

**NA-KD**

MODERN SLAVERY STATEMENT

2020

## **ABOUT THIS STATEMENT**

This statement has been published pursuant to the UK Modern Slavery Act 2015 and sets out the steps that Nakdcom One World AB (hereinafter NA-KD) have taken during the financial year 2020 to address modern slavery in its value chain – within its own business operations as well as in its supply chain.

# ORGANISATIONAL STRUCTURE AND SUPPLY CHAIN

NA-KD launched in January 2016 and is one of the fastest-growing fashion e-commerce brands in Europe. The website had over 250 million visitors in 2020 and our social media is one of the fastest-growing too, with over four million followers. NA-KD ships to more than 50 countries each month, with 95% of sales coming from NA-KD's in-house brands with the ambition to reach 100% within 24 months. NA-KD is also represented by over 500 retailers worldwide and is listed on marketplaces such as Zalando and ASOS. NA-KD aspires to be a brand, not a platform or marketplace.

NA-KD's headquarters are in Gothenburg, Sweden. We also have offices in Stockholm, Sweden, and since early 2020, a purchasing office in Istanbul, Turkey. At the end of 2020, NA-KD had 299 employees. We have a new warehouse in Sweden, which started its operations in August 2020. We also have a warehouse in the Netherlands and, since May 2020, a warehouse in Poland. All warehouse operations are outsourced, but with NA-KD supervisors on site. At the end of 2020, NA-KD had 191 producing factories, mainly in China and Turkey, with the rest mostly in India, Portugal, Italy, Pakistan, Bangladesh, Korea, Germany, and Poland.

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

parts of our business, including for all our business partners. NA-KD recognises that the fashion supply chain is complex, and there are often more than 4-5 tiers of suppliers between NA-KD and the supply of raw materials. NA-KD also recognises that the countries in which our tier 1 production occurs rank high in terms of risks for human rights violations, including forced labour and modern slavery. During 2018-2019, NA-KD worked hard to gain full transparency into its tier 1 supplier relationships. By the beginning of 2020, this aim was achieved, and we have since then accelerated our traceability and transparency efforts through several industry partnerships, as we want our customers to know the origin and impact of their wardrobe. In May 2021, NA-KD published its tier 1 manufacturing list on its website for the first time, and from June 2021 customers can see the producing factory for products on the website.

## **HUMAN RIGHTS POLICY AND SALIENT HUMAN RIGHTS**

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

## THE NA-KD SUPPLIER CODE OF CONDUCT

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

have been adopted by NA-KD and are at the center of our work with social and ethical compliance. NA-KD requires all of its suppliers to comply with this supplier Code of Conduct, which is aligned with international norms and conventions, such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain. NA-KD clearly communicates with the Code of Conducts and its Terms of Implementation, that suppliers shall not engage in any form of Modern Slavery or forced labour, and that suppliers are expected to cascade the values of the Code further up their supply chains. The Code of Conduct is part of our purchase agreements and all suppliers working with NA-KD are required to sign it at the start of the business relationship.

## **DUE DILIGENCE PROCESS, RISK ASSESSMENTS AND TRAININGS**

As of 2020, social audits are an entry-level minimum requirement for all new suppliers, meaning that they must hold a valid social audit at the start of their business relationship with NA-KD. The social audits are performed by a third-party certified auditor who gathers information via documentation and worker dialogues, covering the content of the supplier Code of Conduct, including all salient human rights, environmental compliance, and anti-corruption. Having our suppliers registered on the amfori BSCI platform is part of our supplier onboarding process, and since the launch of the new amfori Sustainability platform we are working actively to register and

monitor our suppliers social audits and social sustainability capacity building through the new system.

We require social audits to be conducted and renewed annually or bi-annually; the regularity is prioritised on a risk-based approach. The supplier will get a rating in each performance area covered by the Code of Conduct, A-E, where E is unacceptable. Our aim is that all suppliers should have a B rating or higher by 2025 in the amfori BSCI system, or similar in other systems. For any supplier that receives lower audit scores and/or non-compliance issues, we require them to set up a corrective action plan and demonstrate their improvements, in some instances through a follow-up audit, and to participate in relevant training programs to address the issues in a

comprehensive manner. The training building program includes both online and face to face training, including in our two biggest supplier countries: China and Turkey. Where this is relevant, we approve other forms of social audits than amfori BSCI, such as SMETA audits, Higg FSLM with verification, and SA8000 certification, to avoid forcing our suppliers into auditing fatigue. As NA-KD's supplier base is constantly growing, this is an area where we are continuously evolving to onboard new suppliers and at the same time work with identified improvement potential and risk mitigation within our existing supplier base.

During 2020, our supply chain audits show no prevalence of forced labour or modern slavery amongst our producers. However, we notice the

presence of migrant workers in some regions and have offered guidance and support to producers on the protection of especially vulnerable workers. The amfori BSCI system encourages collaboration between its members to access, prevent and act on forced labour findings.

For further information on our sustainability work, please see our [Sustainability report for 2020](#).

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



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Jarno Vanhatapio  
CEO  
June 30, 2021



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Magnus Emilson  
Chairman of the Board  
June 30, 2021

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

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