

I. ABOUT THIS REPORT 2005 FLA Annual Public Report

What does this report contain?

This is the third Annual Public Report published by the Fair Labor Association (FLA). The Fair Labor Association is a multi-stakeholder initiative that promotes international labor standards and provides an unprecedented level of detailed reporting on companies' efforts to improve workplaces. This report provides an objective analysis of the activities of FLA participating companies' and collegiate licensees' compliance programs performed in 2004. It discusses the implications for global labor standards in the expiration of the MFA, the international agreement that ended quotas for textile and apparel trade.

The report also provides the public with an impartial, in-depth view into what 28 diverse companies have done in the past year to improve the working conditions in the factories around the world where they produce goods ranging from apparel and footwear, to class rings and imprinted logoed checks. The 2005 Public Report complements the FLA Tracking Charts, which are detailed reports from FLA monitoring visits to FLA company supplier factories. Together, these macro- and micro-level views of companies' labor compliance activities represent the most comprehensive body of independent reporting published to date on companies' efforts to promote adherence to international labor standards. By perusing a company's factory monitoring reports and reading about its labor compliance program, a concerned consumer or shareholder can gain valuable perspective into a company's approach to improving factory conditions.

This report includes:

- A feature report on China and the impact of the MFA phase-out on labor rights: the FLA's approach to it, and the challenges it poses
- Updated progress reports on companies' labor compliance programs
 - 15 Participating Companies
 - 13 Category B University Licensees
- Accreditation reports of six company labor compliance programs
- An overview of the FLA's findings from its independent external monitoring (IEM) visits to companies' supplier factories around the world
- Case studies of third party complaints submitted to the FLA during 2004–2005
- Highlights of the FLA Special Projects

While the FLA must continue to make improvements in public reporting, the association is confident that its efforts to push the boundaries in its field will ultimately contribute to more rigorous systems for corporate accountability and improved conditions for workers around the world. We look forward to continued exploration of ways to improve workplace conditions and communicate companies' activities to the public.

Who should use this report?

Consumers and shareholders who seek to make educated buying decisions

This report can be useful for consumers interested in learning more about companies that are committed to international labor standards. After a review of a particular company's section, a consumer or shareholder will have additional information about the products he/she is buying or wearing in order to make a better informed choice.

Other companies seeking to learn from good practices in labor compliance

By providing examples of good practice, the FLA aims to raise the bar for company compliance with labor standards internationally. Companies within the FLA adopt different approaches to challenging situations, and the Public Report offers other companies the opportunity to benefit from some of these experiences.

Researchers and others seeking reliable information

The FLA strives to provide credible, independently-verified information about company labor compliance activities. This report offers a broad view of companies' activities by bringing together information collected through factory monitoring visits, audits at participating company headquarters, company self-reporting, and analysis of third party complaints.

What should I keep in mind when reading this report?

Different companies have different needs and resources

The FLA does not believe that there is any single approach to addressing problems in factories internationally. The size of a company, where it does business, the complexity of its supply chain, and other factors influence the approach a company takes to ensuring compliance with international labor standards. For this reason, direct comparisons or the application of a single labor compliance model may not necessarily prove helpful in designing or evaluating a company's compliance program.

Systems lead to sustainable compliance

Over time we have learned that it is only once we address the root causes of noncompliance that sustainable solutions can be found. Therefore, we have moved to a reporting approach that has a greater focus on companies' progress in systematically addressing serious or persistent noncompliance issues.

The issues addressed here are global and pervasive

The global challenges facing workers and their advocates are overwhelming. The FLA is working to address these challenges using a model of cooperation, monitoring, remediation, and public reporting. We look forward to continued experimentation and shared learning with the diverse group of people working to improve the lives of workers around the world.