



**February 2015**

*Throughout 2014, the Principles Working Group reviewed and revised the Principles of Fair Labor & Responsible Sourcing. The Principles Working Group consisted of members from the business, university, and civil society caucuses. In February 2015, the FLA Monitoring Committee and Board of Directors approved the revised Sourcing Principles for brands and licensees that join the FLA. The following is a high level summary of the approved changes to the Principles of Fair Labor & Responsible Sourcing.*

**PRINCIPLE 1, Workplace Standards:**

Company Affiliate establishes and commits to clear standards.

- The language is nearly identical to the Principle 1 language provisionally approved in February 2011.

**PRINCIPLE 2, Responsibility and Head Office/Regional Training:**

Company Affiliate identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office and regional staff.

- The Key Performance Indicators (KPIs) prompt company affiliates to provide specific materials such as an organizational chart and job descriptions (or equivalent).
- The benchmarks are reordered so that the first two benchmarks relate to staff responsible for implementing and administering the workplace standards compliance program; the third benchmark relates to training for all head office and regional staff.
- A KPI for benchmark 2.2 specifies that training for compliance staff shall cover collective bargaining, union engagement, and other forms of effective worker-management communication channels.
- The KPIs for Principle 2 have been revised to more specifically correspond to each benchmark.
- The previous benchmark 2.4 was removed (“Company Affiliate ensures that training is updated at regular intervals”). Frequency of training was instead factored into the benchmark and KPI for 2.3.
- Throughout the Principles, KPIs related to training ask for “training feedback or behavioral changes that demonstrate participant knowledge gained.”

**PRINCIPLE 3, Production Staff Training:**

Company Affiliate obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.

- This Principle is recast to place an emphasis on communication with and training of suppliers.

**PRINCIPLE 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.

- The Principle language clarifies that workers must have access to at least two grievance channels and that one must be a confidential channel.
- There is an emphasis on functioning grievance mechanisms.
- Company affiliates are prompted to evaluate supplier grievance mechanisms.
- There is greater clarity that the obligation to provide a direct and confidential channel for workers directly to the head office is where local mechanisms are not functioning. This places the emphasis on factory internal grievance mechanisms first and foremost.

### **PRINCIPLE 5, Monitoring:**

Company Affiliate conducts workplace standards compliance monitoring.

- There are very few substantive changes to this principle.
- A KPI is introduced that prompts company affiliates to have a risk analysis approach in prioritizing assessments.
- Benchmark 5.3 asks company affiliates to consult with unions or worker representative structures (where applicable) during monitoring. This requirement previously appeared under Principle 9.

### **PRINCIPLE 6, Collection and Management of Compliance Information:**

Company Affiliate collects, manages, and analyzes workplace standards compliance information.

- New KPIs were drafted, including a KPI that specifies the type of contract facility information that company affiliates should maintain.
- The previous benchmarks 6.1 and 6.2 are now condensed into one benchmark.
- The references to reporting to the FLA on analysis were removed because it is understood that company affiliates are required to report to the FLA annually on their efforts to meet all of the Principles. There is now a relevant benchmark under Principle 10.

### **PRINCIPLE 7, Timely and Preventative Remediation:**

Company Affiliate remediates in a timely and preventative manner.

- There is an emphasis on the company affiliate working with suppliers on root cause analysis and remediation in a collaborative manner.
- The previous timeframes (contacting the supplier within 14 days and creating a remediation plan within 60 days) were removed and replaced with an obligation to regularly oversee and follow-up on remediation. There is now a relevant KPI under Principle 10.
- One KPI is devoted to consultation with unions or worker representative structures on remediation. This had previously appeared under Principle 9.
- The reference to providing periodic remediation updates to the FLA (benchmark 7.3) was removed because it is understood that company affiliates are required to report to the FLA annually on their efforts to meet all of the Principles (see Principle 10).

- Companies are prompted to evaluate the effectiveness of remediation plans.

### **PRINCIPLE 8, Responsible Purchasing Practices:**

Company Affiliate aligns planning and purchasing practices with commitment to workplace standards.

- Principle 8 language was approved by the FLA Monitoring Committee and Board in October 2013. Some improvements are proposed in the current version.
- In 8.2, 8.3, and 8.4, language to include “any contracted agent/intermediary” is included.

### **PRINCIPLE 9, Consultation with Civil Society:**

Company Affiliate identifies, researches, and engages with relevant labor non-governmental organizations, trade unions, and other civil society organizations.

- The Principle is recast to emphasize realistic outcomes for company affiliate/CSO interactions.
- The Principle language originally asked a company affiliate to “establish and maintain relationships” with CSOs. In the revisions, the company affiliate is asked to “identify, research and engage” with CSOs.
- New KPIs prompt company affiliates to develop a strategic plan for local CSO outreach and engagement “that takes into account high risk and production volume” and to “demonstrate a mapping of CSOs that considers criteria and relevancy.”
- A new KPI prompts company affiliates to show “evidence of efforts to engage with CSOs in all high-risk and high-volume countries.”
- Some of the specific subject matters for engaging with CSOs (trainings, worker communication channels) were shifted from benchmark-level obligations to KPI-level obligations.
- The language of benchmark 9.4 was enhanced to clarify that company affiliates shall “consult with legally constituted unions or worker representative structures that exist in their owned production sites.” KPIs specific to this language were drafted.

### **PRINCIPLE 10, Verification Requirements:**

Company Affiliate meets FLA verification and program requirements.

- There is a new benchmark requiring companies to maintain standard operating procedures related to FLA affiliation. The aim is to help company affiliates prevent gaps in implementing and developing compliance programs that may occur due to staff turnover.
- There are KPIs related to two important FLA Independent External Assessment (IEA) procedural obligations - (1) to submit IEA remediation plans within the timeframe designated in the IEA Procedures; and (2) to provide IEA remediation updates to the FLA every 6 months. These expectations are not new; they appear in the FLA's IEA Procedures.
- Several benchmarks had been missing KPIs and so new KPIs were drafted (e.g. KPIs related to providing the FLA with up-to-date contract facility information).
- A KPI was drafted to encourage active engagement in the FLA “by attending and/or hosting an FLA Board meeting or participating actively on a Working Group or Committee within the past year.”