costs	-172	-183.7	-180.4	-138.3
Depreciation and amortisation of tangible and intangible assets	-107.2	-86.0	-78.0	-42.2
Impairment for expected credit losses	-3.3	-52.5	-17.9	-15.5
Other operating expenses	-125	-66.6	-67.9	-57.0
Operating loss	-175.2	-501.6	-483.9	-148.5
Result from financial items				
Interest income and similar income	39.5	17.2	1.7	0.0
Interest expense and similar charges	-171.9	-96.7	-54.9	-37.0
Loss before tax	-307.6	-581.0	-537.0	-185.5
Income taxes	-4	-0.4	-6.5	35.0
Net loss for the year	-311,6	-581.4	-543.5	-150.6
Applicable to				
Parent company's shareholders	-311,6	-581.4	-543.5	-150.6

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Risk management

Climate change & environment; risks, implications and opportunities for NA-KD

Risk	Risk description	NA-KD mitigation measures	Our related policies
Increased costs and price volatility of raw materials	Higher temperatures and water shortages combined with intensified extreme weather risks (rains and droughts) will likely affect the supply of cotton and other key raw materials for the textile industry.	Prepare for price fluctuations in budgets. Increase variety of materials to reduce risk exposure.	Code of Conduct Environmental Policy Restricted Substances List
Supply chain disruptions: damaged manufacturing facilities and disrupted distribution networks	Changes in intensity and frequency of extreme weather events like hurricanes, droughts, floods and changes in precipitation patterns (e.g. flooding of harbours). Production disruption may also occur due to social unrest and climate migration. Consequences could be increased production and transportation costs and products not being delivered on time, negatively impacting sales and margins.	Nearshoring manufacturing reduces risks of disruptions in transportation. This also increases short term flexibility. Spreading the production to different countries and regions is of most importance to mitigate the risk.	Material Ethics and Animal Welfare Policy
Changing consumer attitudes and purchasing behaviour	Increasing consumer environmental awareness will affect buying and consumption behaviours negatively affecting the fashion industry in general. Gen Z customers are more prone to changed behaviours than earlier generations. Rising temperatures and unpredictable seasonal cycles may lead to consumers not wanting to buy what they usually do at a certain time of year – which may lead to implications on inventory efficiency and cash flow. E.g. late start of winter plummets demand for outerwear.	Opportunity for alternative business models, such as second hand, “re-take model” and rental business. Increase quality/longevity of products to fit a circular business module. Need to show real action and leverage from NA-KD’s ambitious sustainability strategy with proven lower environmental impact than competitors. Continue to build trust among customers. Improve planning and buying accuracy.	
Energy price increases	Energy price increases during transition period to a green economy may impact costs for NA-KD, both directly and indirectly with increased energy costs for business partners that would spill over to increased costs for NA-KD.	Proactive agreements for own energy supply and increase own production of renewable energy by solar panels. Continue to work with suppliers and their factories to transition to renewable energy sources.	
Shortage of recycled materials	The demand for recycled materials, and in particular polyester, is increasing rapidly from several industries and risks causing a lack of supply over time, with increased prices as an effect.	Continue to proactively look for new innovative alternatives to recycled polyester. Support start-up businesses with orders of new more sustainable materials to enable scaling.	

For our greatest risks to the planet, please see our environmental salient rights here.

06 . GRI Report 2023

Risk management cont.

People & Human Rights; risks, implications and opportunities for NA-KD

Risk	Risk description	NA-KD mitigation measures	Our related policies
PR risk if supply chain working conditions are not managed well	If working conditions in supply chain (factories, warehouses, transportation) are not up to standards and this becomes known, there is a risk for negative PR, which may impact brand value and investor relations.	Continue with risk-based human rights due diligence through social audits. Training of purchasing staff prior to factory visits. Execute on sustainability strategy for fair working conditions and wages.	Code of Conduct Supplier Code of Conduct Human Rights Policy
Difficulties in recruitment and retention because of a potential and negative PR event	The younger generation is more values-driven so a PR event owing to social risks may impact retention and recruitment of sufficient, competent talent.	As above, plus communicate transparently on our actions, challenges and progress.	Work Environment Policy Equal Treatment Policy Alcohol & Drug Policy
Legal risks if social working conditions are not managed well in own operations	If we, or a close business partner where we have a legal responsibility, is not living up to legislation on working conditions (e.g. wages, occupational health and safety, working hours).	Continue to train our managers on internal policies. Managerial Handbook launched 2022. Continuous Code of Conduct training to all employees.	Rehabilitation Policy
Financial risks if working conditions are not managed well and a PR crisis leads to loss of sales	This is true for working conditions and potential human rights violations both internally and in our supply chain.	As all of the above.	
Material supply shortage due to working conditions in supply chains (e.g. Xinjiang cotton)	Poor working conditions and forced labour situations in some regions may impact cost and supply of raw materials (e.g. Lester in UK, Xinjiang in China, Myanmar).	Execute on our strategy for supply chain traceability to identify raw material origin and secure diverse spread of raw material sourcing to mitigate risks. Continue to execute human rights due diligence.	

For our greatest risks to the planet, please see our environmental salient rights [here](#).

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Risk management cont.

Governance; risks, implications and opportunities for NA-KD

Risk	Risk Description	NA-KD mitigation measures	Our related policies
New and rapidly changing legal and regulatory landscapes (local, national, regional)	This may lead to increased costs due to resources required to comply, as well as impacting sales if not being able to comply. Foreseen price on carbon, regulations on transparency and reporting will increase costs and administration for all companies. Recent examples: French producer responsibility, UK law on recycled plastics in packaging, the proposed NY Fashion Act and the EU Textile Strategy.	Monitor legal and regulatory developments closely. Execute on the ambitious sustainability strategy, product footprint and traceability plans to be one step ahead of legislation and keep costs under control.	Code of Conduct Anti-bribery Policy Anti-money Laundering and Counter Terrorism Policy
Lack of harmonisation in legislation, causing admin and cost increases	With rapidly changing regulations in local markets, this risks overburden global companies if legislations are not harmonised.	Monitor legal and regulatory development closely, and advocate for harmonised legislations.	Conflict of Interest Policy Tax & Fraud Policy Data Protection Policy
Insecure supplier relationships following delayed payments	To build close long-term supportive supplier relationships, it is fundamental to pay on time according to agreements.	Continued close, transparent and proactive dialogue with all our suppliers on payment terms and conditions, and ensure payments are done on time.	Trade Sanctions Policy Whistleblowing Policy
Financial risks: price on carbon / import tax on carbon to Europe	There are wide political discussions about setting a formal price on carbon, import tax on carbon to Europe (consumption based).	Secure anti-corruption training of employees and everyone working on behalf of NA-KD. Continue with Code of Conduct training and training in all other policies, in particular for managers.	
Legal and PR risks if we do things wrong	If NA-KD employees or close business partners do not adhere to applicable legal and regulatory frameworks, there is naturally a legal and PR risk associated with this.		

For our greatest risks to the planet, please see our environmental salient rights [here](#).

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GRI Index

Statement of use: Nakdcom One World AB has reported the information cited in this GRI content index for the period January 1 2023 – December 31 2023, with reference to the GRI Standards. GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Notes
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 51-52	
	2-2 Entities included in the organization's sustainability reporting	p. 51	
	2-3 Reporting period, frequency and contact point	p. 51, 60	
	2-4 Restatements of information	see notes	There are no restatements of information
	2-5 External assurance	p. 51	The sustainability report has been assured by EY to be in compliance with the Swedish Annual Accounts Act, but no further assurance has been made of the content of the report.
	2-6 Activities, value chain and other business relationships	p. 3, 5, 12, 13, 52	
	2-7 Employees	p. 42-43, 52,	
	2-8 Workers who are not employees	p. 45	
	2-9 Governance structure and composition	p. 15, 43, 44, 52	
	2-11 Chair of the highest governance body	p. 52	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 15	
	2-13 Delegation of responsibility for managing impacts	p. 15	
	2-22 Statement on sustainable development strategy	p. 4	
	2-23 Policy commitments	p. 18, 27, 35, 41-42, 45	
	2-24 Embedding policy commitments	p. 18, 27, 35, 41-42, 45	
	2-25 Processes to remediate negative impacts	p. 19, 46, 49	
	2-26 Mechanisms for seeking advice and raising concerns	p. 42-46	
	2-27 Compliance with laws and regulations	see notes	No significant instances of of non-compliance with laws and regulations occurred during the reporting period.
	2-28 Membership associations	p. 10-11, 13, 19, 21, 25, 33, 45, 51-52	
	2-29 Approach to stakeholder engagement	p. 11-13	
2-30 Collective bargaining agreements	p. 44		

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GRI Index cont.

Statement of use: Nakdcom One World AB has reported the information cited in this GRI content index for the period January 1 2022 – December 31 2022, with reference to the GRI Standards. GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Notes
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 11-13	
	3-2 List of material topics	p. 12-13	
	3-3 Management of material topics	p. 14, 18-25, 27-33, 35-39, 41-48, 52	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 59	
	201-2 Financial implications and other risks and opportunities due to climate change	p. 54	
	201-4 Financial assistance received from government	see notes	No financial assistance has been received from government during the reporting period.
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	p. 42	
	205-3 Confirmed incidents of corruption and actions taken	see notes	No complaints or confirmed incidents of corruption or anti-competitive behaviour were reported in 2023.
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 27-29, 32	
	301-2 Recycled input materials used	p. 32	
	301-3 Reclaimed products and their packaging materials	see notes	No reclaimed products during 2023.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 20	5% of emissions in scope 1 & 2 comes from estimates. The emission factors used in the calculations come from the Swedish Transport Administration (Trafikverket). Calculations include CO ₂ emissions.
	305-2 Energy indirect (Scope 2) GHG emissions	p. 20	The emission factors used in the calculations come from the Swedish Energy Markets Inspectorate (Ei), IEA and AIB European residual mixes. Estimates for energy consumption for different facility types are from the Swedish Energy Agency. Calculations include CO ₂ emissions.
	305-3 Other indirect (Scope 3) GHG emissions	p. 21, 24	The calculations are based on 95% actual data and 5% estimates. Emission factors for all fuel and energy related activities are from the Swedish Transport Administration (Trafikverket), The Swedish Energy Markets Inspectorate (Ei), IEA and AIB European residual mixes. Emission factors for business travel come from ICAO Carbon Calculator (adjusted for RFI 2.7), Trafikverket, Hertz Sustainability report 2019, the report "Branschläget 2018" by Svenska Taxiförbundet, NTM, and "Travel and climate, Methodology Report. Version 2.0," by Larsson & Kamb (2019). Our accredited transport emission calculations are done according to the GLEC framework. All specific emission factors can be found within the GLEC framework. For air transport, emission factors used are based on the ICAO/IATA methodology, which differs for regional, continental and intercontinental air transports. For ocean transport, emission factors are used from the CWGC framework, which corrects for worldwide container trade lanes. For road transport, GLEC default values are used which are primarily based on HBEFA, NTM, UK BEIS, Base Carbon and Smartway USA. Emission factors for road shipments are partly modelled based on payload, if so, this is done according to the CLECAT methodology. For rail GLEC default values are used. All emission factors are updated yearly. The used GLEC update is from September 2024. This new version has been updated with new higher emission factors for certain fuels. All scope 3 calculations include CO ₂ emissions.
	305-4 GHG emissions intensity	p. 20, 24	Including scope 1,2, and 3 emissions. Calculations include CO ₂ emissions.
	305-5 Reduction of GHG emissions	p. 20, 24	Calculations include CO ₂ emissions.

06 . GRI Report 2023

GRI Index cont.

GRI Standard	Disclosure	Location	Notes
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	see notes	Described in NA-KD's Environmental Salient Rights document.
	306-2 Management of significant waste-related impacts	p. 35-39	
	306-3 Waste generated	p. 39	
	306-4 Waste diverted from disposal	p. 39	
	306-5 Waste directed to disposal	p. 39	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 52	
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 19, 25	No supplier relationships were terminated as a result of environmental impact assessments. Further details please see NA-KD's Environmental Salient rights document.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 43	We are working to improve the granularity of data until next year's reporting.
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 43	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 44	
	405-2 Ratio of basic salary and remuneration of women to men	p. 44	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 44	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 47	Further details, please see NA-KD Salient Human Rights document.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	p. 47	Further details, please see NA-KD Salient Human Rights document.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 47	Further details, please see NA-KD Salient Human Rights document.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	see notes	NA-KD had 18 new suppliers that were all screened using social criteria during 2023.
	414-2 Negative social impacts in the supply chain and actions taken	p. 46-47	Numbers presented based on data available through third-party verified social audits (amfori BSCI, Higg vFSLM and Sedex SMETA) conducted in 2023, covering 94% (82%) of NA-KD's total business volume (including active and inactive tier 1 producers). Numbers include factories with a valid Social Audit during 2023, which might have been conducted up to 2 years earlier (e.g. factories with A- and B-ratings in amfori BSCI and factories with SA8000 certificates conducted or issued in the calendar year 2022). The data also includes low risk countries where e.g. worker representation is not a legal requirement. No supplier relationships were terminated as a result of social impact assessments.
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 33	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	see notes	During 2023, there have been no substantiated complaints concerning breaches of customer privacy or losses of customer data.

Thank you

If you have any questions about this report, need help finding specific information or have any other questions on our sustainability ambitions and progress, policies or ways of working, please contact:

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We appreciate your feedback!