

N A-K D
SUSTAINABILITY
REPORT 2022



Table of Contents

ABOUT NA-KD

Our story	3
A message from our CEO	4
Our value chain	5
2022 highlights	6
Trends	7
Vision, mission & values	8
NA-KD's sustainability timeline	9
Our sustainability approach	10

SUSTAINABILITY FRAMEWORK

16

Climate action	18–26
– Reduce climate emissions by 50% by 2030	
– Inspire customers towards a more sustainable wardrobe	
Our products	27–33
– Make more sustainable products	
– Accelerating traceability and transparency	
Circularity	34–38
– NA-KD Circle – our approach to a circular fashion business	
– Designing for circularity	
Diversity and inclusion	39–50
– Giving voice to women	
– An inclusive workplace	
– Fair and equal jobs in our supply chain	
– Our role in society	

GRI REPORT 2022

About this report	51
Financial numbers	52
Risk Management	53–55
GRI Index	56–58

In 2022, NA-KD reduced our absolute emissions by 31% by focusing on making fewer and better products, all while maintaining our total turnover.



ABOUT THIS REPORT

This is the fourth time NA-KD has created a sustainability report, which is made annually. The last report was published in June 2022. This report is made with reference to the GRI Standards and covers the full year of 2022. 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](#).

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 2022 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 190 million visitors in 2022, our app was downloaded close to 3 million times, and our social media is one of the fastest-growing, with over four 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 2022, we had 98 collaborations where influencers designed their collections together with us, and worked with over 8,600 influencers in total.

NA-KD is a growing company and in 2022 we started a journey towards decoupling growth from volume. Our net sales in 2022 was 2,346 MSEK (2,299 MSEK) which means we kept our size as a company while lowering our purchasing volume with 38% at the same time. Hence reducing our absolute emissions with 31% during the year.

To create the best and latest fashion for our customers, we are working together with independent factories. At the end of 2022, NA-KD had 113 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 2022 in numbers

258

FTE’s by the end of the year

69

countries that we ship to

98

collab drops

11.6M

products sold

2M

unique customers during the year

2,3BSEK

net sales

A message from our CEO

“2022 proved that profitability and sustainability go hand-in-hand.”

2022 was an eventful year for NA-KD and the world. The most rigorous covid restrictions had barely been lifted before the terrible war in Ukraine broke out. We were once again reminded that we live in a world of geopolitical instability – giving rise to the energy crisis, recession, and a high-inflation environment, which in turn affected all kinds of businesses as well as general demand.

Investors also shifted focus from growth to profitability, ultimately shaping the year for us. We changed how we work with our assortment as well as the way we sell and market. This shift has had positive effects on both profitability and our carbon footprint.

Efficient management of resources is at the core of our strategy, with positive effects on both business and the environment. During 2022, we reduced our purchase volumes by 38% while maintaining our total turnover, resulting in an absolute reduction of 35% of carbon emissions compared to our base year 2020.

We have reduced the assortment width and produced fewer but better products. As a result, we can spend more time on each product and ensure better fit and design, which, in turn, leads to more satisfied customers and lower returns. We place great emphasis on giving our customers a clearer picture of what the garment looks like in reality. For example, in certain categories, returns were reduced by 7% after incorporating moving content. A key decision

made in 2022 was that we stopped offering free returns. In total, return rates decreased by 11% during the year as a result of our dedicated initiatives.

NA-KD has a clear climate action roadmap, aiming to halve our emissions between 2020 and 2030 to reach net zero emissions in 2050. The fact that we have reduced our purchase volumes by 38% has given us a push forward on that journey. In 2022, we published our Climate Action Roadmap, a detailed and transparent account of both where our emissions come from and what we will do to further reduce them. For example, a crucial part of our climate footprint comes from transport. With a substantial share of our production in countries close to Europe, our need for transport is kept low, while also allowing us to be agile in meeting consumer demands. In 2023, we will open our new automated warehouse in the Netherlands. Through decentralized distribution, we get closer to our customers while minimizing transport distances.

Becoming a truly sustainable business requires significant changes and disruptive ideas. We need to explore new ways of developing, designing, and producing fashion. A sustainable fashion industry must find ways to provide fashion to the world without using as many natural resources as today. The development of circular business models is crucial, and to succeed in this we need to explore and trial different possibilities –

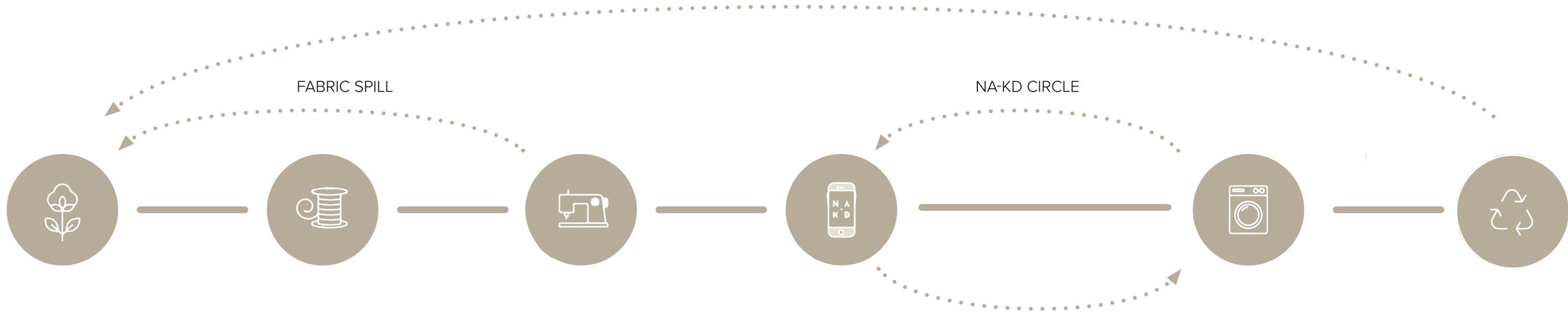
in house such as NA-KD Circle and in partnership with external partners.

2022 proved that profitability and sustainability go hand-in-hand. We have shown that it is possible to limit returns and over production, something that counts towards a considerable share of fashion’s climate and resource footprint. I am very proud of what we have achieved in such a short time and particularly proud of all NA-KD employees that have demonstrated what an agile organization really means.



Oscar von Konow,
interim CEO

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 2022 were organic and conventional cotton, and virgin and recycled polyester. 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 and fishing nets. Our goal is that by 2030, 100% of our materials should be organic, recycled or other lower impact materials. In 2022, this was 31%.

YARN AND FABRIC PRODUCTION

Processing of raw materials into yarn and other intermediate products. Production and finishing of materials (e.g. fabric, trims) that go directly into finished product. 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 the environment. Read about our goals and efforts on traceability on [page 33](#).

MANUFACTURING OF PRODUCTS

Assembly and manufacturing of final products. At the end of 2022, NA-KD worked together with 113 independent factories, primarily in China and Turkey. In total, over 18,000 people are employed throughout the factories making our products. Since 2021, NA-KD customers can see on our website in which factory each product has been made.

NA-KD.COM

At the end of 2022, NA-KD had 273 employees, primarily based at our HQ in Gothenburg, Sweden, with a smaller office in Stockholm and a production office in Istanbul, Turkey. 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 2022, we collaborated with over 8,600 influencers.

CONSUMER USE

At NA-KD, we are obsessed with our customers. If it matters to them, it matters to us. In 2022, NA-KD sold over 11.6 million products to over 2 million unique customers in 69 countries. Globally, only 20% of textiles are reused or recycled. At NA-KD, we believe this is a shame. In 2022, we continued with NA-KD Circle, enabling our customers to seamlessly sell and buy pre-loved NA-KD fashion on our website. We are working towards making circular business models become a significant part of our business in the future. Read more on [page 35](#).

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.

2022 Highlights

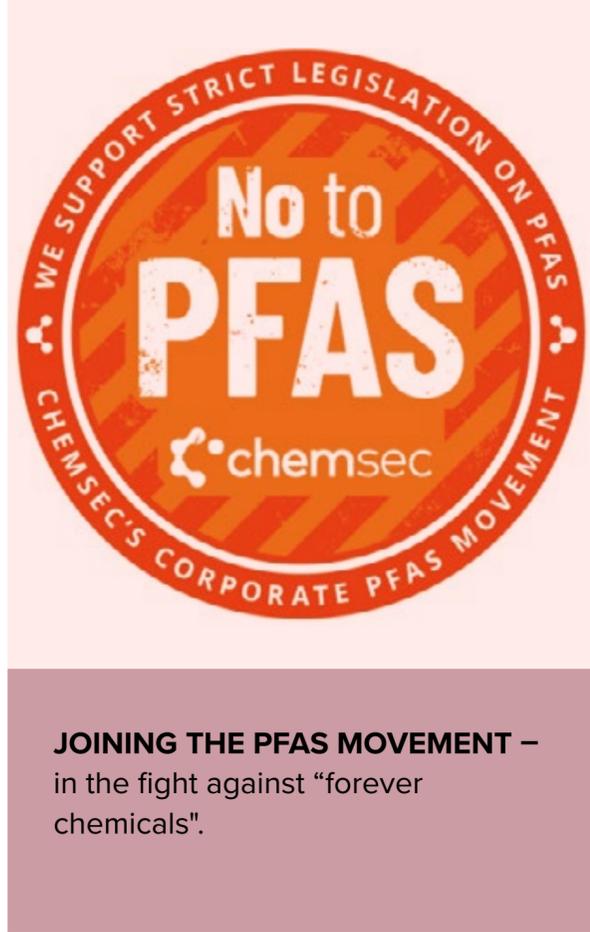
We're on a fast-paced sustainability journey, and we want to bring all stakeholders with us along the way. Transparently. Through ups and downs. Through tough challenges, as well as celebrating our achievements together. It is only by collaborating with our different stakeholders that we will be able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



CIRCULAR DESIGN
workshop and education for 50+ colleagues in our design and purchasing departments.



TRACING PRODUCTS
all the way to raw material level. We've traced our first products all the way to raw material and are proud to know that we've got recycled polyester from Indonesia in some of our products!



JOINING THE PFAS MOVEMENT –
in the fight against “forever chemicals”.



MAPPING SUPPLY CHAIN WORKER WAGES in the cut & sew factories we work with and set our living wage strategy.



DECOUPLING GROWTH FROM VOLUME with an absolute reduction of 35% since our base year in 2020, all while maintaining our turnover.

The Big Picture – trends we've spotted for 2023 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.

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 carbon 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 more sustainable 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 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 offering 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.

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.

In 2022, we defined our corporate vision and mission. We also redefined our company values together with all our employees. 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 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 Executive Management team are responsible for our values, which are available in English, our corporate language.

VISION

Always making women feel at their best.

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.

OUR 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

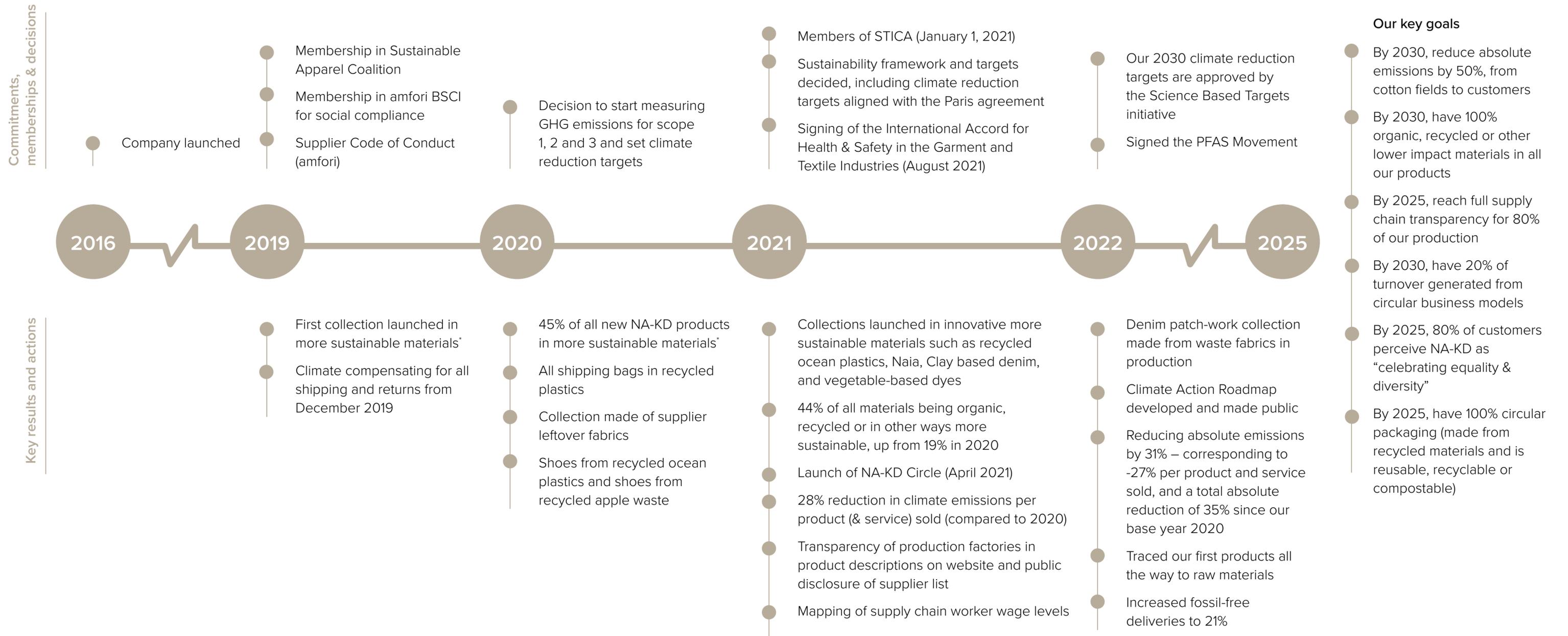
We embrace diversity and inclusion and actively seek new ways to collaborate. We win and we lose together while making sure to have fun along the way.

CUSTOMER OBSESSION

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



NA-KD's sustainability timeline



* 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,

victimisation & 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, Micro-plastic 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 also see 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. By collaborating with our customer community, we also have an opportunity to inspire and make women feel confident 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.

OUR MOST MATERIAL TOPICS

- Climate actions
- More sustainable materials
- Transparency
- Circular products and business models
- Diversity and inclusion
- Female empowerment

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'll 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're 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.

From our customer survey in January 2023, we see that customers' perception of NA-KD as "being a responsible brand that cares for people and planet" has increased from 56% to 58%. Even though we're moving in the right direction, there is still a great opportunity for us to do more while communicating our actions and progress to our customers in a transparent way. Based on our continuous customer dialogue, our customer's top three impact areas for NA-KD are:

1. More sustainable materials in products
2. Packaging & plastics
3. Quality & price balance

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. More sustainable materials in products
2. Climate action
3. Transportation



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. More sustainable materials in products
2. Product traceability and transparent communication
3. Design for longevity
4. Water and chemicals

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 2022, we had 113 (199) 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 more sustainable materials and production methods. We have continuous dialogues with our suppliers and during 2021 we started 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. More sustainable materials and certificates management
2. Investments in renewable energy and chemicals
3. Support to sub-suppliers (fabric manufacturing and dyeing) in improving environmental and social performance

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 more sustainable 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

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. Though not reporting individually on these, they are also touched upon throughout this Sustainability 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 our commitments, actions taken and effectiveness in the chapter on Circularity, [page 34](#).

CLIMATE ACTIONS – 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 our commitments, actual impacts, actions taken and effectiveness in the chapter on Climate Action, [page 18](#).

MORE SUSTAINABLE MATERIALS – Our customers are our number one priority, and more sustainable 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 our commitments, actual impacts, actions taken and effectiveness in the chapter on Our Products, [page 28](#).

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 our commitments, actions taken and effectiveness in the chapter on Our Products, [page 33](#).

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 our commitments, more on our impacts, actions taken and effectiveness in the chapter on Diversity & Inclusion, [page 39](#).

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 our commitments, actions taken and effectiveness in the chapter on Diversity & Inclusion, [page 39](#).

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:

<p>5 GENDER EQUALITY</p> 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>13 CLIMATE ACTION</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 
<p>Related key KPIs:</p> <ul style="list-style-type: none"> • By 2025, 80% of customers perceive NA-KD as “celebrating equality and diversity” • A balanced representation of female/male throughout the organisation; both from a functional and managerial perspective 	<p>Related key KPIs:</p> <ul style="list-style-type: none"> • Equal employee satisfaction between departments • By 2025, factories representing 80% of our spend showing high performance in social audits (at least B in amfori BSCI audits, or similar in other systems) 	<p>Related key KPIs:</p> <ul style="list-style-type: none"> • By 2030, have 20% of turnover generated from circular business models • By 2030, have 100% organic, recycled or other lower impact materials in all our products • By 2025, have 100% circular packaging, meaning made from recycled materials and reusable, recyclable or compostable • By 2030, 100% of synthetic and metal materials are from recycled materials 	<p>Related key KPIs:</p> <ul style="list-style-type: none"> • By 2025, reduce emissions from our own operations by 80%, compared to 2020 • By 2025, reduce emissions by 50% per product (& service) sold, compared to 2020 • By 2030, reduce absolute emissions by 50%, compared to 2020 	<p>Contribution in 2022:</p> <p>NA-KD continued our active participation in the Swedish Textile Initiative for Climate Action. We are also an active member of the Sustainable Apparel Coalition since 2019, and members of the amfori BSCI (Business for Social Compliance initiative), and the International Accord for Health and Safety in the Textile and Garment Industry. In all these networks we work together with our industry peers to drive social and environmental change together.</p>

NA-KD's Sustainability Governance

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

NA-KD's Executive Management Team is led by our CEO and includes managers from the main areas of the company: Operations, Strategy & Marketing, Content creation, Purchasing, Sourcing, and Finance. The Management team also includes People & Culture, Sustainability, Engineering, Brand, Planning, Wholesale and our Production office in Turkey. The Board of Directors is ultimately responsible for NA-KD's impacts on the economy, environment, and people, and the 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 VP Sustainability. The organisation's sustainability work, including due diligence processes and impacts, is overseen by the Board of Directors on an annual basis.

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 training in both 2021 and 2022. Read more on [page 44](#). NA-KD set out our sustainability strategy – Deliver fashion fit for the future – at the beginning of 2021. During the year we have also broken down our sustainability objectives and key results 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. The key metrics being followed on corporate level and in prioritised areas are:

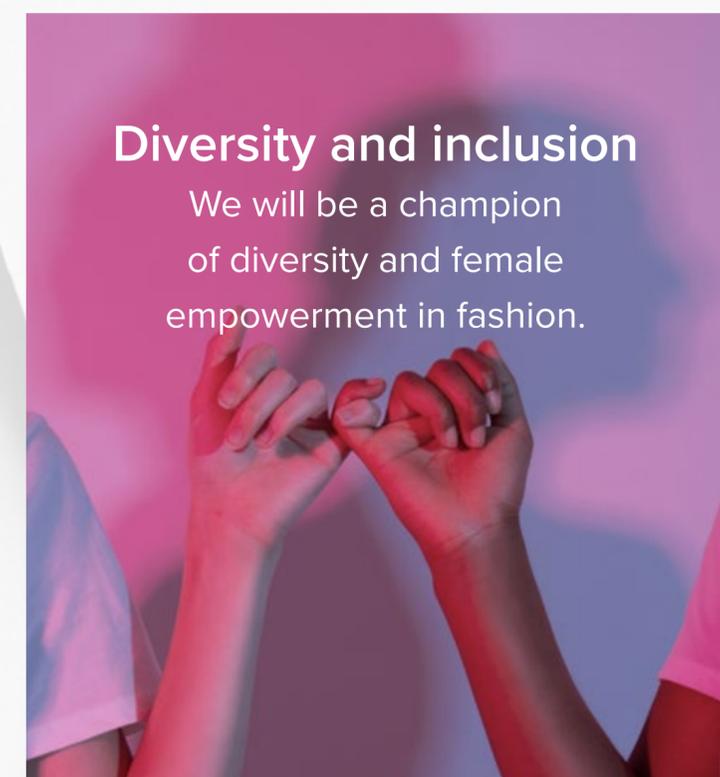
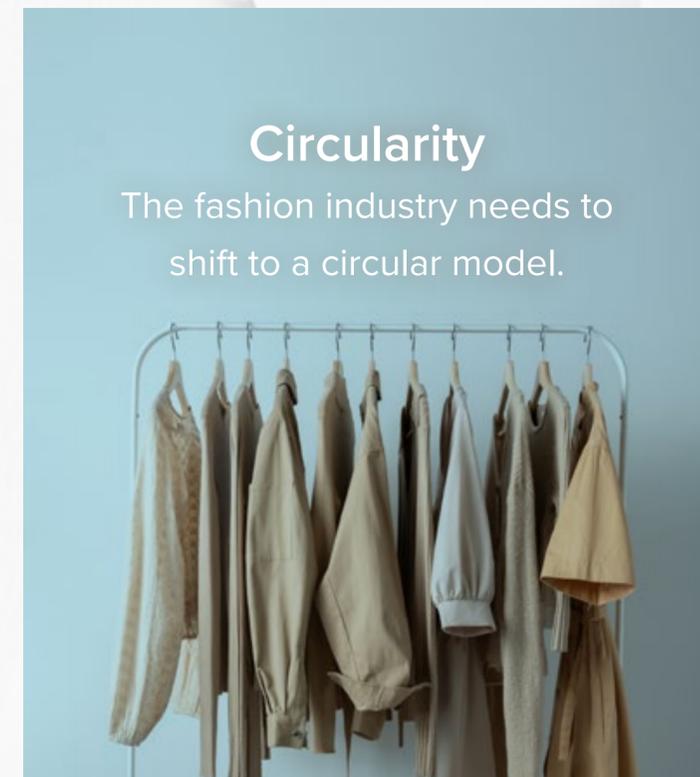
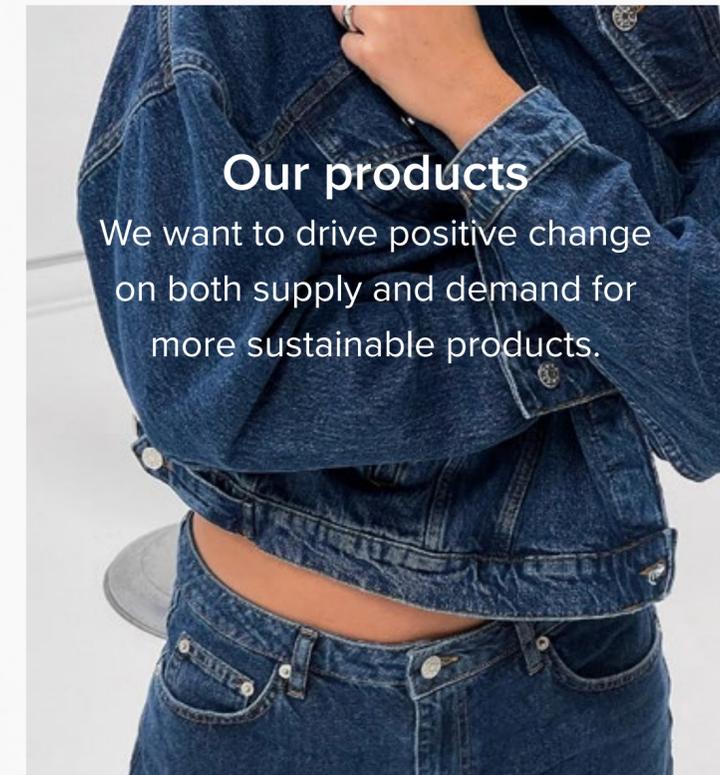
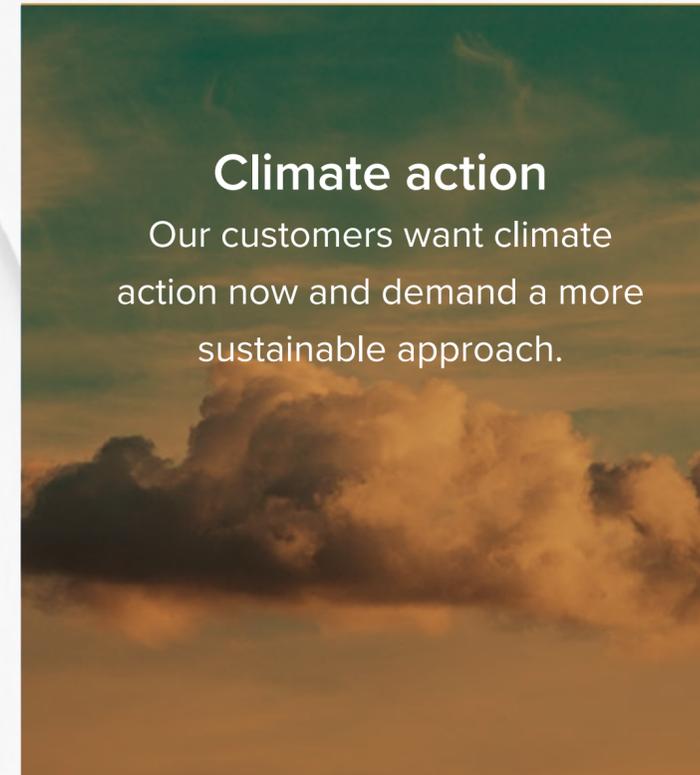
- Climate Action: Reduction of CO₂e per product (& service) sold, and product sale through rate
- Our Products: Share of more sustainable materials
- Circularity: Share of revenue from circular business models
- Diversity & Inclusion: Employee Net Promoter Score (eNPS)

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.

In 2022, we created our concrete [Climate Action Roadmap](#). Based on this work, we took the opportunity to clarify

our sustainability strategy and revise our objectives and targets to be fully aligned with our climate targets and roadmap.



2022 Key target summary

	FY2020	FY2021	FY2022	Final Status	Target
Climate action					
By 2025, reduce emissions from our own operations by 80% (scope 1 & 2)	base year	-72%	-2%	74%	80%
By 2025, reduce emissions by 50% per product (& service) sold (scope 1, 2 & 3)	base year	-28%	-27%	48%	50%
By 2030, reduce absolute emissions by 50% (scope 1, 2 & 3)	base year	-5%	-31%	35%	50%
By 2030, have 75% of our production volume being made with renewable energy	0.4%	1.6%	2.7%	2.7%	75%
By 2030, have 75% of our last mile truck deliveries fossil free	7%	15%	21%	21%	75%
By 2030, reduce emissions by 45% from product materials through volume reduction and moving towards using best available technology	base year	-4.6%	-28%	33%	45%
Our products					
By 2030, have 100% organic, recycled or other lower impact materials in all our products	19%	44%	31%	31%	100%
By 2025, phase out 100% of all conventional cotton	47%	76%	58%	58%	100%
By 2030, have 100% recycled polyester	7%	38.8%	28.1%	28.1%	100%
By 2030, reach full supply chain transparency for at least 80% of our production	–	initiated	4 styles in pilot		80%
Circularity					
By 2030, have 20% of turnover generated from circular business models	N/A	0.22%	0.27%	0.27%	20%
By 2030, save at least 10,000 tons of CO ₂ e through circularity initiatives	–	81.1	96 tons	177 tons	10,000 tons
By 2025, have 100% circular packaging, which means it is made from recycled materials and is reusable, recyclable or compostable	N/A	3.9%	65%	65%	100%
By 2025, reuse or recycle 100% of packaging materials from all our sites	87%	87%	92%	92%	100%
Diversity and inclusion					
By 2025, 80% of customers perceive NA-KD as “celebrating equality & diversity”	41%	61%	62%	62%	80%
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).	N/A	15.2%	21%	21%	50%
Keep the eNPS between 10 and 30	-21	-14	18	10	30
Equal employee satisfaction between departments	3.2	1.7	1.3	1.3	0

Climate action

Our customers want climate action now – and demand a more sustainable approach. We will partner with them, and our industry peers, to create a more sustainable fashion industry, which includes delivering on our ambitious plan to reduce absolute climate emissions by 50% by 2030 across our value chain.

Reduce climate emissions by 50% by 2030

We will reduce our climate emissions by 50% by 2030, and by 50% per product (& service) sold by 2025.

The fashion and textile industry stands for a significant part of the world's greenhouse gas emissions. Production, transport, use and disposal of textile products generates a huge amount of emissions of greenhouse gases that contribute to global warming. Depending on what research you look at, and how you define

the industry, fashion is responsible for between 3–10% of total global greenhouse gas emissions. Even at the lowest range, that's big enough to demand rapid action.

At NA-KD, about 80% of our greenhouse gas emissions come from the sourcing of raw materials, yarn and fabrics, and garment manufacturing due to high energy consumption of non-renewable energy. These numbers are similar across the fashion industry. Garment production also has other environmental impacts, including water usage, scarcity and discharge, chemical use and potential pollution, and soil degradation and biodiversity loss. Due to these challenges all our suppliers have a potential negative environmental impact.

Therefore, it's essential that we address the impact of our products throughout their lifecycle. After their manufacture, our products' impact comes from transportation, from how customers care for them, and finally from their disposal – particularly if that is to landfill. Due to the big impact from the making of products, the most important thing is that the products that have already been produced are worn and used as long as possible and then recycled, which also means that the materials that circulate in society must be free of hazardous toxins. Our focus is to reduce energy use and support the increase of renewable energy in our value chain, minimise the environmental impact and the amount of waste created, and increase circular solutions, reducing the need for new production.

Key goals, targets and KPIs

- 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

All of the above is compared to a 2020 baseline.

Key actions

- Switch to renewable energy in our own operations
- Continue to work to reduce emissions from our transportation
- Enable and support factories to switch to renewable energy
- Increase the share of organic, recycled or other lower impact materials in all our products, to reach 100% in 2030
- Increase the share of recycled materials for synthetic fibres and metals, to reach 100% in 2030
- Support supply chain partners to use water, chemicals, and materials more efficiently
- Accelerate the shift to circular business models and services

OUR PROGRESS

Decoupling growth from volume

In 2022, we managed to maintain our revenue with significantly reduced purchasing volumes, which led to a decrease of our absolute emissions by 35% from our base year 2020. Further, we are proud that the emissions per product (& services) sold decreased from 5.4 kg CO₂e in 2021 to 4 kg CO₂e in 2022 – corresponding to a 27% decrease during the year. This means that we have almost reach our 50% reduction target for 2025 with a total 48% decrease since 2020.

Still, we are humbled that this will be more and more difficult as we continue on our path to reduce our absolute emissions by half by 2030, while growing our business in a profitable way. Therefore, it becomes even more important to integrate climate action into our business strategy. To have a chance to reach our targets, we need to decouple growth from volume, use less CO₂e per new product produced and have a large part of our business come from circular business models. To achieve our goals and to integrate them into our business, we have developed our climate action roadmap, a yearly plan to reach our targets by 2030. You can read the full report [here](#).



Our climate calculations

We used the Greenhouse Gas (GHG) Protocol to calculate our 2022 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

Our climate calculation is also based on and aligned with the standards set forth in the Swedish Textile Initiative for Climate Action (STICA).

	2020	2021	2022	Difference since base year	
	base year			Absolutes	Percentage
Total Scope 1 CO ₂ e emissions (tonnes)	5	8.8	8.9	3.9	78%
Total Scope 2 CO ₂ e emissions (tonnes)*	176.8	40.8	37.5	-139.3	-79%
Total Scope 3 CO ₂ e emissions (tonnes)	70,582	66,530	46,015	-24,567	-35%
Total CO₂e emissions (tonnes)**	70,764	66,580	46,062	-25,465	-35%
CO₂e per product (& service) sold (kg)	7.6	5.5	4.0	-3.6	-48%

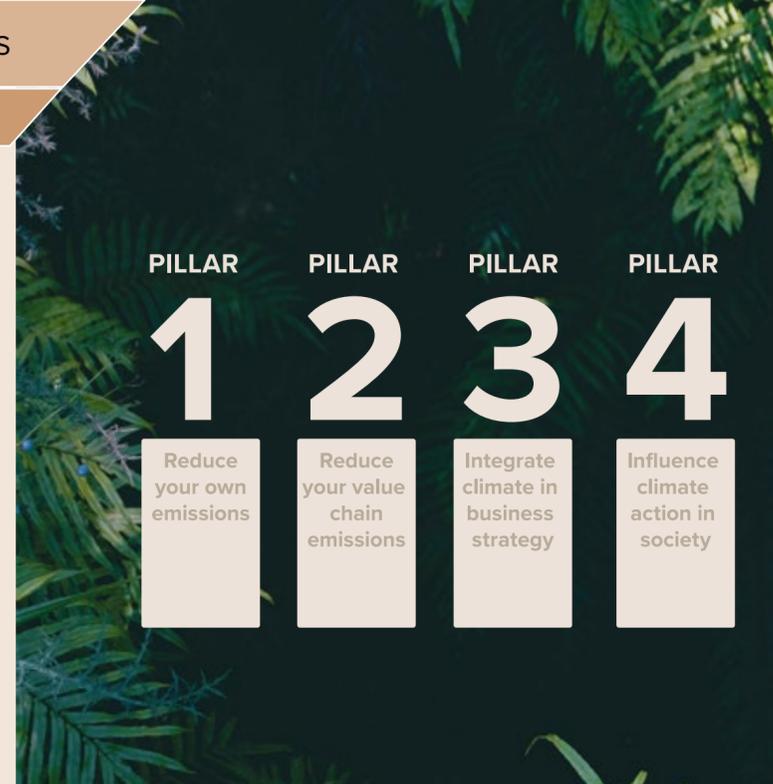
Calculations in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

* 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.

Reporting according to 1.5°C Business Playbook

The 1.5°C Business Playbook is a tool to support corporate commitments on climate action. It provides a framework for all companies to reach net-zero emissions rapidly through the adoption of an exponential trajectory of at least halving their greenhouse gas emissions every decade to approach net zero by 2050, and integrating climate in their business strategy. As signatories to the SME Climate Hub commitment, NA-KD's progress on climate action for 2022 is reported according to this framework.



PILLAR 1

Reduce your own emissions

The first pillar is about our own emissions. These stand for less than 0.1% (0.1%) of our total emissions in 2022. Regardless, it is important that we as a company work to reduce ALL our emissions, even if they are small. The majority of scope 1 and 2 emissions are related to the electricity and heat in our buildings. To reduce these, in the beginning of 2021, we changed to renewable energy for our headquarters in Gothenburg where the majority of our employees are working, and for our warehouse in Landskrona, which is also part of our scope 2 emissions. During 2022 we also changed to renewable energy in our office in Stockholm. We also have solar panels on the roof of our Swedish warehouse that supplied 178,267 kWh of electricity for the site during 2022, representing over 43% of total electricity use during the year.

Scope 1 and 2

	2020	2021	2022	Difference
Scope 1 emissions	5.1	8.8	8.9	-75%
<i>Company Cars</i>	5.1	8.8	8.9	
<i>Refredrigant leakage</i>		0	0	
Scope 2 emissions	176.8	40.9	37.5	-79%
<i>Electricity</i>	121.5	2.8	2.7	
<i>Heating</i>	55.3	38.1	34.8	
Total (tonnes CO₂e)	181.9	49.7	46.4	-74%

In order to report our climate data in time we have changed the reporting period for our scope 2 emissions from 1st of January to the 31th of December to the period 1st of December to the 30th of November for 2022 years calculations.

Due to the change to renewable energy during 2021, we managed to reduce our own emissions by 72%, compared to 2020, a great step in the right direction towards our goal of reducing our scope 1 and 2 emissions by 80% by 2025. We are happy to see a further reduction, even if it's a smaller one, for 2022 compared to 2021 by 6.4%, from 49.7 tonnes of CO₂e in 2021 to 46.5 tonnes of CO₂e in 2022. This means we have now reached a total reduction of 74% for scope 1 and 2 emissions compared to our base year.

Our scope 3 emissions

Emissions category	2020	2021	2022	Difference since base year
Tier 2-4: Material and textile production *	47,217	43,876	31,595	-33%
Tier 1: Manufacturing**	9,668	7,315	3,294	-66%
Transports and distribution***	9,843	9,209	7,304	-26%
Packaging***	2,353	3,651	1,836	-22%
BTY by NA-KD	-	610	65	-89%
Rental business model	0.3	0.8	0	-100%
Third party warehouses	949	1,268	946	0,3%
Business travel	531	588	953	80%
Production of energy used within own operations	16	14	14	-14%
Refrikerant leakage	5		8	58%
Total (tonnes CO₂e)	70,582	66,531	46,062	-35%

Top emission materials

	2020		2021		2022	
	tonnes CO ₂ e	share	tonnes CO ₂ e	share	tonnes CO ₂ e	share
Polyester	13,583	29.0%	9,293	21.2%	9,514	30.1%
Viscose	4,852	10.3%	3,607	8.2%	3,276	10.4%
Recycled polyester	768	1.6%	4,396	10.0%	3,027	9.6%
Organic cotton	13,583	9.6%	7,653	17.4%	2,488	7.9%
Cotton	6,058	12.8%	2,830	6.4%	2,182	6.9%
Acrylic	5,101	11.0%	4,093	9.3%	1,959	6.2%
Polyamide	3,244	6.9%	2,449	5.6%	1,940	6.1%
LENZING™ ECOVERO™ Viscose	597	1.3%	2,509	5.7%	1,589	5.0%
Polyurethane	2,512	5.3%	1,944	4.4%	1,490	4.7%
Wool	1,026	2.2%	1,235	2.8%	1,095	3.5%
Elastane	638	1.4%	711	1.6%	672	2.1%

* 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.

PILLAR 2

Reduce your value chain emissions

The second pillar is about NA-KD's value chain emissions – what we have done to reduce these and what our actions are going forward.

Material & Textile production

The raw materials and the making of materials and textiles is the biggest source of NA-KD's emissions. In 2022, these emissions decreased from 43,876 tonnes of CO₂e in 2021 to 31,595 tonnes of CO₂e, a decrease of 28%. This is due to a decrease in volumes that comes from a strategic change in our purchasing strategy, where we during the year have focused our procurement on NA-KD's core products and reduced the number of styles. In total we have reduced our emissions for material and textile production by 33% from our base year.

Tier 1 Manufacturing

Emissions from tier 1 manufacturing**, the cut and sew of the products stood for 7% (11%) of total emission in 2022, and reduced to 3,294 tonnes of CO₂e from 7,315 tonnes of CO₂e in 2021. A decrease of more than 55%. This reduction is mainly due to the reduced volumes.

During 2022 we have been able to deepen our collaboration with industry peers through the Swedish Textile Initiative for Climate Action (STICA). Focus has been to engage in the working groups for our main producing countries, Turkey and China. The groups' purpose has been to find collaborative ways to support supply chain partners to reduce climate impact, by encouraging them to switch to renewable energy and increase overall energy efficiency. During the year we have set up shared supplier lists, had common supplier meetings and collaborated with the Turkish organisation TurSEFF (Turkey Sustainable Energy Financing Program) to organise two climate awareness webinars for our tier 1 and tier 2 factories in Turkey. TurSEFF also has a program established to provide financing for Sustainable Energy and Resource Efficiency investments to be implemented by the public and private sectors, where our suppliers can get both technical and financial support for their facilities. Going forward, we will continue to put a lot of effort and energy into supporting our supply chain partners to reduce their climate impact. We strongly believe in working together in the industry to drive this needed change together.

With the support of the Sustainable Apparel Coalition (SAC), we use the Higg Index – a platform of tools for measuring sustainability performance. The Higg Facility Environmental Module (Higg FEM) assesses environmental impacts of production facilities in the most critical areas. In 2022, 59 factories, representing 78% of our spend, assessed their environmental

Produced volume with renewable energy

	2020	2021	2022	2023	2024	2025	2030
Goals	0.6%	1.4%	3%	8%	12%	20%	75%
Actual	0.4%	1.6%	2.7%				

Note: 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%.

Higg FEM

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

As % of spend.

performance in the Higg FEM, including 35% of new factories. 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 45.5 out of 100 (51.4 in 2021) – based on combined average scores for energy 73.5 (79), water use 63.7 (69),

waste water 48 (53), waste management 30.6 (36), air emissions 26.1 (31), chemicals 24.6 (31.6) and environmental management systems 51.7 (59).

Transport progress

In 2022, we managed to lower our transport emissions from 9,209 to 7,304 tonnes of CO₂e, a reduction of 21%. The reduction is partly due to reduced volumes, but also a decrease in inbound air shipments and increase of fossil free deliveries to our customers. Our total transport emissions per sold product decreased with 41% since our base year, from 1.06 kg CO₂e to 0.6. Read below what our actions were to succeed with this achievement.

We have a purchasing office in Turkey, which allows us to source more of our production closer to our markets. This cuts our mileage and reduces the need for samples to be sent to our HQ in Sweden. To increase our efficiency and further lower emissions, we opened a warehouse to cover the Nordic market in Landskrona, Sweden, in mid 2020.

In 2021 we introduced train as an option for transports from China to Europe, but due to the war in Ukraine this has not been an option during 2022. Still, we have managed to decrease our air shipments from China due to better planning and slightly improved lead times on the ocean freight market. We are always aiming to consolidate our shipments, in 2022 the consolidation rate

was reduced compared to 2021 though driven by lower volumes.

Looking ahead, we will continue to lower our emissions by moving more of our production closer to our customers. This is an ongoing long-term process that includes weighing up the value of existing supplier relationships, meaning that we may keep trusted long-term suppliers in China and collaborate with them on sustainability initiatives, rather than shifting these suppliers closer. Further, we are continuing to challenge our freight forwarders to offer more sustainable transport options, electric vehicles, hydrogen fuel, etc.

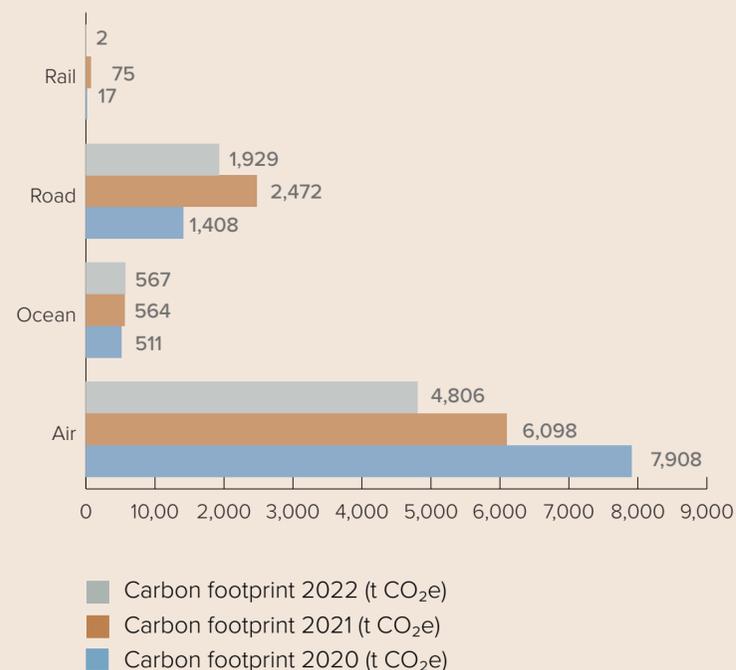
For our customer deliveries, we have introduced fossil free delivery options in several markets. In 2020, we started our collaboration with Budbee, and during 2021 we introduced Instabox in Sweden and Helthjem in Norway. During 2022, we started a collaboration with Paack in the UK, Cyclooon in the Netherlands and Airmee in Sweden as well as launching Budbee in additional countries. Existing fossil free services have also been promoted during 2022, and the share of fossil free deliveries increased from 15 to 21% in 2022. In addition to this we have services where transport is partly fossil free and we are working with our partners to increase this share. We are continuously looking to find fossil free solutions for additional main markets. Our goal is to offer fossil free deliveries in all our main markets by 2023.

Fossil free deliveries

	2020	2021	2022
Fossil free delivered orders	7%	15%	21%
Kg CO ₂ e / delivery	0.62	0.45	0.54

Note: Fossil free deliveries is based on amount of orders delivered during the year. CO₂e/delivery is based on total last mile emissions divided by the number of deliveries during the same year.

Emissions per transport mode* (t CO₂e)

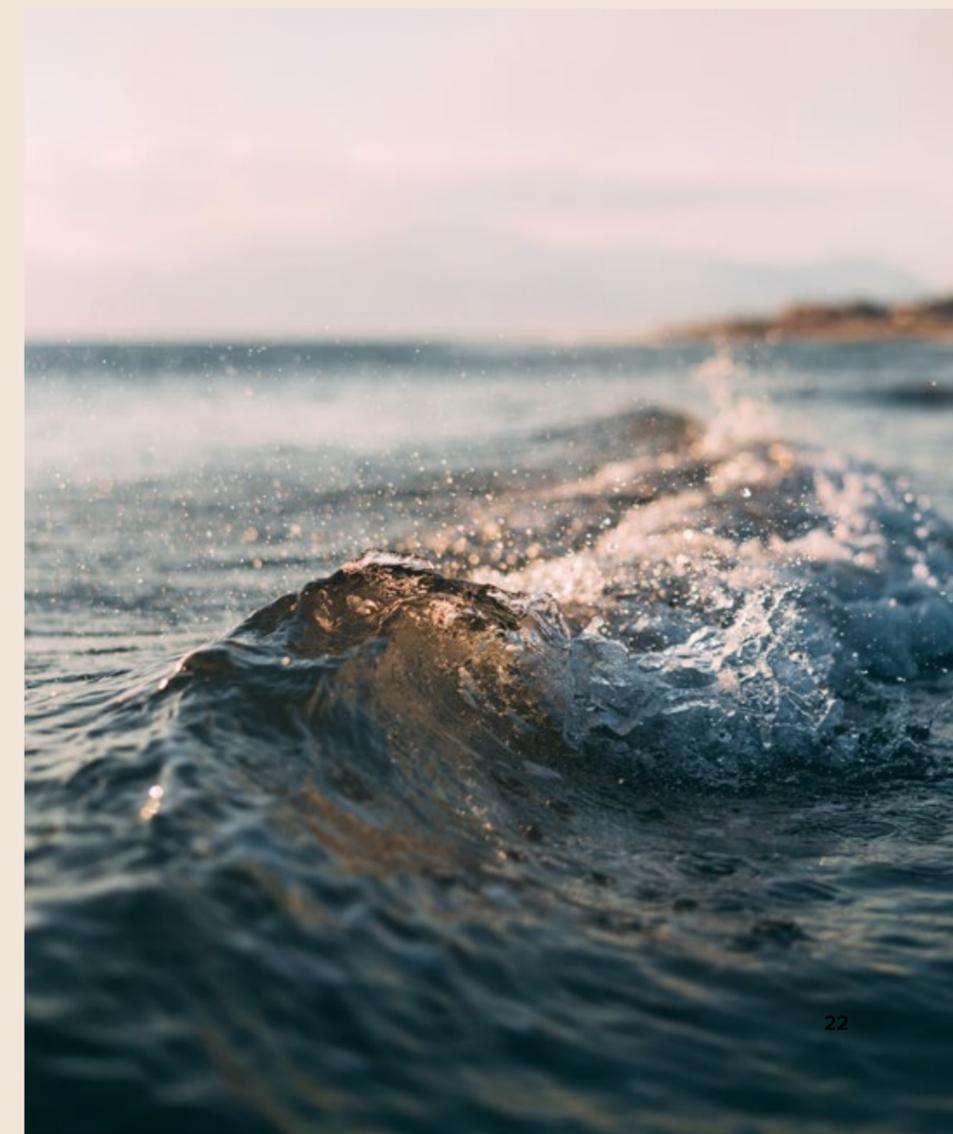


* Air transport emissions using RFI 2.7 is equal to 4,806 tonnes CO₂e (STICA standard). Using RFI 1, the air transport emissions were 1,780 tonnes CO₂e.

Note: All transport emissions are calculated using a "well-to-wheel" analysis.

Our total transport emissions

	2020 (t CO ₂ e)	2021 (t CO ₂ e)	2022 (t CO ₂ e)
From suppliers to warehouse	6,604	5,907	3,541
whereof samples		215	4
From warehouse to customers	2,579	2,114	2,237
Returns	660	617	707
Between warehouses	0	356	814
Total	9,843	9,209	7,304



PILLAR 3

Integrate climate in business strategy

The third pillar is about integrating climate action into our core business. It is about moving towards products and services that help customers avoid and remove emissions and implement circular business models.

To integrate climate action into our business strategy, our objective to reduce climate impact with 50% per product (& service) sold by 2025

compared to 2020 is one of the key targets in our strategy, and an estimated result is followed up on a quarterly basis in the Executive Management team since the end of Q3 2021. Our absolute emissions are also followed closely annually.

During 2022, we have 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 the climate action roadmap is fully aligned with our financial goals and integrated in our overall business strategy.

The launch of NA-KD Circle in April 2021, our fully integrated marketplace enabling customers to sell and buy pre-loved NA-KD items, is one step towards a circular model. The emissions from buying an item on NA-KD Circle is on average 2.6 kg CO₂e less than buying the same item as new. To learn more about our circular business models and the difference on climate impact and the change of consumer behaviour this may drive, please see [page 35](#).

partners to make a change. We're proud to be teaming up with our industry peers by joining the Swedish Textile Initiative for Climate Action (STICA) since the beginning of 2021. By doing so, we hope to better influence our supply chain partners to improve their environmental performance. STICA's aim is to support apparel and textile companies, as well as the entire Nordic apparel and textile industry, to reduce its climate impacts in line with the 1.5 degree pathway while strengthening its global competitiveness. Ultimately, STICA's aim is to ensure Sweden and the Nordic region do more than their share well before 2050.

Through collaboration with STICA, NA-KD contributed to the Sustainable Fashion Academy's position paper in November 2022 on the forthcoming EU Due diligence directive, to impact policy makers to make the Paris Agreement a mandatory amendment in the directive.

To drive climate action in society and influence policy makers, NA-KD was part of 200+ companies calling on #G20 leaders to halve emissions by 2030 and to end support for coal power in the pivotal moment ahead of #COP26 through the We Mean Business Coalition. We were also a part of the WeCanDoIT campaign together with 600 other business leaders, entrepreneurs, investors and influencers, representing about 100 billion USD in turnover.

PILLAR 4

Influence climate action in society

The fourth pillar is about accelerating climate action by working with the industry, governments, employees and civil society groups, and to fund quality climate projects, counterbalancing remaining residual emissions (so called offsetting).



As a relatively small brand that often creates small collections, we don't always have the leverage we need to get our supply chain

NA-KD's offsetting

In parallel to halving emissions by 2030 on a global scale, natural carbon solutions such as forests and wetlands must be protected and restored to safeguard the climate. It is important that business sectors causing the emissions today take responsibility to accelerate the investments required to protect and restore, either in projects that remove carbon from the atmosphere, or projects that avoid emissions.

At NA-KD, we offset all emissions from our transport since the end of 2019 (from suppliers, to warehouse, to customers, NA-KD Circle shipments between customers, and potential returns). Our primary focus for our climate action is to always reduce the impact of our transports. When a customer visits a bricks-and-mortar store to look at, try on and buy their clothes, they usually have the option to walk, cycle or take public transport to the store – all of which are low-impact choices. However, as an e-commerce company, we rely on often carbon-intense transport to ship our products from suppliers, and to and from our customers. We are therefore working closely with our transport providers to reduce emissions as much as possible.

Looking ahead, the transport industry is starting to transition towards a lower carbon intensity and emission free solutions. We are in close dialogue

with all our logistics providers to support and push for this transition, with the goal to make climate-neutral transport solutions available at the scale we need as quickly as possible.

For 2022, we offset the 7,304 (9,209) tons CO₂e that were created by our transport through investments.

We are investing in [the Cecic Zhangbei Dayangzhuang wind farm project](#) in the Hebei province in China. It is planned to install and operate 66 wind turbines. The electricity will be sold to the North China Power Grid. The proposed project will therefore help reduce GHG emissions compared to the high-growth, fossil-fuel power plant scenario. It will also promote sustainable development by creating local employment opportunities and reducing other particulate pollutants associated with power plants.

We are also investing in the [Kartaldagi project](#) in Turkey. A wind power plant is planned to be built close to Kartalköy, Kuzuluk, Tandirli and Demirler villages in the province of Gaziantep in Turkey. The project has 63 MW installed power in total. This amount of electricity generation will lead to a reduction in carbon dioxide emissions of around 105,000 tonnes per year.

Our third project is a wind power plant in [Balabanli](#). This project will generate around 152.8 GWh electricity annually into the Turkish grid. Compared with the baseline situation for the electricity system of Turkey, this amount of electricity generation will lead to around 75,000 tonnes carbon dioxide emission reduction per year.

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.

We were able to support these amazing projects through our collaboration with Atmoz Consulting AB. Because project success relies on investment from offsetting, our contributions have helped speed up the transition to a fossil-free society.

And finally, to influence climate action in wider society we also have our second objective related to Climate Action – Inspire customers to have a more sustainable wardrobe.

Our total offsetting for 2022 was 7,304 tonnes of CO₂e

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.

Nine out of ten people say they would consider mending their clothes if they knew it would help the environment. 70% say they think about the impact of how they wash their clothes, particularly when it comes to microplastics. More than 60% of people say they use their clothes for less than four years*.

[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 behaviour. In Sweden, 36% of people throw old garments into landfill instead of selling, donating or recycling them*. Although this number has decreased, it is still too high.

Goals, targets and KPIs

- 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
- By 2025, reach 5% of customer orders with at least one second hand item

Key actions

- Encourage more sustainable consumer behaviour
- Inspire customers to take better care of their products so they last longer
- Educate customers on more sustainable fashion consumption
- Better and more transparent customer communication on NA-KD's climate impact, actions and results

OUR PROGRESS

NA-KD has set bold targets to reduce our emissions by 50% by 2030 while continuing to grow our business profitably. We want to become an industry leader as we make this transformational change, using our influence to support and guide our customers. Today, most of our customers are women, mainly young women – who, according to research, are more likely to take climate action.*

” We think educating our customers about how they can lower their fashion footprint is a really exciting way to accelerate our progress.

In 2022, we saw 82% (76%) of our online customers bought products with organic, recycled or other lower impact materials on our website. At the end of the year, 61% (63%) of our sales were from these products looking at both our online and wholesale business and 57% (51%) of our GMV.

Encouraging our customers to have a more sustainable wardrobe by purchasing more second hand items instead of new is a journey that we gladly take on and see great potential in. During 2022, 0.75% of all online customer orders included at least one second hand item. Hence we see great room to develop and expand this part of our business.

Every garment we sell has a [Clevercare.info](#) label, which contains information on how to best care for the garment in a smart and with less environmental impact. With the update of our website in April 2021, we are also communicating clear tips and tricks to customers regarding how to care for their clothes, and how to let clothes live longer.



Communicating together with our partner creators

At NA-KD, interacting with influencers is a core part of our business, and this area is no exception. Through a number of influencers that we work with, customers have been able to see how NA-KD garments can be styled together to create multiple outfits from a few pieces of clothing, which also pushes for the garments to be reused as much as possible.

We have also had collections launched with a stronger focus on more sustainable materials, such as our collaborations with profiles such as Josefine HJ and Annijor.

Communicating through social media and on our website

Further, we have used our own social media channels and made quizzes for customers in IGS on “how to care for your clothes”. Together with our external advisory board of influencers, which we call Creators’ Council, we’ve had meetings throughout 2021 and beginning of 2022. In the Council we’ve had dialogues on how to communicate sustainability angles in the best possible way for our audience to understand, creative ideas on how to do more activations and also how to become more sustainable as a brand.

On our website we have started with a stronger focus on sustainability by highlighting assortment with organic cotton, recycled polyester, Ecovero viscose and other more sustainable materials from time to time.

Our biggest impact to enable our customers to have a more sustainable wardrobe is our continuation of NA-KD Circle. Read more on [page 35](#). The importance of selling and buying pre-loved items is also something we are trying to convey to customers through social media and our collaboration with influencers. In total we have reached over 4.6 million customers through our social media and influencer channels regarding how to have a more sustainable wardrobe.

Making more sustainable choices easier

In 2023, we will introduce our new product sustainability labelling scheme to our customers, focusing on product materials and certifications in both onsite communication and hangtags. We started the journey already in 2022 to implement the changes needed by both the purchasing department and the engineering team. With this change we want to make it easier for our customers to make more informed choices when they purchase our products and make more sustainable choices easier. Stay tuned!

Reducing returns

In mid 2022, we started to charge for returns and are thereby no longer offering free returns in any of our markets. Our aim is to make our customers think twice before placing an order and to reduce the number of unnecessary transports back and forth. To support our customers in making their purchasing decisions, we are always working on improving the information, pictures and videos on site to provide our

customers with as good information as possible, to allow customers to make as good decisions as possible upfront and thus avoid unnecessary returns.

In 2021, we launched a project to reduce returns. As part of this work we have since then blocked thousands of customers that have extremely high return rates. By identifying these customers and communicating our Fair Use Policy (which outlines that we investigate any breach or abuse of our return policy), we hope to be able to significantly reduce the impact of this group and encourage responsible purchasing behaviours.

With these activities we clearly see a result of reduced return rates with 11 percentage points since mid-2022, which is significant within our industry. Reduced return rate will have a positive impact already in 2022 in terms of reduced transports, but especially it makes it possible for us in the longer run to reduce our overstock levels. In total, reduced returns led to a decrease in emissions of 5,2% the second half of the year compared to the first half of the year.

Overall, to encourage and collaborate with our customers to jointly create a more sustainable fashion industry, is an area where we are excited about stepping up our efforts even more, and we see great potential in collaborating with our customers towards more sustainable wardrobes.

4.6m+

followers on social media

264+

new TikTok followers

26.4+

Facebook fan growth

3.2m+

Instagram followers

#beNAKD #nakdfashion

Most common hashtags

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.

Make more sustainable products

We want all of our products to be made more sustainably – including both lower impact materials and how they are produced.

When it comes to more sustainable products, 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 are more sustainable* are certified by independent third-party accredited agencies.

A fabric’s raw materials affect its durability and environmental performance. 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. The road isn’t always easy, due to increasing raw material prices, plus rapidly increasing demand for more sustainable products. For 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. How the product is produced is equally important, considering not only water and chemical usage, but also moving away from fossil energy in our supply chain (read more on [page 19](#)) as well as continuously improving working conditions (read more on [page 45](#)). But we are confident that there are solutions and are determined to reach our targets within this area.

Goals, targets and KPIs:

- By 2030, have 100% organic, recycled or other lower impact materials in all our products
- By 2025, phase out 100% of all conventional cotton
- By 2030, have 100% recycled polyester
- By 2030, have 100% FSC cellulosic materials (viscose, modal, lyocell & acetate)

Key actions

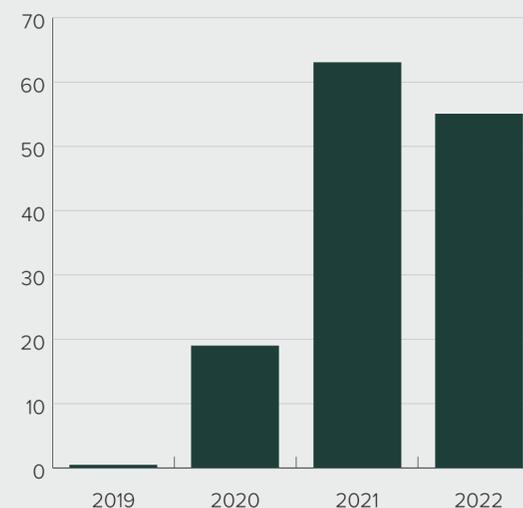
- Set a clear sustainable materials strategy – done in 2022
- Explore and implement additional certificates/initiatives for more sustainable materials and/or production methods
- Support current suppliers and onboard new suppliers that fulfill environmental and social requirements
- Training of purchasing department

OUR PROGRESS

2022 – a challenging year for more sustainable materials

The end of 2019 marked the real start for NA-KD’s sustainability journey with our first collection made using more sustainable materials in November 2019. At the end of 2020, we had reached over 45% of new NA-KD products being made with at least 50% more sustainable materials* in their composition.

Share of new NA-KD products being made with >50% more sustainable materials*



2022 was a challenging year for NA-KD in terms of buying more sustainable materials and our share of products made with at least 50% more sustainable materials dropped to 55%.

We have continued on the same path, with 63% of all new NA-KD products made using more sustainable materials in 2021. However, in 2022, this dropped to 55%, and purchased volumes of more sustainable materials in weight dropped from 44% in 2021 to 31% in 2022. This is mainly due to increased purchasing prices in combination with a strong focus on reaching profitability for the company. At the same time, our purchasing volumes overall decreased, which shows a positive result on both climate targets and profitability. We track the effectiveness of our actions in this area by following up in our internal systems the composition data for the products that we have launched during the reporting period. We continue to closely monitor the new orders that we place in each product category.



* 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.

Materials used by weight

	2020	2021	2022
Synthetic materials	2,270	2,199	1,480
Cotton	1,174	1,224	522
Man-made cellulosic fibers	364	469	345
Linen	23	27	59
Wool	10	49	25
Leather	7	5	4,5
Other	115	115	105
Total weight (tonnes)	3,963	4,089	2,541

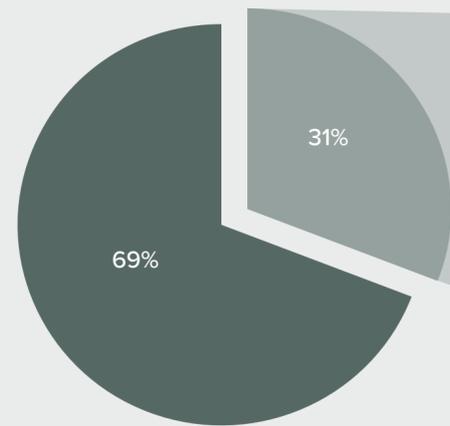
Cotton

Cotton requires lots of water during 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 2022, we decreased our use of organic cotton from 74% to 55% of all our cotton at the same time as our overall purchased cotton volume decreased by 57%.

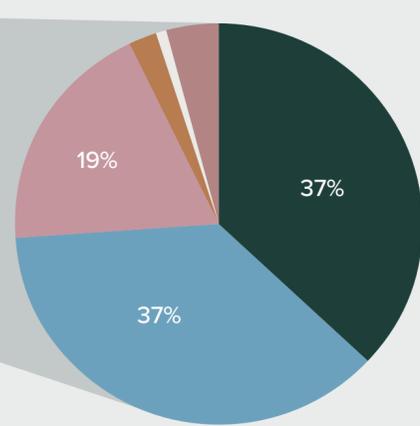
Although we see a positive shift towards organic farming in many parts of the cotton sector, there are risks of not meeting the continuously increasing demand for organic cotton in the upcoming years. In 2022 we have seen

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 continued to lead to a significant shortage of organic cotton in several regions during 2022, which will most likely continue during 2023. It is clear to us at NA-KD that there is an acute need for stronger industry collaboration to increase the traceability and transparency of cotton from the farm to the final product, to ensure a truly sustainable organic cotton production for both humans and the planet. You can read more on our ambitions for traceability on [page 33](#).

More sustainable materials

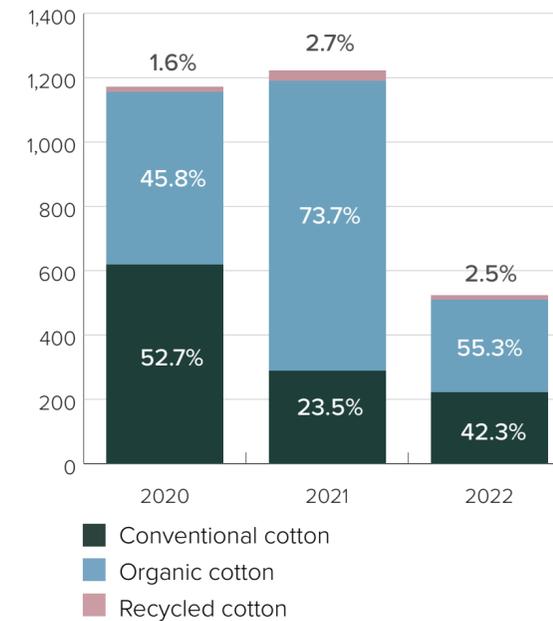


Our most common more sustainable materials



- More sustainable
- Conventional
- Recycled polyester
- Organic cotton
- LENZING™ ECOVERO™ Viscose
- 2% Recycled cotton
- 1% Recycled polyamide
- 4% Other

Our cotton (tonnes)



In total, 58% (76%) of all our cotton in 2022 was either organic or recycled.



Polyester & polyamide

Polyester and polyamide are man-made fibers that come from fossil oil – and therefore non-renewable sources. 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. However, in 2022, we decreased our share of recycled polyester to 28%, down from 39% in 2021. Looking forward to our orders placed for 2023, we see yet again that our share of recycled polyester is increasing with close to 50% of all polyester ordered for products launching during the first half of 2023 being recycled. Polyester fiber is very durable and, if washed and cared for in a mindful way, it will have a very long life. The demand for recycled polyester is increasing drastically in our industry. We therefore expect

a challenge in sourcing recycled polyester and other artificial fibers made from plastic waste. At the same time, fashion companies are competing with other industries over a limited recycled material supply base. This drives up prices and makes the transition journey even more difficult.

“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. We are continuously working to increase our share of certified and more sustainable cellulosic materials, but as for our other more sustainable materials this has been a true challenge during 2022, and we decreased this share to 45%, down from 53% in 2021.

More sustainable denim

At NA-KD, we aim for that all denim that we design should be made from organic or recycled materials. In 2022, 96% of our denim had at least 50% organic and recycled materials and hence labelled “more sustainable” and in total 77% (88%) of the material used for our denim was either organic or recycled.

Chemicals

We apply the precautionary principle for everything we do and have particularly highlighted that this applies to everything in the environmental area in our internal Code of Conduct. We have adopted a preventative approach with a restricted substances list (RSL) that goes beyond REACH legislation. This is part of all supplier contracts. We also actively promote the use of non-hazardous chemicals and production techniques using no or fewer chemicals. However, sometimes things still go wrong. In 2022 we recalled three models of sandals due to higher levels of Phthalates identified on the foam inside of the sandals (no skin contact). While the limits found did not exceed the restriction levels according to REACH annex XVII, it did however exceed our own RSL limit, and we recalled all products from our customers.

Joining the PFAS movement

In 2022, NA-KD joined the [PFAS Movement](#) in the fight against “forever chemicals”. At NA-KD, we have restricted all PFAS from our products as part of our restricted substances list since 2021, and we will not be fully satisfied until every single



company worldwide can say the same. We hope and believe that the PFAS Movement will be an important driver in achieving this vision.

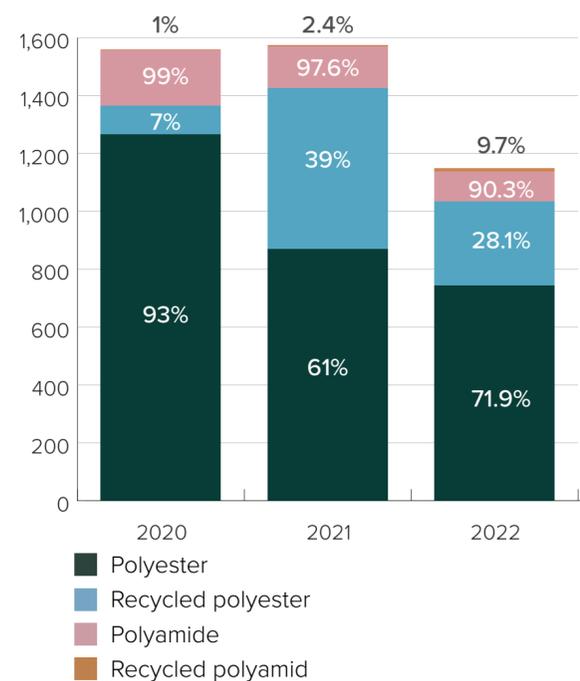
Even details are important

- All our hang tags are made from recycled paper since 2021
- All strings for our hang tags are made of paper to make it easier for our customers to recycle together with the hang tag since 2021
- All our care labels are made from recycled polyester
- In 2021, we started changing the patches on the upper back of our jeans to be made of paper instead of PU
- Our denim zipper tapes are made from more than 99% post consumer recycled material since 2022

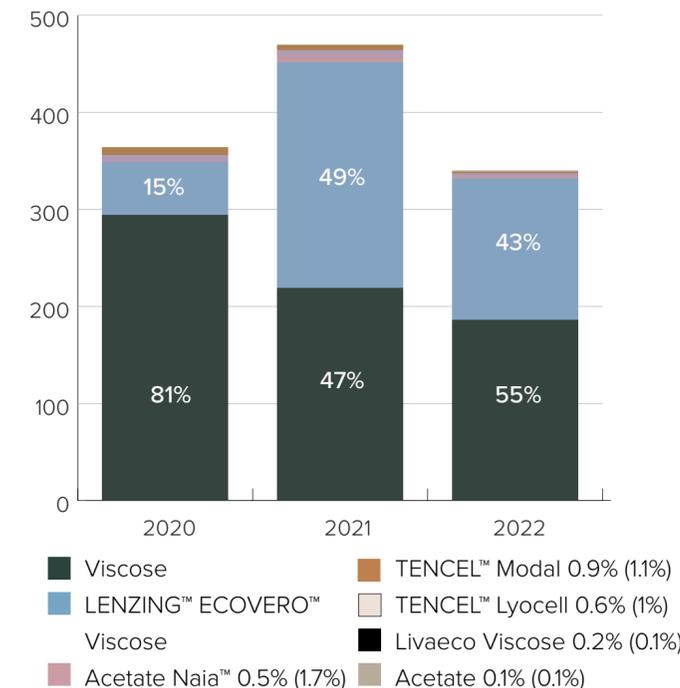
Animal-friendly design

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](#), which was updated during 2021.

Our polyester and polyamide (tonnes)



Our man-made cellulosic materials (tonnes)



We only use down and feathers that are by-products from the meat industry, and do not allow any use of feathers and/or down from vulnerable or endangered species. On the rare occasions that we design with leather, we source it as a by-product from the meat industry. We only use wool from animals that have been treated ethically, and only ever mulesing-free wool. We only accept cashmere from farm animals that are treated ethically and sourced from suppliers with good animal husbandry. We always ask for certificates and proof from suppliers in the case that we use these materials. We don't sell virgin mohair products, and we never use the skin from exotic or endangered animals like lizards, alligators, snakes or crocodiles.

None of our products are tested on animals. Since 2021, all our makeup products are also vegan.

Clarifying product sustainability labeling to our customers

Products labelled "More sustainable" and using our "Sustainable choice" hangtag have to live up to the following criteria:

- Made with at least 50% more sustainable materials, with a certificate to prove this (valid from 2022, previous could be 25%)
- 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)

Going forward, we will continue to mandate Supplier Code of Conduct compliance and valid social audits, and increasingly introduce our Environmental Performance Program with the Higg FEM Index to our factories. This is also a way of preparing them for the upcoming due diligence directive in the EU, where this will be enforced by law.

Up until now, we have used our "More sustainable" label on our website and our "Sustainable choice" hangtags to communicate to our customers about our more sustainable products. During 2022, we have reworked our products sustainability labeling scheme to make our sustainability communication more clear to our customers, and to prepare for upcoming legal requirements. In 2023, we will introduce our new product sustainability labeling scheme to our customers, focusing on product materials and certifications in both onsite communication and hangtags. We are currently working to implement our changes with our engineering team. Stay tuned!



NA-KD Reborn

NA-KD Reborn features our most sustainable pieces. Up until early 2021, all our products made in more sustainable materials were part of this collection. As of mid 2021, we started to push the bar higher. As more sustainable materials (like organic and recycled cotton, and recycled polyester) become part of our everyday collections, we want our NA-KD Reborn collections to go a step further. They are now made using innovative and/or low-impact materials or production techniques. Here are two examples from our NA-KD Reborn collection during 2022.

SORONA – Bio-based Sorona® polymer is a new innovative partly plant-based material. Compared to nylon 6, the manufacturing of Sorona® polymer requires 30% less energy and results in 50% less greenhouse gas emissions. In the jackets we made, we combined Sorona® Aura insulation with 50% recycled down.

PATCHWORK DENIM OF LEFTOVER FABRICS – In spring 2022, we launched a denim patchwork collection using leftover fabrics from one of the factories we work with in Turkey. Reusing waste from the factories is one way of reducing our impact and using resources in a more efficient way.

In late 2022, we also reworked our NA-KD Reborn concept to clarify and rebrand the concept both externally to our customers and internally. Stay tuned for an exciting launch in 2023!



SORONA



PATCHWORK DENIM OF LEFTOVER FABRICS

Accelerating traceability and transparency

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

We gladly take on the responsibility and challenge of providing this information. However, we know it won't be easy, because the fashion supply chain is long, complex and often opaque.

Goals, targets and KPIs:

- By 2030 reach full supply chain transparency for at least 80% of our production
- By 2025 at the latest, be transparent on product climate footprint
- By 2023, be transparent with tier 2 factories on our website

Key actions:

- Trace products to ensure supply chain transparency on an increasingly larger scale
- Improved and transparent customer communication on product sustainability (e.g., CO₂, water consumption, chemical use)
- Work together with supply chain partners to access environmental and climate data

OUR PROGRESS

” *Our long-term goal is to achieve full supply chain transparency.*

This will be a long journey and will likely take many years. Since April 2021, we have full transparency of our tier 1 factories, which are available in our supplier list on our website. These are the factories, actually producing our garments – where the cutting, sewing and finishing takes place. The next step is to improve transparency in tier 2 and above, which includes all the suppliers of the fabric, yarn and raw materials that we use.

At the end of 2022, we worked with 113 (199) active factories, mainly in China, Turkey and India, and also a few in Italy, Germany, Portugal, Poland, South Korea, Bangladesh, Bulgaria and France. This is a significant reduction from last year, due to a planned consolidation of NA-KD's production and active supplier base, a paus of our Home category and very limited Beauty production, to focus on our core business. In 2022, China stood for close to 65% of our production costs, and Turkey close to 31%. As the supplier base is constantly evolving, our transparency work includes both onboarding new suppliers and identifying opportunities for improvement and risk mitigation within our existing supplier base.

According to the Fashion Transparency Index 2022, only 48% of brands publish their tier 1 suppliers on their websites. We believe this

The dots represent number of factories we worked with during the year. Small black dots without country names represent 1 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](#).

needs to change. Twice a year, we update our list of producing factories on our website. Currently, this list includes the factory name, address, number of workers and product category. As we move forward, it will be improved with additional information on each factory. Additionally, we have included transparency at product level on our website, making it possible for our customers to see which factory has made which product. 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 apparel facilities and their affiliations worldwide.

To enable our traceability journey we are working with a platform called Trustrace. By the end of 2022, factories responsible for 90% of NA-KD's business volume have been onboarded on the platform. In 2022, we also started a pilot project where we traced selected products with the help of our suppliers, including tracing 4 products all the way to raw material origin. In 2023, more product traces will be conducted on an even larger scale, as we strive towards our goal of

full traceability. We're excited to see the power of this tool, and as a next step on this journey we are also eager to see how we can get this information transparently across to our customers and other stakeholders.

By 2025 at the latest, we want full traceability for at least 80% of our production – from tier 1 right back to raw materials. Although communicating 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 them to improve working conditions, progress climate reduction initiatives, and ensure that their agricultural practices 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.



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.



Towards a circular fashion business

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

While many point to fast fashion as the main reason our industry has such a large environmental footprint, we believe that the root of the problem – and therefore its solution – lies elsewhere. 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.*

This make-use-dispose linear system is deeply unsustainable, whether it's fast or slow. At NA-KD, we are committed to being part of making the fashion industry circular. Most garments, on average, are worn only seven times. Research from Mistra Future Fashion & Ellen MacArthur Foundation shows that doubling the number of times a garment is worn can reduce its climate footprint by up to 50%.

A big challenge is to change customer views on consumption behaviour in general. 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. Yet another challenge is 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.

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.

Goals, targets and KPIs:

- By 2030, have 20% of turnover generated from circular business models
- By 2030, save at least 10,000 tons of CO₂e through circularity initiatives

Key actions

- Continue to develop our second hand business
- Encourage more circular consumer behaviour
- Explore rental/subscription models
- Influencer campaigns for pre-loved / circularity

OUR PROGRESS

NA-KD Circle

In spring 2021, we launched our biggest sustainability initiative to date – NA-KD Circle. It's a completely integrated marketplace for pre-loved fashion, where we enable and encourage customers to sell and buy their pre-loved items seamlessly on NA-KD.com. One of the best things we can do for the planet is to get more use out of clothing we already have. We believe that it should be as easy to sell and buy pre-loved items as new items. Therefore, NA-KD.com customers have the unique opportunity to choose if they want to buy an item as new or in a pre-loved condition. During 2022, more than 37,000 (40,000) garments got a new owner through NA-KD Circle, representing 0.27% of our turnover. With the second hand market predicted to grow 20 times faster than the broader retail market, we see great opportunities to develop this part of our business further.

Driving behavioural change

We believe that selling clothes and giving them a second life when they are no longer used by their owner is a habit that customers have to learn. As a company, we have to enable and encourage this behaviour, which is what we aim to do with NA-KD Circle. We already have insight into this learning amongst our customers, as currently 50% of our customers who list their items for sale are 'returning sellers', i.e. customers who already listed items for sale.

We hope that Circle will continue to drive this behavioural change and the end goal is that all our clothes (that are eligible for second hand sale) will be given a second life once their current owner does not use them anymore. Looking at NA-KD Circle buyers, we see that the ratio between new and existing customers is similar to overall sales. This means that our NA-KD Circle customers are not only new, but that the demand for second hand clothing already exists amongst our current customers – they only had to be given the chance to buy second hand items to drive this change. Furthermore, NA-KD Circle buyers generally don't only buy second hand items, which also suggests that our existing customers are interested in second hand clothing as long as they find something they like, through an attractive inventory.



Climate impact

We have calculated the climate impact from our NA-KD Circle business in 2021. For these calculations, we looked at the additional emissions occurring after a customer has indicated that she wants to resell an item in her wardrobe, until that product reaches its new owner. These impacts are based on the transport of the products from the seller, to the NA-KD warehouse (sometimes directly to the new customer), and to the new customer. On average, each sold NA-KD pre-loved product saved 2,6 kg CO₂e, compared to if the same product would have been sold as new. If we apply this number to our NA-KD Circle sales in 2022, then

” our second hand business saved 96 tons CO₂e during the year.

For further details on how we have calculated this, please see our [website](#).

Rental

In 2022, we unfortunately ended our collaboration with Hack Your Closet as the company ceased to exist. In total, more than 11,000 NA-KD garments were sent to Hack Your Closet customers, from 2020 and until mid 2022. For us, this was a great way to learn more about consumer behaviour when it comes to the rental business model. One of those learnings being that garments that can be rented all year, like denim and blazers, work well with a subscription model.



Designing for circularity

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

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 they reach the end of their life, they can be easily recycled. 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.



Goals, targets and KPIs:

- By 2025, have 100% circular packaging, which means it is made from recycled materials and is reusable, recyclable or compostable
- By 2030, 100% of synthetic and metal materials are from recycled materials
- By 2025, reuse or recycle 100% of packaging materials from all our sites

Key Actions

- Materials strategy for increased product recyclability – develop and implement circular design principles
- Train internal staff on design for circularity
- Increase share of recycled and recyclable materials
- Initiatives for upcycling waste – launch collection of upcycled textiles
- Circular packaging strategy
- Educate customers on circularity
- Reduce overstock by better predictions and innovative customer collaboration in product development

OUR PROGRESS

Design for circularity

In 2022, we kick-started our journey on design for circularity with training and workshops for our design and purchasing staff, as well as starting to develop our first collection designed with circularity in mind. The collection is planned to be launched in spring 2023. Going forward, our aim is to increasingly integrate design for circularity in our daily work.

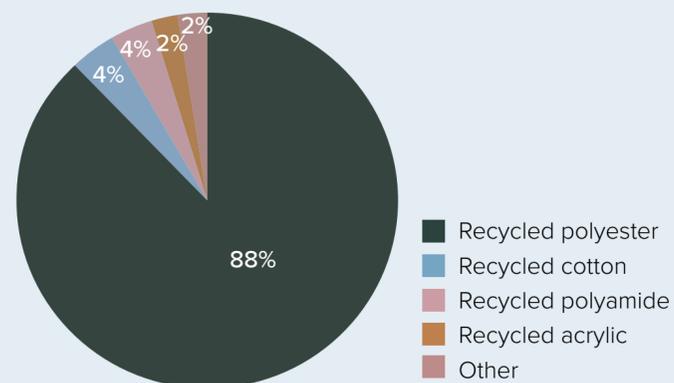
Recycled Materials

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 remnants 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.

In 2022, 14% (15%) of our materials came from recycled materials (corresponding to a little bit over 348 tonnes). In alignment with our climate action roadmap, our goal for 2030 is that 100% of our synthetic and metal materials should be from recycled materials. This figure was 21% in 2022, down from 26.8% in 2021.

Recycled materials



“Other” refers to recycled wool, polyurethane, brass, zinc, copper, steel, iron, paper and elastane.

Packaging

Our simple packaging principles are – save space, pack light, and pack safe. We need to make sure nothing gets damaged or soiled during transport, and that all materials have as little impact on the planet as possible.

We are constantly working towards our goal of having 100% circular packaging. In 2022, 65% (3.9%) of our packaging was circular, meaning both from recycled materials and reusable, recyclable or compostable, and we used a total of 1,188 tons 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. In 2022, 100% of our shipping bags were made from recycled plastics (80% from post-consumer plastics and 20% plastic waste recovered from industrial processes). During 2022, we also redesigned our shipping bags and changed the colour inside from black to white, hence making it technically easier to recycle the bag after use. We also made sure our factory sourced shoe boxes are made with at least 80% recycled paper, and mapped the cardboard used for our inbound transports.

Late 2021 and early 2022, we conducted a pilot where we tested shipping bags made of paper to see how they worked both operationally and to evaluate customer experience. A customer survey was conducted, which showed that customers preferred paper bags over plastic bags. However, our research so far shows that

bags of recycled plastics are better from a pure emissions perspective, whereas FSC / recycled paper is better for reducing micro plastics.

About 75% (50%) of our polybags – the plastic bag protecting individual garments – is made of recycled plastics. We speed up nature’s composting process by adding Biodegradable Organic Polymer (BDP™) to the plastic bags we use from our nominated supplier. If BDP plastic gets into landfill, it eventually breaks down into organic compost waste, water, and biogas.

Waste

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. Also, our customers use packaging for potential returns, which also creates waste. In 2022, packaging generated created 1,295 (1,756) tons of waste (all onsite our warehouses), a reduction of 26%

compared to last year, and of which 92% (87%) was recycled. This data is gathered through an annual survey to our warehouse third party operators, which are managing waste in line with legislative obligations.

Water consumption

The water consumption in the textile supply chain is dominated by cotton cultivation, but the manufacturing processes in factories do also consume water. NA-KD's transition to more sustainable materials and production processes means less water is being used. As an example, using organic cotton instead of conventional cotton and using Naia instead of conventional viscose, both save a lot of water. In 2022, NA-KD started mapping our tier 2 and 3 suppliers, meaning the water intense dyehouses and fabric houses. This work continues in 2023 and is a first important step for us to be able to work more focused on water consumption and waste water management in the future.

Returns

97% (98%) of goods returned to NA-KD in 2022 were quality checked and put back in our warehouses, ready to be bought by another customer. The remaining 3% (2%) were unfit for resale to our customers. We sell these products on the second-hand market, mainly in Eastern Europe. We’re committed to doing everything we can to keep our products in circulation, avoiding landfill or incineration. We are also committed to lowering returns. During 2022, we initiated a project to work with our customers who have extremely high return rates – by changing their habits, we hope to significantly reduce the impact of our returns. Read more on [page 26](#).

Our Environmental Policy

Our everyday choices make a big difference in the long term. At NA-KD, we have set up principles and systems to reduce the environmental impact of our day-to-day operations. You can read about our approach in our [Environmental Policy](#) and in our [Code of Conduct](#).

In the office

We keep our office spaces as free from single-use plastics as possible. Our kitchens are fully equipped with plates, bowls, cutlery, mugs and glasses. We have a waste management system at our offices, which enables employees to recycle plastics, food waste, cans, and other waste in an efficient manner.

For in-house printing, we use primarily FSC and EU Eco-label certified paper. We also have separate paper recycling bins in our offices.

Waste

	2020		2021		2022	
	waste (kg)	whereof recycled materials	waste (kg)	whereof recycled materials	waste (kg)	whereof recycled materials
Cardboard (well-papp)	904,650	904,650	1,480,815	1,477,815	1,108,693	1,108,693
Plastics	205,549	105,549	198,145	12,877	121,484	22,116
Wood	72,770	72,770	26,210	26,210	24,020	22,980
Textile	0	0	1,006*	4	871	871
Hazardous waste	0	0	1	0	1	0
Other	58,332	0	49,860	12,780	39,650	37,940
Total	1,241,301	1,082,969	1,756,037	1,529,686	1,294,719	1,192,600
Total Recycled		87%		87%		92%

*non-recycled textile waste is due to a shipment from a factory that unfortunately arrived to our warehouse mouldy and beyond saving.

Diversity and inclusion

Fashion should empower and inspire. We will 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.

Giving voice to women

We want to empower and enable our customers to raise their voices.

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.

Goals, targets and KPIs

- By 2025, 80% of customers perceive NA-KD as “celebrating equality & diversity”
- Influencers representing all five continents

Key actions

- Secure diversity both in front of and behind the camera
- Highlight diversity and equality issues through selected influencers
- Continue to cast Black, Asian and minority ethnic (BAME) models, ensuring everyone can see their own skin tone celebrated on our website and in our marketing campaigns



NA-KD

OUR PROGRESS

Working with creators

In 2022, we worked with more than 8,600 (10,600) influencers, in 20 (15) 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 2022, we did 98 influencer collaborations. We will focus even more on achieving broad representation in the months and years ahead, to create equal conditions for success for our creative collaborators.

Early 2022, we had the final meeting with our Creators Council – gathering eight creators and influencers from diverse backgrounds, with diverse perspectives. During sessions throughout 2021 and early 2022, where they shared their experiences, thoughts, and creative ideas with the NA-KD team, we listened to their ideas about how we can turn NA-KD into an even better company, brand, and business. Based on inspiration from our Creators' Council, we created an underwear collection in several nude shades for women of all colour that was launched early 2022.

Highlighting diversity and equality issues through collaborations and influencers

During 2022, we launched our second genderless collection together with fashion

and style icon Fredrik Robertsson, with whom we started working during our partnership with the Rainbow Fund in 2021. In 2022, we also created a genderless collection together with Fredrik Robertsson and mrjulls (Julian Hernandez).

In November 2022, NA-KD launched a collaboration and a collection together with Satisfyer. With the collaboration, NA-KD wants to break the stigma surrounding sexual pleasure and encourage women to be proud of their desire. With our young female audience, we feel that this collaboration addresses important issues that are close to and of interest to NA-KD's community.

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 2022 we presented four collection drops.

Customers' perception

Through our customer surveys, we can see that our actions give results. In our survey from early 2022, we can see that 62% of our customers perceive NA-KD as "celebrating diversity and equality", up from 61% in 2021.

This green dress is from our NA-KD Art collection, an arena for our designers and creatives to push boundaries, create freely and disrupt the ordinary.





An inclusive workplace

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

The more diverse a company, the better it performs. According to 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.

Goals, targets and KPIs

- 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

Key actions:

- Implement and work with our values in the daily work on a company, team, individual and cross-functional level
- Create an effective on- and off-boarding process to ensure employee retention in the long run
- Educate all managers how to recruit to create an inclusive workplace
- Training plans and development with focus on leadership, culture, diversity and inclusion
- Communicate, analyse and take actions from all employee surveys
- Work more with cross-functional sessions to break down silos and promote organisational wide inclusion
- Continue to include our employees through different social media channels to highlight their testimonials.

OUR PROGRESS

Continuously improving our workplace

In spring 2022, we did a reorganisation to enable efficiency and lay the foundation for profitability. Unfortunately, we had to let go of 21 permanent employees. During the process we were supported with external expertise to ensure excellence in communication and the overall process with as little impact as possible on the employees. We had weekly updates to all employees and offered counselling support throughout this period of time. Afterwards, we interviewed 10% of the organisation and asked about their experience, our communication, and if we could have done anything different or better. The result showed that despite a natural worry, employees thought the process was transparent and clear.

We have a strong focus on health and safety, and our focus on improving our workplace continues relentlessly. During 2022, we implemented a safety representative group, a safety committee, and a crisis group. The safety representatives and the safety committee are our forums for collaboration on work environment issues, with members representing the company's management, People and Culture and employees. The crisis group has the overall responsibility for coordinating and implementing measures in a crisis situation. To create a safe work environment, we have also implemented a group of employees responsible for possible evacuation.

NA-KD 2022 in numbers

258

FTE's by the end of the year

33%

foreign born employees

30+

nationalities in our teams

43%

female executives by the end of the year

65%

female managers by the end of the year

82%

female employees by the end of the year

Another strong focus area of ours is mental health and wellbeing. During 2022, 100% of our employees received quarterly performance reviews and bi-weekly one on ones together with their manager. We believe that our workplace improvements, including clarification of organisational and role responsibilities, in combination with leadership training and support from People and Culture will have a positive impact on all employees' mental wellbeing. In case needed, we offer free counselling support through a third party.

We want to enable all colleagues to grow, develop, and make a difference. We believe in giving responsibility early in the career as a means to grow as an individual. To support personal and professional development, we have also implemented a structured annual training cycle for all managers.

Employee Net Promoter Score at the end of each year (eNPS)

	eNPS	Participation
2019	-27	88%
2020	-21	86%
2021	-14	91%
2022	18	93%

During 2022, we have focused our measurements on the eNPS with results as per above. In 2023 we will continue to measure our eNPS and also employee satisfaction index.

Employee satisfaction

We use the Survey Monkey platform to enable everyone at NA-KD to get heard and measure employee satisfaction. Every month, all our employees can 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. The overview shows the current mood at NA-KD and should be discussed within each team. 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. For our eNPS we are proud to report that we went from -11 in January 2022 to 18 by the end of the year, with a natural dip during our re-organisation in the spring. We know that there is always room to improve and we will continue to focus on our people and culture going forward.

Total number of employees by employment contract (permanent and temporary), by gender

	Women	Men	Total
Permanent	214	47	261
Temporary	10	2	12
Consultants	5	15	20
Total	229	64	293

Total number of employees by employment contract (permanent and temporary), by region

	Permanent	Temporary	Total
Nordic countries	245	10	255
Rest of Europe	0	0	0
Rest of the World (incl Turkey)	16	2	18
Total			273

Employee data as of end of 2022. 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. Remote workers are primarily engineers.

Looking at our employee satisfaction score from an inclusion perspective, we see 1.3 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 1.7 the year before and 3.2 previous to that.

Total number of employees by employment type (full-time and part-time), by gender

	Women	Men	Total
Full time	213	49	262
Part time	11	0	11
Total	224	49	273

Percentage of employees per employee category in each of the following diversity categories

	Female	Male
Permanent Employees	78%	17%
Fixed term employees	1%	1%
Hourly Employees	3%	0%
Total	82%	18%
Consultants		
Total	25%	75%

Equal rights

For us, it is a given that everyone has equal rights. This applies to how we serve our customers, how we treat our employees and how we work with those in our supply chain. We do not accept discrimination, victimisation or harassment in any form. We make this crystal clear in our updated Code of Conduct and in our [Equal Treatment Policy](#).



Code of Conduct and trainings

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.

During the second half of 2022, we had mandatory e-learning training for all employees, where 82% of employees attended. The training will be part of NA-KD’s onboarding process going forward. The Code of Conduct training includes training on anti-corruption and bribery.

During 2022, we have had a strong focus on training in general. On top of the Code of Conduct training, all managers received training in labour law, recruitment and how to perform salary reviews, and some managers also got training on coaching leadership skills. For all employees, we have offered training on safety, and for all colleagues in purchasing and design offered training on circular design. Our safety

representatives have also received training on better workplace environment. The average hours of training per employee was 22 (9.7) hours in 2022.

Speaking up

We want our employees to speak up if something is troubling them. This is clearly stated in our Whistleblowing Policy, and in 2022 further clarified in our Employee Handbook. All employees have also been offered training as part of our Code of Conduct training. Through the Policy, we provide pathways for anyone who wants to talk to their manager, their manager’s manager, or HR/legal/CSR. If any of that is not possible, we have implemented a whistleblowing tool where employees, or anyone else, can choose to report issues completely anonymously, unless they feel comfortable to come forward. The whistleblowing tool is publicly available on our website. Employees may also still report concerns anonymously through our employee satisfaction survey.

During 2022, 12 (23) cases were reported through any of the above-mentioned grievance channels – 7 (9) connected to discrimination and 5 (14) to harassment and bullying. In five of the cases, we were able to get more information and hold dialogue with employees to secure further investigation and actions. Our continuous work with one on one meetings, satisfaction surveys, corporate culture and values (see [page 43](#)) and our internal Code of Conduct are some examples of how we strive to reduce the number of grievances.

Anti-corruption

NA-KD has a zero tolerance for corruption 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.

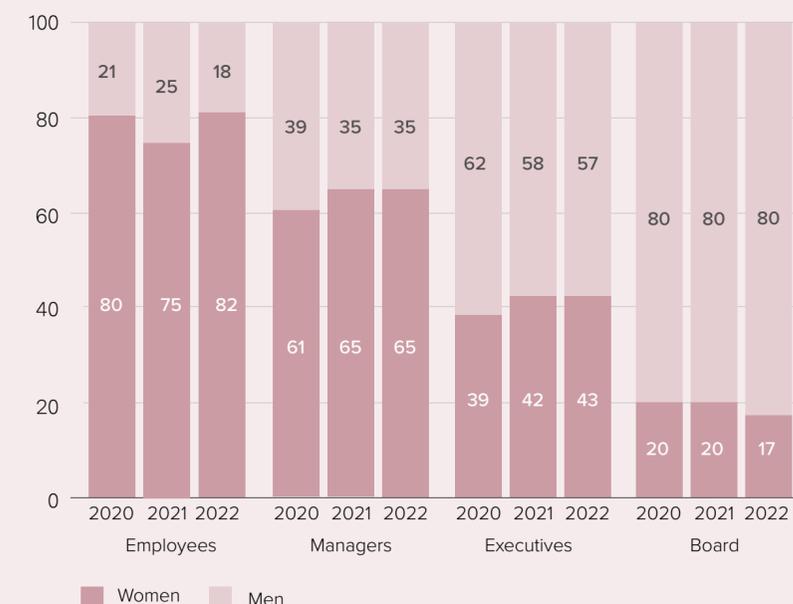
Our employees working with external business relationships are at higher risk of exposure to corruption and bribery. Therefore, they have been given in-depth training on our Code of Conduct with significant focus on ethical business conduct, including anti-corruption and bribery. No complaints of corruption or anti-competitive behaviour were reported in 2022.

Compensation and benefits

We provide everyone who works for NA-KD with fair and market-based compensation for the work they do. During 2020, we implemented a pension and insurance program for our employees, and every year, we perform a salary mapping and analysis, which led to some departments getting a general increase in salaries in 2021. In 2022, overall, female salary was 67% 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 to 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. NA-KD did not have a collective bargaining agreement during 2022. 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 Handbook. We had no work related fatalities during the year. One work related injury (not severe). Previous work related injuries are primarily related to stress.

Representation of women at different organisational levels at NA-KD at the end of 2020, 2021 and 2022 respectively



All members of the Executive Management are between 30–50 years of age. 2/3 of the Board is between 30-50 years of age and 1/3 of the Board is above 50 years old.

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 fulfill their potential.

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. We believe that everyone should have the right to non-discrimination, health, fair and equal compensation, and we believe in the freedom to unionise and engage in collective bargaining. 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 supply chains is traceability – we must know how and where our raw materials, fabrics, dyes, and prints are being made, to perform due diligence and strive to ensure fair and equal jobs. This goes hand in hand with continuous efforts to better understand the realities and needs for the people in our value chain – including the women who stand for 49% (57%)* of the workforce in the cut and sew factories that we work with. Our traceability and transparency journey has just begun, you can read more on [page 33](#).

As a fashion e-commerce brand, NA-KD is built on the contributions of thousands of people. In this section of the report, we share how we are working to respect and enhance people's wellbeing throughout our supply chain.

” Respect and support for human rights is our most basic responsibility.

Goals, targets and KPIs

- 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

Key actions

- Continuously support factories with actions and improvement plans for fair working conditions, effective social and wage management systems, and respect for human rights
- Engaging in industry collaboration, awareness raising & advocacy for fair working conditions and living wages
- Identify and initiate social sustainability initiatives targeting workers' rights and women's empowerment in our supply chain
- Continuously review and strengthen our purchasing practices

OUR PROGRESS

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.

Respect for human rights – our responsibility

We are still on a path accelerating the implementation of our [Human Rights Policy](#). In line with the UNGPs, we 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. 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.

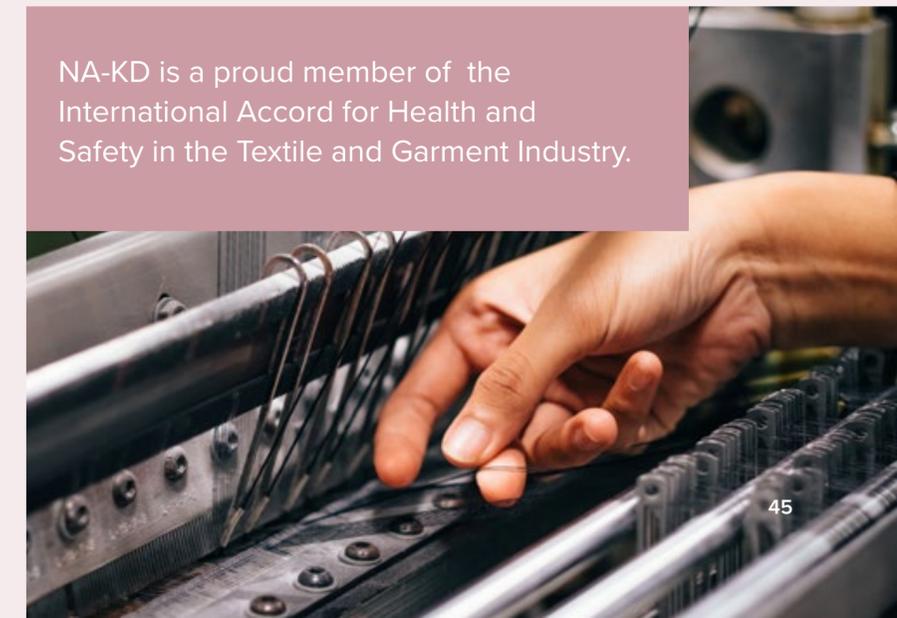
Supplier Code of Conduct

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 supply 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.

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



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 Higg vFSLM and amfori BSCI, while we also approve Sedex SMETA* and SA8000. This is to help relieve factories from ‘auditing fatigue’, while brands and retailers move towards a standardised social compliance framework across and beyond the fashion industry (read more on [page 47](#)). In 2022, 21% (15%) 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 still see delays in auditor operations and in issuing of permits by local authorities due to high demand, as has been the

Social audits in 2022**

	# of audits conducted in 2022	% of spend
Europe	5	1.2%
Asia (tot)	87	80.7%
China	58	57.6%
Turkey	8	2.7%
India	19	20.2%
Total	92	82%

case since the start of the Covid-19 pandemic. Although NA-KD has continued to request semi-announced or fully unannounced social audits during and after the Covid-19 pandemic, we have seen a continued acceptance of fully announced audits by other member brands of amfori BSCI, and in Sedex SMETA, which also impacts the level of credibility of the audit data.

In 2022, we have made efforts to improve the way we communicate with our suppliers. We have accelerated our continuous dialogue on sustainability, updated our policies detailing how we work with escalation and zero tolerance, defined a living wage strategy based on our supply chain living wage scan and implemented an integrated supplier portal for logistics, sourcing and sustainability.

SOCIAL AND LABOUR FINDINGS IN OUR SUPPLY CHAIN IN 2022

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. Our key indicators to track progress is for all suppliers to have a valid social audit, our zero tolerance for child labour, forced labour, occupational health and safety violations that pose an imminent threat to workers’ health, safety, and/or lives, discrimination, violence and harassment as well as bribery of auditors and

purposeful misleading information. Read about our status for each area below and on the [next page](#).

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.

Health and safety – Our supply chain audits conducted in 2022 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. insufficient number of workers with first-aid training due to continued delays in the certification process.

Living 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, a structural challenge that we must tackle with industry wide efforts. Read more about our supply chain worker wages on [page 48](#).

* Factories conducting Sedex SMETA 2-pillar audits are excluding business ethics. In total, 13 (19) of factory audits did not do cover business ethics in their social auditing.

** see GRI table page 59 for details

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 riskbased 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.

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 80.3% (90%) of our production volume have some kind of worker representation, either union representatives or worker representation in other forms.*

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.

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.

Forced labour and modern slavery – Our supply chain audits show no prevalence of forced labour or modern slavery amongst our factories. However, we notice the presence of migrant workers in some regions and have offered guidance and support to factories on the protection of especially vulnerable workers. For more information, please see our latest [Modern Slavery Statement](#).

Child labour and young workers – Our supply chain audits show that our factories 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.

Our measures taken to eliminate forced labour and child labour is to both conduct risk assessments and social audits, promote continuous improvement, offer our independent factories capacity building through the amfori Academy, and to educate NA-KD employees visiting factories on warning signs to look for.

Towards an industry standard

As a result of both the pandemic and a broader discussion on sustainability and transparency in the fashion industry, we see a need to move towards a common standard for assessing and reporting on social and labour practices in the supply chain. In 2022, we officially joined the list of brands, retailers and organisations accepting SLCP verified data, and 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).

Our aggregated vFSLM score for participating factories in 2022 was 68.96 (68.55). Aggregated section scores were: Recruitment & Hiring 91.73 (88.73), Working hours 84.3 (82.09), Wages & Benefits 84.07 (83), Worker Treatment 92.5 (90.18), Health & Safety 87.32 (85.19), Termination

Supply chain findings reported in 2022*

Performance Area	Total number of Non-Compliance (NC) findings	Significant impacts demanding Escalation & Business Action
Social Management System and Cascade Effect**	162	
Workers Involvement and Protection	112	
The Rights of Freedom of Association and Collective Bargaining	2	
No Discrimination, Violence or Harassment	3	
Fair Remuneration	102	
Decent Working Hours	81	
Occupational Health and Safety	358	
No Child Labour	0	
Special Protection for Young Workers	1	
No Precarious Employment	12	
No Bonded, Forced Labour or Human Trafficking	1	1***
Protection of the Environment	43	
Ethical Business Behaviour	23	

* See GRI table page 59 for details.

** This Performance Area (PA) relates to the overall implementation of social management systems, and correlates to each other PA. The findings are generally non-crucial, but provide a good indication of where there are gaps in the overall management systems of the auditee.

*** Case handled in accordance with the procedures stipulated in our Escalation Policy. Finding in 2022 was related to time-monitored restroom visits, and additional recurring findings in prioritised compliance areas where the factory had failed to prove that sufficient action had been taken. The case was closed after a re-audit, which showed that the factory had taken appropriate action and had taken sufficient corrective action. There were no Zero Tolerance issues reported in 2022.

96.47 (90.18), Management systems 67.67 (65.13) and Above & Beyond 10.4 (20.8). Our goal was for 20% of our production volume to report their social performance through vFSLM during 2022. However, this goal has not been reached due to consolidation of our supplier base, in combination with factories being free to choose between our approved systems for social audits.

vFSLM roadmap

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

As % of spend.

Wages in our production supply chain

Living wages 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. Like most fashion companies, NA-KD does not own any factories or make our own clothes – we outsource production to independent manufacturers. This means that we don't pay garment workers' salaries directly, and we cannot decide how much they are paid.

In 2021, we started looking into worker wages in our supply chain and map out the situation in the factories producing for NA-KD. This was the first step in our work to define our living wage strategy in 2022, which lays the foundation for our work to promote fair wages in our supply chain and contribute to the collective efforts that our industry needs to take in the upcoming years. Our living wage strategy centres around the following three areas:

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

We support the use of the Anker Methodology and adhere to the living wage definition by the Global Living Wage Coalition (GLWC): "A Living Wage is [...] the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events." ("What is a living wage", [GLWC](#)) As a small brand, we are depending on using third-party verified data through social audits. Using this data, we have for the second time, conducted our mapping of worker count, wages, representation, and gender divide in our three biggest production markets in 2022: China 65% (50%), Turkey 35% (45%), India 3.5% (1%).

For the factories where third-party verified wage data is available for 2022, 100% of workers were paid at least the legal minimum wage in their local context. However, in many contexts, living wages go beyond the statutory minimum wage set by governments. One important step in the process towards living wages is to raise awareness amongst our suppliers. Our supplier dialogues and our living wage scan for 2022 showed that there is still a gap in terms of living wage awareness and we have therefore begun to promote that factories conduct their own living wage assessments for their workers - our goal for 2030 is for this number to reach 100% and in 2023 we will do our first assessment of where we are today.



Wage data is collected from social audits and available for 78% of the total business volume. Specific numbers detailed only for key production markets. Numbers exclude factories with valid audit that are on a every other year audit cycle (e.g. factories with A- and B-ratings in amfori BSCI and factories with SA8000 certificates conducted or issued in the calendar year 2020 or 2021).

We see great potential in gathering data on fair working conditions from third-party audits and verified assessments. However, there are challenges in translating data and conducting year-by-year comparisons of data both within and between systems today. Therefore, we will continue to engage with industry organisations, auditing companies, suppliers, and other stakeholders to ensure more robust and qualitative wage data sets in the future, to improve the alignment between auditing frameworks, and accelerate the adoption of common frameworks (e.g. the GLWC / Anker living wage benchmark) across the industry.

Supply chain workers

	# of workers in factories producing for NA-KD	whereof women
Europe	239	75%
Asia (tot)	17,999	49%
China	7,616	68%
India	1,423	12%
Turkey	3,293	50%
Total	18,238	49%

See GRI table [page 58](#) for details.

Our role in society: Ignite a movement in the fashion industry that empowers and inspires all

We want to advocate for everyone's right to be who they are, to celebrate diversity and advance inclusion in our 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. As a result, more and more fashion companies are making meaningful changes.

According to McKinsey research, almost two thirds of consumers are self-proclaimed "belief-driven buyers" who will avoid, switch, boycott, or favour brands based on their position on societal issues. Taking a public stand on diversity and inclusion topics is something that we're proud of at NA-KD and supporting wider social issues in alignment with our brand values is close to our hearts.

Goals, targets and KPIs

- Social impact through community engagement initiatives

Key actions

- To use our voice in society to advocate through marketing and taking a stand as a company through our public affairs and relations activities
- Support for NGOs that support everyone's right to be who they are
- Inspire girls to become whoever and whatever they want
- We will support young women's rights and mental health

OUR PROGRESS

Everyone's right to be who they are

We believe in standing up for our values. Everyone has an equal right to be who they are, without being judged, and to have access to the same opportunities for success. While diversity and inclusion is already important at NA-KD, we know we still have much to learn. We consider it important to take an active stand and publicly support the values we believe in. This is why we've supported the LGBTQIA+ community through our collaboration with the Rainbow Fund since 2021, with donations of 500k SEK. It's also why we've launched genderless collections, and hired content creators with diversity in mind.



Supporting 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 2022, we donated most of these clothes to charities. 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 2022, we have also continued our partnership with Räddningsmissionen (the Rescue Mission), a local NGO supporting people in vulnerable life situations. In 2022, NA-KD was the Lead Partner to Agora, the part of the Rescue Mission's organisation focused on supporting 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 25 persons each month. Apart from a yearly monetary donation, which has contributed to the renovation of the housing for women who flee the situation they are in, 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.

NA-KD has also supported the Rescue Mission with curated clothing donations to their new accommodation for Ukrainian refugees, which opened in the autumn of 2022. Our clothing donations to the Rescue Missions have reached around 50 people in 2022.

In March 2022, NA-KD hosted our second intimate shopping event, where we set up an exclusive boutique for one night and invited women supported by Agora to shop NA-KD products – free of charge. Except giving the women – most of whom are reliant on clothing donations – a rare opportunity to shop for themselves and on their own terms, the purpose has been to create a safe meeting place for the women to connect with others in similar situations.

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.

Know Your Lemons

In 2022, we continued our collaboration with Know Your Lemons, a non-profit global organisation for breast health education. In June, we teamed up for an exclusive Know Your Lemons x NA-KD home decor collection, and during Breast Cancer Awareness Month in October we created a pink landing page to raise awareness and donated 5% of the net revenue to their cause.

” In 2022, we reached over 1.7 million people on Instagram and TikTok with our breast cancer awareness campaigns.

With the help of our donations, the Know Your Lemons team has been able to finance the training and materials for 25 new global breast health educators, increase the number of languages in which their materials are available from 31 to 32, and expand their global reach with two new countries (France and Germany).

The Know Your Lemons® Foundation was founded by Corrine Ellsworth-Beaumont (MFA, PhD), with the mission to improve early detection for breast cancer worldwide, through creative and empowering education. As of 2022, they have reached 1.5 billion (1.3 billion) people online through their #knowyourlemons campaign and Know Your Lemons app and helped women and people with breasts discover potential symptoms of breast cancer in time to save their life. Their campaign is available in over 30 languages and is being used in over 99 countries. Read more [here](#).

About this report:

This is the fourth time NA-KD has created a sustainability report, which is made annually. The last report was published in June 2022. This report is made with reference to the Global Reporting Initiative's (GRI) Standards and covers the full year of 2022. 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 no significant changes in the reporting structure compared to last year, apart from going from GRI core compliant to reference to the GRI 2021 standards in our reporting. Some of our sustainability targets and KPIs have been revised for better adjustment to our context and reality, and to be aligned with our climate action roadmap developed in fall 2022. Information on changes is 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 environmental and social impact. In defining the report 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 2022 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 2022 and is developed in line with legal requirements. NA-KD's executive management team is responsible for the content and accuracy of this report.

All KPIs in this report covers 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 does not have any significant operations and mainly follows 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 Executive Management Team and presented to and approved by the Board of Directors. During 2022, we revised the framework and updated our objectives and targets in line with the development of our climate action roadmap. 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 10](#). Translated into GRI topics, please see reference in the GRI index below.

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 2021 assessment, in 2022, 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. Read more on [page 21](#).

About NA-KD

In 2022, NA-KD shipped products to customers in 69 (80) countries and our customers can also find NA-KD's products on marketplaces such as Zalando and ASOS. Our total net sales in 2022

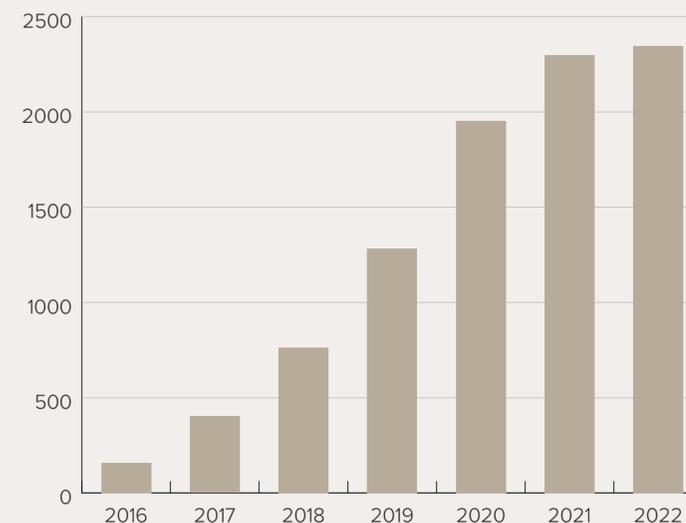
was 2,346 MSEK (2,299 MSEK). The majority of our sales came from Germany (26%), Sweden (15%), Netherlands (12%), Denmark (12%), Norway (9%), and the rest of the world (26%). During 2022, we sold over 11.6 (12) million products. Our headquarter is in Gothenburg, Sweden. We also have offices in Stockholm, Sweden, and a purchasing office in Istanbul, Turkey. At the end of 2022, NA-KD had 273 (327) employees.

We have warehouses in Sweden and in the Netherlands, as well as return warehouses in Poland and the UK. 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 2022 are: Partech Growth FPCI 18.9%, Northezone VIII L.P. 17.0%, eEquity III 9.5%, Quadrille Technologies IV Companies SLP 9.4% and Jarts Holding AB 8.6%. 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 2022 we got a new interim CEO, Oscar von Konow, and made a reorganisation to enable efficiency and profitable growth.

Financial numbers

Turnover (MSEK) per year 2016–2022



Consolidated income statement summary

Amounts in MSEK	2022-01-01	2021-01-01	2020-01-01
	– 2022-12-31	– 2021-12-31	– 2020-12-31
Net sales	2,345.5	2,299.2	1,871.3
Other operating income	87.2	111.1	146.1
<i>Operating expenses</i>			
Cost of goods sold	-1,297.6	-1,275.1	-889.9
Other external costs	-1,248.0	-1,274.9	-1,023.0
Personell costs	-183.7	-180.4	-138.3
Depreciation and amortisation of tangible and intangible assets	-86.0	-78.0	-42.2
Impairment for expected credit losses	-52.5	-17.9	-15.5
Other operating expenses	-66.6	-67.9	-57.0
Operating loss	-501.6	-483.9	-148.5
<i>Result from financial items</i>			
Interest income and similar income	17.2	1.7	0.0
Interest expense and similar charges	-96.7	-54.9	-37.0
Loss before tax	-581.0	-537.0	-185.5
Income taxes	-0.4	-6.5	35.0
Net loss for the year	-581.4	-543.5	-150.6
Applicable to			
Parent company's shareholders	-581.4	-543.5	-150.6

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 more sustainable materials to reduce risk exposure, e.g. hemp, bamboo and recycled materials.	Code of Conduct Environmental Policy
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.	Restricted Substances List 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, unseasonable 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-KDs 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](#).

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
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.	Human Rights Policy Work Environment Policy Equal Treatment 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. Launch of managerial handbook beginning of 2022. Continuous Code of Conduct training to all employees.	Alcohol & Drug Policy 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 people, please see our salient human rights [here](#).

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
Changes in regulations impacting how we work with influencers	NA-KD today works in a symbiosis with influencers. If regulations change, in a way that would affect this structure, significantly impacting the business.	Monitor development closely.	Data Protection Policy Trade Sanctions 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.	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).	Monitor development closely and work to move away from carbon intense materials and production processes. Initiate work with internal shadow price on carbon.	
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.	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.	

NA-KD GRI INDEX

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 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	The emissions for our scope 2 for the electricity and heating for 2020 are updated and slightly different from what was reported last year, 193 ton CO ₂ e instead of 177 ton CO ₂ e. Emissions from polyamide used in 2020 has also been updated as the wrong emission factor was used. This increased the emissions for 2020 by approximately 1,240 tons of CO ₂ e. The heating in one third-party warehouse has been updated for 2021, leading to an increase of 500 tons of CO ₂ e. Additionally, the emissions on flights has been adjusted which means that the emissions from business travel increased by approximately 280 tons of CO ₂ e for 2021. There are no other 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, 11, 12, 33, 52	
	2-7 Employees	p. 43, 52	
	2-8 Workers who are not employees	p. 43	
	2-9 Governance structure and composition	p. 15, 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. 43-47	
	2-24 Embedding policy commitments	p. 43-47	
	2-25 Processes to remediate negative impacts	p. 44-47	
	2-26 Mechanisms for seeking advice and raising concerns	p. 44-47	
	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. 9, 12, 14, 20, 21, 23, 30, 47, 51	
	2-29 Approach to stakeholder engagement	p. 11-12	
	2-30 Collective bargaining agreements	p. 44	

GRI STANDARD	DISCLOSURE	LOCATION	NOTES
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 10-12	
	3-2 List of material topics	p. 13	
	3-3 Management of material topics	p. 13, 19-26, 28-33, 35-38, 40-50	
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. 53	
	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. 44	
	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 2022.
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 29, 37	
	301-2 Recycled input materials used	p. 37	
	301-3 Reclaimed products and their packaging materials	see notes	The percentage of reclaimed products was 0.32% in 2022.
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. 20-22	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 February 2021. All scope 3 calculations include CO ₂ emissions.
	305-4 GHG emissions intensity	p. 20	Including scope 1,2, and 3 emissions. Calculations include CO ₂ emissions.
	305-5 Reduction of GHG emissions	p. 20	Calculations include CO ₂ emissions.

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. Currently we do not have this granularity of the waste disposal data from our warehouse operators. We are working to improve this reporting process until next year.
	306-2 Management of significant waste-related impacts	p. 35-38	
	306-3 Waste generated	p. 38	
	306-4 Waste diverted from disposal	p. 38	
	306-5 Waste directed to disposal	see notes	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 21	No supplier relationships were terminated as a result of environmental impact assessments. Further details please see NA-KD's Environmental Salient rights document.
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 19, 21	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 44	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	p. 46	Numbers presented based on data available through third-party verified social audits (amfori BSCI, Higg vFSLM and Sedex SMETA) conducted in 2022, covering 82% (87%) of NA-KD's total business volume (including active and inactive tier 1 producers). Numbers exclude factories with valid audit that are on a every other year audit cycle (e.g. factories with A- and B-ratings in amfori BSCI and factories with SA8000 certificates conducted or issued in the calendar year 2020 or 2021). 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.
	414-2 Negative social impacts in the supply chain and actions taken	p. 46-47	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 30	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	see notes	During 2022, there have been no substantiated complaints concerning breaches of customer privacy or losses of customer data.

NA-KD

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: anna.winde@na-kd.com or press@na-kd.com

We appreciate your feedback!