



BRAND PERFORMANCE CHECK

Nudie Jeans Co.

PUBLICATION DATE: AUGUST 2017

this report covers the evaluation period 01-01-2016 to 31-12-2016

ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel product location workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the product location. FWF, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own product locations, and most product locations work for many different brands. This means that in most cases FWF member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at www.fairwear.org. The online [Brand Performance Check Guide](#) provides more information about the indicators.

BRAND PERFORMANCE CHECK OVERVIEW

Nudie Jeans Co.

Evaluation Period: 01-01-2016 to 31-12-2016

MEMBER COMPANY INFORMATION	
Headquarters:	Göteborg, Sweden
Member since:	01-11-2009
Product types:	Fashion
Production in countries where FWF is active:	India, Romania, Tunisia, Turkey
Production in other countries:	Italy, Lithuania, Poland, Portugal, Sweden
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	96%
Benchmarking score	86
Category	Leader

Summary:

Nudie Jeans has shown advanced results on FWF performance indicators. With a monitoring percentage of 96% and a benchmarking score of 86, it remains in the 'Leader' category for the fourth year in a row.

In all countries including low-risk ones, Nudie Jeans cooperates with other clients that are using the same suppliers with regard to remediation on labour standards issues. During 2016, the brand has done so with several FWF members as well as other companies. Nudie Jeans shared its audits, updates on CAPs and encouraged other companies to join in its living wage efforts.

In 2016, Nudie Jeans organised audits (using the FWF audit methodology) in Portugal and Italy, covering about 30% FOB in low-risk countries. The company worked continuously on remediation of CAPs at suppliers that had an audit in previous years. Regarding low-risk countries factories, Nudie Jeans undertakes more monitoring activities than required by FWF. However, Nudie Jeans could not show signed questionnaires and pictures of the Worker Information Sheets for all factories it works with in low-risk countries as it is currently still collecting some of these, but visited all of them.

For these reasons, FWF used its discretionary power to include all low-risk production locations of Nudie Jeans in this performance check monitoring threshold, but expects full compliance for 2017.

PERFORMANCE CATEGORY OVERVIEW

Leader: This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

Good: It is FWF's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

Needs Improvement: Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

Suspended: Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	63%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	3	4	0

Comment: Nudie Jeans has a consolidated supplier base with a contained number of suppliers where they have high leverage. 63% of its 2016 production volumes comes from suppliers where they buy at least 10% of the factories' production capacity. The sourcing strategy is to optimize production and concentrate orders to a few suppliers with each supplier making one product. New suppliers are selected only when a new style of product group is introduced. Leverage is also gained by being a premium brand that suppliers would like to have in their client portfolio. Suppliers indicate they want to produce for Nudie Jeans despite the low quantities. That gives Nudie Jeans a strong position to effectively request improvements of working conditions.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	17%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	2	4	0

Comment: 17% of Nudie Jeans' production volume comes from production locations where it buys less than 2% of its total FOB.

Recommendation: FWF recommends Nudie Jeans to consolidate its supply base by limiting the number of supplier in its 'tail end'. To achieve this, Nudie Jeans should determine whether suppliers where they buy less than 2% of their FOB are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	49%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	2	4	0

Comment: Nudie Jeans maintains a long term relationship of over 5 years with suppliers that account for 49 % of the company's production volume.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All new production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

Comment: Nudie Jeans could show the signed questionnaires for its 2016 five new suppliers both in low risk and high risk countries.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all new production locations before placing orders.	Advanced	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0

Comment: A formal process exists to evaluate conditions at suppliers before placing orders. New suppliers are always visited and receive a package with requirements on transparency, the Code of Labour Practices, in particular living wage and the company's sustainability work. The information package is discussed during the visit to get commitment from suppliers to be transparent and work on the common goals. The willingness of factory management to cooperate and be transparent is a crucial element in deciding to start a business relationship. The visits are made by the CSR manager, buyer and head of product development, jointly representing the company.

In 2016, Nudie Jeans started a new collaboration with a supplier in Turkey and two new subcontractors, one in Italy and one in Tunisia. When choosing a new supplier, Nudie Jeans evaluates their health and safety status, previous audit reports are collected and the code of conduct is explained and discussed with the supplier. The supplier in Turkey already knew the FWF requirements as it works with other FWF members, it was visited by the company in 2014 already. The new subcontractors were visited by the Italian staff and recommended by a trustworthy Italian partner. The new Turkish and Tunisian factories had FWF audits in 2016.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and leads to production decisions	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0

Comment: Nudie Jeans has a system to evaluate progress on willingness and improvements regarding social compliance for each production location, which is publicly shared in its production guide. Each supplier is evaluated by product group; all staff working with that product group are involved in the evaluation. CSR performance is equally important next to production criteria, looking specifically at the willingness of suppliers to improve on social compliance. In case a supplier falls behind in certain areas, a plan is established to improve. Buyers are included in communication with suppliers about social remediation so that suppliers know it is supported by buyer/production staff (and not CSR only).

Given that one product type is mostly made at each supplier the stock order fluctuates with changes in sales, which means it is difficult to reward with extra orders. Nudie Jeans rewards suppliers with stable orders (thanks to carry over styles) and continuing business relationships. It would rather split orders evenly to be fair to the factories than place a small order at one production location and a very important one somewhere else - for the same kind of product. The best suppliers have a good rate in the production guide, which is public, and thus represents a communication tool for factories.

In 2016 Nudie Jeans decided to stop with a printing supplier in Italy. After many and long discussions regarding several remediation points after the first audit, but little improvement, Nudie Jeans took the decision to terminate the cooperation, after reauditing the unit. Another relation was terminated with one factory due to its closing down (an audit was conducted just before and thus remediation on CAP hadn't even started).

Recommendation: As it is not always feasible to offer placing more volumes or carry-over items, Nudie Jeans could look into other incentives that reward a supplier's commitment towards the CoLP. An example would be to offer buyer- paid training for skill building/capacity development.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0

Comment: Since 2015, Nudie Jeans decreased the sales period, and placed orders earlier. This created more lead time for production, and in 2016, Nudie Jeans observed that their goods were ready earlier. The new production planning, with four collections a year, resulted in better forecasting of quantities. Estimated numbers are shared in advance and final orders are placed 4 months before delivery. Nudie Jeans received feedback from suppliers that this facilitates their production planning, though it is still too soon to see the actual impact on working hours in the factories. Also, knowing that the company leverage is quite small, the impact on mitigating overtime can only be limited.

Generally Nudie Jeans' order placement system includes several instruments to ease pressure on factories. Nudie Jeans blocks fabric and blocks orders to facilitate good planning with the suppliers. The member company never has late changes given that the design and styles do not change after sales samples are done. Nudie Jeans is aware of the production capacity of the factory and knows which production lines are used for their production and how much time it costs to complete their order. Denim production is all year round and stock orders are used to spread to low periods of the factory. Nearly 50% of the collection are carry-over styles for jeans, which means that orders are placed throughout the year.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	Advanced efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	6	6	0

Comment: In 2016, 3 out of 8 FWF audited factories in 2016 had overtime findings.

In high risk countries, where overtime is a more serious issue, Nudie Jeans analyses the cause of it and investigates whether a solution can be found in their orders' planning. In some cases Nudie Jeans pays an advance to release the fabric and start production when they anticipate that there will be a delay. For denim, Nudie Jeans staff permanently keeps track of production. The production capacity is known for each separate production line. If output is too high, it would raise a concern that would be directly addressed.

In rare cases of delays when the supplier cannot make the order on time, Nudie Jeans can postpone deadlines and complete its orders with other denim production. If fabric is late, production time is not squeezed. Mostly delays happen because the washing does not come out the way it is supposed to on denim products.

For big suppliers, discussions about overtime are more difficult as Nudie Jeans represents a very small part of production. However, the company does address the subject when starting a relationship with a new supplier and tries not to contribute to overtime in peak seasons.

Nudie Jeans also works on living wages as the company believes that paying decent salaries can also reduce overtime; because workers would not be willing to work overtime in order to make a living, if they were paid a living wage.

Recommendation: Nudie Jeans should try to investigate whether its "new" production planning with longer lead times had an effect in reducing overtime. FWF encourages Nudie Jeans to continue to reach out to other brands with bigger leverage in order to tackle the overtime issue.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	Country-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	2	4	0

Comment: Nudie Jeans' policy states their prices and efforts should allow for payment of living wages. On country level Nudie Jeans is aware of minimum wages and how this generally relates to their pricing policy. Although the cost break down includes sewing, cutting, washing costs, the exact share that goes to workers per style is not known for all the production locations. Nudie Jeans discussed this with their suppliers but most of them do not want to share this information.

At the factories part of its living wage pilot projects in India, Nudie Jeans has collected the detailed cost of labour. In Portugal, wages of workers are known.

Nudie Jeans' price strategy has a margin target but most importantly a retail price target. If needed the margin will be squeezed but the retail price will not be increased. Depending on garments' costs, the company can adjust its margins on different products to even-up the overall margin target.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	1	2	-2

Comment: An audit finding stated that a worker in the helper category was paid under minimum wage. This was remediated in the beginning of 2017 after Nudie Jeans received the audit report.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Supply chain approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	6	8	0

Comment: 65% of Nudie Jeans' production comes from factories in low risk countries where wages are negotiated through a collective bargaining agreement. Thus the issue of paying living wages applies mostly for 35% of Nudie Jeans' FOB produced in other countries, even though risks of low wages exist for migrant workers in low-risk countries.

In countries with higher risk, Nudie Jeans started to enroll factories in living wages projects already since 2013. In 2016, besides a running project at an Indian factory, another unit of that factory was added to the project as well as another production location in another area, making different products. The nature of the factories and wages in each region being very different, both approaches had to be fitted to each case. The factory where Nudie Jeans pays its share of living wages with other FWF members is still in a learning process (when to distribute so that the money is not spent only for festivals? how to make sure workers come back to work after getting the extra payment? etc). The recommendation of FWF to raise wages by amount and not percentage is thus difficult to implement for now. Nudie Jeans also flagged that its aim is to make the factory "owner of the project" so that more brands could join in the future. The NGO SAVE follows up the older project while a consultant hired by Nudie Jeans, for health and safety and social compliance, checked that the money actually went to the workers. That same supplier sends an updated living wage benchmark to Nudie Jeans each year.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

PURCHASING PRACTICES

Possible Points: 44

Earned Points: 34

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	33%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	63%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	Yes	
Total of own production under monitoring	96%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: In 2016, the monitoring program and activities were coordinated through the CSR manager, the CSR manager maternity cover and the Manager of the Product Development Department.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

Comment: Nudie Jeans shares audits reports, discusses CAP and improvements deadlines with its production locations.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	6	8	-2

Comment: In 2016, Nudie Jeans continued to address issues and improve working conditions at its Indian suppliers. Improvements have been made and are followed up by a local consultant. Nudie Jeans enrolled factories in diverse trainings by FWF and other organisations depending on specific needs; social rights, health and safety, skills enhancement. For instance at the spinning mill unit a training was conducted by a new partner which is a local NGO.

At one supplier, a new building will be constructed for the laundry unit during 2017, which will improve many of the findings regarding safe and healthy working condition.

Resolving CAPs can sometimes be challenging because of Nudie Jeans' low leverage but since the company has a very good reputation the factories are very happy to work with them and cooperate on improving.

Recommendation: Nudies Jeans is encouraged to continue reaching out to other suppliers' customers in order to have more weight when discussing improvement of social compliance.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	96%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: Production locations are often visited, including subcontractors and spinning mills. Discussing labour standards and monitoring working conditions is part of the visits which are made either by headquarters staff, local staff or consultants.

Nudie Jeans discussed the issue of short term contract at its Tunisian suppliers'. One of the production location in Tunisia is vertically integrated which diminishes the risk of subcontracting, and is of good standard according to the member.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	Advanced result on all relevant policies	Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	6	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Advanced			6	6	-2

Comment: Sandblasting is forbidden for suppliers of Nudie Jeans. This policy is included in the company's Code of Conduct that factories have to comply with. Manual work is used to create the "used look" of jeans. The local staff in Italy, who also checks Tunisian production units, is present on production sites and is thus able to check that there is no sandblasting machines. Nudie Jeans shared FWF guidance on the employment of Syrian refugees with its Turkish suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

Comment: Nudie Jeans cooperates with other clients that are using the same suppliers. During 2016 they have done so with several FWF members as well as other companies. Nudie Jeans shared their audits, updates on CAPs and encouraged other companies to join in their living wage efforts.

Nudie Jeans is also a member of the Italian Working Group and cooperates with a growing number of brands to share follow up on CAPs. The company shares audits reports in low risk countries with other FWF members too.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	0-49%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	0	2	0

Comment: Nudie Jeans organised audits (using the FWF audit methodology) in Portugal and Italy, covering about 30% FOB in low risk countries in 2016. The company worked continuously on remediation of CAPs at suppliers that had an audit in previous years and four factories in Portugal had trainings in 2014. In this regard, Nudie Jeans undertakes additional monitoring activities in low risk countries than required by FWF. However, Nudie Jeans couldn't show signed questionnaires and pictures of the Worker Information Sheet (WIS) for all low-risk countries factories as it is currently still collecting some. The company had the questionnaire translated in Italian in order to share it with suppliers and is currently collecting questionnaires for all production locations.

Four factories in Portugal had trainings in 2014.

For these reasons, FWF used its discretionary power to include all low risk production locations of Nudie Jeans in this performance check monitoring threshold, but expects full compliance for 2017.

Requirement: All 4 monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.	None	FWF encourages all of its members to audit/monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

MONITORING AND REMEDIATION

Possible Points: 26

Earned Points: 22

Additional comments on Monitoring and Remediation:

63% of FOB from low-risk countries located production locations were counted in the monitoring threshold - as those were visited in 2016 - even though an important number still needs to return the signed questionnaires and some the WIS.

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	7	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	4	
Number of worker complaints resolved since last check	3	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 System is in place to check that the Worker Information Sheet is posted in factories.	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	0

Comment: During visits, Nudies Jeans always checks whether the Code of Labour Practices is posted. Buyers send pictures to the CSR staff after each visit. However, some picture of the WIS in low risk production locations are still missing. A couple of factories refuse to put it up as they don't feel social labour standards are an issue in their region.

Nudie Jeans could show pictures of the WIS in locations that joined their supply chain in 2016.

Recommendation: Related to 2.9 requirement, Nudie Jeans should continue to collect missing pictures of the posted Worker Information Sheet in low-risk countries. It should also make sure that the most recent version of it has been shared with factories.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline.	69%	The FWF complaints procedure is a crucial element of verification. If production location based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	3	4	0

Comment: Two factories participated in WEP in 2016 and 69% of the workforce in FWF audited or trained factories are aware of the worker helpline.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes + Preventive steps taken	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	6	6	-2

Comment: When receiving a complaint Nudie Jeans immediately has an internal meeting to set a strategy as complaints are handled differently depending on the situation. In most cases Nudie Jeans informs their supplier directly that a complaint has been filed and try to give all details without disclosing sensitive details about the complainant. In some cases the supplier will then investigate the complaint further, in other cases, or as a second step, Nudie Jeans will visit the supplier directly. In certain cases the member company involves their local production team or a NGO that they collaborate with.

Nudie Jeans documented all received complaints in order to try to draw conclusions about common issues between them, finding root causes, and analyzing their own role as a buyer. However, the complaints are very different in nature and the company's leverage is often small. After audits Nudie Jeans always suggests suppliers to enroll in WEP, using audit results as a convincing instrument. In this way Nudie Jeans works towards prevention of further complaints and encourages better dialogue.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Active cooperation	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	2	2	0

Comment: Nudie Jeans usually takes the lead when discussing complaints at one of their Indian suppliers together with other FWF members.

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 14

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	-1

Comment: Nudie Jeans organises trainings on FWF membership for all global sales staff, which are included in Kick-off collections meetings. In store training for retail staff takes place at least once a year, to make sure salespeople can convey Nudie Jeans' values to the end consumers. Monthly Sustainability newsletters, with results of audits or suppliers visits updates, are sent to the whole organisation including shops. Sustainability is part of the core business of Nudie Jeans and thus all staff integrates the related requirements in their daily work.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

Comment: Nudie Jeans production staff have regular meetings with purchasing, product development and CSR staff to discuss status of improvement at supplier level. The maternity cover of Nudie Jeans CSR manager attended the FWF members' seminar.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes + actively support COLP	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	2	2	0

Comment: In Italy, Tunisia, Portugal and India, Nudie Jeans agents working for Quality Control and production planning actively support the implementation of FWF's Code of Labour Practices. These agents are responsible for explaining the questionnaire in local language and follow up after audits findings. The guidelines and Code of Labour Practices for Turkey have been discussed with the agent who was aware of FWF requirements as they work with another FWF member already.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	87%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	6	6	0

Comment: In 2016, Nudie Jeans enrolled two suppliers (from India and Turkey) in FWF Workplace Education Programme training. The company rolls out regular round of WEP trainings in order to make sure most workers are aware of their rights, because turnover rates are quite high in countries where FWF is active.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Production location participation in trainings (where WEP is not offered; by production volume)	All production is in WEP areas.	In areas where the Workplace Education Programme is not yet offered, member companies may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	N/A	4	0

TRAINING AND CAPACITY BUILDING

Possible Points: 11

Earned Points: 11

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Advanced	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	6	6	-2

Comment: A supplier transparency agreement is signed between the supplier and Nudie Jeans disclosing all factory information, number of workers and subcontractor information. In Italy Nudie Jeans audits subcontractors used for specific prints (jeans pocket prints) as well as fabric manufacturing. In Portugal and India there is a similar set up, and production agents keep track of any new suppliers or subcontractors. They are present daily at the production sites when the orders for Nudie Jeans are being made. Nudie Jeans is aware of the exact capacity of suppliers and their production lines, and therefore the local staff can check if all production for Nudie Jeans takes place at the specific locations. Chinese subcontractors in Italy are listed in the company's suppliers list.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1

Comment: Nudie Jeans implements coordinated efforts between the CSR manager and the manager of the Product Development Department. Production staff are informed about the outcome of audits continuously and are briefed by the CSR manager before visiting suppliers; they receive a list of questions to check on during the visit. Buyers and product managers also sometimes observe audits.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

Comment: Nudie Jeans communicates about FWF through the company website. Moreover, a booklet comes with every pair of Nudie Jeans with a section about FWF membership.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Production locations are disclosed to the public	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	2	2	0

Comment: Nudie Jeans publishes its production locations with information, including subcontractors and audit summaries, in their Production guide on their website. Most factories are satisfied about the fact that the information are public and they have to sign an agreement so Nudie Jeans can release their information.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report published on member's website	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: Nudie Jeans shared its Social Report in a timely manner with FWF and published it online.

TRANSPARENCY

Possible Points: 6

Earned Points: 6

7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

Comment: CSR priorities are set in cooperation with the production department and CSR manager. The CEO receives social compliance and FWF related updates every month. When writing the social report Nudie Jeans also evaluates FWF membership progress.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	No requirements were included in previous Check	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

On FWF Website, Nudie Jeans finds it unfair that all members' logos are not the same size.

Nudie Jeans finds the difference between a CLOSED or RESOLVED complaint unclear. And if it closed but not resolved; what are the steps to take for the brand?

Nudie Jeans would appreciate a better prioritization and clarity of audit CAPs points, and mentioned the need for a complaint handler speaking Chinese for subcontractors and Chinese workforce in Italy.

Nudie Jeans appreciates that FWF has tools when it comes to auditing and social compliance, and the fact that it is an independent organisation. FWF membership is helpful and gives insight of what other brands are doing.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	34	44
Monitoring and Remediation	22	26
Complaints Handling	14	15
Training and Capacity Building	11	11
Information Management	7	7
Transparency	6	6
Evaluation	2	2
Totals:	96	111

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

86

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

24-05-2017

Conducted by:

Florence Bacin, Annouk Post

Interviews with:

Sandya Lang CSR manager

Eliina Brinkberg CSR manager

Malte Ramberg, Financial manager

Melker Lindström, Communications

Jenny Henriksson, Buyer (non-denim products)

Joel Stenberg, Manager- product development department

Anton Melin, Sales manager

Joakim Levin, CEO