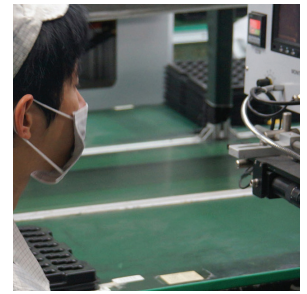




FAIR LABOR
ASSOCIATION®



Suppliers and brands that own production facilities commit to the following ten Principles of Fair Labor & Responsible Production¹, and agree to uphold the FLA Workplace Code of Conduct, when they join the FLA. Below, each of the ten principles is accompanied by numbered benchmarks that explain key activities associated with successfully applying that principle. Each benchmark is then followed by specific examples of select key performance indicators (KPIs) that can demonstrate to companies and to the FLA that a principle is being applied.

PRINCIPLES OF FAIR LABOR & RESPONSIBLE PRODUCTION

1. **WORKPLACE STANDARDS:**² Company Affiliate establishes and commits to clear standards.

1.1 **Company Affiliate establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.**

- a) Affiliate has written workplace standards
- b) Workplace standards meet the FLA Workplace Code of Conduct

1.2 **Company Affiliate leadership formally commits to uphold workplace standards and to integrate them into company business practices.**

- a) Demonstrated commitment from CEO/owner to upholding and integrating workplace standards

2. **RESPONSIBILITY AND HEAD OFFICE TRAINING:** Company Affiliate identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office staff.

2.1 **Company Affiliate identifies the person(s) responsible for administering and implementing its workplace standards compliance program.**

- a) Organizational chart designating title, name and contact information of responsible individual(s)
- b) Job description(s) or other equivalent to demonstrate relevant responsibilities

1. For brands and licensees that join the FLA, the FLA's Principles of Fair Labor & Responsible Sourcing apply: <http://www.fairlabor.org/labor-standards>

2. A company's "workplace standards" establish its core values and expectations related to working conditions. FLA business affiliates must adopt workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct. The FLA Workplace Code of Conduct defines labor standards that aim to achieve decent working conditions, and are based on International Labor Organization standards and internationally accepted good labor practices.

2.2 Company Affiliate trains the person(s)/team(s) responsible for administering and implementing its workplace standards compliance program.

- a) Appropriate training or other professional development to qualify the staff person(s)
- b) Training content includes:
 - Collective bargaining,
 - Union engagement.
 - Effective worker-management communication channels
- c) Training feedback or behavioral changes that demonstrate participant knowledge gained

2.3 Company Affiliate ensures that training is provided to all head office staff on the company’s commitment to workplace standards and the integration of standards into business practices. Training occurs at onboarding and refresher training is conducted annually.

- a) Percentage of head office staff that received training
- b) Training feedback or behavioral changes that demonstrate participant knowledge gained
- c) Evidence of annual refresher training

3. PRODUCTION STAFF TRAINING: Company Affiliate trains all management staff and employees at owned production sites on workplace standards and tracks effectiveness of training.

3.1 Company Affiliate ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.

- a) Percentage of workers, managers and supervisors provided access to written workplace standards in relevant languages

3.2 Company Affiliate (a) ensures that workers, managers and supervisors are trained on workplace standards at regular intervals to take account of labor turnover and (b) informs managers of the potential of FLA assessments and the Company’s expectation to remediate.

- a) Percentage of staff that has received training
- b) Frequency of refresher training
- c) Example of communication to managers regarding FLA assessments and remediation activities

3.3 Company Affiliate measures the effectiveness of training for workers, managers and supervisors.

- a) Training feedback or behavioral changes that demonstrate participant knowledge gained
- b) Management facilitates periodic assessments, including those organized by the FLA, and actively contributes to remediation activities
- c) Company Affiliate includes indicators on working conditions in overall performance of owned production sites

4. FUNCTIONING GRIEVANCE MECHANISMS: Company Affiliate ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.

4.1 Company Affiliate ensures there are functioning grievance mechanisms at owned production sites.

- a) Policy or procedure on grievance mechanisms
- b) Managers and supervisors are trained on the following components of a functioning grievance mechanism:
 - Impartial and neutral,
 - Trustworthy,
 - Fair,
 - Transparent,
 - Consistent,
 - Lacking penalty,
 - Confidential,
 - Simple and user-friendly,
 - Fast and able to solve problems, and
 - Minimal expense
- c) Demonstrate managers' capacity or that of other relevant staff to manage grievance mechanisms
- d) Affiliate tracks the number, types, and timing and resolution of grievances

4.2 Where local mechanisms are not functioning, Company Affiliate provides alternative channels for workers to contact the company head office directly and confidentially.

- a) Evidence that alternative grievance channels have been provided by the head office, if applicable

4.3 Company Affiliate ensures training and communication is provided to all workers about the grievance mechanisms.

- a) Percentage of workers trained
- b) Training feedback or behavioral changes that demonstrate participant knowledge gained
- c) Evidence of annual refresher training

4.4 Company Affiliate ensures that grievance mechanisms lack penalty and have at least one confidential reporting channel.

- a) Evaluative evidence of at least one confidential reporting channel exists
- b) Managers, supervisors and workers are informed and trained that grievance mechanisms are confidential and lacking penalty to those who use them
- c) Resolution of any incidences reported of confidentiality breach or penalty against workers using the grievance mechanisms

5. MONITORING: Company Affiliate conducts workplace standards compliance monitoring.

5.1 Company Affiliate conducts annual assessments of compliance with workplace standards at every owned production site.

- a) Demonstrate implementation of an annual plan to assess all owned production sites
- b) Demonstrate a risk analysis approach in prioritizing assessments

5.2 Company Affiliate ensures that its monitoring program includes, but is not limited to:

- Worker interviews,
 - Consultation with unions or worker representative structures (where applicable),
 - Management interviews,
 - Documentation review,
 - Visual inspection, and
 - Occupational safety and health review.
- a) Monitoring documentation that includes all appropriate elements

5.3 Company Affiliate ensures that, where relevant, monitoring is consistent with applicable terms in collective bargaining agreements.

- a) Verification by affiliate of terms and conditions related to workplace standards in owned production sites with collective bargaining agreements

5.4 Company Affiliate conducts pre-production assessment of new owned production sites to review compliance with workplace standards.

- a) Demonstrate pre-production assessments for owned production sites

6. COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION: Company Affiliate collects, manages and analyzes workplace standards compliance information.

6.1 Company Affiliate maintains a complete and accurate list of owned production sites and collects and manages compliance and workplace information.

- a) A complete and accurate list of owned production sites including:
- Address and contact information,
 - Historic audit data,
 - Possible root causes of noncompliance,
 - Previous labor disputes,
 - Incidents,
 - Accidents, and
 - Presence of unions or worker representative structures

6.2 Company Affiliate analyzes trends in noncompliance findings.

- a) Documentation of analysis of trends
- b) Documentation that identifies and tracks repeating forms of noncompliance as well as those that most negatively impact workers

7. TIMELY AND PREVENTATIVE REMEDIATION: Company Affiliate remediates in a timely and preventative manner.

7.1 Company Affiliate provides regular follow-up and oversight to implement corrective action following assessments.

- a) Demonstrated process for following up on remediation
- b) Evidence of consultation with unions or worker representative structures on remediation, as appropriate

7.2 Company Affiliate shall conduct root cause analysis and take action to prevent future noncompliance in owned production sites.

- a) Demonstrated process of root cause analysis
- b) Evidence of actions to prevent future noncompliance

7.3 Company Affiliate records and tracks the progress and effectiveness of remediation for internal assessments.

- a) Evidence that remediation progress is tracked to completion
- b) Demonstrated process to determine effectiveness of remediation plans

8. RESPONSIBLE PRODUCTION PRACTICES: Company Affiliate aligns sales and planning practices with commitment to workplace standards.

8.1 Company Affiliate has formal, written policies and procedures for production planning that

- 1) articulate the many complexities involved in their global supply chains, including different customer (buyer) business models and
- 2) require relevant internal representatives to work with customers (buyers) to reduce negative impacts on working conditions.

These policies and procedures shall address the alignment of sales with capacity, based on working hours as defined by the FLA Workplace Code of Conduct.

- a) Policies and procedures that address:
 - Element 1 and 2,
 - Sales,
 - Capacity, and
 - Working hours
- b) Frequency of review by senior management to assess impacts of planning and selling on compliance

8.2 All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their sales and planning practices on working conditions in order to mitigate negative impacts on code compliance.

- a) Percentage of relevant business staff, compliance staff and any agent/intermediary trained
- b) Training feedback or behavioral changes that demonstrate participant knowledge gained
- c) Frequency of refresher training
- d) Systems for periodic evaluation of training

8.3 Company Affiliate holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning and sales practices that help avoid negative impacts on workers and working conditions.

- a) Job descriptions and/or annual performance reviews of relevant staff include accountability for carrying out responsible planning and sales practices
- b) Company has an integrated internal strategy that drives awareness for responsible planning and sales practices at all levels of the company
- c) Company tracks and analyzes suggestions/ideas to avoid negative impacts on the workplace
- d) Number of suggestions that are implemented

8.4 Company Affiliate staff responsible for sales and planning engage with their labor compliance colleagues, any contracted agent/intermediary and customers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards.

- a) Documented process to facilitate dialogue among key departments, with any contracted agent/intermediary, as well as between supplier and buyer (each represented by staff from all key departments) to analyze and review impact
- b) Frequency of relevant dialogues
- c) Evidence that supplier contributes constructive feedback
- d) Evidence of continuous measured improvements through open dialogue

8.5 Company Affiliate provides positive incentives for suppliers and/or facilities producing in a socially responsible and sustainable manner.

- a) Documented system to evaluate suppliers and/or facilities
- b) Availability of positive incentives
- c) Percentage of suppliers and/or facilities receiving incentives

9. CONSULTATION WITH CIVIL SOCIETY: Company Affiliate identifies, researches and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.

9.1 Company Affiliate develops a civil society organization (CSO) outreach strategy that reflects the geographical distribution of production.

- a) A strategic plan for local CSO outreach and engagement that takes into account high risk and production volume
- b) Documented mapping of CSOs that considers criteria and relevancy

9.2 Company Affiliate develops and maintains links to relevant CSOs to gain understanding of local labor issues.

- a) Evidence of efforts to engage with CSOs in all production countries

9.3 Company Affiliate strategizes with CSOs and knowledgeable local sources in the design and implementation of workplace standards compliance programs.

- a) Demonstrated engagement with CSOs in the design and implementation of workplace standards compliance strategies including:
 - Trainings,
 - Worker communication channels, or
 - Production site-specific remediation plans

9.4 Company Affiliate consults with legally constituted unions or worker representative structures at owned production sites.

- a) Evidence that company representatives meet regularly with legally constituted unions or worker representative structures that exist in their owned production sites

10. VERIFICATION REQUIREMENTS: Company Affiliate meets FLA verification and program requirements.

10.1 Company Affiliate maintains standard operating procedures related to FLA affiliation.

- a) Standard operating procedures related to FLA affiliation

10.2 Company Affiliate participates in FLA due diligence activities, including assessments at owned production sites and company headquarters, as applicable.

- a) Participation in applicable FLA due diligence activities
- b) IEA corrective action plans submitted within the timeframe designated in the IEA Procedures
- c) IEA remediation updates provided to the FLA every 6 months

10.3 Company Affiliate completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Production.

- a) Timely completion of the annual self-assessment

10.4 Company Affiliate maintains a complete and accurate profile and list of owned production sites with the FLA.

- a) Profile updated within the past year
- b) Owned production site list is up-to-date at the beginning of the selection process of each IEA cycle

10.5 Company Affiliate responds to FLA requests for documentation, contracts, information and clarification in a timely manner.

- a) Frequency that company appeared on a FLA staff report for failure to meet Principles
- b) Company representative contribution to the FLA by attending and/or hosting an FLA Board meeting or participating actively on a Working Group or Committee within the past year

10.6 Company Affiliate pays annual dues and applicable fees on schedule.

- a) Company pays dues and fees in full and on time.