

NA-KD[®]

**MATERIAL ETHICS & ANIMAL
WELFARE POLICY**

Nakdcom One World AB

Version: 2.0

This version effective from: April 2024

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I. INTRODUCTION

The Material Ethics & Animal Welfare Policy of Nakdcom One World AB (hereinafter, “the company” or “NA-KD”) sets the minimum standards for all our suppliers, manufacturers and other partners and stakeholders engaging in business with NA-KD in regards to material ethics and the treatment and handling of animals throughout our supply chain. We aim to maintain the highest ethical standards and business conduct related to material ethics and animal welfare and we want our customers to be aware of the products we distribute and that these are fairly and ethically sourced and manufactured.

We base our requirements on the Swedish Trade Federation’s Animal Welfare Policy¹ and expect our suppliers, factories and business partners to follow the Five Freedoms defined by the EU Farm Animal Welfare Council / World Organisation for Animal Health (OIE).²

The Five Freedoms are:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behaviour
- Freedom from fear and distress

Efforts to minimise negative impacts on the environment also apply to the sourcing of raw materials and natural fibres originating from animals, and other natural materials. NA-KD is committed to prioritising more sustainable alternatives to conventional materials, such as organic materials and recycled fibres. NA-KD expects all its suppliers and other business partners to follow international standards and regulations, and local laws in the country of operation, regarding material ethics and animal welfare. Our strong belief is that no animals should come to harm for the sake of any goods produced and sold for NA-KD.

This document determines NA-KD’s general standpoint on material ethics and animal welfare, which requires that:

- All parties involved in NA-KD production that are handling animals, animal derived materials or natural materials, directly or indirectly, shall follow this policy
- All parties involved in NA-KD production which are handling animals, animal derived materials and/or natural materials, directly or indirectly, shall follow national and international legislation regarding forbidden materials
- All suppliers should provide as detailed information as possible regarding the origin of the materials they use in NA-KD products, and support these claims with relevant certification

The material specific requirements in this Material Ethics & Animal Welfare Policy applies to the sourcing of raw materials for NA-KD products. The policy applies to all NA-KD products, including Private label and collaborations. It should also guide the sourcing and purchasing practices of external brands sold through NA-KD’s platform.

¹<http://www.svenskhandel.se/globalassets/dokument/aktuellt-och-opinion/nyheter/2017/animal-welfare-policy---svensk-handel.pdf>

²<http://www.oie.int/en/animal-welfare/animal-welfare-at-a-glance/>

II. MONITORING AND ENFORCEMENT

The Material Ethics & Animal Welfare Policy applies to all stakeholders engaged in business with NA-KD, including suppliers and their sub suppliers, subcontractors and other business partners. It defines the ethical standards that guide NA-KD in all conduct of business and is expected to be abided throughout the entire supply chain.

NA-KD aims to maintain the highest standards of business integrity and transparency and expects the same from its suppliers. NA-KD believes in cooperation and is willing to work with its suppliers and other business partners in order to achieve more sustainable solutions, and to promote suppliers and other business partners who are in compliance with the Material Ethics & Animal Welfare Policy.

Any sourcing of natural resources throughout NA-KD's supply chain should follow a risk-based due diligence approach. NA-KD requires all suppliers, manufacturers and other business partners to provide information regarding the use of raw materials and/or natural fibres originating from animals in the manufacturing of NA-KD products. Thus, relevant and verifiable documentation must be maintained by all business partners.

NA-KD also expects all suppliers, business partners and other stakeholders, who are involved in the manufacturing of NA-KD products using raw materials and/or natural fibres originating from animals, to aim for creating awareness throughout the supply chain and informing all relevant parties of the requirements stated in this policy.

NA-KD reserves the right to perform inspections and audits to identify gaps between the requirements in this Material Ethics & Animal Welfare Policy and the actual practices and conditions in the production site and throughout the supply chain. Should the audits detect any violations of the Material Ethics & Animal Welfare Policy, corrective action will be taken by NA-KD, the extent to which depending on the severity of the violation. Generally, the audited supplier will be given the opportunity to propose and implement a corrective action plan. NA-KD shall in such cases follow up the implementation of the plan and verify that violations have been remedied. A supplier failing to undertake sustainable improvements within the stipulated time frame would seriously damage its relationship with the company.

Unwillingness to cooperate or repeated violations of this Material Ethics & Animal Welfare Policy and/or local law may lead to reduced business and ultimately termination of the business relationship. Furthermore, it should be noted that NA-KD reserves the right to withdraw orders from any supplier who intentionally withholds, conceals or falsifies information regarding their compliance, or in cases where evidence of breaches of this policy is found.

1. VULNERABLE, ENDANGERED OR EXOTIC SPECIES

NA-KD does not allow any animal derived materials sourced from endangered species³ to be used in our products. This applies to all animal fibres (e.g. leather, fur, feathers, hair) listed in the Policy.

NA-KD does not allow any use of materials derived from exotic animals in our products, including (but not limited to) skins and fibres derived from lizards, alligators, snakes and crocodiles.

2. LEATHER

All leather used in NA-KDs products should be a by-product of the food industry and not come from animals raised for their skin. NA-KD only accepts products made from leather and hides from cow, buffalo, sheep, goat, fish and pig that has been bred for meat production.

By 2030, NA-KD will only allow leather from farms certified to a credible standard with animal welfare requirements included.

NA-KD does not accept leather or skin from fetal or newborn lambs; including but not limited to slink, astrakhan, karakul, Persian lamb, broadtail, or krimmer.

3. FUR

NA-KD does not allow any use of real fur⁴ in our products, including but not limited to mink, fox, rabbit, sable, karakul lamb, chinchilla, raccoon dog.

4. WOOL & HAIR

NA-KD only accepts recycled wool and hair that is either certified by the Recycled Content Standard (RCS) or by the Global Recycled Standard (GRS), or virgin wool certified by the Responsible Wool Standard (RWS), which certifies animal welfare and land management requirements from farm to final product. NA-KD only accepts wool and animal hair from living and domesticated animals, such as sheep, goat, alpaca, lama, camel, and yak.

By end of 2030:

- 100% of all virgin wool and animal hair⁵ used by NA-KD must come from farms certified to a credible animal welfare standard:
- All virgin sheep wool used in any product for NA-KD must originate from a farm certified to the Responsible Wool Standard (RWS) or similar.
- All alpaca wool used in any product for NA-KD must originate from a farm certified to the Responsible Alpaca Standard (RAS) or similar.
- All cashmere used in any product for NA-KD must originate from a farm certified to the Good Cashmere Standard (GCS) or similar.

³ Species listed in the Convention on International Trade in Endangered Species (CITES) and the International Union for the Conservation of Nature (IUCN) Red List

⁴ Our definition of "fur" does not include any of the following materials: 1) Skins from sheep or goats with clipped, shorn, or combed hair, such as fleece, sheepskin, or shearling; 2) Skins normally used as leather with hair still attached, e.g., cowhide with hair attached, or 3) synthetic materials intended to look like fur.

⁵ This includes all our animal-derived wool and hair; sheep wool, alpaca, cashmere, camel, and yak.

NA-KD does not accept sheep wool from farms that practise mulesing. All wool originating from Australia must be declared as 'non-mulesed' (NM) or 'ceased-mulesed' (CM) in a National Wool Declaration (NWD) test certificate.

NA-KD does not accept angora rabbit hair or any other hair from animals reared in cages for their hair, including but not limited to rabbit, raccoon, marten, fox, squirrel, sable chinchilla or ferret.

4.1. CASHMERE

NA-KD only accepts recycled cashmere that is either certified by the Recycled Content Standard (RCS) or by the Global Recycled Standard (GRS), or virgin cashmere certified by the Good Cashmere Standard (GCS), which certifies animal welfare and land management requirements from farm to final product.

4.2. MOHAIR

NA-KD only accepts recycled mohair that is either certified by the Recycled Content Standard (RCS) or by the Global Recycled Standard (GRS), or virgin mohair certified by the Responsible Mohair standard, (RMS), which certifies animal welfare and land management requirements from farm to final product.

5. SILK

NA-KD does not allow any use of silk in our products.

6. DOWN & FEATHERS

NA-KD only accepts recycled down and feathers certified by either Recycled Content Standard (RCS) or Global Recycled Standard (GRS), and down and feathers that are certified by the Responsible Down Standard (RDS), which secures the five freedoms of animal welfare. Any removal of down or feathers from live birds as well as force feeding is prohibited within this standard, and it makes sure the identity of the RDS down and feathers is maintained from farm to final product.

7. HORN, BONE & TEETH

NA-KD does not allow any use of real horn, bone or teeth in our products.

8. SHELLS, PEARLS & CORAL

NA-KD does not allow any use of real shells, pearls or coral in our products. NA-KD only accepts cultured pearls.

9. NATURAL STONE

NA-KD does not allow any use of natural stone derived from illegal quarrying and mining in our products.

10. ADDITIONAL REQUIREMENTS

Animal Testing: NA-KD does not allow any animal testing on our products, this applies to testing of ingredients and testing of the finished products.

Conflict Resources: NA-KD does not allow any use of conflict resources in our products. This includes conflict minerals such as gold, tin, tungsten and tantalum sourced from the Democratic Republic of Congo or its nine surrounding countries. This also includes timber, cotton and other raw materials derived from conflict zones, that might fund conflicts in these risk-areas. Should any of these materials be used, risk-based due diligence is required, and the supplier must prove the origin and traceability of the material.

Faux Products: Synthetic materials purposely mimicking animal products (e.g. faux fur and leather) must be described as “faux”, “fake” or with equivalent terms on the care label and in other product descriptions, in order to avoid any confusion with animal derived materials.

Transportation: Any transportation of animals used in any manufacturing of NA-KD products must be conducted in an ethical manner that ensures protection from injury, suffering or distress.