DALLAS COWBOYS MERCHANDISING, LTD.
ASSESSMENT FOR ACCREDITATION
February 2016
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INTRODUCTION

FLA-accredited Participating Companies have demonstrated that they have the systems and procedures in place to successfully uphold fair labor standards. When joining the FLA, Participating Companies commit to implementing the FLA Workplace Code of Conduct, which ensures “respectful and ethical treatment of workers” and “promotes sustainable conditions through which workers earn fair wages in safe and healthy workplaces.”

While the FLA does not certify brands, it does evaluate them at the headquarter level – in addition to standard factory-level due diligence activities that are conducted annually – to determine whether they have social compliance systems in place to proactively identify and address risks or instances of noncompliance. Accreditation is the highest level of recognition for FLA-affiliated companies.

The FLA Board of Directors voted to approve the accreditation of Dallas Cowboys Merchandising, Ltd.’s compliance program on February 18, 2016 based on proven adherence to FLA’s Workplace Code of Conduct and the Principles of Fair Labor and Responsible Sourcing. Details on FLA’s accreditation methodology can be found at www.fairlabor.org/accreditation.
SECTION 1: DALLAS COWBOYS MERCHANDISING, LTD.’S LABOR COMPLIANCE PROGRAM

Dallas Cowboys Merchandising, Ltd. is a privately held business located in Dallas, Texas. DCM was founded in 1995 to be the official licensee of Dallas Cowboys fan apparel and accessories. DCM joined the FLA as a Participating Company\(^1\) (PC) in June 2012, selecting a three-year implementation period. Within DCM’s scope of FLA affiliation is 289c Apparel, Ltd. (289c), a college licensing business, and Blue Star Graphics & Design (BSGD), a screen-printing facility, both located in Dallas, Texas. DCM has 181 employees.

DCM’s original application included Silver Star Merchandising, Ltd. (now 289c) and BSGD. Silver Star Merchandising became 289c Apparel, Ltd. in 2012 and holds a long-term licensing agreement with the University of Southern California in conjunction with another apparel brand. In March 2015, 289c obtained the long-term licensing agreement with the University of Texas, effective in 2016. 289c holds other short-term collegiate licenses for football games played at AT&T Stadium.

DCM adopted its first code of conduct in 2009; in 2016, DCM revised its code to meet the FLA Workplace Code of Conduct. In January 2012, the company hired the Head of Compliance, who reports to the Chief of Human Resources for DCM, 289c, and BSGD. The Head of Compliance is responsible for the implementation of DCM’s compliance program and stakeholder engagement and is not based at the Dallas headquarters, but works remotely. In 2013, DCM hired a Corporate Social Responsibility (CSR) Coordinator, who reported to the Head of Compliance and was responsible for supporting the implementation of the compliance program. The position was vacated in July 2015 and DCM is currently recruiting to fill the position with an experienced professional. In March 2015, the Head of Compliance was elected to the FLA Monitoring Committee. Both the Head of Compliance and the previous CSR Coordinator have been active in FLA Board Meetings, working groups, and committees.

The table on the next page describes DCM’s applicable facilities over the period 2013-2015, as reported to the FLA. During this period, DCM applicable facilities were subject to a total of 3 FLA SCI assessments. Information on the results of these assessments and the remediation undertaken by

\(^1\) In February 2007, the FLA Board of Directors established a Working Group to analyze and make recommendations regarding the accreditation of small or low-revenue PC (low-revenue PCs were defined as those with consolidated revenue under $300 million). The rationale for the establishment of the Working Group was that small or low-revenue PC faced challenges in meeting all of the FLA company obligations in the same manner that larger PC were able to do. In October 2007, the Board of Directors approved a series of proposals developed by the Working Group that modified the accreditation process for low-revenue PC by: (1) allowing low-revenue PC a longer implementation period, which could be as long as 5 years provided satisfactory progress in implementing a labor compliance program was being made; (2) maintaining the same company obligations for all participants but recognizing that low-revenue PC could meet some of the company obligations primarily through collaborative activities organized by the FLA rather than through individual activities; and (3) taking into account this latter consideration in the evaluation of compliance programs for accreditation purposes. This assessment for accreditation of DCM’s labor compliance program follows the guidelines for low-revenue PC approved by the Board in October 2007.
DCM in response to findings are publicly available on the FLA website and are discussed, as appropriate, in the next section.

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* The FLA Monitoring Committee decided in 2013 that each unaccredited PC would receive 1 SCI assessment regardless of the number of facilities in its supply chain.

Countries in green indicate DCM’s sourcing countries through its implementation period, 2012 to 2015.
SECTION 2: ANALYSIS OF DALLAS COWBOYS MERCHANDISING, LTD.’S LABOR COMPLIANCE PROGRAM USING THE FLA PRINCIPLES OF FAIR LABOR AND RESPONSIBLE SOURCING

Information used in this assessment originates from annual reports submitted by Dallas Cowboys Merchandising, Ltd. (DCM) to the FLA verified through:

1. An assessment at DCM headquarters conducted by FLA staff (April 2015);
2. Shadowing of DCM internal audits at an apparel factory in Guatemala (March 2014) and an apparel factory in China (April 2015);
3. Information gathered in person, via phone interviews, and through email correspondence with DCM staff;
4. Results of FLA Independent External Assessments at DCM applicable facilities conducted by FLA assessors;
5. Interactions with DCM and stakeholders in the context of Third Party Complaints involving a facility in Honduras and a facility in El Salvador in 2015; and
6. Communication with stakeholders.

1. WORKPLACE STANDARDS: 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.

**Actions Taken:**
DCM adopted its first code of conduct in 2009. In 2016, DCM revised its code of conduct to meet the FLA Workplace Code of Conduct. DCM has developed a set of compliance benchmarks to implement its code of conduct in factory monitoring. The DCM Code of Conduct is applicable to DCM, 289c, Blue Star Graphics & Design, and all contract suppliers of DCM.

**Verification by FLA:**
Throughout DCM’s implementation period, FLA reviewed the DCM Code of Conduct and identified areas that required alignment with the FLA Workplace Code of Conduct. In 2015 and 2016, DCM worked closely with the FLA Business Accountability Technical Advisor to align its code in Compensation and Freedom of Association. The DCM Code of Conduct exceeds the FLA Workplace Code of Conduct in Employment Relationship, Harassment or Abuse, Freedom of Association and Collective Bargaining, and Health & Safety. A copy of the DCM Code of Conduct can be found in the Appendix.

FLA reviewed the DCM Compliance Benchmarks and comparison chart of its benchmarks with the FLA compliance benchmarks. DCM submitted revisions to the FLA throughout 2015 to align its benchmarks with the FLA and implement its revised code.

**Recommendation:**
FLA recommends DCM update supplier agreements with the 2016 revision of the DCM Code of Conduct and provide updated code translations for all local languages of its supplier factories and all contract suppliers of DCM and 289c.
1.2 Company Affiliate leadership formally commits to uphold workplace standards and to integrate them into company business practices.

**Actions Taken:**

DCM’s President and Chief of Human Resources (HR) have empowered the Head of Compliance to implement a compliance program to uphold the workplace standards. The Head of Compliance required approval from the President and Chief of HR in revising standards like the code of conduct and compliance benchmarks. The President, Chief of HR, Director of Merchandising, and Sourcing Manager have weekly CSR meetings with the Head of Compliance and the CSR Coordinator (CSR team). All new DCM HQ staff are required to participate in a CSR E-Learning training, which was introduced to staff through an email from the DCM President. The CSR E-Learning training begins with a statement from the DCM President stating DCM’s commitment to uphold its Code of Conduct throughout its supply chain. Additionally, the Head of Compliance is encouraged by the President to establish a leadership role in the CSR industry through engagement with stakeholders and other brands.

**Verification by FLA:**

FLA reviewed the notification from the DCM President, introducing the CSR E-Learning training and the commitment to uphold the DCM Code of Conduct. Through interviews with the Chief of HR and the President, FLA verified that there is a commitment by top management to support the CSR team in integrating workplace standards. The President demonstrated knowledge of DCM’s historic challenges throughout its supply chain and concerns from stakeholders. Additionally, the President requested that the CSR team develop a factory scorecard and begin to research fair wage concepts to inform further development of DCM’s compliance program. The Chief of HR requested that the Head of Compliance develop and maintain a DCM compliance program timeline that shows DCM’s history in compliance and the progress the company makes year-to-year towards implementing its compliance program. FLA reviewed the CSR Timeline, which began in 2009 with the development of the DCM Code of Conduct and continues through 2015. During the headquarter assessment, FLA observed DCM’s executive-level commitment to integrate workplace standards into its business practices as a strength of the overall program.

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 staff

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

**Actions Taken:**

The CSR team is responsible for developing and implementing DCM’s compliance program. The CSR Team consists of the Head of Compliance and the currently vacant CSR Coordinator position. The Head of Compliance reports directly to the Chief of HR for the Dallas Cowboys organization. This structure was made specifically so that the Chief of HR can address issues with the President of DCM at a senior level. Currently, in addition to its agreements directly with supplier factories, DCM has one agent relationship and one vendor relationship. The agent and vendor are responsible for understanding the DCM compliance program and communicating the standards to the factory.
Verification by FLA:
FLA verified that the CSR team is responsible for implementing DCM’s compliance program throughout its supply chain through review of job descriptions and interviewing the CSR team, President, and Chief of HR. FLA reviewed an internal draft of the DCM organizational chart to review the reporting channels for the CSR team, Director of Merchandising, and Director of Sales. FLA reviewed job descriptions for the CSR team and verified that the responsibilities of the Head of Compliance include leading company CSR efforts, identifying internal and external challenges and implementing solutions, providing subject matter expertise on CSR implications on business issues, and developing and managing stakeholder relationships to collaboratively address CSR issues and initiatives. The CSR Coordinator’s job responsibilities include managing the audit cycle and review process, collecting and analyzing factory audit data and compliance trends, and building relationships with internal and external stakeholders. The agent and vendor, in addition to factories with which DCM contracts directly, are required to sign the DCM compliance standards agreements as discussed further in Principle 3.

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

Actions Taken:
The Head of Compliance was hired by DCM in 2012 based on her past experience in working as the Senior Director of Global Compliance at Gap Inc. and as a legal consultant for the Talbot Law Group, a law firm that represents labor organizations and employees. In 2013, the Head of Compliance hired the CSR Coordinator, who received a Masters in Sustainability Management from Columbia University and has prior experience working with suppliers. The CSR Coordinator left in mid 2015 and DCM is currently hiring for the position.

The CSR Coordinator had received training from the Head of Compliance in supply chain remediation and root cause analysis. Additionally, the CSR team attended various in-person and webinar trainings by the FLA, ELEVATE Global Limited (ELEVATE), and the Fair Factories Clearinghouse (FFC) on issues such as social compliance assessments, supplier ownership, worker surveys, social compliance key performance indicators, and country-specific compliance trends.

DCM communicates regularly with its agent and vendor to ensure there is understanding of the DCM compliance program and ensure implementation of its standards at the factory level. Additionally, DCM contracts its internal audits to ELEVATE Global Limited. DCM and ELEVATE have developed a field instruction tool that outlines the DCM auditing standards. DCM communicates regularly with the service provider on their audit standards and relies on the service provider to train its auditors on DCM’s auditing standards.

In regards to collective bargaining, union engagement, and effective worker-management communication channels, the CSR team has not attended formal training, however the Head of Compliance has applied her experience in working with unions when working with unionized factories.

Verification by FLA:
Throughout the headquarter assessment, the CSR team demonstrated their learnings from internal or external training and past experiences in the implementation of its compliance program. The CSR Coordinator had implemented his training on root cause analysis from the Head of Compliance by reviewing corrective action plans with factories and ensuring effective and sustainable remediation is implemented at the factory-level. FLA reviewed training logs kept by the CSR Coordinator on external trainings attended. In the 2015 China field observation, the FLA observer confirmed that the DCM agent present at the audit was knowledgeable of the DCM compliance
program and its requirements. FLA reviewed DCM’s internal standard operating procedures in the CSR Handbook that reference supplier transparency, engagement of Sourcing and Production departments monitoring, remediation and data analysis.

FLA has reviewed the DCM and service provider field instructions tool and documentation of communications between DCM and the service provider on the implementation of these standards. In the 2014 field observation in Guatemala, FLA observed partial implementation of DCM’s auditing standards. As a result of the field observation, DCM worked with the service provider to ensure understanding and implementation of the field instructions. Noticeable improvement of implementation was observed in the 2015 field observation in China, though there were some areas of improvement identified, which will be discussed throughout this report.

Within their implementation period, DCM has been involved with two Third Party Complaints in Honduras and El Salvador. Throughout the Third Party Complaint processes, the Head of Compliance kept well informed about the issues affecting the factory and potential remediation actions. The Head of Compliance gained direct experience in union engagement and on union formation in Central America through her work on the two third party complaints. DCM showed commitment to the Third Party Complaint process and willingness to engage with the factory on union issues.

**Recommendations:**
FLA recommends the CSR team continue to train its agents on the DCM compliance program and work with its service provider to ensure DCM auditing standards are implemented.

**2.3 Company Affiliate ensures that training is provided to all head office and regional 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.**

**Actions Taken:**
The CSR team developed and implemented a training program for all DCM full-time staff on DCM’s compliance program. In 2013, the CSR team conducted in-person trainings for Production, Sourcing, Design, Sales, and senior leadership. These trainings included an overall briefing on corporate responsibility, labor standards in the apparel industry, and the DCM Compliance program. Trainings also included a case study activity in which staff discussed the perspectives of different stakeholders on a factory overtime scenario.

In 2014, the CSR team developed and implemented a CSR E-Learning training that all full-time DCM staff were required to take. The CSR E-Learning training includes an introduction to CSR, the DCM Code, implementing the DCM Code, and responsible purchasing practices. All staff submitted answers to questions throughout the training and was also able to submit feedback on the training. The CSR Coordinator tracked all staff that had completed the training and their submissions of questions and feedback. The CSR Coordinator would send the CSR E-Learning training to new DCM staff when he received a notification from the HR Manager. Following completion of the CSR E-Learning training, the Head of Compliance had in-person trainings with all other departments that did not receive the in-person training in 2013. The Head of Compliance worked to ensure that the training remained relatable to all departments at DCM such as IT, Finance, and Customer Service. To continue regular training for all staff, the CSR team will develop training programs that will focus on a specific facet of the DCM compliance program on an annual basis.
Verification by FLA:
The FLA reviewed all training materials developed by the CSR team and verified the contents of the trainings. FLA also reviewed the tracking of training managed by the CSR Coordinator. Throughout interviews with other DCM staff, FLA verified that DCM staff completed the training and knowledge was retained from the training. FLA interviewed the newly hired Production Manager at the Blue Star Graphics & Design screen printing facility, who recently completed the CSR E-Learning training. FLA encourages the CSR team continue to develop regular trainings for DCM staff and collect and evaluate feedback.

3. **SUPPLIER TRAINING:** COMPANY AFFILIATE OBTAINS COMMITMENT AND TRAINS RELEVANT SUPPLIER MANAGEMENT ON WORKPLACE STANDARDS AND TRACKS EFFECTIVENESS OF SUPPLIER WORKFORCE TRAINING

3.1 Company Affiliate formally conveys workplace standards to suppliers and receives written acknowledgment of standards and commitments to uphold them.

**Actions Taken:**
All suppliers, vendors, and agents are required to submit to DCM a signed Annual Supplier CSR Code Certification on an annual basis. Suppliers, vendors, and agents that sign the certification commit to uphold the company standards. Additionally, approved DCM suppliers must submit a signed copy of the DCM Vendor Compliance Manual that includes social compliance, quality, development & production, size & fit, and packaging & shipping requirements. The CSR Coordinator maintains tracking of the suppliers’ or agents’ annual submission of the signed certification and vendor compliance manual. For newly approved suppliers and when there are updates to DCM program requirements, the Production Coordinator and the CSR Coordinator hold calls with suppliers to review the contents of the DCM Vendor Compliance Manual.

**Verification by FLA:**
FLA reviewed signed certifications from DCM suppliers or agents and verified the contents of the certification. FLA reviewed communication from the Production Coordinator to suppliers sharing the updated DCM Vendor Compliance Manual. FLA verified that all approved DCM suppliers or agent have submitted its signed certification and vendor manual.

In the case of a vendor or agent relationship, DCM required the vendor or agent, not the specific factory, to submit written acknowledgement of DCM’s standards and vendor manual, which was verified during the 2015 field observation of a pre-sourcing audit.

**Recommendation:**
FLA recommends DCM integrate the 2016 revised code of conduct into its Annual Supplier CSR Code Certification and DCM Vendor Compliance Manual. In the case of vendor and agent relationships, FLA recommends that DCM also require factory acknowledgement of DCM standards.
3.2 **Company Affiliate** obtains written agreement from suppliers to facilitate periodic assessments, including those organized by the FLA, and to actively contribute to consequent remediation activities.

**Actions Taken:**
According to the DCM Vendor Compliance Manual, suppliers or agents must do the following to remain a DCM approved supplier: submit to ongoing auditing, identify root causes for findings identified at the audit, successfully remediate all findings, provide DCM timely documentation of remediation, and allow for follow-up visits as necessary. The documentation specifically calls out that DCM’s designees may conduct audits, which includes the FLA. By signing the DCM Vendor Manual, suppliers and agents are agreeing to submit to assessments from third-party auditors designated by DCM, representatives of the FLA, or representatives of DCM’s retail customers.

**Verification by FLA:**
FLA reviewed the contents of the Vendor Compliance Manual and the signed agreements from DCM approved suppliers. All DCM approved suppliers returned a signed copy of the DCM Vendor Compliance Manual.

In December 2014, FLA scheduled a field observation of an audit at a China contract supplier to observe DCM internal monitoring. However, before the field observation took place, the supplier stated that FLA would not be allowed access to the facility to conduct the field observation. Despite efforts by DCM’s CSR team to explain the purpose of the field observation, the factory denied access to the auditor and the FLA observer on the day of the audit. After the aborted field observation, the Head of Compliance re-emphasized the DCM compliance program requirements to its vendor and explained that the DCM compliance program requires FLA access to its facilities. DCM exited the factory and reviewed another factory from the vendor through their pre-sourcing process that ensures access to the FLA for field observations and IEAs. In addition, the original factory has had follow-up conversations with the FLA Regional Manager for East Asia to enhance its understanding of the FLA. As additional follow up, DCM has modified other supplier communications (e.g., the Welcome Letter) to emphasize that suppliers must agree to allow the FLA access to facility to conduct assessments.

**Recommendation:**
FLA recommends DCM continue to ensure that their suppliers are knowledgeable of DCM’s affiliation with the FLA and the requirements of the DCM compliance program.

3.3 **Company Affiliate** conditions future business with suppliers upon continuous improvement of workplace conditions.

**Actions Taken:**
The DCM Vendor Compliance Manual includes the requirement that ongoing business is dependent upon vendor’s continuous improvement of their compliance performance. In addition, at the request of the DCM President, the CSR team has developed a factory scorecard, which scores suppliers based on annual audit data. The scorecard reflects data from 2013 and 2014 audits and was shared with the DCM President and Director of Merchandising. Data from the 2015 audit cycle is in progress to be incorporated into the scorecard. The three lowest scoring suppliers were notified and encouraged to show improvement during the 2015 audit cycle in order to continue business with DCM.
DCM exited two suppliers based on their failure to uphold their commitment to the compliance program. Additionally, since implementing its pre-sourcing audit process in 2012, DCM only approves approximately 25 percent of newly assessed suppliers for production.

**Verification by FLA:**
FLA verified the contents of the DCM Vendor Manual. Additionally, the internal DCM CSR Handbook includes a policy in which DCM factory audit data will be reviewed to develop factory scores and rankings. Through the headquarter assessment interviews, the President and Production staff were knowledgeable of the factory scorecard and they discussed how the CSR team will raise compliance issues with factories to the Production team. FLA verified DCM’s internal Factory Rating Guide, which outlines monitoring and sourcing decisions that will be taken with suppliers for poor scorecard performance. FLA reviewed minutes from one of the CSR weekly meetings, in which there was discussion of the potential to exit factories based on their lack of commitment to upholding DCM’s compliance program requirements. Through interviews with the DCM President, FLA verified that the two supplier exit decisions were raised by the CSR team and supported by the DCM President.

**Recommendation:**
Currently, the factory scores are not shared with all factories in a systematic way. FLA recommends that DCM communicate with all its factories the scorecard methodology and the factory’s score or ranking.

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

**Actions Taken:**
The DCM code is made available in Chinese, Spanish, Urdu, Vietnamese, and English. DCM verifies that the DCM code is posted in relevant languages in its facilities through both its pre-sourcing and its annual auditing process.

**Verification by FLA:**
FLA verified that the DCM code was available in all relevant languages. Additionally, FLA verified that DCM ensures the code is made available to workers, managers, and supervisors through the field observations of its internal audits and review of the audit tool.

**Recommendation:**
FLA recommends that DCM communicate and share the revised 2016 DCM Code of Conduct by translating the code into all relevant languages and providing the code to its suppliers. FLA recommends that in addition to requiring the code be posted at factories, DCM explore alternative methods to allow for workers to access the DCM code.

**3.5 Company Affiliate ensures that workers, managers, and supervisors are trained on workplace standards at regular intervals to take account of labor turnover.**

**Actions Taken:**
DCM includes in its code benchmarks that new hire orientation shall include the DCM Code and Benchmarks, the employer’s workplace rules, compensation and benefits, HR policies, industrial relations, health, safety, and environment. The benchmarks reference the need for refresher training as well as the need to ensure worker understanding of the training through the collection of feedback. DCM verifies training is provided to workers through its audit process.
Additionally, DCM tracks suppliers’ attendance of trainings conducted by DCM’s retail buyers and the FLA.

**Verification by FLA:**

FLA reviewed DCM’s code benchmarks on training for workers and verified through the 2014 field observation in Guatemala and the 2015 field observation in China that training is assessed during the audit process through worker interviews and document review. FLA verified that the CSR team tracks external trainings attended by its suppliers. In a 2013 SCI assessment, it was found that the supplier had not provided training on workplace standards. Through the remediation process with DCM, the supplier submitted its worker training presentation and worker attendance records on the FLA workplace standards. Additionally, it was found that workers who stayed beyond regular working hours in order to reach production goals were not receiving their full overtime compensation. The factory committed to paying overtime compensation whether or not a worker meets its production goals. DCM included in its corrective action plan that factory management will hold regular training workers on the revised policy. FLA reviewed the revised compensation policy and evidence of worker training. FLA recommends DCM continue to provide evidence of implementation of the revised policy, such as payroll or time records.

**Recommendation:**

FLA recommends that DCM work to develop a more extensive assessment of the training workers receive to ensure that comprehensive and effective factory training is implemented.

4. **FUNCTIONING GRIEVANCE MECHANISMS: COMPANY AFFILIATE ENSURES WORKERS HAVE ACCESS TO GRIEVANCE MECHANISMS, WHICH INCLUDE MULTIPLE REPORTING CHANNELS OF WHICH AT LEAST ONE IS CONFIDENTIAL**

4.1 Company Affiliate ensures there are functioning grievance procedures at contract facilities.

**Actions Taken:**

The DCM code benchmarks state that factory grievance procedures should include systems that handle grievances, and if direct settlement is inappropriate or has failed, there should be additional steps for senior management to take to ensure the grievance is addressed. In addition, DCM verifies the existence of grievance mechanisms in their audit process.

In 2015, the CSR team implemented a program with its suppliers to conduct a deeper assessment of functioning grievance systems. All suppliers were required to submit a survey to DCM on their existing grievance systems and submit the written policy and procedures for the grievance system if applicable. The CSR Coordinator held a webinar training for all suppliers to review the DCM code benchmarks for grievance procedures, the basics of grievance processes, and best practices. During the 2015 audit cycle, auditors reviewed the submitted grievance procedures and identified areas in how to improve functionality of grievance mechanisms. DCM now has the necessary data on its supply chain’s grievance mechanisms to analyze. As suppliers revise and implement their grievance mechanisms and DCM analyzes its data on grievance mechanisms, DCM plans to ensure further training is conducted for factory managers, supervisors, and workers.

**Verification by FLA:**

FLA verified the code benchmarks on standards for grievance mechanisms and the DCM audit tool for verification of grievance mechanisms. In the 2014 field observation in Guatemala, it was observed that the auditor did not focus on
awareness of grievance mechanisms during worker interviews. DCM worked with its service provider to ensure that there was an understanding of DCM’s auditing standards and in a 2015 field observation in China it was observed that the auditor covered awareness of grievance procedures during worker interviews.

FLA reviewed DCM’s supplier grievance mechanism program implemented in 2015. Completed surveys on grievance mechanisms and submitted grievance procedures from suppliers were reviewed. FLA also reviewed the training slides for suppliers on grievance mechanisms developed by the CSR Coordinator. According to the CSR Coordinator’s tracking document, all suppliers submitted the grievance mechanism survey. Thirteen out of 14 suppliers submitted grievance procedures in local language; five suppliers were working with DCM to submit revised grievance procedures. Although less than half of the suppliers attended the webinar training, the CSR Coordinator sent the recording to suppliers that could not attend the training.

In a 2013 SCI assessment, it was confirmed that the factory had grievance procedures in place, but not a functioning worker integration mechanism. The factory worked to develop procedures on worker integration channels, such as holding meetings with workers and conducting opinion polls to gather feedback, and DCM provided evidence to the FLA through remediation updates that shows progress in implementation of remediation.

Recommendation:
FLA recommends that DCM continue to work with its suppliers in ensuring workers have access to a variety of functioning grievance mechanisms. Additionally, FLA recommends that DCM continue to provide evidence that the worker integration mechanisms are utilized and trusted by workers.

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

Actions Taken:
As a requirement of the DCM audit process, auditors are instructed to provide interviewed workers with contact information for a service provider’s confidential reporting channel. Workers can use the multi-lingual website to report any illegal or unethical conduct on the part of the factory or the auditor. In the event that a report is filed, the service provider will notify DCM. While no workers from DCM contract facilities have submitted reports through the channel, in the case that a report is filed, DCM would investigate and may conduct a follow-up assessment.

Verification by FLA:
FLA reviewed DCM’s field instructions for auditors, which instruct auditors to provide interviewed workers with contact information if they feel comfortable doing so. FLA reviewed the confidential channel website and process of the service provider. During both field observations, it was observed that the auditors did not provide interviewed workers with contact information. FLA has reviewed follow-up communication from DCM to the service provider requesting that its auditors ensure contact information is provided to interviewed workers. Additionally, DCM held an in-person meeting with the service provider to address the issue of auditors providing contact information to workers. To improve DCM’s ability to track the auditor’s execution of this requirement, the auditor now provides DCM with the number of cards distributed during each audit. FLA reviewed an audit report, which included the number of cards distributed to workers.

2 Under FLA standards, the worker integration management function implies that workers are given the opportunity to provide their input/feedback to the creation, implementation and revision of policies and procedures, and that they are systematically integrated and consulted in the decision-making of issues concerning working conditions.
Recommendation:
FLA recommends that DCM continue to ensure that auditors provide interviewed workers contact information and confirm that workers are aware of the channels available to them.

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

Actions Taken:
The DCM code benchmarks include standards on general training for workers on workplace standards and DCM includes awareness of grievance mechanisms in their worker interviews. In 2015, DCM assessed grievance mechanisms to collect data on the types, use, and training of suppliers’ various grievance mechanisms. DCM will continue to analyze the data on grievance mechanisms and advise suppliers on how to strengthen the functionality and worker training of their grievance mechanisms.

Verification by FLA:
FLA verified the standards of training in the code benchmarks. During the 2014 field observation in Guatemala, FLA identified that the auditor did not include verification of grievance mechanisms and training during the worker interviews. In the 2015 field observation of a pre-sourcing audit in China, it was verified that the auditor interviewed workers on their awareness of grievance mechanisms. Workers were aware of the grievance mechanisms in place at the factory, since workers had received training on these mechanisms.

In a 2013 SCI assessment in Honduras, it was found that workers had not sufficiently received communication or training on factory grievance mechanisms. Through remediation updates, DCM confirmed that the factory assigned personnel to be responsible for developing a training program for workers and managers on grievance procedures as well as for other workplace standards. DCM verified progress of implementation of training provided to workers and managers and updated FLA accordingly.

Recommendation:
FLA recommends DCM continue to ensure that worker training on grievance mechanisms is effective and that grievance mechanisms are utilized and trusted by workers. FLA recommends that DCM continue to implement its supplier grievance mechanism program and ensure that training is conducted for workers on any revisions made to their factory’s grievance mechanisms. Additionally, FLA recommends that DCM work with its suppliers to ensure there are mechanisms in place to assess the effectiveness of training.

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

Actions Taken:
The DCM code benchmarks include that there must be a retaliation-free communication channel for workers, which could include, but is not limited to, a suggestion box, hotline, “open door” policy, worker committees, and designated spaces for worker and worker/management meetings. DCM assesses this standard through its audits, and has worked with its suppliers to ensure that the confidential reporting channel is functioning. Through DCM’s supplier grievance program, DCM will continue to assess suppliers’ grievance mechanisms to ensure they lack penalty and have a confidential reporting channel in place.
Verification by FLA:
The FLA reviewed the code benchmarks and verified through the 2015 field observation in China that the auditor assessed the grievance mechanisms to ensure they lacked penalty and that there was at least one confidential reporting channel. At this supplier, workers were able to submit grievances through a suggestion box, a hotline, and by email.

In a 2014 SCI assessment in Pakistan, it was identified that there were grievance mechanisms in place, but that the procedures lacked non-retaliation protections for workers who raised concerns. DCM’s Corrective Action Plan included ensuring the factory puts in place confidential and non-confidential grievance mechanisms and specifies that there is non-retaliation protection for workers who use the grievance mechanisms. At the end of 2015, DCM conducted a follow-up audit to ensure corrective actions were executed and is analyzing the findings from the follow-up audit to submit an update to remediation for the SCI assessment.

Recommendation:
FLA recommends DCM continue to implement is supplier grievance mechanism assessment program and remediate where it finds that supplier grievance mechanisms lack protection from penalty or do not have a confidential reporting channel.

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.**

Actions Taken:
The DCM pre-sourcing assessment process is applied to all new factories. When Sourcing is interested in a new factory, they must submit to the CSR team the factory name, contact information, and an estimated timeline for order placement. The CSR team then sends the factory a Welcome Packet email, which includes the DCM Code of Conduct and Benchmarks, the DCM Required Factory Information Form, the DCM Required Audit Document List, the DCM Annual Supplier Code Certification, and the DCM Vendor Compliance Manual. The CSR team reviews all submitted and gathered information about the supplier. Once these documents have been collected and reviewed, the CSR team conducts online research, discusses the DCM program and findings with the supplier, and schedule a new factory assessment. The factory is approved for DCM orders once the audit and remediation of findings are completed. In certain circumstances, the factory can be conditionally approved. Conditional approval is granted to suppliers when the following three conditions are met. (1) DCM’s online research does not reveal red flag issues. (2) DCM is able to review an audit conducted in the last 12 months conducted by company with similar standards (e.g., an FLA PC affiliate). The audit from another company must not have any red flag issues that have not been remediated and the company must confirm the supplier is in good standing with said company. (3) There is an important business need that requires more immediate timing. If all three conditions are met, DCM is able to begin initial product development, however no purchase orders can be placed until the factory completes the DCM presourcing audit and the CSR team confirms approval.

DCM’s third-party service provider conducts a full audit of the facility and submits the report to the CSR team. The CSR team emphasizes transparency and commitment to remediation are criteria to become an approved DCM
supplier. Additionally, the facility must submit all forms requested in the Welcome Packet email and show proof that they have posted the DCM code of conduct in local relevant languages before they can be approved. Once the CSR team notifies the factory of its approval, production may begin. DCM has approved approximately 25% of the new facilities evaluated through the pre-sourcing assessment process. The CSR team communicates with Production, Sourcing, Design, the President, and the Chief of HR on factories’ approval statuses during their CSR weekly meetings.

**Verification by FLA:**

FLA verified the pre-sourcing assessment procedures through review of the DCM CSR Handbook, interviews with CSR, Design, and Sourcing staff, and a field observation of a pre-sourcing audit. Through interviews with Sourcing staff, it was confirmed that the Sourcing and Design staff understand and follow the pre-sourcing assessment process. FLA reviewed the Welcome Packet email, the status of factories going through the pre-sourcing process, communication from the CSR weekly meetings, and completed forms from considered factories.

In March 2015, FLA conducted a field observation in China to observe a pre-sourcing audit at a new potential facility. The audit covered all elements under DCM’s workplace standards. The supplier was considered “approved”, received a purchase order from DCM, and committed to remediation actions from the findings from the pre-sourcing audit.

### 5.2 Company Affiliate monitors contract facilities regularly to assess compliance with workplace standards.

**Actions Taken:**

DCM contracts its internal monitoring to ELEVATE, which monitors all contract facilities at least once annually to assess the implementation of the DCM Code of Conduct and Compliance Benchmarks. In addition, some DCM suppliers are subject to audits by DCM’s retailers, however one of the retailers has approved the DCM compliance program and accepts DCM audits. When one of its other retailers conducts an audit, DCM will still conduct its own audit at the facility due to a difference in audit focus, methodology, and standards. DCM may exempt factories from the audit if the factory is in good standing and is enrolled in the Better Work program or if DCM is collaborating with another FLA brand on the audit. The CSR Coordinator maintains an audit tracker to ensure that all factories are audited on an annual basis.

Throughout 2013, the Head of Compliance addressed transparency with DCM suppliers and agents, and called for increased transparency during the audit process. While this resulted in an increased number of findings during the 2014 audit cycle, DCM encouraged suppliers to maintain transparency, emphasizing that so long as they commit to remediation, they will remain approved DCM suppliers. Throughout the 2015 audit cycle, DCM continued to face transparency challenges with its suppliers, but has experienced progress with its agent that has started to engage with a consultant to address findings in overtime and compensation.

**Verification by FLA:**

FLA verified that all current suppliers have been audited throughout DCM’s implementation period by reviewing the CSR Coordinator’s audit tracker and the DCM factory scorecard. FLA reviewed a sample of factory audit reports and observed a DCM audit in 2014 in Guatemala.
Currently, DCM has not developed a risk analysis approach to prioritizing assessments. However, depending on the nature of most red flag issues, DCM will conduct a follow-up assessment to ensure remediation. Red flag issues include child labor, denied access, bribery, harassment and abuse, forced labor, discrimination, freedom of association, unauthorized subcontracting, extreme health and/or safety issues, and the case in which a worker directly contacts the auditor.

**Recommendation:**
FLA recommends that as DCM reviews its audit data and factory scorecard for 2015, and work towards the development of a risk analysis approach to the annual auditing of its supply chain.

5.3 **Company Affiliate ensures that its monitoring program includes, but is not limited to:**
   a. Worker interviews,
   b. Consultation with unions or worker representative structures, where applicable,
   c. Management interviews,
   d. Documentation review,
   e. Visual inspection, and
   f. Occupational safety and health review.

**Actions Taken:**
A standard DCM audit includes opening and closing meetings with management and worker representatives, a visual inspection/walkthrough of the factory, management interviews, documentation review, worker interviews, and a review of health, safety, and environmental practices, policies, and procedures. All DCM audits are conducted by service provider auditors and follow DCM’s customized field instructions. The field instructions are documented and are revised to strengthen the DCM audit process by incorporating recommendations from the CSR team and the FLA. DCM has meetings with its service provider annually and on an as-needed basis to review the DCM field instructions.

**Verification by FLA:**
FLA confirmed through two field observations and review of DCM field instructions and audit reports that DCM monitoring includes worker interviews, consultation with unions or worker representative structures, management interviews, documentation review, visual inspection and health and safety review. After each field observation, FLA provided DCM with detailed feedback, including recommendations on: conducting worker interviews and documentation review, ensuring auditor contact information is provided, providing clarity in the findings in the audit report, providing more time for the auditor to conduct the audit, training for auditors on the DCM audit tool, strengthening of root cause analysis, and undertaking CSO consultation prior to the audit.

Following the 2014 field observation in Guatemala, DCM addressed the FLA field observation recommendations with its service provider to improve the application of the DCM auditing standards. FLA verified there was improvement in the 2015 field observation in China.

**Recommendation:**
FLA recommends DCM continue to work with its service provider to ensure that there is consistency in the application of DCM auditing standards.
5.4  **Company Affiliate ensures that where relevant, monitoring is consistent with applicable terms in collective bargaining agreements.**

**Actions Taken:**

DCM’s audit tool collects information on existing collective bargaining agreements (CBAs). DCM relies on its auditor to ensure that monitoring is consistent with applicable CBAs. DCM has verified that only two of its factories have active unions, and neither factory has a CBA in place.

**Verification by FLA:**

FLA confirmed that the field instructions require auditors to review applicable CBAs, to ensure that the CBAs are accessible to workers, and that they comply with legal requirements.

**Recommendation:**

FLA recommends engaging with the active unions to gain understanding of the local requirements for CBAs to be in place.

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### 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 contract facilities and collects and manages compliance and workplace information.**

**Actions Taken:**

The CSR team maintains a complete and accurate list of all suppliers, which includes DCM factory approval status. DCM collects address and contact information, and historic audit data during its pre-sourcing process and maintains the data in the CSR team’s computer files for each past, current, and potential contract supplier. Scheduled audits are tracked in the Factory Audit Tracking document and in the Fair Factories Clearinghouse platform. The CSR team conducts a quarterly review to confirm that its retailer and FLA factory lists are current.

DCM keeps records of labor disputes identified through audits and has begun to integrate research on Central America Free Trade Agreement (CAFTA) complaints filed by unions and international trade federations as part of its pre-sourcing process.

**Verification by FLA:**

FLA reviewed DCM’s Factory Approval Status and Factory Audit Tracking files and verified that DCM maintains files on basic factory information and historic audit information for each of its past, current, and potential suppliers in its CSR Factory Directory. FLA reviewed DCM Improvement Plans and verified that they maintain data on the perceived root causes of noncompliance.

6.2  **Company Affiliate analyzes trends in non-compliance findings.**

**Actions Taken:**

DCM’s CSR team has developed and annually updates country summary reports for each of its supplier countries, which include basic country information as well as human rights issues, noncompliance trends, and labor laws. This information contributes to DCM’s assessment of country risk that is presented to Sourcing and DCM’s President.
DCM developed a Factory Scorecard to analyze trends in noncompliance findings for the 2013 and 2014 audit cycles. Each factory is assigned an annual score taking into account the number, severity, and persistence of findings, as well as behavioral factors such as transparency and responsiveness. The scorecard enables DCM to compare a supplier’s performance from one year to the next and identify any persistent or egregious issues. DCM has also used the overall factory scores to identify its lowest performing suppliers and discuss concerns with factory management. DCM has begun to use its Factory Rating Guide as a framework for addressing lower scoring suppliers.

DCM has identified wages as a persistent area for greater analysis and has tracked wages paid by its contract suppliers in 2013 and 2014 through its Supplier Wage Tracking spreadsheet. DCM has begun to evaluate how average wages paid by its suppliers compare to the estimated living wage in each country, as determined by various country-level living wage benchmarks.

**Verification by FLA:**

FLA reviewed DCM’s Factory Scorecard and scoring methodology, as well as the corresponding Factory Rating Guide, and verified that DCM is using these tools to analyze noncompliance trends for repeated and egregious issues. FLA also reviewed samples of DCM’s country summaries and its Supplier Wage Tracking spreadsheet. FLA verified through interviews with DCM’s President, Director of Merchandising, and Sourcing Manager that they are knowledgeable about both the factory scorecard and wage tracking through their weekly check-in meetings with the Head of Compliance.

**Recommendation:**

FLA recommends that DCM share scorecard results with all of their suppliers to better inform supplier discussions and enhance supplier understanding of how they are being assessed. Also FLA encourages DCM to conduct further analysis of noncompliance trends across its supply chain, in order to inform its approaches to remediation and to CSO engagement. To build on the work the CSR team has done on assessing living wage, DCM is encouraged to collaborate with FLA in the implementation of FLA’s Fair Compensation Work Plan to ensure that all workers in its supply chain are compensated at a rate that provides for their basic needs and some discretionary income.

### 7. TIMELY AND PREVENTATIVE REMEDIATION: COMPANY AFFILIATE WORKS WITH SUPPLIERS TO REMEDIATE IN A TIMELY AND PREVENTATIVE MANNER

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

**Actions Taken:**

For assessments conducted by third-party auditors on behalf of DCM, the report is provided to DCM within two weeks of the audit and remediation plans are developed within 60 days of receiving the report. The CSR Coordinator manages the remediation process and communicates regularly with the auditor and factory to verify remediation actions have been taken. For audits by DCM buyers, DCM complies with the requirements of the buyers’ auditing program and reports to them on the progress of remediation. In the case that other FLA brands are also present in the same factory, DCM will work with the other FLA brands to ensure remediation actions are applied. Where unions or worker representative structures are present, DCM requires that a worker representative be present at the closing meeting when findings and remediation are discussed.
Verification by FLA:
FLA verified that DCM practices a documented and collaborative process to ensure that remediation takes place. The CSR Coordinator monitors the development of the improvement plan, communicates with the factory, and requests documentation of remediation completion. Through field observations, FLA verifies that DCM maintains their timelines for audit reports and development of Improvement Plan. Through the 2015 field observation in China, FLA confirmed that a worker representative was present at the closing meeting of the audit for the discussion of the findings and remediation. Additionally, FLA conducted interviews with other FLA brands to verify DCM’s involvement in collaborative remediation in cases where suppliers are shared between brands.

7.2 Company Affiliate works with the supplier to determine root causes and take action to prevent future noncompliance in contract facilities.

Actions Taken:
The Head of Compliance has worked extensively to train the CSR Coordinator in root cause analysis. The auditor submits a perceived root cause for findings in the audit report, which is then reviewed by the CSR Coordinator and discussed with the factory. The CSR Coordinator is responsible for ensuring that a thorough root cause analysis is conducted for findings in the audit reports and that the corrective action plans reflect consideration of the analysis.

Verification by FLA:
FLA verified through the review of the auditor’s field instructions and samples of improvement plans that DCM requires auditors to include root causes in their reports. Through review of audit reports from field observations, FLA confirmed the auditor conducts root cause analysis. The CSR Coordinator discussed with FLA how root cause analysis is conducted to ensure remediation is implemented and to prevent future noncompliances; for example, by ensuring the factory holds staff accountable and provides training to managers, supervisors, and workers.

In the 2014 SCI in Pakistan, numerous chemical safety findings were identified in the report, including an open stain removal area, not providing health checks to stain-removing operators, malfunctioning eye wash stations, and lack of hazard identification on chemical containers. The corrective action plan submitted by DCM not only addressed all findings, but included development of policies and procedures, training of workers, regular accountability of factory staff, and annual review of the procedures to ensure functionality.

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

Actions Taken:
The CSR Coordinator tracks remediation activities to completion and communicates with suppliers on a regular basis. DCM regularly requests remediation documentation such as training presentations, training attendance logs, photographs, and revised policies and procedures.

Verification by FLA:
FLA reviewed the remediation tracker maintained by the CSR Coordinator and samples of improvement plans that track remediation progress and completion for each audit. Additionally, FLA reviewed verification documentation submitted by suppliers that included remediation efforts such as providing vaccinations to workers, improved bathroom facilities, and structural improvements to buildings.
Recommendation:
FLA recommends DCM work towards effective and sustainable remediation efforts within all areas of its supply chain.

8. RESPONSIBLE PURCHASING PRACTICES: COMPANY AFFILIATE ALIGNS PLANNING AND PURCHASING PRACTICES WITH COMMITMENT TO WORKPLACE STANDARDS

8.1 Company Affiliate has formal written policies and procedures for planning and purchasing that: 1) articulate the many complexities involved in their global supply chains, including different supplier business models and 2) require relevant internal representatives to work with suppliers to reduce negative impacts on working conditions. These policies and procedures shall address a) the alignment of financial terms with the FLA Workplace Standards, b) the adequacy of lead time provided (considering, for example, availability of inputs, testing, design changes, and production capacity) to produce without excessive overtime, unauthorized subcontracting, or other negative impacts, and c) attempt at balanced annual planning in order to eliminate negative outcomes (i.e. lower efficiency, poor labor retention, and longer throughput) that arise from traditional seasonal order demand.

Actions Taken:
The CSR Coordinator and Sourcing Manager developed DCM’s Responsible Sourcing Practices Policy. DCM’s policy references its awareness of the impacts their decisions can have on supplier operations and their commitment to DCM’s compliance standards. Global complexities are addressed in the policy and acknowledge that the social, economic, political, and legal environment can have an impact on manufacturing conditions. The policy describes its suppliers’ business models and includes the importance of reviewing financial terms with suppliers to align with the complexity of the production order and establishing reasonable timelines to avoid excessive overtime, unauthorized subcontracting, and other negative impacts on workers. The policy addresses supplier communication, balanced production, and collaboration among senior management at DCM.

Verification by FLA:
FLA reviewed DCM’s Responsible Sourcing Practices Policy and confirmed all elements listed in the benchmark are addressed in the policy. While the policy is still a working document, FLA confirmed the internal collaboration and implementation of this policy through interviews with staff from Production, Sourcing, Design, Sales, and senior leadership.

Recommendation:
FLA recommends that DCM continue to develop systems to address all focus areas of its Responsible Sourcing Practices Policy and to review this policy on a regular basis to address any changes in its supply chain.
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.

**Actions Taken:**
All Production, Sourcing, Design, and Sales staff participated in the CSR team’s E-Learning training, which includes a component specific to responsible sourcing practices, and additional in-person trainings conducted by the Head of Compliance. Relevant business and compliance staff received the CSR E-Learning and in-person training focused on responsible purchasing practices. The Head of Compliance has received feedback from staff regarding the in-person trainings conducted. Through review of is compliance program, the CSR team will develop a training for staff each year to focus on key areas of interest to responsible sourcing practices.

DCM has intermediary relationships with two of its suppliers, one through an agent and another through a vendor. While DCM has communicated the importance of the DCM compliance standards to the agent and vendor, DCM is in the process of training its agent and vendor on responsible purchasing practices. In 2016, DCM’s agent has started to engage with a consultant to address findings in overtime and compensation. The Head of Compliance communicated with the agent and consultant that should root causes of these findings be DCM’s purchasing practices, they should be communicated to DCM so they can be addressed internally.

**Verification by FLA:**
Through interview and document review, FLA confirmed the CSR team has provided training to the Production, Sourcing, Design, and Sales staff on the effects of purchasing practices on working conditions in DCM’s supply chain. These departments have a growing understanding of compliance and its connection to purchasing practices. Sourcing and Production staff were very knowledgeable of the pre-sourcing assessment process and Design staff collaborates with the CSR team on onboarding suppliers.

**Recommendations:**
FLA recommends providing training to the agent and vendor on responsible purchasing practices. Additionally, FLA recommends DCM continue to train staff on responsible purchasing practices and develop systems to ensure the effectiveness 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.

**Actions Taken:**
DCM holds its relevant staff accountable by ensuring collaboration with the CSR team. DCM job descriptions for the Director of Merchandising, Production Manager, and Sourcing Manager include CSR collaboration. Product development begins 10-16 months before the season’s purchase orders are to ship, allowing Design, Production, and suppliers sufficient lead-time to complete orders. All product development and production processes are tracked in DCM’s Time & Action Calendar. Once factories receive the purchase order, the Production Team produces weekly work-in-progress reports to review with the Director of Merchandising. DCM has yet to develop a system to hold its agent accountable for responsible purchasing practices.
**Verification by FLA:**
FLA reviewed job descriptions of the Director of Merchandising and Sourcing Manager that include collaboration with the CSR team. FLA verified that DCM has a shared seasonal development calendar that includes deadlines for Sourcing and Design and that the process is tracked in the Time & Action Calendar.

**Recommendations:**
FLA recommends DCM continue to develop an accountability system for relevant staff to ensure implementation of responsible planning and purchasing practices. FLA also recommends DCM to develop systems to hold agents accountable to practice responsible purchasing.

**8.4 Company Affiliate staff responsible for planning and purchasing 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.**

**Actions Taken:**
DCM holds weekly CSR meetings with the President, Chief of HR, Director of Merchandising, Sourcing Manager, and CSR team. While the focus of the meeting is to discuss the compliance status of DCM’s supply chain, Production and Sourcing staff provide support to ensure DCM purchasing practices do not lead to negative impacts on factory working conditions. Production and Sourcing staff are informed of supplier conditions and have conversations with suppliers to support the importance of the DCM compliance program.

Production and Design staff are in regular communication with suppliers. Suppliers notify the Production team on the progress of orders and Production and Sourcing staff are in the process of receiving production capacity information from all of DCM’s suppliers to ensure that DCM does not over demand its suppliers with orders. Additionally, Production and Sourcing staff discuss the importance of continuous improvement with suppliers who receive low scores on the DCM factory scorecard.

Due to DCM’s exclusive licensing agreements, the Sales team has some flexibility with its buyers in instances where a purchase order is behind schedule. In the case that a supplier is experiencing challenges in completing the purchase order by the exit factory date, the Production Team will work with the supplier to ensure they have the capacity to complete the order. If the factory does not have the capacity, DCM will revise the purchase order so that the factory can ship the product at a later date. DCM will then work with its other suppliers to try to reallocate the original purchase order in order to make the original factory date.

**Verification by FLA:**
Through interviews throughout the headquarter assessment, FLA confirmed that business and compliance staff are engaged in regular constructive dialogue with suppliers. The Production and Sourcing teams were very knowledgeable of the approval status and scores of the DCM suppliers. FLA reviewed meeting minutes from the weekly CSR meetings and confirmed the participation of the President, Production, and Sourcing. During the 2015 field observation in China, FLA interviewed the agent and factory sales manager on purchasing practices and DCM’s compliance program. Although this was a pre-sourcing audit, the agent and sales managers were well informed of the DCM compliance program requirements. Additionally, FLA has reviewed various communication between the Sourcing team and suppliers in an instance where orders from one factory needed to be reallocated due capacity restraints, however DCM guaranteed the order to the factory later in the season.
Recommendations:
FLA recommends that DCM continue to incorporate buyer and supplier feedback to foster further efforts to instill responsible purchasing practices within DCM business practices.

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

Actions Taken:
The CSR team has developed a factory scorecard and uses this analysis of data to determine orders for the next season. Due to growth in the collegiate fan apparel business, sourcing and the CSR team collaborate to determine which existing suppliers should receive more business from DCM. While DCM does not have a formal offering of incentives, the company has explored ways to support and strengthen relationships with key suppliers, such as sponsoring a worker festival event at a supplier that has demonstrated commitment to the business relationship and upholding compliance standards. Once DCM has analyzed data from its 2015 audit cycle, they will explore the possibility of a reduction of audits as a possible incentive.

Verification by FLA:
FLA reviewed the DCM scorecard and interviewed Sourcing staff, verifying that DCM is working towards securing more business within its current supply chain in addition to conducting pre-sourcing evaluations of new potential suppliers. FLA also interviewed the President of DCM, who initiated DCM’s sponsorship of the worker event held by the supplier, and reviewed communication between the President, the CSR team, and Director of Merchandising on this event.

Recommendation:
FLA recommends share the scorecard results and methodology with its approved factories on the 2015 audit cycle data is included into the scorecard. FLA also recommends that DCM continue to explore a range of incentives for suppliers that produce in a socially responsible and sustainable manner.

9. CONSULTATION WITH CIVIL SOCIETY: COMPANY AFFILIATE IDENTIFIES, RESEARCHES, AND ENGAGES WITH 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 sourcing.

Actions Taken:
DCM developed a CSO outreach and engagement strategy focused on engagement in the Americas, due to DCM’s high percentage of production in the region and limited resources available to engage globally. The CSO engagement strategy includes an analysis of internal challenges, proposals to overcome challenges, a list of prioritization of efforts, and a list of collaborative opportunities. Prior to the adoption of the CSO engagement strategy, DCM hired a consultant to develop a mapping of stakeholders in relation to DCM business. The mapping identified key stakeholders and helped DCM understand the work of global, national, and regional stakeholders relevant to DCM’s compliance program.
Due to the majority of DCM’s production being in the Americas, the Head of Compliance collaborated with the Americas Group and Maquila Solidarity Network to develop an initiative focused on collaboration with multiple brands to conduct CSO engagement in the Americas. Additionally, through consultation with the FLA Director of CSO Engagement, DCM revised its in-country CSO outreach and engagement strategy to address engagement with CSOs in Asia.

**Verification by FLA:**
FLA reviewed the CSO engagement strategy and confirmed the contents of the strategy address how DCM will engage with civil society. FLA also reviewed the strategy and proposal document the Head of Compliance developed with the Americas Group to initiate a collaborative approach to CSO engagement with other brands.

**Recommendation:**
FLA recommends that DCM continue to implement the overall strategy, develop its CSO engagement strategy for suppliers outside of the Americas, and develop long-term goals for its engagement program.

9.2 **Company Affiliate develops and maintains links to relevant civil society organizations (CSOs) to gain understanding of local labor issues.**

**Actions Taken:**
DCM has begun to establish links to relevant CSOs primarily in the Americas region. The Head of Compliance, the Coordinator of the Maquila Solidarity Network, and the Social and Environmental Affairs Manager at adidas Group made up the Coordinating Committee to drive the formulation of a Central America working group within the Americas Group. Maquila Solidarity Network, an Americas Group labor rights organization participant, works directly with local Central American CSOs to bring issues to the attention of the Central America working group. The Head of Compliance is also part of the core working group that will strive to share knowledge on various labor and human rights issues in supply chains in Central America.

DCM has been involved in two Third-Party Complaints throughout its implementation period. In April 2015, la Federación Independiente de Trabajadores de Honduras (FITH) filed a Third-Party Complaint on the behalf of its affiliate Sindicato de Trabajadores de la Empresa Petralex S. de R.L. (SITRAPETRALEX) with the FLA regarding illegal firings and forced resignation of 19 garment workers at Petralex, a DCM supplier in Honduras. The forced resignations included nine SITRAPETRALEX union representatives and 10 union affiliates or relatives of union representatives. DCM was one of six FLA brands that had production in the factory and worked to ensure the FLA gained access to the factory to conduct an investigation. In July 2015, the Third Party Complaint was considered resolved when the workers were reinstated and were issued back payments, among other corrective actions incorporated by the factory.

In June 2015, a Third Party Complaint was submitted by Sindicato Salvadoreño de Industrias Textiles y Similares (SSINT) to the FLA alleging dismissal of one of the union’s founders at a DCM contract supplier, Apple Tree El Salvador S.A. DCM was one of three FLA brands that had production in this factory. At the time of this report, resolution of the Third Party Complaint at Apple Tree is still in progress.

**Verification by FLA:**
FLA confirmed that DCM has established relationships with the Americas Group, Maquila Solidarity Network, FITH, and SITRAPETRALEX through observed engagements, document review, and the Third-Party Complaint process. FLA
observed calls with the Head of Compliance, the AG representative, and other brands in discussion of the collaborative CSO engagement initiative.

Throughout the Third-Party Complaint processes for Petralex and Apple Tree, the Head of Compliance engaged with the FLA, collaborated with other brands, and factory management. Specifically for Petralex, DCM engaged with FITH, SITRAPETRLEX, and the Workers Rights Consortium (WRC). The Head of Compliance has taken a leadership role in communicating with the factories and unions in regards to remediation efforts currently underway.

**Recommendation:**
In addition to broadening and strengthening its engagement with local CSOs in the Americas, FLA also recommends DCM continue to implement its CSO outreach and engagement strategy, to include in all high risk and high volume sourcing countries.

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

**Actions Taken:**
After identifying the challenges of a small-revenue PC trying to incorporate Principle 9 into a social compliance program, the Head of Compliance co-developed a pilot to initiate collaborative CSO engagement in the Americas by working with a representative of the Americas Group and engaging with the FLA Director of CSO Engagement. This work coincided with collaborative work that DCM has been engaging in regarding child care requirements in Honduras, and work of the Americas Group on women’s rights in Central America. To avoid duplication of efforts, the pilot was subsumed into the Americas Group work. Through various forms of outreach by the Americas Group Coordinating Committee, a core group of company representatives engaged with unions, labor rights stakeholders, women’s right organizations, government, and suppliers in Honduras and unions, labor rights stakeholders, women’s rights organizations and suppliers in El Salvador to engage on macro country level issues such as childcare as well as factory specific issues such as properly functioning health and safety committees. In October 2015, based upon the learnings from the trips, Americas Group participants formed a Central America working group. The working group is currently developing a 12-18 month strategic plan.

Additionally, DCM has engaged with the WRC on issues concerning DCM contract suppliers in Honduras.

**Verification by FLA:**
FLA confirmed the development of the collaborative initiative led by DCM’s Head of Compliance and the Americas Group. The engagement in Honduras is focused on remediation of systemic issues identified through audits that are issues of interest to local Honduran CSOs. The FLA Director of CSO Engagement provided support in the development process of this initiative. FLA staff observed calls, meetings, and the trips to Honduras and El Salvador and verified the Head of Compliance’s commitment to contributing to the Coordinating Committee and Central America Working Group. With regards to the Third-Party Complaint, FLA reviewed communication between DCM and WRC to address the investigation’s findings.

**Recommendation:**
FLA recommends that DCM continue to implement its CSO engagement strategy and engage with CSOs in high-production sourcing countries to explore further opportunities for worker trainings, enhanced communication channels, and sustainable remediation efforts.
9.4 **Company Affiliate consults with supplier management and legally constituted unions or worker representative structures to gain an understanding of relevant relationships.**

**Actions Taken:**
DCM requires union or worker representative engagement as part of its audit methodology. Union or worker representatives are to be included in the opening and closing meeting of the audit and interviewed. Additionally, the Head of Compliance is able to provide an understanding of union engagement through past experiences. Through the Third-Party Complaint process, the CSR team has gained understanding of Honduran and Salvadoran legislation and union requirements.

Prior to DCM’s FLA affiliation, a Third-Party Complaint was filed at a supplier shared with other FLA brands. While DCM was not part of the Third-Party Complaint process, the Head of Compliance reviewed the published report after DCM affiliated in June 2012. The Head of Compliance discussed this report with the factory owner and remains mindful of the factory and union dynamics.

In the case of the Third Party Complaint at Petralex in Honduras, the Head of Compliance coordinated with the five other FLA brands, FLA staff, Petralex, the union, and the federation to support the reinstatement of the dismissed workers and back payments. In the case of the Third Party Complaint at Apple Tree in El Salvador, the Head of Compliance coordinated with the two other FLA brands and FLA staff in the investigation and development of remediation plans. The Third Party Complaint at Apple Tree has not reached a resolution at the time of this report.

**Verification by FLA:**
FLA confirmed through document review, field observations, and the Third-Party Complaint process that DCM has engaged with unions, worker representative structures, or international labor organizations to gain an understanding of relevant relationships. FLA verified that union or worker representative engagement is part of DCM’s audit field instructions. FLA also reviewed the audit report of the supplier that was involved in a Third-Party Complaint prior to DCM’s affiliation and confirmed that the auditor provided an extensive description of the relationship of the unions and factory.

The Head of Compliance demonstrated leadership and dedication to resolutions protective of workers’ rights throughout the Third Party Complaints processes. The Head of Compliance was an active participant in communication with the FLA, factories, and brands. Additionally, FLA verified that the Head of Compliance met with Petralex management, and representatives from FITH, SITRAPETRALEX, and the WRC in Honduras to discuss the Third Party Complaint status in August 2015. The Head of Compliance also met with Apple Tree management to discuss its Third Party Complaint in September 2015.

10. **VERIFICATION REQUIREMENTS: COMPANY AFFILIATE MEETS FLA VERIFICATION AND PROGRAM REQUIREMENTS**

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

**Actions Taken:**
DCM’s CSR Handbook outlines the requirements for FLA affiliation, including the self-assessment, updating factory lists, and SCI assessments. DCM has also included an estimated timeline of the review of SCI reports and DCM’s obligation to submit corrective action plans and remediation updates.
Verification by FLA:
Through document review, FLA verified the contents of the DCM CSR Handbook. FLA verified that DCM has fulfilled its FLA obligations through implementation of the standard operating procedures related to FLA affiliation.

10.2 Company Affiliate participates in FLA due diligence activities, including assessments at contract facilities and company headquarters, as applicable.

Actions Taken:
DCM received three SCI Assessments, two field observations, and one headquarters assessment. DCM submitted its corrective action plan for the 2013 and 2014 SCI Assessments in a timely manner and provided remediation updates. DCM conducted a follow-up audit at the 2014 SCI facility and will work to submit remediation updates from the follow-up audit.

Verification by FLA:
FLA confirmed participation in all FLA due diligence activities. Although DCM experienced one aborted field observation, DCM worked diligently to reschedule this activity with the FLA. DCM has worked to ensure aborted FLA due diligence activities are prevented in the future by increasing efforts to communicate to their suppliers, agent, and vendor about the FLA. Both 2013 and 2014 SCI Reports are available on the FLA website with corrective action plans. Remediation updates are available for the 2013 SCI. At the end of 2015, DCM conducted a follow-up audit at the 2014 SCI facility in Pakistan and will submit remediation updates based on the follow-up audit results. The corrective action plan of the 2015 SCI is not yet due to the FLA.

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

Actions Taken:
DCM has submitted annual reports to the FLA covering activities from 2012, 2013, and 2014.

Verification by FLA:
The FLA confirms that DCM submitted annual reports with information on activities from 2012, 2013, and 2014 in a timely manner. The 2015 annual report is not yet due to the FLA.

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

Actions Taken:
DCM provided a complete and accurate profile and list of contract facilities.

Verification by FLA:
FLA confirmed DCM provided a complete and accurate profile and list of contract facilities.

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

Actions Taken:
DCM is in good standing with the FLA for meeting its obligations and has provided all requested documentation, contracts, information, and clarification in a timely manner. DCM signed the Monitoring Service Agreement in 2012.
DCM CSR staff has attended all FLA Board of Directors meetings since the company’s affiliation in June 2012. The Head of Compliance is on the Agriculture Working Group, was recently elected to the FLA Monitoring Committee in March 2015, and was on the Business Caucus Advisory Group to the Fair Compensation Technical Working Group. The previous CSR Coordinator served on the Technical Working Group for the FLA online platform. Additionally, DCM participated in a remediation panel at the 2015 University Advisory Council meeting.

**Verification by FLA:**
FLA confirmed DCM met all FLA obligations and participates in various FLA-related working groups and committees.

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

**Actions Taken:**
DCM has paid its dues and fees in full in a timely manner.

**Verification by FLA:**
FLA confirms that DCM has paid its dues and fees in full in a timely manner. Documentation is available at FLA headquarters.
SECTION 3: SUMMARY OF DALLAS COWBOYS MERCHANDISING, LTD.’S LABOR COMPLIANCE PROGRAM USING THE FLA PRINCIPLES OF FAIR LABOR & RESPONSIBLE PRODUCTION

In February 2014, the FLA Board of Directors and Monitoring Committee approved the Principles of Fair Labor & Responsible Production, benchmarks, and key performance indicators. In the approval of the Principles, FLA affiliated companies that produce in owned and contract suppliers are responsible for implementation of both the Sourcing and Production Principles.

DCM has an onsite screen-printing facility, Blue Star Graphics & Design (BSGD), located at the DCM headquarters. As of January 2016, BSGD employed 40 employees. FLA reviewed documents and interviewed the HR Manager and Print Production Manager for BSGD to assess workplace standards, head office training, production staff training, functioning grievance mechanisms, monitoring, collection and management of compliance data, remediation, responsible production, and CSO engagement. Throughout DCM’s implementation period, the CSR team has focused its efforts to uphold compliance standards at all DCM suppliers, but with a stronger focus on its higher-risk sourcing countries. The CSR team is working with the HR Manager of DCM and the Print Production Manager at BSGD to incorporate their compliance program at the owned facility. Below is a summary of the FLA’s assessment of DCM’s compliance program at their owned facility against the Principles of Fair Labor and Responsible Production.

1. WORKPLACE STANDARDS: COMPANY AFFILIATE ESTABLISHES AND COMMITS TO CLEAR STANDARDS

Refer to Principle 1 of the Principles of Fair Labor & Responsible Sourcing, on page 6.

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 STAFF

**Actions Taken:**

The CSR team has administered training on workplace standards to all full-time management staff at BSGD. The HR Manager has received in-person training from the CSR team and is in regular communication with the CSR team to develop an internal compliance program. The CSR team is working with the HR Manager to align with the Principles of Fair Labor & Production at BSGD in worker training, factory assessments, responsible production practices, and community and stakeholder engagement.

**Verification by FLA:**

Through document review and interviews at the DCM headquarters, FLA verified workplace standards training was administered to the HR Manager. The HR Manager demonstrated knowledge of the DCM Code and Benchmarks.
3. **PRODUCTION STAFF TRAINING: COMPANY AFFILIATE TRAINS ALL MANAGEMENT STAFF AND EMPLOYEES AT OWNED PRODUCTION SITES ON WORKPLACE STANDARDS AND TRACKS EFFECTIVENESS OF TRAINING**

**Actions Taken:**

The current Print Production Manager was hired in early 2015 and has experience in implementing workplace standards at the factory-level. The Print Production Manager completed the CSR E-Learning training and met with the CSR team to discuss the DCM compliance program and prepare for an upcoming audit by a DCM buyer.

All full-time employees at BSGD received the CSR E-Learning training. While hourly employees did not receive the training, they receive new hire orientation, the DCM employee handbook, and ongoing training from the HR Manager on the workplace rules and benefits. The HR Manager’s focus in 2014 training was to ensure that employees understand health benefits offered by DCM. This benefit was a new offering for the employees, many of whom had never had medical, dental, vision or life insurance offered to them by employers in the past. The HR Manager coordinated with the BSGD supervisors to ensure that employees received training on the benefits offered, enrollment, filing claims and finding doctors. The HR Manager also reviewed the Family and Medical Leave Act (FMLA) leave of absence and health and wellness materials.

**Verification by FLA:**

FLA verified that the Print Production Manager received the CSR E-Learning training. FLA verified through interviews that the Print Production Manager and the CSR Coordinator that there is regular communication to discuss the DCM compliance program, upcoming buyer audits, audit findings, and remediation. FLA interviewed the HR Manager on the new hire orientation and ongoing training employees receive. In a walkthrough of the facility, FLA verified that the DCM Code of Conduct is available in the break room and security room in Spanish and English. Not all employee orientation materials are made available in Spanish, such as the employee handbook, however the HR Manager provides information on benefits in Spanish upon request.

**Recommendation:**

FLA recommends DCM ensure that employees have access to all materials in Spanish, including the DCM compliance benchmarks and employee handbook. FLA recommends the CSR team continue to work with the HR Manager to ensure all employees receive training on DCM’s workplace standards.

4. **FUNCTIONING GRIEVANCE MECHANISMS: COMPANY AFFILIATE ENSURES WORKERS HAVE ACCESS TO GRIEVANCE MECHANISMS, WHICH INCLUDE MULTIPLE REPORTING CHANNELS OF WHICH AT LEAST ONE IS CONFIDENTIAL**

**Actions Taken:**

Employees at BSGD have two options for submitting a grievance. The HR Manager has an open-door policy in which employees can address grievances directly with the manager. In the case that the employee is more comfortable speaking in Spanish, the HR Manager will request translation support from a DCM headquarter staff member who is not involved in the matter, or from another BSGD employee of the person’s choosing. Grievances and their resolution are documented by the HR Manager and kept on file.

Employees may also submit a grievance through a telephone hotline. When a grievance is submitted, the HR Manager receives a notification and must complete a report, addressing how the grievance was resolved. Employees
receive training on the grievance mechanisms at new hire orientation and in ongoing training. The employee handbook states that employees are protected and free from penalty when using the grievance mechanisms.

**Verification by FLA:**
FLA verified the establishment of functioning grievance mechanisms through interviews with the HR Manager and through document review. FLA verified that the grievance mechanisms show evidence of functionality through the review of grievance documentation that demonstrated employees use the mechanisms.

5. **MONITORING: COMPANY AFFILIATE CONDUCTS WORKPLACE STANDARDS COMPLIANCE MONITORING**

**Actions Taken:**
The CSR team is developing a monitoring program at BSGD. DCM buyers, which include an FLA PC Affiliate with an accredited program, audit BSGD once a year. The CSR team reviews the findings with the Print Production Manager and pursues remediation.

**Verification by FLA:**
FLA reviewed a report from an audit conducted by a DCM buyer at the BSGD facility in 2015. FLA confirmed that the audits conducted by DCM buyers include worker interviews, management interviews, documentation review, visual inspection, and occupational safety and health review. There is no union presence or collective bargaining agreement in place at BSGD.

**Recommendation:**
FLA recommends DCM continue to develop the DCM compliance program at BSGD and monitor conditions on a regular basis. Once monitoring has been established, FLA recommends DCM incorporate consultation with worker representatives during the audit process. In the event that DCM decides to acquire a production facility in the future, FLA recommends developing pre-sourcing assessment procedures.

6. **COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION: COMPANY AFFILIATE COLLECTS, MANAGES, AND ANALYZES WORKPLACE STANDARDS COMPLIANCE INFORMATION**

**Actions Taken:**
The HR Manager maintains accurate information on the BSGD facility. However, the CSR team has yet to include the BSGD findings in its factory data analysis and scorecard. DCM maintains address and contact information, historic audit data, incidents, and accidents for BSGD. As the CSR team works to implement its compliance program at BSGD, the team will include the audit data at BSGD in its factory scorecard and data analysis.

**Verification by FLA:**
FLA verified that the HR Manager maintains accurate information on BSGD.

**Recommendation:**
FLA recommends the CSR team continue to implement its compliance program at BSGD and incorporate audit data into their factory scorecard. It is also recommended that the HR Manager or CSR team track root cause analysis and as well as previous labor disputes.
7. **TIMELY AND PREVENTATIVE REMEDIATION: COMPANY AFFILIATE REMEDIATES IN A TIMELY AND PREVENTATIVE MANNER**

**Actions Taken:**
After buyers at BSGD conduct audits, the CSR Team and the Print Production Manager review the findings from the audit and develop an improvement plan to submit to the buyers. The CSR team tracks remediation efforts to ensure completion. The CSR Team conducts root cause analysis of findings with the Print Production Manager and communicates the root causes to the Chief Operating Officer.

**Verification by FLA:**
FLA verified through document review and interviews that the CSR Coordinator and the Print Production Manager review the findings from the audit, develop improvement plans to address each finding, and track remediation through completion. FLA verified through interviews that the CSR Coordinator conducts root cause analysis with the Print Production Manager. Through root cause analysis of health and safety findings, it was determined that a health & safety committee should be established to ensure all OSHA standards are being upheld.

In October 2015, DCM formed a Safety & Workplace Committee that includes representatives from the DCM office, retail, warehouse, and BSGD screen printing staff. The committee meets on a monthly basis and was formed to promote workplace safety throughout the company, align BSGD with the DCM Code of Conduct and Compliance Benchmarks, perform job safety analysis, and conduct training and awareness building on incident reporting. The Head of Compliance is the sponsor and the Chief Operating Officer is the Executive Sponsor of the committee.

**Recommendation:**
FLA recommends maintaining documentation on root cause analysis conducted for audit findings.

8. **RESPONSIBLE PRODUCTION PRACTICES: COMPANY AFFILIATE ALIGNS SALES AND PLANNING PRACTICES WITH COMMITMENT TO WORKPLACE STANDARDS**

**Actions Taken:**
DCM has developed a responsible purchasing practices and production policy as described in Principle 8 of the Principles of Fair Labor & Responsible Sourcing. The Print Production Manager and HR Manager completed the CSR E-Learning training, which included a component on responsible production. The Print Production Manager maintains detailed tracking of orders. The facility’s busy season runs from early fall through the end of the year due to the football and holiday seasons. The Print Production Manager works closely with the Design and Production departments in order to ensure balanced planning. In order to maintain steady work for employees throughout the year, the facility accepts orders from other buyers throughout the football off-season.

**Verification by FLA:**
FLA interviewed the Print Production Manager and Design staff, visited the facility, and reviewed the tracking of orders. By visiting the facility during the football off-season, FLA verified that BSGD has received orders from other buyers to maintain regular hours for employees.

**Recommendation:**
FLA recommends DCM and BSGD continue to implement responsible production practices at the facility, such as further training to the Production Manager, enhancing accountability of the Production and Sales departments, and providing incentives to BSGD.
9. **CONSULTATION WITH CIVIL SOCIETY:** COMPANY AFFILIATE IDENTIFIES, RESEARCHES, AND ENGAGES WITH WITH RELEVANT LABOR NON-GOVERNMENTAL ORGANIZATIONS, TRADE UNIONS, AND OTHER CIVIL SOCIETY INSTITUTIONS

**Actions Taken:**
DCM has yet to pursue CSO engagement in the region of the BSGD facility. The focus at DCM headquarters and BSGD is on community engagement, such as through philanthropic initiatives. Throughout the Dallas Cowboys organization, employees are engaged in events and initiatives at local soup kitchens and the Salvation Army. Initiatives are focused on women’s health, military outreach, and youth development.

**Verification by FLA:**
FLA verified DCM’s community engagement (which is related to the work of the Dallas Cowboys’ organization) through review of public information on the activities of the Dallas Cowboys organization.

**Recommendation:**
FLA recommends DCM evaluate CSO engagement opportunities at BSGD and work to partake in mutually beneficial engagements to implement this principle.

10. **VERIFICATION REQUIREMENTS:** COMPANY AFFILIATE MEETS FLA VERIFICATION AND PROGRAM REQUIREMENTS

Refer to Principle 10 of the Principles of Fair Labor & Responsible Sourcing, on page 6.

DCM’s on-site screen-printing facility in Dallas, TX.
SECTION 3: CONCLUSION

Accreditation is an early measure of the capacity of a company’s labor compliance program to ensure respectful and ethical treatment of workers. While there are recommendations in this report designed to advance DCM’s labor compliance program, the FLA staff finds that DCM has built a labor compliance program that, on balance, supports successful upholding of the “respectful and ethical treatment of workers” and “sustainable conditions through which workers earn fair wages in safe and healthy workplaces” and recommends to the FLA Board of Directors the accreditation of DCM’s labor compliance program.

Strengths of DCM’s labor compliance program include:

1. Clear commitment and support from the CEO and the Chief of Human Resources to adhere to workplace standards and integrate standards into business operations;
2. Collaboration throughout Sourcing, Production, and Design departments to support the application of workplace standards program;
3. Development of training programs for all HQ staff;
4. Development of assessment programs specific to functioning grievance mechanisms;
5. Commitment to research and development of the analysis of factory audit and wage data and
6. Collaboration amongst key stakeholders and other brands to ensure remediation is sustainable.

Suggestions for strengthening DCM’s labor compliance program include:

1. Continued development of responsible purchasing and production practices with its suppliers and owned facility;
2. The development and training of the agent and vendor on responsible purchasing practices;
3. To devote resources to worker training on workplace standards;
4. Continued implementation of the CSO engagement strategy in all high risk and high production countries; and
5. The full implementation of the Principles of Fair Labor & Responsible Production at DCM’s owned facility.

DCM will submit an Accreditation Action Plan to address the Suggestions for Strengthening. Once approved by the FLA, the Accreditation Action Plan will be included in this report.
APPENDIX: DCM CODE OF CONDUCT

DCM Social Compliance Code of Conduct

This Social Compliance Code of Conduct sets forth the basic requirements for workers and the workplace. It is based upon internationally accepted standards, including the International Labor Organization’s core conventions and internationally accepted good labor practices.

GENERAL PRACTICE

Business associates shall comply with all applicable international, national, state, and local laws and regulations and shall adopt and adhere to rules and conditions of employment that respect workers. Business Associates are expected to meet the higher standard of applicable law, this Code, our Compliance Benchmarks, or where applicable, Collective Bargaining Agreements.

EMPLOYMENT STANDARDS

Child Labor: Business associates shall not use child labor. The term “child” refers to any person employed under the age of 15, under the age for completion of compulsory education, or under the minimum age for employment in the country of manufacture, whichever is higher. We support the development of legitimate workplace apprenticeship programs that comply with all laws and regulations applicable to such apprenticeship programs.

Forced Labor: Business associates shall not use forced or involuntary labor. Business associates shall not purchase materials that were produced by forced, bonded, indentured, or prison labor.

Discrimination: Business associates shall not discriminate in hiring and employment practices, which include but are not limited to compensation, advancement, discipline, termination, or retirement, on grounds of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion, or disability.

Discipline, Harassment or Abuse: Business associates shall treat every employee with respect and dignity, and shall not use corporal punishment, threats of violence, or other forms of mental, physical, verbal, or sexual harassment, coercion, or abuse. In addition, business associates shall not use monetary fines as a disciplinary practice.

Freedom of Association and Collective Bargaining: Business associates shall respect the rights of all employees to join organizations of their own choosing and to organize and bargain collectively without fear of penalty or interference. If freedom of association or the right to collective bargaining is restricted by law, employees shall be able to develop legal alternative means for independent and free association and collective bargaining. In all events, business associates shall develop procedures whereby their employees can express grievances without fear of retaliation.
Working Hours and Overtime: Business associates shall ensure that all work hours are in compliance with applicable national laws and regulations. In any event, employees shall not be required to work more than 48 hours per week with at least 24 consecutive hours of rest in every seven-day period; overtime must be voluntary, and except in exceptional circumstances, not to exceed 12 hours per week on a regular basis.

Wages and Benefits: Business associates shall, at a minimum, pay at least the minimum wage required by law or the appropriate prevailing wage, whichever is greater, and comply with all applicable wage and hour laws, regulations and industry standards, including those relating to minimum wages, overtime wages, piece rates and other elements of compensation, and provide legally mandated benefits. We recognize that human rights principles establish that everyone who works has the right to just and favorable remuneration ensuring for him or herself and his/her family an existence worthy of human dignity, and supplemented if necessary, by other means of social protection.* We encourage business associates to provide wages and benefits that meet basic needs and some discretionary income. Where these goals are not met, business associates shall work with us to take legal and appropriate actions that seek to progressively realize these goals.

*From Article 23 of the Universal Declaration of Human Rights

Health & Safety: Business associates shall provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations and designed to prevent accidents and injuries arising out of or occurring during the course of work. Business associates must provide the same standard of health and safety in any housing that they provide for employees.

Environment: Business associates shall comply with all applicable environmental laws, regulations and industry standards. Business associates are encouraged to adopt responsible measures to mitigate negative impacts that the workplace has on the environment.