



*Nice Corporation, Denim Garment Sewing Factory in Kojima, Okayama, Japan*

## **Garment Sewing Factory Becomes B Corp™ Certified**

**Nice Corporation is now a member of a global community of businesses that meets high social and environmental impact standards.**



Nice Corporation (based in Kojima, Okayama, Japan) is a garment sewing factory that has worked with ready-to-wear to high-end brands from across the globe, creating everything from state-of-the-art denim pieces to casual, daily wear items. Based in Kojima, Okayama, known globally as a hub for denim manufacturing, Nice Corporation has been in the denim-manufacturing business for 34 years.

On April 5th, 2023, we became the 20th Japanese company and the first factory in the sewing industry to be Corporation certified (hereafter referred to as B Corp™), a global certification standard run by the Pennsylvania-based non-profit organization B Lab™.

B Corp™ is a global community for companies that meet the high standards set by B Lab™, including accountability, transparency, and environmental and social sustainability. These businesses strive to be "better businesses" for society. B Lab™ is neither an award nor a status, but the beginning of a journey towards long-term business improvement and social commitment in the international business scene.

Nice Corporation hopes to pave a new path in the garment sewing industry with a visionary approach that looks 30 years into the future. Since around 2020, the company has been using B Corp™ certification as a benchmark to drive improvements in its business, focusing on finding value in the sewing industry itself and passing on its appeal and technology to the next generation.

The company has undertaken a comprehensive review of its operations, examining employee working conditions, education, building facilities, and policies for contributing to the local community to identify opportunities for improvement. By reassessing our practices from every angle, they have identified challenges both within their company and the industry as a whole.

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In addition, the company has taken a proactive approach to environmental considerations, such as promoting the use of recycled fabrics made from daily fabric scraps and utilizing remaining fabrics for its brand, *NC PRODUCTS*, promoting the use of organic fabrics and calculating the CO2 emissions per product.

As a result of these efforts, the company has achieved a BIA (B Impact Assessment) score of 95.3 points, surpassing the B Corp™ certification borderline of 80 points.

This certification is just the beginning of a long journey for Nice Corporation. With the aim of recertification in three years, the company is committed to continually improving its operations and making a positive impact on society and the environment.

## What is B Corp™?

B Corp™ is an international certification standard operated by the US-based nonprofit organization B Lab™. Companies that engage in socially beneficial activities are certified by meeting over 200 rigorous standards set by B Lab™ under the B Impact Assessment. B Corp™ evaluates the entire company rather than solely focusing on individual products or specific social or environmental issues. This encourages companies to be transparent about their accountability not only to their shareholders but also to all stakeholders involved with the company. The certification process and the ongoing journey to maintain the certification are strict and require the participation of all departments, from the business unit to the management department, to focus on continuous business improvement. To be a B Corp™ certified company is to offer inclusive and fair treatment to people and represent a model for a global movement that aims to create a circular economy. More than 6,300 companies in over 159 industries and 89 countries worldwide have been certified as B Corp™. Other certified companies include Patagonia (US), Danone (France), The Guardian (UK), Ben & Jerry's (US), Allbirds (US), and Burton (US), among others.

<https://www.bcorporation.net>



## Company Profile

Kojima, Kurashiki City, Okayama Prefecture, is the birthplace of domestically produced jeans. Located along the Seto Inland Sea with a close view of the Seto Ohashi Bridge, this area has been long known for its cotton production. However, as Japan entered the modern era, Kojima shifted its emphasis to school uniform manufacturing. And now, in reflection of the changing times, denim production has flourished as a centerpiece of the local industry. By incorporating traditional techniques such as indigo dyeing and *kasuri* in tandem with processes like distressing and vintage treatments, Kojima's unique and high-quality jeans showcase Japan's distinctive craftsmanship and, with time, began attracting attention from around the world.

With its in-house sewing factory at the core, Nice Corporation works as a team with specialized, professional factories to achieve a community-based, one-stop production site for all things denim making, from planning and manufacturing to finishing and shipping. Nice Corporation works with a wide range of brands, including high-end brands, luxury, casual wear, and workwear.

We aim to pass on the skills and techniques we have cultivated to the next generation. We strive to create an internationally diverse company and contribute to the prosperity of Kojima. This is the future we envision.



### Company Info

Company Name: Nice Corporation

President: Ikuma Izutsu

Date of Establishment: November 1990 (Founded around 1965)

Number of Employees: 31 (including part-time) \*As of April 2023

Capital: 10 million yen

Business Activities: Garment manufacturing, Monthly production: Approximately 8,000 items

Website: <https://www.nicecorporation.jp/>

### <General Contact>

Nice Corporation email: [info@nicecorporation.jp](mailto:info@nicecorporation.jp)

<Press Contact> Please contact the PR team for interview inquiries.

PR: Masumi Yamamoto

E-mail: [masumi.y.pr@gmail.com](mailto:masumi.y.pr@gmail.com)

Mobile: 090-4062-6361

Press Kit: <https://drive.google.com/drive/folders/1LCFapugMDFQ9VIsal3shHsMP2Iq1kvd?usp=sharing>



## Appendix

**Below is an interview with President Ikuma Izutsu, conducted in September 2022 during the early stages of our B Corp™ certification process. In the interview, Izutsu provides insights into what went on behind the scenes of the certification and his thoughts on the future of the business.**

## **Through the B Corp™, our company aims to become the global standard in the garment sewing industry.**

The international certification system, "B Corporation," is issued by the nonprofit organization "B-Lab" in Pennsylvania, USA. The "B" in B Corporation comes from the word "Benefit"; in Japan, the certification is known by its abbreviation, "B Corp."

The certification focuses on the entire operation of a company, meaning that in order to be approved, a company must meet a vast range of standards, including fulfillment of corporate responsibilities, transparency, and conducting business with consideration for the environment and society. In this interview, we sit down with company director Ikuma Izutsu to explore Nice Corporation's future and what it takes to work towards a B Corp certification.

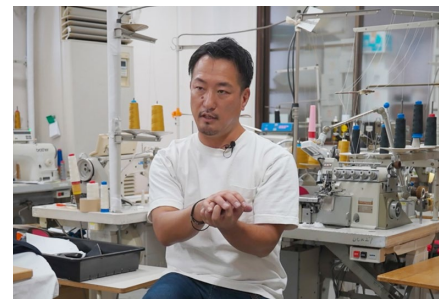
**Tell us about the process of obtaining a B Corp™ certification.**

During the NC PRODUCTS project launch, I was introduced to B Corp™ by Shuzo Okabe, the Creative Director at upsetters inc. As we were planning the project, we began reevaluating our company itself. I noticed that the principles advocated by B Corp™ were closely aligned with the company's values and the project's core. The values presented by B Corp™ are universal, and I felt they were necessary for operating a manufacturing company like ours. Recently, there has been a movement among domestic fashion manufacturers and brands to be certified B Corp™. However, these companies tend to focus on planning and sales and are not involved in manufacturing like us.

Traditionally, factories in the fashion industry have been associated with low-profit margins, strenuous labor, and low wages, creating a negative image. Since factories have such a strong negative image, our business becoming a certified B Corp™ holds significance, as it sheds light on our industry's challenges and sets a positive precedent for other businesses. What resonated with me was B Corp's holistic approach. They look at everything, from the company and individual employees to social relationships, communities, and the natural environment.

The outdoor brand "Patagonia" was the first to be B Corp™ certified in 2012. It already had a highly environmentally conscious brand reputation, which didn't change after the certification. Another American shoe brand, "Allbirds," known for using natural and recycled materials, also is B Corp™ certified. They measure and work towards reducing their carbon footprint (greenhouse gas emissions) in all processes, including material sourcing, design, manufacturing, management, and disposal. So what are the benefits for Nice Corporation in being B Corp™ certified?

As an international certification, one of the significant benefits of B Corp™ certification is the ability to communicate our vision to a global market without being stifled by a language barrier. It is also appealing that small local companies like ours can communicate on an equal footing with international companies. Additionally, there is an online community of companies that are certified by B Corp™. Through this platform, we can engage in dialogue



**Ikuma Izutsu, born in 1979, is the President of Nice Corporation.**

After graduating from high school, he studied abroad in Vancouver, Canada, where he gained experience working in local vintage shops and other establishments. He returned to Japan in 2003. Since joining Nice Corporation, he has been involved in various roles over the past 20 years. In 2021, he assumed the position of President and now travels around the world, spreading the potential of the factory.



The main factory is located near the Seto-Hashi Bridge. Cotton cultivation has long flourished in this area.

## Appendix

with companies interested in our materials and technologies. Although many businesses are working to reduce their negative environmental impact, it can be difficult to visualize such initiatives. Being a certified B Corp™ brings "clarity" to our initiatives and helps people understand that we are a socially conscious company. Unexpectedly, our young employees have appreciated our B Corp™ journey. Particularly, new employees joining next spring have stated that our commitment to certification played a decisive role in their decision to join our company.

### What significance does being certified B Corp™ bring to the company's way of operating, especially in its use of recycled materials?

Companies are legally bound to prioritize the interests of shareholders and seek profit distribution. However, I interpret B Corp™ as an initiative that focuses not only on shareholders but also on the community where our company is located, its employees, and the individuals who support its sustainability. Furthermore, we are entering an era where companies are being questioned about the direction of their business. Since B Corp™ certification does not directly lead to increased stock prices, it may not always receive favorable coverage in Japanese media. However, this is why it can be a tool in designing a new form of capitalism. The certification holds significance when embraced by small, regional non-listed companies like ours. There is a growing interest from businesses overseas in companies that prioritize contributing to social and environmental aspects over their profits. Ultimately, being a B Corp™ enhances the company's sustainability and maintains stable management. The commitment to our original brand, *NC PRODUCTS*, drives the company's growth and leads to the continuation of an environment where we can pursue the kind of manufacturing that we believe is good. I think this is a legitimate path toward our success in the future.

To be certified B Corp™, companies must undergo an evaluation process that involves answering over 200 questions across five categories, on top of creating and reviewing related internal policies. Even after certification, recertification is required every three years, which involves updating assessments, submitting reports on company initiatives, and making them publicly available. So how was the evaluation process conducted?

The examination included topics that could've been interpreted in many ways, so we discussed and debated the evaluation standards as we worked towards submission. In the process, we had the unique opportunity to explore our company's values and principles. B Corp™ certification has not yet gained significant traction in Japan, and it often tends to be discussed within the contexts of SDGs or financial perspectives, emphasizing the responsibility to fulfill specific obligations. However, we were drawn to the cultural aspect of evaluating our way of operating. On the other hand, we noticed that some of the evaluation standards of B Corp™ certification might not align well with our society. Therefore, we found learning about international perspectives and values quite interesting. It's not necessarily about adopting a purely Western or Japanese approach but rather about gaining a perspective to reflect on our company's values and principles.



The entrance of the Okayama Head Office



The Basic Pants from *NC PRODUCTS*. Cutting scraps generated by Nice Corporation's manufacturing activity are used for the fabric. Patterns and sewing are done by fully utilizing the company's know-how and play an essential part in improving the skills of its employees.



Cushions and rugs made of a patchwork utilizing remaining fabrics. The sewing process does not cause any misalignment at the corners, an example of the brand's high level of technical skill.

**Appendix**

Creating internal policies under B Corp™ requirements involved several steps—what did that look like for you?

It was a lot of organizing and streamlining what we already had. To ensure consistency, we worked with labor consultants, tax accountants, and administrative scribes to reassess labor standards, social insurance, and other aspects. Ultimately, the content of our policies mainly stayed the same, but this process gave us confidence that our previous schemes were sound.

On the other hand, we made explicit the environmental criteria, such as reduction of greenhouse gas emissions and water resource usage, which were previously understood more intuitively. We also added specificity to the harassment section, which formerly only prohibited three types of harassment: power harassment, harassment related to pregnancy and childbirth, and sexual harassment. We delved deeper into the regulations, addressing how we would protect our employees' physical and mental health and what measures would be taken to safeguard employees in cases where their well-being was compromised.

By documenting the process for situation analysis in the event of a work-related accident, efforts for improvement, and measures to prevent future accidents, we made it easier for employees to understand our approach. While policy development often tends to be top-down, involving employees' input during refining the policies is crucial to ensure they align with our needs. B Corp™ certification fostered mutual understanding with employees and contributed to environmental improvements within our company.

**What specific requirements need to be met to be certified B Corp™?**

B-Lab, the organization behind B Corp™, requires companies to conduct an employee satisfaction survey at least once every six months. The survey includes questions about whether employees can expect skill development through their work and if they perceive our company as having prospects. It also incorporates elements of Western values, which posed challenges for us to adapt them to our context. For example, one of the BIA standards pertains to paying a living wage. This term refers to a wage that allows for a culturally adequate standard of living, not just the minimum wage mandated by law. Understanding this concept within the Japanese employment culture can be tricky since no benchmark exists.

To address this, we are working on establishing a system where overtime pay will be provided even if employees achieve their target production volume within regular working hours. As a company, our goal is to create a work environment without overtime. However, eliminating overtime could be perceived as a negative management-driven decision for employees considering overtime as part of their salary. To achieve an efficient way of working and enhance employee well-being, we aim to implement a bonus system that rewards employees for their efforts and redistributes the value they create. As the management team, we are also required to have regular meetings with B-Lab.



Making use of remaining fabrics is an inevitable part of the manufacturing process, but we breathe new life into these fabrics by using them for our *NC PRODUCTS* line.



Through daily operations, employees have the chance to gain specialized technical knowledge.



The pursuit of B Corp™ certification has led to the growth of employees from younger generations, including Generation Z.



Waste, including textile waste, is measured daily based on detailed waste reduction goals. The photo shows cutting scraps regenerated into the recycled fabric for our brand.

## Appendix

### Were there any physical changes or evaluations required for company facilities?

There was little need to reassess our facilities and manufacturing lines to be certified B Corp™. However, taking action for a better environment was necessary, and we have currently transitioned our factory's electricity to 100% renewable energy. We utilized services from venture companies that support the visualization of carbon dioxide emissions and provide specific reduction methods. We quantified and tracked metrics such as electricity consumption, carbon dioxide emissions, and waste volume, including scraps, and worked on reducing them. The certification process provided us with objective indicators, making it easier to envision areas for improvement. It served as a starting point for identifying issues and brainstorming improvement strategies; having a mechanism to share and disseminate them with our employees helps us immensely. Since the contents of the certification align with our goals, it allows everyone to move forward together.



Thorough wastewater treatment is conducted at Nissen Factory Co. Ltd, an affiliated processing factory, where additional processes are carried out after sewing. Therefore, we not only focus on our facilities but also work as a team with affiliated factories to deepen mutual understanding through various activities.

### What does the future look like for Nice Corporation?

Our company's goal is not to be B Corp™ certified but to create a company where employees do not leave. The main reasons for employees' resignation are usually dissatisfaction with something. It is not just limited to salary and benefits but also includes overall comfort in the workplace. Our company has had very few resignations in the past few years, and our employees come from a wide range of generations, from young to experienced. In our industry, it is not uncommon for people to quit due to getting tired of their work. Therefore, while aiming for stimulating goals and a sense of achievement, ensuring these achievements are reflected in employee wages is essential. To achieve this, communication with employees will become even more critical. We will provide regular updates on the progress of the certification process, along with explanations of our performance.

Interview Text: Yoshinao Yamada

Photography: Yutaka Kitamura (Rudesign / GO motion)

This interview is available on the COLUMN section of the *NC PRODUCTS* website

<https://ncproducts.jp/blogs/column/b-corp>