



BRAND PERFORMANCE CHECK

Acne Studios

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this report covers the evaluation period 01-09-2016 to 31-08-2017

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

Acne Studios

Evaluation Period: 01-09-2016 to 31-08-2017

MEMBER COMPANY INFORMATION	
Headquarters:	Stockholm, Sweden
Member since:	01-08-2008
Product types:	Fashion
Production in countries where FWF is active:	Bulgaria, China, Romania, Turkey, Tunisia
Production in other countries:	Albania, France, Italy, Korea, Republic of, Latvia, Lithuania, Morocco, Poland, Portugal
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	95%
Benchmarking score	82
Category	Leader

Summary:

Acne Studios has shown advanced results on performance indicators and has made exceptional progress. With 95% of production under monitoring, Acne Studios surpasses FWF's monitoring threshold for members after three years of membership. The benchmarking score of 82 puts the member company in the Leader category.

Because Italy takes up over a third of the brand's total FOB value, and there are risks regarding Chinese migrant labour and subcontracting, Acne Studios made extra effort in monitoring its Italian production locations. The member company started an Italy Working Group with other buyers and developed a joint roadmap to tackle the most critical issues. To ensure that its lead times enable normal working hours, Acne Studios has further improved its production planning. The member also gave intensive support to suppliers that have experienced excessive overtime, leading to reduced overtime at Chinese suppliers, where overtime is a structural issue. Acne Studios also made steps towards more transparency in the supply chain of its production in South Korea, where homeworkers are used. The member enrolled its main Chinese suppliers in the Workplace Education Programme, and organised a training for the homeworkers that its South Korean supplier used.

Working towards living wages remains challenging and FWF encourages Acne Studios to talk with some suppliers about possibilities to jointly work towards higher wage benchmarks for their workers.

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.	79%	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.	4	4	0

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.	53%	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.	0	4	0

Comment: Most of the smaller suppliers are based in Italy and Portugal. In Italy supply chains are very fragmented. Furthermore, the number of small production locations is relatively high because Acne Studios includes all subcontractors in the database and assigns them a realistic FOB. Additionally, the quality level of Acne Studios requires highly skilled labour that often only is available at specialized production locations.

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.	39%	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: Acne Studios has been sourcing 39% of its production volume from production locations where a business relationship existed for at least five years. Romania is steadily becoming an increasingly important production country for Acne Studios. Even though the member company has been sourcing for some years from Romania now, their supplier base is not as stable as in China yet.

Recommendation: FWF recommends Acne Studios to build long-term business relationships with their existing suppliers. A consolidated supplier base and long-term relationships will allow Acne Studios to support improvements.

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: The CSR department is immediately informed when a new supplier is selected, to ensure it is included in the monitoring system.

Parallel to product sampling, the supplier is informed about FWF membership and given a questionnaire, the FWF Code of Labour Practices, and a business contract. The questionnaire needs to be fully completed (including information on subcontractors) before continuing the selection process. One new Polish supplier did not want to fill in the questionnaire and was therefore informed that cooperation could not be continued.

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: Acne Studios started working with 10 new suppliers in 2017. Overall, Acne Studios has a written policy that describes the process of selecting new suppliers. This policy has been updated, and includes additional steps that need to be taken to fulfill due diligence for production locations in both low risk and high risk countries. Assessing working conditions and social compliance are an integral part of the procedure. When a new supplier is selected in a high risk country, the member company tries to organize a FWF audit or monitoring visit beforehand, or uses an existing audit report to assess the working conditions. Since this year the information sharing between production and CSR is more structured. Formal meetings between CSR and production are scheduled before orders need to be placed. Once the sourcing department has identified a potential new supplier, the CSR person is informed. The CSR department communicates with the factory and starts collecting information such as existing audit reports, other clients in the factory and subcontractor information. Either the CSR department or the production department visits the factory to get a better impression of the facilities and the working conditions, using the FWF health & safety checklist. CSR and production department work closely together to decide whether to start working with the factory. The Head of Production takes the final decision, with input from the CSR department. A FWF audit is scheduled as soon as possible.

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: Acne Studios evaluates suppliers' social compliance based on audit findings, complaints and feedback from production departments. This year the member company has started to rate all current productions locations in an evaluation. Criteria included are overtime, transparency, critical health and safety findings and legal minimum wage. This evaluation is used for internal assessment of suppliers on several criteria including CSR and as an internal guidance for sourcing and monitoring priorities. The evaluation is currently being piloted.

Acne Studios audits factories in Italy that have a higher risk profile on labour right violations. Two Italian shoe suppliers were not receptive to improve critical findings found during audits of their production facilities, even after several follow-up audits, discussions and guidance on how to make progress. That is why the member company decided to phase out production with these two suppliers. Acne Studios discontinued production with a Turkish supplier that did not show commitment to work on the CoLP or be transparent.

In the past, Acne Studios shortly suspended production at their Korean supplier. Once they could show that they took remediation on issues identified in the audits seriously, Acne Studios redirected their orders. They also offered a lot of support.

The member company finds it difficult to reward suppliers for good performance on CoLP because increasing orders depends on sales. Other incentives to reward good performance, such as buyer paid training, are already offered by Acne Studios to support the implementation of the CoLP.

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: Acne Studios books the production capacity of the supplier in an early stage. Business controllers and production managers together make a planning of product quantities based on capacity and fabric lead times, which enables pre-booking of production time slots 9-6 months in advance. Fabrics are pre-booked too, which prevents delays due to fabric deviation for example.

This year Acne Studios has analyzed their production planning for all their collections, and made planning more simple. Women and men's wear are now also combined in production. This means the factory now only has one contact person for Acne instead of two. Additionally, the collections are brought back to two for women and two for men's wear and can therefore be even more spread out through the year, leading to less peak periods.

A new planning system was created to plan even longer ahead, with statutory holidays in production countries and delivery time taken into account, material lead time anticipated and three delivery drops expected. These three delivery drops help spread production throughout the year. The production department decides in which months the different collections and styles should be in. The system calculates back when the final order for each style should be placed. This system is now used for all garment styles, and will be expanded to include footwear. The delivery window has been extended with an extra week.

When a delivery drop can only be made when fabric is secured, Acne buys the fabric beforehand, and takes the risk that not all fabric can be used for the total order. For fashionable fabric this option is used less, because leftover fabric would be more difficult to reuse. Therefore for these styles the third delivery drop will be anticipated.

For the Never Out of Stock items, Acne Studios plans production in low seasons of suppliers as much as possible. Currently, the company has 38% product continuity and plans to reach 50% in the next three years. In this way, Acne Studios is able to give more suppliers continuous orders, even on a monthly basis.

Recommendation: The member company is advised to evaluate the impact of the new planning system with their suppliers.

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: Two of the three audits in China showed significantly reduced overtime. At the Chinese supplier where Acne Studios has considerable leverage, and is a customer for more than 10 years, the member company helped the supplier with production planning, and Acne Studios started booking pre orders. Besides this support, the member company also suspects that the mindset of management towards overtime is changing. The factory also hired a new production planner.

To help their South Korean supplier remediate overtime, Acne Studios invested a lot of time to help them improve their production planning. This has led to reduced overtime hours. Acne Studios has also looked into the root causes of overtime at their Turkish supplier. To ease the pressure on this supplier, Acne Studios agreed to use an assigned -and already audited- subcontractor. This is constantly evaluated.

Recommendation: Overtime is a recurring issues in many high risk countries and therefore needs continued attention. It would be interesting to include a wage analysis when evaluating the Turkish supplier: Would workers do less voluntary overtime if the wages they receive were higher? How does their wage compare to wages to the average wage in the industry? For these kind of questions we recommend to include worker interviews in the evaluation.

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: Acne Studios aims to fix long term prices as much as possible and attempts to avoid negotiations per production season. In general, prices are set on the basis of past experience and sales forecasts. The CSR department tracks wage levels in production countries, compares wage levels in these countries and identifies where the difference between minimum wage and living wage is highest. This information is shared with production department and they take this into account during price negotiations. Based on the wage information and information that Acne Studios collects on other costs of production, Acne Studios evaluates price proposals from factories. If price proposals are low in comparison to other suppliers in the region and compared to other countries, this is considered a risk that labour standards might be violated. In these cases, buyers opt to work with a supplier who gives them a more reasonable cost estimate. The company also expects that over time their suppliers increase prices, to cover for wage hikes. Acne Studios does not know labour minutes per product. For the number of operations and level of skills needed for their orders, Acne Studios does not focus on minutes; as they do not want to squeeze on time.

Recommendation: FWF recommends Acne Studios to include even more differentiation of factory costs in their production planning system, such as electricity, overhead and factory margin. The member company should analyze what effect their pricing has on the wages, to ensure enough is paid to cover at least legal minimum wage and for making steps towards living wages.

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: At one Chinese supplier the audit team discovered that during low season some workers earned just below the legal minimum wage. The factory did not have a calculation system in place to compare workers' gross wage with their due hourly wage. Acne Studios was present during this audit and able to immediately follow up together with factory management on this issue.

The FWF audit supervisor leading the audit explained to the factory how they could calculate and compare the gross piece rate with the legal minimum wage and different overtime premiums. The factory management explained that because workers are rather scarce in the region of the factory, a large part of the wage would be paid out in cash. This was confirmed as very likely by the audit team. Acne Studios requested to the management that at least the legal minimum wage should be paid out in a formal way (reported to the government and tax authorities, included on wage slips etc).

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.	Production location level approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0

Comment: A thorough wage analysis of all wages at the Romanian suppliers was done. The company used FWF's wage ladders from audit reports. Several suppliers in Romania are paying wages higher than the industry average level.

Last year Acne Studios studied in which countries and at which suppliers the gap between the paid wage and living wage is largest. Acne Studios made an overview using the recent audit reports and wage ladder, looking at the wage of a sewing worker. Though it is difficult to make a comparison between the wage ladders that are not yet standardized for the different countries, the preliminary conclusion is that the gap is highest for the Turkish supplier.

Recommendation: FWF encourages the member company to leave the discussion about what a living wage would entail in certain countries aside, and start assessing the hypothetical cost effects of increasing wages towards benchmarks included in the wage ladder. To support companies in this process, FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models. Additionally, it is recommended to select a suitable supplier to start working on improving the wage situation together. When the Turkish supplier shows commitment to work on other urgent issues, they may be an interesting partner. The member company could look into possibilities how suppliers with relatively better wage conditions can share their lessons with suppliers where the gap between paid wage and living wage is larger.

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: 31

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	39%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	56%	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	95%	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

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: Acne Studios could demonstrate timely follow up via CAPs and in urgent cases suppliers were invited to headquarters. At nine factories worker representatives were present during the audit exit meeting; two in Turkey, five in Romania and one factory in Tunisia. The audited Romanian suppliers informed Acne Studios that the CAP was shared with the worker representatives.

Recommendation: During a next visit or audit Acne Studios could check with the worker representatives whether they have indeed received the audit report and CAP.

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.	Advanced	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.	8	8	-2

Comment: Acne Studios has focused on tackling the root cause of overtime, a recurring issue in different production countries.

Acne Studios has supported their suppliers intensively with their production planning. Besides this, Acne Studios also adapted their own production planning. The result is that the Chinese suppliers where Acne Studios has considerable leverage have considerably reduced excessive overtime over the past years.

At one of the suppliers in Romania it was found that some workers work two Saturdays a month and therefore do not reach the legal rest period. After communication with Acne Studios, the supplier is now working to change the working schedule in order to reach the 48-hour rest period.

In follow up of the audit results at one of their Turkish suppliers, Acne Studios has had intensive discussions with management to define root causes and possible solutions for excessive overtime. These discussions included improving the production planning of the supplier so it better factors in and plans for predictable causes of overtime. In addition, the member company looked at external factors that cannot be influenced by the supplier (i.e. delays in the shipment of raw materials). Since the orders of Acne Studios at the supplier have increased this year, the member company also decided to work with an assigned and audited subcontractor, to reduce the burden on the direct supplier.

Another structural issue that Acne Studios focused on was increasing transparency in their supply chains. Acne Studios has been working intensively over the past years to get a better insight in the unique production set-up of their supplier and its homeworkers network in South Korea. For the production of the orders of Acne Studios the supplier - counting for 5% of the total FOB value- the supplier uses homeworkers. The supplier gives production orders to a number of lead homeworkers that have a direct relationship with the supplier. These lead homeworkers each have their own network of secondary homeworkers among which they divide the production orders. The home workers are very independent because there is a high demand for their special skills and they can choose if they want to work and how much.

The main concern of Acne Studios is the lack of transparency in this supply chain, the contracts of homeworkers and the payments they receive. The close monitoring and the trainings that Acne organized are starting to pay off. Even though reaching full transparency on the home worker set-up remains a challenge, the member company received completed questionnaires from the lead home workers and received the names of half of the secondary home workers. Together with the factory management, Acne Studios set up a plan to increase the home worker transparency gradually each season. In this way Acne Studios has ensured that the supplier remains committed to transparency. Other outstanding CAP issues that were solved were health and safety issues and findings on attendance and payment records.

During the audit at one Turkish supplier, workers flagged that unionized workers were recently dismissed. One of the court cases was won by the supplier, another case is still pending. For other issues identified in the CAPs of audited suppliers, Acne Studios works to follow up continuously. In more urgent cases the member company invites the supplier to the headquarter to discuss remediation. When a longer time line is suggested for remediation, Acne Studios plans follow-up audits and monitoring visits in between to speed up the remediation process.

Recommendation: FWF recommends to facilitate peer to peer learning between suppliers by considering to organize supplier seminars. Suppliers that have made important steps to reduce overtime may inspire other suppliers in the same region where overtime is still systematic. Acne Studios is also recommended to evaluate the impact of the changes in production planning on working hours at the suppliers. Though it is difficult to raise the dismissal of unionized workers in Turkey when the factory has won a court case, the member company is encouraged to find ways to address freedom of association with its Turkish suppliers. At several Romanian suppliers audits show wage levels assigned to workers do not reflect the complex skills and tasks they are conducting. Acne Studios could consider supporting the remediation of this issue in cooperation with all suppliers jointly.

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.	91%	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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	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.	3	3	0

Comment: Existing audit reports were collected for a Bulgarian supplier and a new Chinese supplier. Acne Studios could show a quality assessment for the external audit reports, and follow up on the CAPs. Acne Studios has received more external audit reports, but because these were not complete or outdated, Acne Studios has not worked with them.

Additionally, Acne Studios also organized audits for their two suppliers in South Korea and Albania.

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: All jeans is produced in Italy, where sandblasting is prohibited by law. Acne Studios often visits their denim suppliers, and the member company organizes audits in Italy regularly. For their South Korean supplier that uses homeworkers, Acne Studios implements the home workers policy of FWF, see also indicator 2.4.

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: Acne Studios shares audit reports with other brands where possible and discusses shared challenges with them. To facilitate this for the Italian suppliers, the member company has set up an Italy Working Group together with some other brands. This collaborative multi-stakeholder working group aims to support brands in the creation of sustainable improvements in their Italian supply chains. This year the working group started by mapping their suppliers, sharing challenges and identifying the most critical issues and regions, and developing a common strategy and roadmap. Brands that share suppliers may decide to work together at those suppliers. Acne Studios shared an audited supplier with another member company and shared the audit report with them. However, Acne Studios decided not to continue with this supplier and therefore has not continued collaboration with the other buyer. There are no CAPs active for shared suppliers.

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.	Member undertakes additional activities to monitor suppliers	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.	2	2	0

Comment: By organizing audits for Italian suppliers Acne Studios goes a step further to ensure good working conditions in low-risk countries. Additionally, Acne Studios started an Italy Working Group , see previous indicator. In Lithuania, the agent of Acne Studios arranges external audits at some of the factories. So far, almost half of the Lithuanian suppliers are audited. Findings are mainly on health and safety and improvements are followed up and verified by the agent.

With their intensive monitoring in Italy and Lithuania, Acne Studios goes beyond the monitoring requirements for low risk countries.

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.	90%+	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.	3	3	0

Comment: Acne Studios has monitored 95% of their supply chain.

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: 32

Earned Points: 32

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	2	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	2	
Number of worker complaints resolved since last check	0	

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: Acne Studios' CSR department has stored email correspondence and pictures per factory as evidence of posting the Worker Information Sheet. When other employees from the production department are visiting a supplier they are instructed to check if the sheet is posted. This is also written down in the new sourcing policy document.

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.	39%	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.	2	4	0

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	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.	3	6	-2

Comment: The two complaints that were received addressed excessive overtime and legal minimum wage at one of the Turkish suppliers. During the audit that was already planned, no violations on legal minimum wage were found. The supplier was willing to share attendance records, and the audit team concluded excessive overtime. Acne Studios has responded by working together with the supplier to analyze the root causes of excessive overtime. They have supported the supplier to adapt their production planning accordingly. Acne Studios also adapted their own production planning to ensure their orders are not causing excessive overtime. Furthermore, they have agreed with the supplier to use an assigned and audited subcontractor to reduce workload for them. The impact of these changes need to be verified in a later stage.

Recommendation: Next year, Acne Studios should evaluate if the changes in production planning have indeed led to reduced overtime, and implement lessons learned for other (Turkish) suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary	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.	N/A	2	0

COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 8

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: A standard procedure is used for all new employees in the production department: an introduction meeting is organized, during which FWF membership requirements are outlined and explained. After each brand performance check, a general update is given to all departments, where results and next steps are shared. Management training for all heads of departments includes CSR content and mentions FWF membership.

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: After the annual brand performance check, CSR meets with the heads of all production teams to have a more in-depth discussion about the work plan. This meeting is held at least once per year. Before the work plan is written, input is gathered from production staff. Throughout the year, there are several informal meetings between CSR and departments.

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: Acne Studios works with several agents. In the low risk countries, agents help with gathering questionnaires, ensuring Worker Information Sheets are posted and collecting external audit reports. In Lithuania the agent organizes audits for suppliers and is actively following up the issues identified in the CAP. Agents in high risk countries are more involved in auditing; joining the audit and/or take part in the follow up. The agents are in close contact with Acne Studios for follow up of the audits.

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)	45%	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.	4	6	0

Comment: Trainings were organized at three Chinese suppliers of Acne Studios.

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)	74%	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.	4	4	0

Comment: In South Korea Acne Studios organised a workshop for ten lead homeworkers in December 2016, aimed at getting the questionnaires for homeworkers filled in. In July 2016, a training was given to homeworkers about labour standards in general. This supplier covers 74 % of the total production volume in high risk countries where WEP is not offered.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 13

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: No evidence of missing information on first-tier locations was found.

In the previous years, Acne Studios largely focused on mapping production locations, with a specific aim to reveal unauthorised subcontractors. For the last financial year, there was no evidence of missing subcontractor locations.

Acne Studios has put quite some effort in identifying and including subcontractors in their monitoring system. The main reason for the high numbers of suppliers in Italy, is that the Italian garment industry is fragmented and often exists of many small production facilities that each execute one step in the production process, instead of big vertically integrated factories that do everything in-house.

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: CSR department copies all communication towards suppliers to the production managers, asking for feedback and input. Documents are accessible for all relevant staff, but usually the CSR department shares information via emails. To formalize the information sharing between the CSR and production team, since this year Acne Studios has implemented a schedule of regular meetings between the CSR and production department. Before order placement, the CSR team plans an update meeting with each head of department and with the product managers of each product group, to be updated on the sourcing plans and monitoring results per supplier. Throughout the season, the CSR team is kept up-to-date on possible changes in the supplier base or future plans.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Published Performance Checks, Audits, and other efforts lead to increased transparency	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.	1	2	0

Comment: Last year's Brand Performance Check is published on Acne Studios' website.

Recommendation: FWF recommends the member to publish audit reports and supplier information. Good reporting by members helps to ensure the transparency of the member and FWF's work.

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

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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: The company's CEO is involved in approving the annual social report. The Collection/Production Director informs the Board of Directors on FWF related activities once a year.

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

FWF is recommended to further improve the process of audit reporting; audit reports should be shared faster with the member company to ensure better follow up with suppliers. Acne Studios also suggests that wage ladders should be standardized for easier comparison, including standardized calculation behind the benchmarks for living wage. Additionally, Acne Studios requests to receive a yearly minimum wage update for all production countries.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	31	44
Monitoring and Remediation	32	32
Complaints Handling	8	13
Training and Capacity Building	13	15
Information Management	7	7
Transparency	5	6
Evaluation	2	2
Totals:	98	119

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

82

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

08-12-2017

Conducted by:

Niki Janssen

Interviews with:

Emma Häggström - CSR Manager

Maike Kokke - CSR Coordinator

Saar Debrouwere - Production/Design Director

Sara Wallin - Production Controller