



FAIR LABOR  
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## **ASSESSMENT FOR ACCREDITATION**

June 2021

Fanatics Brands



## TABLE OF CONTENTS

INTRODUCTION .....	3
FANATICS BRANDS ACCREDITATION.....	4
COMPANY OVERVIEW .....	5
FANATICS BRANDS SUPPLY CHAIN.....	6
ACCREDITATION ASSESSMENT SUMMARY .....	7
ACCREDITATION ASSESSMENT: COMPANY ACTIONS & FLA VERIFICATION .....	16
APPENDIX A: REMEDIATION PROGRESS.....	44

## INTRODUCTION

FLA accreditation is guided by the [FLA Principles of Responsible Sourcing and Production](#) and the FLA [Workplace Code of Conduct](#). These standards are based on international standards and norms including International Labour Organization (ILO) standards, UN Guiding Principles, Corporate Human Rights Benchmark, and others. Each principle is backed by a set of benchmarks and KPIs that define what companies must do to be successful.



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Effective social compliance implementation is a process of continuous improvement over time. This report recognizes a company's achievements, acknowledges areas in which the company has gone above and beyond baseline requirements, and makes specific recommendations for future growth. Companies are evaluated on the alignment of their social compliance systems with FLA standards, and the company's performance in executing those systems to support and protect workers. After accreditation, FLA evaluates companies on an ongoing basis to ensure that they maintain baseline requirements and standards. When a company shows consistent performance over and above the baseline, including in upstream supply chains, they can be reevaluated for a higher level of recognition.

FLA accredited companies have shown that they can successfully uphold fair labor standards in their supply chain.

Accredited companies must:

- Have comprehensive social compliance **systems**; and
- Demonstrate **performance** that is effective in protecting workers' rights.

## FANATICS BRANDS ACCREDITATION

FLA ACTIVITY	PURPOSE
<b>Headquarters and Field Office Assessments</b> <i>April 2021</i>	<ul style="list-style-type: none"> <li>• Interview senior leadership and staff in the compliance, purchasing, production, and planning departments</li> <li>• Review documentation, processes, and data</li> </ul>
<b>Field Observations (FO)</b> <i>Audit: 2018 &amp; 2021, Vietnam</i> <i>Training: 2020, Honduras (virtual)</i>	<ul style="list-style-type: none"> <li>• Evaluate internal audits, training sessions, and/or remediation visits for comprehensiveness and quality</li> <li>• Verify improvement over time</li> </ul>
<b>Factory-Level Assessments (SCI)</b> <i>Fanatics 2016 – 2020 (7)</i> <i>Top of the World 2012 – 2019 (7)</i>	<ul style="list-style-type: none"> <li>• Identify any labor violations, assess root causes, and track remediation efforts over time</li> </ul>
<b>Annual Evaluation</b>	<ul style="list-style-type: none"> <li>• Review documentation demonstrating compliance with the Principles of Fair Labor &amp; Responsible Sourcing and Production</li> </ul>
<b>Safeguard Investigations</b> <i>Honduras, 2018-2019</i>	<ul style="list-style-type: none"> <li>• Investigate supplier for alleged noncompliance, report follow up on remediation, and engagement with union</li> </ul>
<b>Fair Compensation</b>	<ul style="list-style-type: none"> <li>• Confirm use of the FLA’s Wage Data Collection Toolkit</li> <li>• Evaluate the company’s fair compensation blueprint</li> <li>• Track measurable progress towards a living wage over time</li> </ul>
<b>Stakeholder Engagement</b>	<ul style="list-style-type: none"> <li>• Integrate perspectives from civil society and other relevant organizations on the company’s social compliance program.</li> </ul>

## COMPANY OVERVIEW

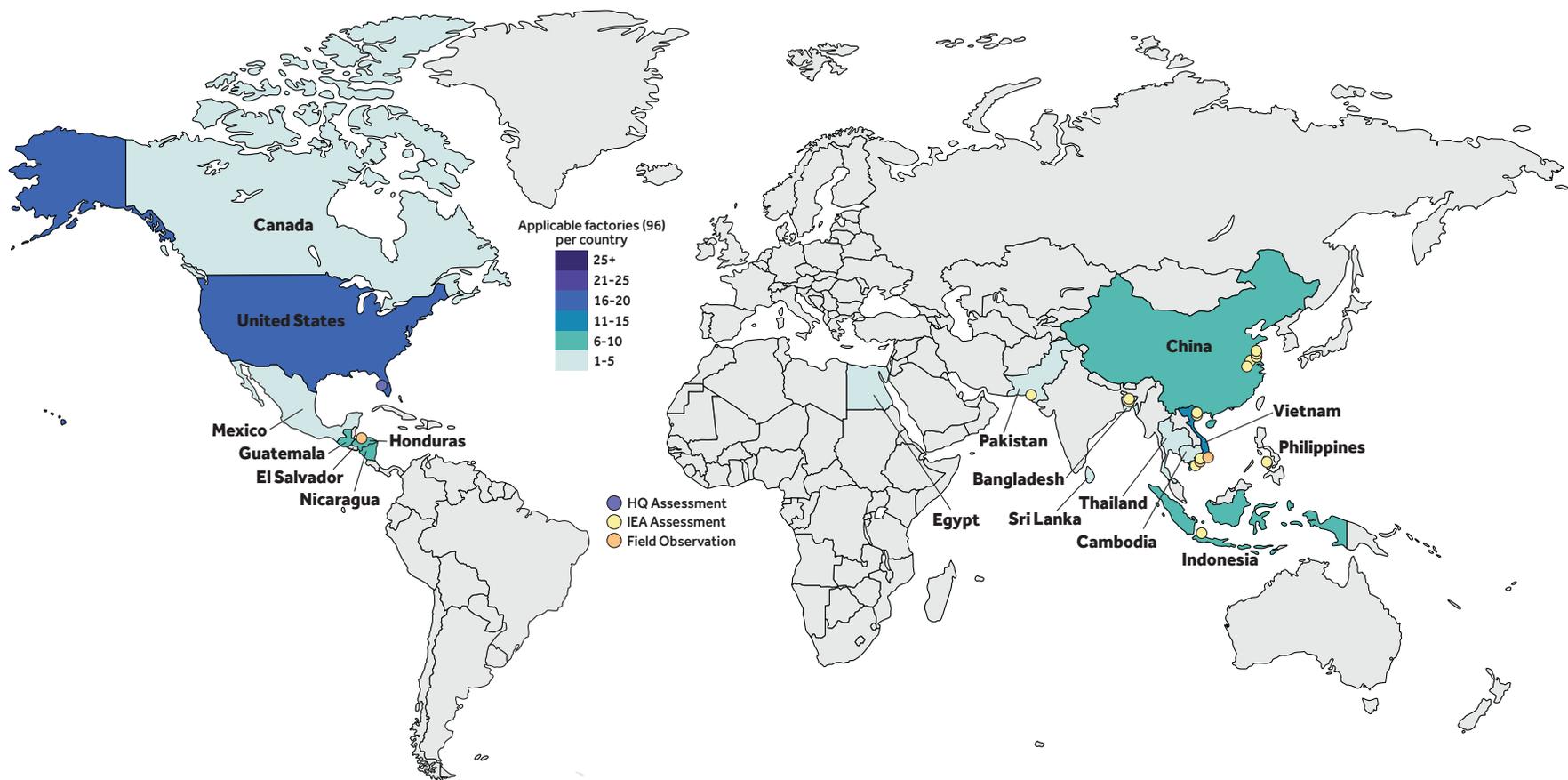


<b>Name</b>	<b>Fanatics Brands</b>	<b>Category</b>	Participating Company
<b>HQ Location</b>	Florida, USA	<b>Product</b>	Apparel, headwear
<b>FLA Affiliation</b>	2016	<b>Applicable Facilities</b>	94 contract; 3 owned

Fanatics Brands, the private label division of Fanatics, Inc., is an apparel and headwear company headquartered in Jacksonville, FL, that specializes in licensed fan gear for universities and professional sports teams. Fanatics Brands employs 1,500 employees, and has product creation centers and sourcing hubs in Thailand and Honduras. Fanatics Brands manufactures its products at three owned and operated facilities in Tampa, Florida; Easton, Pennsylvania; and Norman, Oklahoma (TOW by Fanatics facility) and sources from 94 contract facilities across 17 countries. Sustainability and its pillars of labor, environment, and traceability are foundational to Fanatics Brands.

Fanatics Brands is the private label division of Fanatics, Inc., which in turn holds licensing agreements with 500 universities and colleges, of which 121 are affiliated with the FLA. In addition, Fanatics, Inc. holds licensing agreements with the NFL, NBA, NHL, MLB, and MLS, as well as others. Fanatics, Inc. acquired certain assets of Top of the World, LLC in September 2020, now Top of the World by Fanatics, LLC. The FLA accredited Top of the World, LLC as part of Participating Company Vetta Brands's accreditation in 2018. Fanatics Brands is integrating Top of the World by Fanatics, LLC into the Fanatics Brands social compliance program throughout 2021.

Fanatics, Inc. also owns Wincraft, Incorporated, an FLA Category B licensee and Mounted Memories, an FLA Category C licensee. These entities have standalone product creation, supply chain and social compliance divisions, among other departments. For this reason, only Fanatics Brands and Top of the World by Fanatics are included in the scope of accreditation.



## FANATICS BRANDS SUPPLY CHAIN

Fanatics Brands sources from 97 factories under FLA scope; the United States and Vietnam are the countries with the most factories. From 2016 to 2020, the FLA conducted seven SCI assessments at Fanatics Brands’ contract facilities. Between 2012 and 2020, the FLA conducted seven SCI assessments at Top of the World by Fanatics, previously Top of the World, facilities.

## ACCREDITATION ASSESSMENT SUMMARY

### PRINCIPLE 1: TOP MANAGEMENT COMMITMENT & WORKPLACE STANDARDS



**Company Affiliate is committed to accountability and transparency through established workplace standards.**

**Why:** Respect for human rights and a commitment to workplace standards must be driven at a company's most senior level. When a company's board of directors and/or CEO sets clear expectations, workers' rights are more likely to be effectively integrated into all business decisions. Commitment from a company's top management is an essential component of an effective social compliance program.

#### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Internal Commitment</b> (1.1a)	Fanatics Brands' leadership reiterates commitment at least once a year at company-wide business update meetings and in all-staff emails.	Since FLA affiliation, the social compliance program, called Sustainability at Fanatics, has grown from a team of one to global staff of eleven including regional managers in six countries.	
<b>Public Commitment</b> (1.1b)	Fanatics, Inc. CEO Doug Mack penned a statement on the Fanatics website that details Fanatics' commitment to sustainability.	The Code of Conduct, Compliance Benchmarks, and commitments to both civil society engagement and implementing workplace standards are published on the Fanatics website.	
<b>Governance Responsibility &amp; Accountability</b> (1.1c)	At quarterly Board of Directors' meetings, the Sustainability team measures its progress using a set of internal social compliance KPIs. This progress is shared quarterly with the Board of Directors. Fanatics is slated to implement a new governance and oversight policy by Q4 2021.	The new governance work includes the inclusion of Sustainability in the charter of the current board-level Compliance Committee and the integration of Sustainability KPIs into Fanatics' management audits.	
<b>Code of Conduct &amp; Compliance Benchmarks</b> (1.2 a, b)	The Fanatics Code of Conduct aligns with the FLA Code of Conduct and Fanatics has adopted the FLA Compliance Benchmarks in full.	<i>No applicable FLA accreditation metric</i>	

## PRINCIPLE 2: RESPONSIBLE PURCHASING & PRODUCTION PRACTICES



Company Affiliate aligns planning and purchasing practices with workplace standards.

**Why:** The sourcing practices of buyers and the sales and planning practices of suppliers affect workplace conditions and worker well-being. Without consistent and systematic attention to responsible purchasing and production practices, companies can undermine their factory-level efforts toward ethical working conditions. This principle evaluates how headquarters-level business practices such as design, costing, and sourcing are managed to support workers and address any negative impacts on working conditions.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Policies and Procedures</b> (2.1a, b)	Top management approved version 2.0 of Fanatics' Responsible Planning & Purchasing Policy in April 2021.	All relevant staff have been trained on the policy. Interviewed staff were knowledgeable on the policy and able to relate their daily work to the policy.	
<b>Accountability</b> (2.2a, b)	Fanatics has implemented a system for strict calendar adherence, including "freezes" that do not allow for additional design changes. The Manager for Product Operations and Calendars is responsible for calendar adherence.	All departments have access to the calendars and meet frequently to ensure alignment. Departments internally review each other's work processes to ensure accuracy.	
<b>Dialogue</b> (2.3a, b, c, d)	Fanatics has numerous cross-departmental meetings to analyze impacts of purchasing practices on working conditions. They meet with each supplier on a weekly basis. Fanatics has a fair compensation blueprint that includes time-bound goals towards fair compensation.	Fanatics participates in the Better Buying program. Regional managers are in close contact with suppliers. Internal cross-departmental meetings include the Sustainability Team.	
<b>Supplier Evaluation &amp; Incentives</b> (2.4a, b, c)	All suppliers receive a monthly supplier balanced scorecard. Fanatics has planned incentives that are based on the scores.	Fanatics is in the process of implementing the incentive plan throughout 2021.	

### PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING



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

**Why:** Effective implementation of social compliance standards depends on having staff at the headquarters level who are well trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarter level staff must be aware of the company’s commitment so that workplace standards are embedded throughout the business.

#### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Responsible Staff</b> (3.1a, b)	The Fanatics Brands’ Sustainability team is made up of eleven staff, including regional managers located in Indonesia, Mexico, Honduras, Turkey, Thailand, and Hong Kong. The Senior Director reports directly to Fanatics Brands’ President.	<i>No applicable FLA accreditation metric</i>	
<b>Social Compliance Staff Training</b> (3.2a, b, c)	Following each training, Sustainability staff complete surveys to gauge their takeaways and offer suggestions.	Since 2017, the Sustainability team has received annual trainings on Fanatics Code of Conduct, Compliance Benchmark Standards, and Forced Labor. Since 2019, annual trainings have grown to include trainings on responsible purchasing practices, grievance mechanisms, retrenchment, and freedom of association and collective bargaining.	
<b>Head Office and Regional Staff Training</b> (3.3a, b, c)	In collaboration with Fanatics’ Learning and Development Team, the Sustainability staff ensures that all staff have completed training and reviews the results of knowledge checks and post-training quizzes.	Since 2019, all Fanatics Brands’ head office and regional staff have participated in social compliance training which covers the Code of Conduct, workplace standards, supplier commitment, and unauthorized subcontracting.	
<b>RPP Training</b> (3.4a, b, c)	All participants complete a feedback survey following the training.	Each year since 2019, all Fanatics Brands staff have attended a required introductory training on responsible purchasing practices (RPP) that includes a feedback mechanism. Fanatics provides a similar training to agents.	

## PRINCIPLE 4: SUPPLIER & PRODUCTION STAFF TRAINING



**Sourcing Principle: Company affiliate obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.**

**Production Principle: Company affiliate trains all management staff and employees at owned facilities on workplace standards and tracks effectiveness of training.**

**Why:** A company's commitment to upholding workplace standards will only have an impact if that commitment is communicated to contract suppliers and owned facilities. This principle ensures that all workers are fully informed of their rights and all staff are aware of their responsibilities to uphold workplace standards.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Written Acknowledgement to Uphold Workplace Standards</b> (4.1a)	All contract facilities sign a supplier agreement which requires them to uphold the Fanatics Brands Code of Conduct and commits the supplier to remediate any workplace standards noncompliance and comply with any collective bargaining agreements.	As demonstrated by Fanatics' tracking system, all suppliers have signed the supplier agreement. Fanatics Brands has continuously relayed the importance of these commitments regularly through emails and meetings.	
<b>Conditioning Future Business</b> (4.2a, b, c)	Fanatics predicates future business on every supplier's ability to uphold the Fanatics Brands Code of Conduct and remediate noncompliance. Zero tolerance noncompliances trigger an escalation process in which the cross-departmental Fanatics Review Board monitors remediation and determines any consequences.	The FLA has verified several examples of the Fanatics Brands escalation policy in action, including instances in which Fanatics reduced orders at a facility based on the factory's social compliance performance or partnered with factories to remediate persistent noncompliance as a condition of increasing orders.	
<b>Workplace Standards Accessibility</b> (4.3a)	The Fanatics Brands Code of Conduct is translated into all applicable local languages, including those of migrant workers at all contract and owned facilities.	Fanatics Brands provides factories the applicable Code translations during the onboarding process and Fanatics' auditors check that the Code is posted in each factory. The audit field observations in 2018 and 2021 confirmed these systems were in place.	
<b>Workplace Standards &amp; Training Effectiveness</b> (4.4a, b)	Regional managers regularly train contract facility management on the Fanatics Code of Conduct and the social compliance program. Fanatics Brands monitoring tools ensure each factory trains all workers, managers, and supervisors effectively on workplace standards each year.	During an audit field observation at a contract facility, FLA noted that not all workers recalled having received training; at FLA's recommendation, Fanatics Brands is instituting a new "train the trainer" method in 2021 to improve worker knowledge.	

## PRINCIPLE 5: MONITORING



**Company affiliate conducts workplace standards compliance monitoring.**

**Why:** A company must monitor its facilities to ensure that its workplace standards are being upheld throughout its supply chain. The FLA evaluates company's monitoring programs to ensure that they have a rigorous system for assessing working conditions at all existing and potential production facilities.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Pre-Sourcing Assessments</b> (5.1a, b)	Fanatics conducts a full internal social compliance audit before any factory can be approved for production.	FLA verified examples in which violations prevented factory approval. The FLA notes some inconsistencies in findings between an SCI audit of a Top of the World, LLC (under Vetta ownership) facility in Vietnam and a Fanatics onboarding audit at the same facility. Fanatics is in the process of analyzing and addressing immediate action discrepancies within their pre-sourcing audit.	
<b>Monitoring Program &amp; Compliance Standards</b> (5.2a, b, c)	Fanatics conducts full social compliance audits annually against FLA standards, prioritized according to a risk matrix. Fanatics internal standards are aligned with the FLA's.	100% of Fanatics owned and tier one contract facilities have received a full social compliance audit within the past two years.	
<b>Audit Components &amp; Quality</b> (5.3a, b, c)	Fanatics' assessor guidance document ("Game Day Rules") is comprehensive and outlines their full audit methodology.	FLA audit field observation verified quality of worker, worker representative and management interviews; visual inspection; documentation review; and health and safety review.	
<b>Responsible Retrenchment</b> (5.4a, b)	Fanatics' audit methodology includes the monitoring of any factory-level retrenchment. Potential facility exits are evaluated using a divestment tool that guides processes, communication, and timeline aligned with Fanatics workplace standards commitment.	FLA documentation review and CSO interviews verified specific examples of responsible divestment that included reemployment support for workers and payment of legal severance by the supplier.	

## PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS



**Company affiliate ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.**

**Why:** Functioning grievance mechanisms provide workers with a channel to raise concerns when they think their rights are being violated or the factory is not upholding workplace standards. Although monitoring programs are meant to ensure compliance with workplace standards, they cannot uncover or address every issue on their own. Functioning grievance mechanisms complement an effective monitoring system.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Ensuring Functioning Grievance Mechanisms</b> (6.1a, b, c, d)	The Fanatics Brands audit tool includes questions to assess the existence of at least one confidential grievance mechanism and to ensure all grievance mechanisms lack penalty. The monitoring program tools evaluate supplier grievance tracking systems to understand how a facility manages grievances they receive, holds staff accountable, and upholds timelines for resolution.	FLA audit field observations verified these systems in practice. The SCI findings related to grievance mechanisms have been fully or partially remediated and Fanatics has established a timeline for full remediation of the partially-remediated findings.	
<b>Confidential Reporting Channel Direct to the Company</b> (6.2a)	In both contract and owned facilities, the confidential reporting channel direct to Fanatics Brands has been in place since 2019 and is equipped to receive and respond to grievances in all applicable languages.	FLA audit field observations verified these systems in practice at contract facilities.	
<b>Training on Grievance Mechanisms</b> (6.3a, b)	The Fanatics Brands monitoring guidance includes instructions for auditors to ask questions about grievance mechanism training during worker interviews.	Where Fanatics audits and SCIs have found violations related to grievance mechanisms training or its effectiveness, the CAPs and remediation evidence show the findings are fully remediated.	

## PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION



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

**Why:** A company cannot make substantial improvements to its social compliance program and workers' lives without collecting and analyzing information related to its training, monitoring, and purchasing programs. This information allows companies to track the continuous improvement of its compliance program and communicate that improvement to both internal and external stakeholders.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Collection of Facility Data</b> (7.1a)	Fanatics Brands uses FFC as its system to track factory addresses, audit data, and approval designation.	FLA verified through onboarding and supplemental documentation that Fanatics tracks information on all factories and subcontractors.	
<b>Analyzing Social Compliance Trends</b> (7.2a, b, c)	Through data collection on FFC, Fanatics can aggregate data to identify trends across regions, noncompliance type, audit type, and benchmark.	FLA verified examples of annual aggregate data analysis presented to Fanatics' Board of Directors. FLA also verified that regional noncompliance trends are identified and incorporated into auditor trainings, including on freedom of association and collective bargaining.	

## PRINCIPLE 8: TIMELY & PREVENTATIVE REMEDIATION



**Company Affiliate works with suppliers to remediate in a timely and preventative manner.**

**Why:** Monitoring gives a company visibility into the workplace standards violations in its supply chain. An effective remediation system is necessary so that a company can address and fix those issues over time.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>Remediation Procedures</b> (8.1a, b, c)	The Vendor Social Compliance Manual outlines the remediation process, including the collaborative root cause analysis process between the facilities and Fanatics.	Fanatics ensures all suppliers are aware of the remediation standards during supplier onboarding; the policy is communicated on an annual basis.	
<b>Root Cause Analysis</b> (8.2a, b)	Fanatics trains suppliers on root cause analysis. Regional managers evaluate, track, and analyze the root causes, in collaboration with the suppliers.	After every audit, the regional managers provide a remediation training to the suppliers, including on how to improve root cause analysis. FLA verified this during an on-site field observation.	
<b>Ensuring Effective Remediation</b> (8.3a, b)	Fanatics has a follow-up audit process depending on the types of findings. Remediation is included in the balanced scorecard and submitting timely corrective action plans are foundational to the “good for production” designation for suppliers.	Fanatics closely tracks corrective action plans to completion. FLA verified examples in which production was put on hold until action plans had been completed, submitted, and approved. Fanatics Brands has remediated all SCI findings, and all Top of the World, LLC (under Vetta ownership) SCI/SCIVs findings are remediated or in progress.	

## PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY



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

**Why:** Locally based, labor-focused civil society organizations (CSOs) help companies better understand local conditions and issues that most acutely impact workers, which enables companies to make their supply chains more responsive to workers' needs.

### BASELINE REQUIREMENTS FOR ACCREDITATION



Met baseline requirements



In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	FANATICS SYSTEM	FANATICS PERFORMANCE	FANATICS PROGRESS
<b>CSO Engagement Strategy &amp; Mapping</b> (9.1a, b)	The CSO Strategy references all sourcing countries, including a strategy to engage with CSOs in high risk and high production countries.	Fanatics has mapped CSOs in all high risk and high production countries and submitted this mapping to the FLA.	
<b>Engagement on Local Labor Issues</b> (9.2a, b)	<i>No applicable FLA accreditation metric</i>	Each regional manager has actively engaged with CSOs in their region to further understand local labor issues.	
<b>Engagement on Training, Worker Communication Channels, and Remediation</b> (9.3a)	<i>No applicable FLA accreditation metric</i>	Fanatics is working with the Americas Group to develop training for suppliers on labor reform in Mexico. In Indonesia, Fanatics has collaborated directly with unions to develop stronger communication channels.	
<b>Union &amp; Worker Representative Consultation</b> (9.4a, b)	Fanatics' assessor guidance document ("Game Day Rules") requires auditors to involve union and worker representatives in the auditing process. Union engagement in the remediation process is a key criterion in the supplier scorecards.	Fanatics has strong engagement with unions, particularly in Indonesia and the Americas, as demonstrated by several instances of issue resolution. Fanatics actively cooperated with the FLA and other stakeholders, including unions, on a Safeguard investigation it requested with another FLA affiliate regarding freedom of association issues at a contract factory in Honduras.	

## ACCREDITATION ASSESSMENT: COMPANY ACTIONS & FLA VERIFICATION

### PRINCIPLE 1: TOP MANAGEMENT COMMITMENT & WORKPLACE STANDARDS



**Company Affiliate is committed to accountability and transparency through established workplace standards.**

**Why:** Respect for human rights and a commitment to workplace standards must be driven at a company's most senior level. When a company's board of directors and/or CEO sets clear expectations, worker rights are more likely to be effectively integrated into all business decisions. Commitment from a company's top management is an essential component of an effective social compliance program.

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#### **Top Management Commitment**

*Benchmark 1.1: Company Affiliate leadership formally commits to uphold workplace standards, including engagement with civil society, and to integrate these commitments into company business practices.*

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#### **Company Actions and FLA Verification:**

Fanatics, Inc. CEO Doug Mack penned a statement on the Fanatics website that details Fanatics' commitment to sustainability. Internally, Fanatics Brands' leadership reiterates this commitment at least once a year at company-wide business update meetings and in all-staff emails. Fanatics Brands' senior leadership integrate social compliance into the company's overall strategic priorities through their "vision for winning," to "build Fanatics Brands into the best global sports licensed company in the history of our industry by delivering best-in-class brand productivity and best-in-class brand protection." For Fanatics Brands, "brand protection" means a Sustainability program that mitigates labor, environmental, and brand reputational risks.

#### **Strengths:**

- At quarterly Board of Directors' meetings, the Sustainability team measures its progress using a set of internal social compliance KPIs.
- Since FLA affiliation, the social compliance program, called Sustainability at Fanatics, has grown from a team of one to a global staff of eleven including regional managers in six countries.

#### **Recommendations for Continuous Improvement:**

- To hold the senior-most leaders at Fanatics Brands accountable to upholding workplace standards, Fanatics is slated to implement a new governance and oversight policy by Q4 2021. This work includes the inclusion of Sustainability in the charter of the current board-level Compliance Committee and the integration of Sustainability KPIs into Fanatics' management audits.

- While Fanatics Brands considers social compliance a key piece of its strategic plan, it has not yet reported publicly on specific efforts such as fair compensation. Fanatics Brands' commitment and efforts towards implementing fair compensation are slated to be published by Q4 2021, which is in accordance with FLA requirements. In addition, the FLA encourages Fanatics Brands to compile progress on workplace standards and civil society engagement into an annual or semi-annual public report.

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<b>Workplace Standards</b>	<i>Benchmark 1.2: Company Affiliate establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.</i>
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**Company Actions and FLA Verification:**

The Code of Conduct, Compliance Benchmarks, and commitments to both civil society engagement and implementing workplace standards are published on the Fanatics website. The Fanatics Code of Conduct aligns with the FLA Code of Conduct, and Fanatics has adopted the FLA Compliance Benchmarks in full.

**PRINCIPLE 2: RESPONSIBLE PURCHASING & PRODUCTION PRACTICES**

 **← Company affiliate aligns planning and purchasing practices with commitment to workplace standards.**

**Why:** The sourcing practices of buyers and the sales and planning practices of suppliers affect workplace conditions and worker well-being. Without consistent and systematic attention to responsible purchasing and production practices, companies can undermine their factory-level efforts toward ethical working conditions. This principle evaluates how headquarters-level business practices such as design, costing, and sourcing are managed to support workers and address any negative impacts on working conditions.

**Responsible Purchasing Practices Policy & Procedures**

*Benchmark 2.1: 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) alignment of financial terms with FLA Workplace Standards, (b) 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) balanced annual planning efforts to eliminate negative outcomes (i.e. lower efficiency, poor labor retention, and longer throughput) that arise from traditional seasonal order demand.*

### Company Actions and FLA Verification:

Fanatics Brands' Responsible Planning & Purchasing Policy covers roles and responsibilities, key definitions, and a list of cross-functional key meetings. It includes the importance of tech pack accuracies, lead time considerations, balanced planning, and forecast management. All departments were involved in policy development. Input from the owned manufacturing facilities was particularly important because it shed light on what could be done to improve Fanatics Brands day-to-day order fulfillment.

The Responsible Planning & Purchasing Policy was approved in March 2020 and undergoes an annual review. The 2021 review was approved in April 2021, and the FLA verified through interviews during the headquarters assessment that all relevant staff were knowledgeable about responsible purchasing and production processes.

### Strengths:

- The Sustainability Senior Director is involved in cross-departmental meetings and provides feedback on all order and production processes.
- The Fanatics Brands fair compensation blueprint is an integral part of the company's commitment to responsible purchasing and production practices. In developing the blueprint, the Sustainability team involved senior leaders across the organization. It includes clear prioritization criteria at the country and supplier level, along with goals, time-bound targets, and steps for measuring progress toward closing living wage gaps in high risk and high production countries.

### Recommendations for Continuous Improvement:

- Keeping the Responsible Planning & Purchasing Policy up to date is especially important as Fanatics continues to grow. As the Top of the World by Fanatics integration continues, ensure that the Fanatics Brands' policy and procedures are implemented into all programs.

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#### Accountability

*Benchmark 2.2: Company Affiliate holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning, purchasing, and order reduction practices that help avoid negative impacts on workers and working conditions.*

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### Company Actions and FLA Verification:

Planning and calendar adherence are core to the Fanatics Brands production process and performance in these areas is part of the personnel evaluation for each member of the product development department. The same process is followed for owned and operated facilities and with the sole sourcing agent relationship. During the 12 to 36 months before production, all departments meet at least once a week to review timelines with the Manager for Product Operations and Calendars. To add extra assurance, each calendar includes "freezes," during which no further changes can be made.

To reduce last minute tech pack changes, Fanatics Brands has developed an internal review process that is implemented before tech packs are released. Fanatics Brands uses the same suppliers for samples and final production, which reduces risk of unexpected changes. Fanatics Brands’ staff constantly review and improve internal processes, which reduces risks to suppliers, as Fanatics teams often identify issues before the supplier is involved in the process. For example, the company is working toward having a 90% adoption rate from buyers by the product creation stage, which reduces the risk of making changes at the production stage. Teams conduct post-mortems after each season to review their performance and determine their current adoption rate of 85%, a continued improvement.

## RESPONSIBLE PURCHASING PRACTICES



The FLA has verified examples of successful remediation for findings related to Responsible Purchasing Practices. The adjacent chart provides examples from SCIs: a 2017 SCIV in Vietnam for Top of the World, LLC (under Vetta ownership) found that elderly workers were working excessive working hours, violating legal requirements. Per Vietnam law, an elderly worker is defined as a person over 60 years old for male workers, and 55 years old for female workers; the legal working hours are seven hours per day for elderly workers. The Top of the World, LLC team worked with management to create a new contract with reduced hours of work per day. In addition, in a 2018 SCI in Bangladesh for Top of the World, LLC (under Vetta ownership), the FLA found an immediate action noncompliance where housekeepers, maintenance

workers, and security guards were not recording work done on rest days, and where work was performed on rest days, they were not provided with a compensatory rest day. The Top of the World, LLC staff worked to ensure that an automated time record keeping system was implemented for all workers that is regularly reviewed to ensure all workers are provided with a compensatory rest day. For Fanatics Brands SCIs, there were no excessive overtime findings, nor were there any findings associated with a lack of rest day.

### Strengths:

- Fanatics Brands constantly reviews past calendar adherence to inform upcoming orders. As a result, they have developed a long-range planning template for each future product that includes a deadline for each step, which mitigates late changes. This includes stringent calendars for Hot Market events, which include high volume orders for a play-off or championship event that may arise with less lead time than usual. Fanatics analyzes all production processes with defined responsibilities for all departments to avoid negative impacts.

**Dialogue**

*Benchmark 2.3: Company Affiliate staff responsible for planning and purchasing decisions engage with their labor compliance colleagues, any contracted agent/intermediary and suppliers 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 at supplier facilities.*

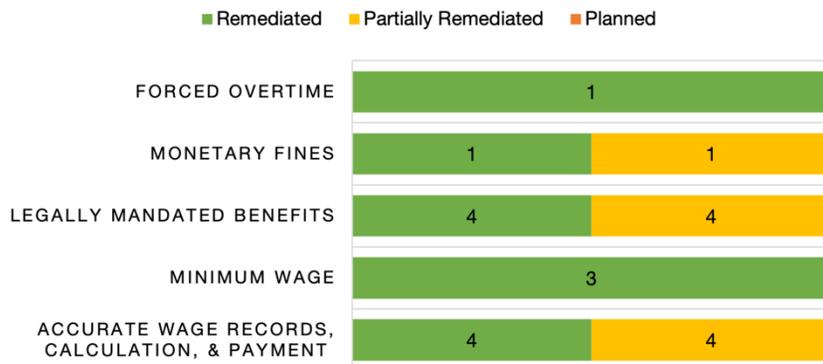
**Company Actions and FLA Verification:**

All departments, including the Sustainability team, engage in cross-departmental meetings frequently to analyze the impacts of purchasing practices on working conditions. These meetings cover performance, tracking, and manufacturing scorecards. The Fanatics Brands Responsible Planning & Purchasing Task Force, whose representatives hold their departments accountable for their roles in RPP, meets monthly to discuss fair compensation, forced labor in high-risk countries, and the impact of the COVID-19 pandemic on workers. Represented departments include Finance, Legal, Human Resources, Product Creation, Planning/PMO, Supply Chain, Product Development, Operations, Technology, Sales, Sustainability, and Licensing. Department representatives share the recorded trainings and key takeaways with their team.

Fanatics Brands reviews order allocation with each supplier at the beginning of each season, and then weekly once production begins. These weekly meetings allow them to stay closely aligned in terms of production planning, calendar adherence, and workplace standards. The FLA reviewed specific examples in which these conversations resulted in extended deadlines and other supportive changes. Regional staff are in close contact with suppliers, and all suppliers are invited to annual supply chain summits. Fanatics participates in the Better Buying program, which collects feedback from suppliers to understand the impacts of a brands’

purchasing practices on the supplier. Based on feedback that their planning and forecasting could use improvement, Fanatics Brands has developed a vendor platform to improve supplier visibility into the planning and forecasting process.

**COMPENSATION**



For findings related to compensation, the FLA verified remediation plans and completion. The chart provides examples from SCIs. In one case, a 2018 SCI in Bangladesh for Top of the World, LLC (under Vetta ownership) found incidences where appointment letters were provided to workers 15 to 20 days after beginning work at the factory. Where management was not satisfied with a worker’s performance, they asked workers to leave and did not provide compensation. Top of the World, LLC

staff worked with the factories' Head of Compliance and Human Resources to provide back pay to workers who were let go, and to ensure appointment letters were provided when hired. From a 2018 SCI for Fanatics Brands, Fanatics staff worked with a factory in Indonesia on issues related to providing legally mandated benefits. In one example, factory workers could not get sick leave unless they provided a sick note from an approved medical clinic. Fanatics staff worked with the facility management to change this policy, and provided evidence that language was incorporated into the CBA, which all workers signed, that the factory would accept a sick note from any medical clinic. Of the compensation findings in the chart above, all of the “partially remediated” findings are associated with Top of the World, LLC (under Vetta ownership) SCIs and SCIVs.

**Strengths:**

- An indicator of a strong relationship between supplier and brand is the ability to discuss fair compensation. Fanatics Brands has collected wage data from 21 percent of its 96 suppliers in scope, which is more than double the FLA requirement.

**Recommendations for Continuous Improvement:**

- In addition to the international wage data collection efforts, the FLA recommends that Fanatics Brands analyze wages in U.S. facilities against applicable living wage benchmarks.

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<b>Supplier Evaluations &amp; Incentives</b>	<i>Benchmark 2.4: Company Affiliate provides positive incentives for suppliers and/or facilities producing in a socially responsible and sustainable manner and, if applicable, having internal systems aligned with FLA Principles.</i>
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**Company Actions and FLA Verification:**

Fanatics Brands has a social compliance scorecard which includes four categories: brand engagement, remediation, annual sustainability audit, and leadership practices. These scores each make up 25% of each supplier's overall rating in Fanatics Brands' Balanced Scorecard, in which each supplier is scored on a five-point scale that ranges from “leader” to “exit review.” The scorecard is implemented for both contract and owned and operated facilities.

**Strengths:**

- Fanatics Brands reviews the balanced scorecard with all suppliers every month. This frequency of review emphasizes the importance of the incentive system.

**Recommendations for Continuous Improvement:**

While suppliers are scored monthly, Fanatics Brands has yet to implement incentives to encourage high scores. By the end of 2021, Fanatics Brands plans to introduce an incentive program that includes awards, subsidized training or capacity building

opportunities, and a reduction in annual audits. The FLA recommends reviewing the incentive plan to ensure incentives provided are suited to the suppliers' needs. Once implemented, Fanatics Brands will provide the FLA with examples of the awards, trainings, and capacity building opportunities provided to high-scoring suppliers.

### PRINCIPLE 3: RESPONSIBILITY & HEAD OFFICE TRAINING



**Company affiliate identifies and trains specific staff responsible for implementing workplace standards and responsible purchasing practices and provides training to all head office and regional staff.**

**Why:** Effective implementation of social compliance standards depends on having staff at the headquarter level who are well trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters level staff must be aware of the company's commitment so that workplace standards are embedded throughout the business.

**Responsible Staff**

*Benchmark 3.1: Company Affiliate identifies the person(s) responsible for administering and implementing its workplace standards compliance program and responsible purchasing practices.*

#### **Company Actions and FLA Verification:**

The Fanatics Brands Sustainability team's job descriptions accurately reflect their responsibilities related to monitoring, remediation, FLA affiliation, and reporting to senior leadership. Fanatics has also added language to relevant roles outside the Sustainability department to uphold responsible purchasing practices, including ensuring balanced planning and accurate forecasting, as well as a general commitment to the RPP Policy. As detailed under Principle 2.3, departments directly connected to responsible purchasing are involved in the RPP Task Force, which holds monthly cross-departmental meetings.

#### **Strengths:**

- Fanatics Brands is supported by knowledgeable regional managers located in Indonesia, Mexico, Honduras, Turkey, Thailand, and a traceability program manager in Hong Kong. Regional managers are responsible for supporting suppliers in their regions through the audit process, providing trainings on social compliance and remediation, and remaining in constant communication with factories.
- Following the expansion of Fanatics' Sustainability program, Fanatics backfilled its Senior Reporting Coordinator role to support the newly appointed Sustainability Manager for Environment & Data on data analysis for audits, remediation, and other tools.

**Social Compliance Staff Training**

*Benchmark 3.2: Company Affiliate trains the person(s)/team(s) responsible for administering and implementing its workplace standards compliance program.*

### Company Actions and FLA Verification:

The Sustainability team receives annual trainings on the Fanatics Code of Conduct and the Compliance Benchmark Standards, and the Sustainability team has cross-trained on forced labor and responsible purchasing practices, freedom of association, and collective bargaining. Following each training, Sustainability staff complete surveys to gauge their takeaways and offer suggestions.

As referenced in KPI 7.1, the Sustainability team uses FFC to store historic factory information, audit data, and supplemental tools. As Fanatics continues to build out FFC's capabilities, the Fanatics Brands Sustainability Manager for Environment & Data has created an ongoing monthly training schedule for Sustainability staff on Fair Factories Clearinghouse (FFC) features, usability, and data management.

In addition to internal staff trainings, the Sustainability team identifies and participates in external social compliance-related training. Individual growth plan objectives influence each Sustainability staff member's training goals. Through quarterly check-ins on their growth plans, managers identify external trainings that connect with their goals and follow up to assess knowledge gained. For example, regional managers have taken part in Better Work and Nike trainings directly related to their regions.

### Strengths:

- Regional managers conduct training for Sustainability staff quarterly and use persistent audit findings to drive training content; the most recent trainings were on freedom of association and collective bargaining in Latin America and Southeast Asia. Staff reported that the trainings provide context into how the social compliance program can help mitigate these issues and impacts on workers.
- External trainings and trainings provided by regional staff have also helped to build out key tools, including the traceability labor questionnaire.

### Recommendations for Continuous Improvement:

- The Sustainability team launched quarterly growth plan check-ins in 2021. As this program grows, the FLA recommends that Fanatics Brands develop metrics to assess if and how these trainings are effective.

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<b>Head Office and Regional Staff Training</b>	<i>Benchmark 3.3: 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.</i>
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### Company Actions and FLA Verification:

All Fanatics Brands head office and regional staff must participate in trainings on Fanatics' social compliance program through the online platform, DevelopU. These trainings are provided to onboarding staff on a rolling basis, and are deployed annually to all staff.

Training for head office staff started in 2019, and regional staff gained access to DevelopU in May 2021; all staff will be included in annual trainings on the platform. The Social Compliance training on DevelopU covers the Fanatics Code of Conduct, workplace standards, the supplier commitment, and unauthorized subcontracting. The Sustainability team also developed a DevelopU training on forced labor aligned with the FLA toolkit and guidance.

In collaboration with Fanatics' Learning and Development Team, the Sustainability staff ensures that all staff have completed training and reviews the results of knowledge checks and post-training quizzes.

**Strengths:**

- The Sustainability team determines their training plan a year out and has a system to adjust the training plan based on feedback from surveys.

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**RPP Training**

*Benchmark 3.4: All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their planning and purchasing practices on working conditions in order to mitigate negative impacts on code compliance.*

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**Company Actions and FLA Verification:**

All Fanatics Brands staff must attend an introductory training on responsible purchasing practices (RPP). Fanatics provides a similar training to agents, and incorporates supplier insights from Better Buying surveys. All participants complete a feedback survey following the presentation.

The Senior Director of Sustainability often incorporates training into the monthly RPP Task Force meetings; examples include a training on updates to the Fanatics RPP Policy and a training on fair compensation. Training content is distributed by Sustainability staff after each meeting to members of the RPP Task Force.

The FLA observed two trainings led by the Fanatics Sustainability Team in Honduras covering Fanatics' monitoring program and an introduction to responsible purchasing practices. The FLA suggested that Fanatics create more participant engagement through in-presentation quizzes, video clips and calls, as well as pre- and post- presentation quizzes. Fanatics incorporated this feedback into current DevelopU trainings and trainings provided to agents.

**Strengths:**

- The Sustainability team global training calendar embeds feedback from RPP Trainings into the development process.
- Fanatics has engaged with suppliers on purchasing practices since 2018 and incorporates the feedback to inform staff RPP trainings.

## Recommendations for Continuous Improvement:

- The Sustainability team is updating the Fanatics RPP training to incorporate survey results from Better Buying and the COVID-19 questionnaire. The updated training will launch on DevelopU in August 2021. As Fanatics has not done a full cycle of trainings through DevelopU, ensure that once the training is updated, the training is deployed to all staff and includes feedback mechanisms.

## PRINCIPLE 4: SUPPLIER & PRODUCTION STAFF TRAINING



**Sourcing Principle: Company affiliate obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.**

**Production Principle: Company affiliate trains all management staff and employees at owned facilities on workplace standards and tracks effectiveness of training.**

**Why:** A company's commitment to upholding workplace standards will only have an impact if that commitment is communicated to contract suppliers and owned facilities. This principle ensures that all workers are fully informed of their rights and all staff are aware of their responsibilities to uphold workplace standards.

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### **Written Acknowledgement to Uphold Workplace Standards**

*Benchmark 4.1 (Sourcing): Company formally conveys workplace standards to suppliers and receives written acknowledgment to uphold workplace standards, facilitate periodic assessments, including those organized by the FLA, and actively contribute to consequent remediation activities.*

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### **Company Actions and FLA Verification:**

Fanatics Brands has all contract facilities sign a supplier agreement which requires them to uphold the Fanatics Brands Code of Conduct, allows Fanatics Brands and applicable third parties, including the FLA, to access the facility to monitor social compliance, and commits the supplier to remediate any workplace standards noncompliance and comply with any collective bargaining agreements. To ensure all suppliers are aware of these requirements and any relevant updates to the standards, Fanatics Brands maintains a comprehensive supplier tracking system and relays the importance of these commitments regularly to every supplier.

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### **Conditioning Future Business**

*Benchmark 4.2 (Sourcing): Company conditions future business with suppliers upon continuous improvement of workplace conditions.*

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### Company Actions and FLA Verification:

Fanatics predicates future business on every supplier's ability to uphold the Fanatics Brands Code of Conduct and remediate noncompliance. Zero tolerance violations trigger an escalation process, which includes visibility of the finding(s) to Leadership, and joint action planning conducted by Sustainability and Sourcing. Additionally, the cross-departmental Fanatics Source Base Review Board monitors remediation and determines any consequences. This senior-level Review Board manages supplier status changes and resolves scorecard rating discrepancies that may arise between Fanatics departments. There is a directive from senior leadership that Fanatics Brands will not do business with suppliers that violate zero tolerance criteria. The FLA has verified several examples of the Fanatics Brands escalation policy in action, including instances in which Fanatics reduced orders at a facility based on their social compliance performance or partnered with factories to remediate persistent noncompliance as a condition of increasing orders.

### Strength:

- When determining whether and how to reduce business with a noncompliant supplier, the Fanatics Review Board weighs a factory's elasticity and dependence on Fanatics Brands orders.

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#### **Workplace Standards Accessibility**

*Benchmark 4.3 (Sourcing): Company ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.*

*Benchmark 4.1 (Production): Company ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.*

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### Company Actions and FLA Verification:

The Fanatics Brands Code of Conduct is translated into all applicable local languages, including those of migrant workers at all contract and owned facilities. Fanatics Brands provides factories the applicable Code translations during the onboarding process and Fanatics auditors check that the Code is posted in each factory. The audit field observations in 2018 and 2021 confirmed this. Additionally, the Code of Conduct is integrated into the Employee Handbook and orientation materials at owned facilities.

### Recommendation for Continuous Improvement:

- Fanatics has partnered with contract facilities to fully remediate ten SCI findings related to workplace standards access and partially remediate one finding from a Top of the World, LLC (under Vetta ownership) SCIV; the factory has provided Fanatics and Top of the World by Fanatics time-bound plans to fully remediate the remaining finding and we expect Fanatics to provide remediation updates every six months.

**Training on Workplace Standards & Effectiveness**

*Benchmark 4.4 (Sourcing): Company ensures that workers, managers, and supervisors are trained on workplace standards at regular intervals to take account of labor turnover.*

*Benchmark 4.2 (Production): Company (a) ensures that workers, managers, and supervisors are trained on workplace standards at regular intervals to take account of labor turnover and (b) informs managers of the potential of FLA assessments and the Company’s expectation to remediate.*

*Benchmark 4.3 (Production): Company measures the effectiveness of training for workers, managers, and supervisors.*

**Company Actions and FLA Verification:**

Fanatics Brands regional managers regularly train contract facility management on the Fanatics Brands Code of Conduct and the Fanatics social compliance program. Fanatics Brands monitoring tools, including the Game Day Rules, ensure each factory trains all workers, managers, and supervisors effectively on workplace standards each year. Fanatics Brands often supplements workplace standards training to include social compliance-related topics informed by Fanatics Brands audit findings in the facility and/or region. Fanatics Brands also has regional managers or service providers train facility management on remediation expectations and process following every Fanatics Brands audit.

**SUPPLIER TRAINING**

■ Remediated ■ Partially Remediated ■ Planned



At owned facilities, the Fanatics Brands Sustainability team has partnered with the Learning & Development team to develop a workplace standard training program with an e-learning module, live webinar, and guidance materials. The Sustainability Labor Program Introductory training and the remediation training are conducted at all facilities during Rookie onboarding and in preparation for annual audits. The Code of Conduct training guide for owned facility supervisors who will train workers includes interactive features, and questions to check for understanding and gauge knowledge gained throughout the training. The e-module component of the workplace standards training module includes a post-training quiz.

Across all Fanatics Brands SCIs and Top of the World, LLC (under Vetta ownership) SCIs and SCIVs, the FLA found 11 violations related to workplace standards training for new employees and nine findings related to supervisor training. In response, Fanatics Brands and Top of the World by Fanatics have submitted corrective action plans to ensure effective training for all workers, managers, and supervisors. They continue to provide remediation updates to the FLA, and at this writing, two findings from Top of the World, LLC (under Vetta) SCIs and SCIVs remain partially remediated.

**Strength:**

- The owned facility workplace standards training program incorporates "Code of Conduct huddles" to foster dialogue on workplace compliance beyond the trainings themselves. The Fanatics Brands workplace standards training e-learning module is slated to automatically deploy to all owned facility managers, supervisors, and workers each year.

**Recommendations for Continuous Improvement:**

- As Fanatics Brands further develops their training programs in contract facilities, the FLA recommends regular refresher training for all workers, managers, and supervisors.
- As part of the Top of the World, LLC by Fanatics integration, ensure that all workers, managers, and supervisors at the Top of the World by Fanatics owned facility in Norman, OK receive workplace standards training by the end of 2021.
- During an audit field observation at a contract facility in early 2021, the FLA noted that 20% of workers interviewed reported that they had not received training on the Code of Conduct. At the FLA's recommendation, Fanatics will institute a new "train the trainer" program to more effectively deploy refresher training for workers.
- Ensure the 2022 code training "train the trainer" refresher training for contract facilities includes feedback mechanisms, engagement activities, and/or quizzes to ensure training effectiveness.

**PRINCIPLE 5: MONITORING**



**Company affiliate conducts workplace standards compliance monitoring.**

**Why:** A company must monitor its facilities to ensure that its workplace standards are being upheld throughout its supply chain. The FLA evaluates company's monitoring programs to ensure that they have a rigorous system for assessing working conditions at all existing and potential production facilities.

**Pre-sourcing assessments** *Benchmark 5.1: Company Affiliate conducts pre-sourcing assessment of contract facilities to review compliance with workplace standards.*

**Company Actions and FLA Verification:**

Fanatics Brands has a six-month factory onboarding process. First, Fanatics regional hubs evaluate the capabilities of each new factory and a cross-departmental Business Justification Review Board confirms alignment with production needs. The factory then undergoes a technical quality evaluation and two costing exercises before completing a full social compliance audit. The factory must submit plans to correct any serious non-compliances before final approval.

The FLA reviewed examples of factories that fulfilled business needs but failed the social compliance audit. These factories were not approved for production.

**Strengths:**

- Fanatics Brands uses a full social compliance audit for all pre-sourcing assessments rather than a shortened audit or factory self-assessment.

**Recommendations for Continuous Improvement:**

- The FLA conducted factory assessments (SCI in 2015 and SCIV in 2018) at a Top of the World, LLC (under Vetta ownership) contract facility in Vietnam, and the findings and CAP were made publicly available on the FLA website. A few of the immediate action violations were not identified in the pre-sourcing audit conducted at this facility by Fanatics Brands in 2020. When the FLA granted Fanatics editing access to the Top of the World, LLC (under Vetta ownership) SCI/SCIV on the FLA Platform in April, Fanatics conducted a verification assessment to determine the current state of the SCI findings, as no progress updates had been provided by the brands previously owning the SCI/SCIV. The FLA recognizes Fanatics quick response, and recommends that Fanatics Brands continue their review to determine why immediate action items were not flagged, discuss with their service providers in their monthly calls, and ensure these areas are covered in future audits.

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**Monitoring Program & Compliance Standards**     *Benchmark 5.2: Company Affiliate monitors facilities regularly to assess compliance with workplace standards.*

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**Company Actions and FLA Verification:**

Fanatics Brands assesses all owned and tier-one contract facilities through annual audits conducted by internal assessors. Where applicable, Fanatics Brands accepts Better Work assessments and Nike audit reports in lieu of their own audits. Since affiliation, Fanatics Brands has aligned their workplace standards to the FLA Workplace Code of Conduct and Compliance Benchmarks. All suppliers are rated in a risk matrix that is used to inform the supplier scorecard. When high risk or threshold issues are flagged, factories receive a follow up audit within 30-90 days.

**Strengths:**

During the COVID-19 pandemic in 2020, Fanatics Brands was not able to conduct in-person audits. Instead, they deployed a COVID-19 Workforce Impact Survey to all suppliers. The survey helped Fanatics Brands understand any retrenchment risks, see if accurate wages were paid, and get visibility into general health and safety issues. To help ensure transparency, Fanatics Brands did not include the responses in their scorecard process.

### Recommendations for Continuous Improvement:

- Timeframes for audits are determined but the specific audit cadence and scheduling are determined by the regional managers, leading to some inconsistencies. The FLA recommends formalizing the audit schedule to ensure all suppliers are audited in a timely manner within the designated timeframes.
- The FLA revised and updated the FLA Workplace Standards in 2020. Fanatics Brands plans to update their internal standards accordingly.
- Fanatics Brands is a signatory of the Social and Labor Convergence Program (SLCP), an industry initiative to share factory-level data. As Fanatics Brands looks to replace their own audits with external data sources, the FLA recommends ensuring that external data is sufficient to verify against Fanatics Brands standards for social compliance.

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<b>Audit Components &amp; Quality</b>	<i>Benchmark 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) Collective bargaining terms review (where applicable), d) Management interviews, e) Documentation review, f) Visual inspection, and g) Occupational safety and health review.</i>
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### Company Actions and FLA Verification:

Fanatics Brands provides all assessors with a monitoring guidance document called "The Game Day Rules." This document includes detailed instructions for creating an audit agenda, holding opening and closing meetings, selecting workers for interviews, and writing reports.

The FLA conducted two audit field observations in Vietnam (2018 and 2021) and verified improvement in Fanatics Brands' internal audits. Based on FLA's 2018 recommendation Fanatics Brands implemented a formal system to include union representatives in each opening and closing meeting. FLA's audit field observation in Vietnam (2021) identified some remaining gaps in the interview technique. The observer also flagged that workers were not accompanied by auditors to interview rooms, which increases the risk of coaching. To address these findings, Fanatics worked closely with their service provider to provide a refresher training for assessors that addressed the gaps in the interview technique, as well as how to identify coaching during worker interviews.

### Strengths:

- Internal and external assessors are trained annually on monitoring protocols. In locations without regional staff, Fanatics Brands uses FLA accredited assessors to conduct audits.

### Recommendations for Continuous Improvement:

- The FLA notes that Fanatics Brand's assessor training for 2021 includes a stronger emphasis on union engagement. The FLA recommends ongoing training and evaluation to ensure assessors are including unions representatives in all stages of the audit process, including remediation.
- As Fanatics Brands looks to replace their own audits with external data sources, they should ensure that any assessor training conducted by a third party meets the FLA KPIs, including the specific recommendations above.

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**Responsible Retrenchment** *Benchmark 5.4: Company affiliate monitors facilities to ensure implementation of responsible retrenchment policies and procedures that uphold workplace, legal, and collectively bargained standards.*

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### Company Actions and FLA Verification:

Fanatics Brands has a divestment tool that is based on the FLA's retrenchment guidance and represents a collaborative process between Fanatics and factory management. It includes a questionnaire, set milestones, and a legal review. The FLA verified examples of Fanatics Brands divesting from factories, including the completion of the divestment tool, ongoing communication with factories and workers, and sufficient lead time before stopping orders and/or production.

FLA has also reviewed examples of retrenchment to verify the implementation of Fanatics Brands responsible retrenchment processes. In 2018, Fanatics worked with the WRC to ensure workers were paid legal severance by the agent of the factory after the closure of Direct Ship Americas, a contract facility in Honduras. Additionally, Fanatics Brands supported in identifying re-employment opportunities for workers after the 2019 closure of a facility in Guatemala.

### Strengths:

- The FLA notes that the divestment tool includes an analysis of buyer elasticity which measures the supplier's ability to replace business and helps Fanatics Brands determine a reasonable timeline for divestment. The divestment tool also includes tracking of reemployment opportunities to further support workers.
- During the COVID-19 pandemic, Fanatics Brands upheld their contracts with suppliers and did not cancel any orders. Fanatics was supportive of workers when its owned facility was closed temporarily. Fanatics allowed for a flexible return date, as confirmed by union representatives.

## Recommendations for Continuous Improvement:

- Fanatics Brands plans to divest from ten factories before the end of 2021. These factories were previous suppliers of Top of the World, LLC before the acquisition and integration of certain assets with Fanatics. Fanatics Brands' communication with these factories is ongoing. The FLA will continue to review the completed divestment tools from each facility to ensure that Fanatics Brands is upholding its commitment to responsible exit.

## PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS



**Company affiliate ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.**

**Why:** Functioning grievance mechanisms provide workers with a channel to raise concerns when they think their rights are being violated or the factory is not upholding workplace standards. Although monitoring programs are meant to ensure compliance with workplace standards, they cannot uncover or address every issue on their own. Functioning grievance mechanisms complement an effective monitoring system.

### Ensuring Functioning Grievance Mechanisms

*Benchmark 6.1 (Sourcing): Company Affiliate ensures there are functioning grievance mechanisms at facilities.*

*Benchmark 6.1 (Production): Company Affiliate ensures there are functioning grievance mechanisms at owned facilities.*

## Company Actions and FLA Verification:

The Fanatics Brands audit tool includes questions to assess the existence of at least one confidential grievance mechanism and to ensure all grievance mechanisms lack penalty. The monitoring program tools evaluate supplier grievance tracking systems to understand how a facility manages grievances they receive, hold staff accountable, and uphold timelines for resolution. The FLA audit field observations verified these systems in practice. The SCI findings related to grievance mechanisms have been fully or partially remediated and Fanatics has established a timeline to full remediation for the partially remediated findings.

### GRIEVANCE MECHANISMS

■ Remediated ■ Partially Remediated ■ Planned



The Employee Playbook details Fanatics Brands' policies and procedures ("Rules of the Game"), and includes the grievance mechanisms available to all employees, union and non-union, in owned facilities. Through

interviews with owned facility staff, the FLA verified the effectiveness of this process, examples of grievances received, and how Fanatics HR staff resolved them. At a unionized facility, union workers have access to all Fanatics Brands grievance mechanisms, along with additional grievance mechanisms through the union, as outlined in the union’s collective bargaining agreement. The FLA met with union representatives to confirm the effectiveness of these grievance mechanisms systems and confirmed alignment with FLA standards.

Across all SCI assessments conducted at Fanatics Brands and Top of the World, LLC (under Vetta ownership) contract facilities, the FLA found 19 violations related to grievance mechanisms and nine findings related to termination and retrenchment. In one SCI conducted at a Fanatics Brands’ contract facility, two grievance mechanism findings directly concerned communicating the grievance mechanism policy to workers and the need to establish procedures to solicit worker input. Along with the corrective action plans, Fanatics Brands submitted evidence to the FLA that all staff in these facilities are trained on grievance mechanisms, and detailed how they partnered with the supplier to integrate worker feedback into the process. For Fanatics Brands SCIs, all SCI findings associated with Grievance Mechanisms are closed, with the “Partially Remediated” findings coming from Top of the World, LLC (under Vetta ownership) SCI and SCIVs.

**Strengths:**

- Rather than relying only on audit data, the Sustainability team deployed a survey on grievance mechanisms to 20 contract suppliers in August 2019. They developed the survey in alignment with the FLA standards to determine, directly from suppliers, whether workers were using grievance mechanisms and whether workers and supplier management understood grievance mechanism confidentiality and non-retaliation.
- To strengthen their grievance process at owned and operated facilities, Fanatics Brands provided detailed training to relevant staff on how to thoroughly investigate and resolve worker grievances in alignment with UNGP criteria (legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue).

<p><b>Confidential Reporting Channel Direct to the Company</b></p>	<p><i>Benchmark 6.2 (Sourcing): Where local mechanisms are not functioning, Company Affiliate provides alternative channels for workers to contact the brand directly and confidentially.</i></p> <p><i>Benchmark 6.2 (Production): Company Affiliate provides alternative channels for workers to contact the company head office directly and confidentially.</i></p>
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**Company Actions and FLA Verification:**

In both contract and owned facilities, the confidential reporting channel direct to Fanatics Brands has been in place since 2019 and is equipped to receive and respond to grievances in all applicable languages. Grievances submitted from contract facilities route to regional managers and other members of the Sustainability team, all of whom are trained to investigate and address grievances. The

Sustainability team has a central tracking system to house contract facility worker grievances received via the confidential reporting channel. The FLA audit field observations verified these systems in practice at contract facilities. During the HQ assessment, the FLA interviewed Fanatics Brands Sustainability staff to verify the time-bound steps they take to resolve grievances received, in partnership with the supplier, as applicable. To verify the grievance channels available at owned facilities, the FLA interviewed Fanatics Brands HR staff, who receive the confidential grievances from the owned facilities, and Fanatics' EHS managers, who detailed their centralized tracking system for health & safety-related issues. This system enables the EHS team to identify grievance trends and root causes.

**Strengths:**

- There is a concerted effort by Fanatics Brands human resources and management to get ahead of any issues and resolve them before a worker feels the need to use a more formal grievance channel. Managers are frequently available to workers on the factory floor, and at the union facility, union stewards serve as a resource to raise concerns. These communication channels at various levels of the organization, alongside the company's "open door" policy, mean that management is visible and available to workers who have questions or concerns.

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<b>Training on Grievance Mechanisms</b>	<i>Benchmark 6.3 (Sourcing): Company Affiliate ensures training and communication is provided to all workers, supervisors, and managers about the grievance mechanisms.</i>
	<i>Benchmark 6.3 (Production): Company Affiliate provides training and communication to all workers, supervisors, and managers about all available grievance mechanisms, policies, and procedures.</i>

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**Company Actions and FLA Verification:**

The Fanatics Brands monitoring guidance includes instructions for auditors to ask questions about grievance mechanism training during worker interviews. Where Fanatics audits and SCIs have found violations related to grievance mechanisms training or its effectiveness, the CAPs and remediation evidence shows the findings are fully remediated and all employees have now received training. In addition to being posted around owned facilities, the grievance channels available to all staff at Fanatics Brands are included in the onboarding training for all new employees.

**Strengths:**

- All employees at Fanatics Brands' owned facilities receive reminders about the grievance channels in the newsletter every week.

## Recommendations for Continuous Improvement:

- The 2021 audit field observation includes a recommendation to establish a monitoring mechanism to track grievance mechanism training and whether workers, managers, and supervisors learned the necessary information from the training.
- In addition to onboarding training, at owned facilities, implement the planned refresher training on grievance mechanism on an annual basis.

## PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION



### Company affiliate collects, manages, and analyzes workplace standards compliance information.

**Why:** A company cannot make substantial improvements to its social compliance program and workers' lives without collecting and analyzing information related to its training, monitoring, and purchasing programs. This information allows companies to track the continuous improvement of its compliance program and communicate that improvement to both internal and external stakeholders.

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#### Collection of Facility Data

*Benchmark 7.1: Company Affiliate maintains a complete and accurate list of facilities and collects and manages compliance and workplace information.*

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### Company Actions and FLA Verification:

Fanatics Brands collects data points on social compliance and workplace information through a combination of online and offline platforms. Through Fair Factories Clearinghouse (FFC), the Sustainability team tracks factory addresses, audit data, and approval designation. Currently, corrective action plans and root cause analysis are collected in an alternative offline tool. As part of the 2021 FFC Strategy, Fanatics is working with FFC to build out and expand the online corrective action plan and root cause analysis process to collect updates and identify remediation progress in real time.

### Strengths:

- Fanatics Brands collects information on all approved subcontractors and tracks compliance information accordingly.

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#### Analyzing Social Compliance Trends

*Benchmark 7.2: Company Affiliate analyzes trends in noncompliance findings.*

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### Company Actions and FLA Verification:

Through FFC, Fanatics Brands tracks comprehensive data analysis on finding and risk trends across regions and noncompliance types. Sustainability staff presents aggregated social compliance data and trends to the Board of Directors annually. Specific trending topics are shared through various meetings throughout the year, including during the RPP Task Force meetings and Leadership strategy meetings. After analyzing the data collected, the Sustainability team updates auditor training materials to flag persistent and trending noncompliance by region.

### Strengths:

- During one-on-one meetings with regional managers, the Sustainability Manager for Environment & Data, whose role is focused on data analysis and visualization, shares their regional scorecard, which highlights social compliance data trends, common findings by region, and overall performance of each factory. The analysis helps regional managers target their support for the suppliers in their regions.
- Due to the global pandemic restricting in-person factory visits, regional managers partnered with factories on remediation, cross-checked regional issues related to COVID-19, and provided best practice guidance on safety measures. In addition, regional managers supported factories by ensuring that workers received government mandated payments and benefits in countries that provided temporary social schemes to relieve the effects of limited work.

## PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION



**Company affiliate works with suppliers to remediate in a timely and preventative manner.**

**Why:** Monitoring gives a company visibility into the workplace standards violations in its supply chain. An effective remediation system is necessary so that a company can address and fix those issues over time.

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#### **Remediation Procedures**

*Benchmark 8.1: Company Affiliate provides regular follow-up and oversight to implement corrective action following assessments.*

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### Company Actions and FLA Verification:

Fanatics Brands' Vendor Social Compliance Manual outlines the post-audit process and notes the factory's responsibility to conduct root cause analysis and remediate noncompliance in collaboration with Fanatics. The Manual explains the criteria for high risk or repeated non-compliant findings and so suppliers are clear on expectations from the beginning of the relationship with Fanatics Brands.

The Sustainability team provides remediation training for the supplier after every audit. The training covers root cause analysis and sustainable remediation. The training reiterates the importance of social compliance performance and how the audit results are incorporated into the scorecard, which ultimately impacts business with Fanatics Brands.

Fanatics Brands shares facilities with fellow FLA members, so they often collaborate on remediation. The FLA verified examples of collaboration with adidas, Patagonia, Burton, and Nike in factories in Honduras, Indonesia, and China.

Following each social compliance audit, the Sustainability team enters the audit findings into FFC; each audit is tracked in this centralized system until closing. The details for the corrective action plans and root cause analysis are currently tracked in a separate document. The results are used to inform the supplier matrix, which ranks suppliers on their audit results. The FLA verified several examples of the full remediation of internal Fanatics Brands audits.

**Strengths:**

- Union engagement in the audit process, including remediation, is included in the scorecard criteria.
- Regional managers are in consistent contact with suppliers to continuously improve their corrective action plans. The FLA verified example of ongoing communication, including weekly problem solving between the EMEA regional manager and a factory in Bangladesh.

**Recommendations for Continuous Improvement:**

- At the FLA’s recommendation, Fanatics Brands has added instructions for union engagement during remediation into its post-audit guidance documents. As it is a recent inclusion into FLA’s evaluation, the FLA recommends that Fanatics ensure proper implementation and verify that unions are involved as much as possible in monitoring processes.

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<b>Root Cause Analysis</b>	<i>Benchmark 8.2: Company Affiliate works with the supplier to determine root causes and take action to reduce risk and prevent future noncompliance.</i>
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**Company Actions and FLA Verification:**

Fanatics Brands' corrective action plan template requires root cause analysis for all findings. The remediation training for suppliers after each audit includes root cause analysis. The team evaluates root cause in supplier corrective action plans in detail, tracks, and analyzes root causes, and often provides best practice examples for suppliers to reference, where appropriate.

### Strengths:

- The Sustainability team has close relationships with auditors and collaborate with to leverage their expertise. For example, the EMEA regional manager has worked closely with their assessor for Bangladesh to better understand how local customs can impact remediation plans for compensation and hours of work findings.
- Where Fanatics identifies persistent issues the Sustainability team provides additional support to suppliers. For example, the agent had ongoing issues with excessive overtime at their facilities, so Fanatics is in the process of commissioning an ethical trade consultancy to further assess root cause and provided concrete remediation plans for the agent and their suppliers. This work will include additional responsible purchasing practices training for the agent.

### Recommendations for Continuous Improvement:

- As Fanatics Brands shifts to use of the SLCP verification tool, they must ensure that they have sufficient information on root causes to successfully remediate non-compliances. This may require a more robust follow-up system in which Fanatics Brands does additional onsite analysis of violations or noncompliances.

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**Ensuring Effective Remediation**

*Benchmark 8.3: Company Affiliate records and tracks the progress and effectiveness of remediation for internal assessments.*

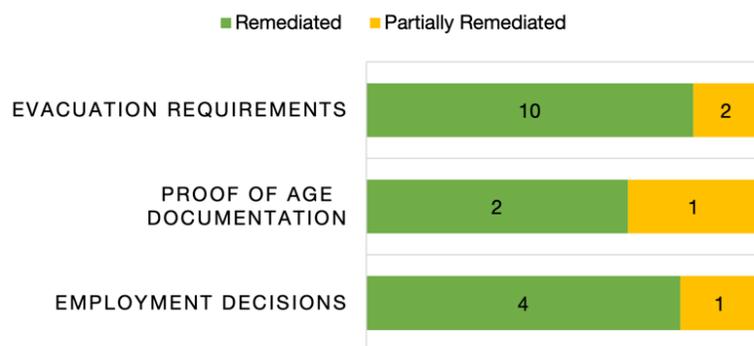
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### Company Actions and FLA Verification:

The Sustainability team closely tracks corrective action plans and remediation until all findings are remediated. The level of remediation is reflected in the supplier scorecard, which impacts future business. Timely corrective action plan submission is the foundational criteria for "good for production" designation.

The FLA has verified numerous examples of successful remediation. The chart provides examples from SCIs: a 2018 Fanatics Brands SCI in Indonesia found that the factory only employed one disabled worker, where the local law requires the factory to hire one disabled worker per every 100 employees. Fanatics Brands worked with the factory to increase the number of disabled workers hired to meet local requirements. In a 2018 Top of the World, LLC (under Vetta ownership) SCI in Bangladesh, the FLA found an immediate action noncompliance where the age estimation form for female workers included inappropriate questions. The Top of the

### TIMELY AND PREVENTATIVE REMEDIATION



World, LLC team worked with the factory to revise the form and removed the inappropriate questions. A 2018 Fanatics Brands SCI in China found that the fire alarm system in one building was not centralized and that evacuation paths were not clearly marked, which is against local law. Fanatics Brands supported the factory on installing a centralized fire alarm system, as well as clearly marking emergency evacuation paths at the factory to ensure safe evacuation, in case of emergency. For Fanatics Brands SCIs, all SCI findings associated with Timely and Preventative Remediation are closed, with the “Partially Remediated” findings coming from Top of the World, LLC (under Vetta ownership) SCI and SCIVs.

In 2018, Fanatics Brands signed on to the AAFA/FLA Apparel & Footwear Industry [Commitment](#) to Responsible Recruitment of foreign migrant workers. The commitment was formalized in October 2018 and calls for apparel and footwear brands and suppliers to create conditions where no worker pays for their job, workers retain control of their travel documents and have full freedom of movement, and workers are informed of basic terms of their employment.

#### Recommendations for Continuous Improvement:

- Even though each audit is tracked on FFC, the detailed corrective action plan and root cause analysis is tracked in a separate system. The current follow-up process for remediation relies heavily on the style of each regional manager. The team is building a new system through FFC to standardize how regional managers determine corrective action plans and root cause analysis.
- During the accreditation process the FLA noted that some SCI and SCIV violations from a previous Top of the World facility were not remediated or updated on the FLA Platform. As Fanatics Brands takes on new relationships, particularly as the result of mergers, the FLA recommends that they pay specific attention to past findings and remediate accordingly.
- As Fanatics Brands shifts to use of the SLCP tool, they should ensure that past noncompliances are tracked and remediation is evaluated through an on-site process.

## PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY



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

**Why:** Locally based, labor-focused civil society organizations (CSOs) help companies better understand local conditions and issues that most acutely impact workers, which enable companies to make their supply chains more responsive to workers' needs.

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### Civil Society Engagement Strategy & Mapping

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

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#### Company Actions and FLA Verification:

The Fanatics Brands civil society engagement strategy includes all sourcing countries, key issue areas in priority countries, goals and challenges involved in CSO engagement, and guidance on implementation of the strategy. It includes a detailed analysis of each country and identifies priority countries for engagement based on World Bank Indicators, internal audit findings, and knowledge from regional managers. The current priority countries for CSO engagement are Nicaragua, Guatemala, and Bangladesh. The focus issues for Nicaragua and Guatemala are childcare, sexual harassment, and freedom of association. The focus issues for Bangladesh are health and safety, hours of work, compensation, and gender. Fanatics Brands updates the CSO mapping annually.

#### Strengths:

- The 2021 Sustainability Strategy presented to Fanatics Brands' leadership in December 2020 noted increased stakeholder engagement. This goal includes working with multistakeholder initiatives, including the FLA, to support living wage efforts, as well as working with local organizations to foster worker-management dialogue and manage issues like high turnover, excessive overtime, and poor labor capacity and planning efforts.

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### Engagement on Local Labor Issues

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

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#### Company Actions and FLA Verification:

The FLA interviewed the Sustainability regional managers on their engagement with local civil society organizations. The EMEA regional manager verified engagement with Change Associates, a Bangladesh-based, women-led nonprofit organization committed to actively educating and empowering garment workers, and an implementing partner for BSR's [HERProject](#). The Southeast Asia

regional manager has worked closely with unions in Indonesia, including supporting establishing a union at a factory. Fanatics Brands has started discussions with The Centre for Child Rights and Business, headquartered in Hong Kong, to implement programs in Indonesia, Vietnam, and China. The Centre specializes in capacity building projects to address child rights, young workers' rights and working migrant parents' rights. Fanatics Brands has engaged with the Americas Group and is on the coordinating committee of the Mexico Committee and the Central America Committee. The FLA independently verified with CSOs that Fanatics is an active participant and leader in both committees.

**Strengths:**

- Fanatics Brands has actively responded to issues flagged by civil society organizations. In 2018, the Workers' Rights Consortium (WRC) engaged with Fanatics regarding a factory closure in Honduras. Fanatics worked to ensure the factory paid all workers the correct severance pay, and the WRC publicly acknowledged that Fanatics' actions "has set a positive example for the industry."

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**Engagement on Training,  
Worker Communication  
Channels, and Remediation**

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

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**Company Actions and FLA Verification:**

The Sustainability team worked with the Americas Group to develop training for suppliers on labor reform and freedom of association in Mexico. In Indonesia, Fanatics Brands has worked with unions to support worker communication channels. In one case, Fanatics Brands was approached by workers at the factory to support establishing a union of their choice. Fanatics provided appropriate support to help workers establish an independent union.

**Recommendations for Continuous Improvement:**

- Fanatics Brands has not yet implemented programs with CSOs in some countries in Asia or the EMEA region. The FLA recommends Fanatics Brands deepen engagement with relevant CSOs and where appropriate, implement programs. The FLA recommends using their successful relationship with the Americas Group as model for future engagement.

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**Union & Worker  
Representative  
Consultation**

*Benchmark 9.4: Company Affiliate consults with supplier management and legally constituted unions or worker representative structures to gain an understanding of relevant relationships.*

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**Company Actions and FLA Verification:**

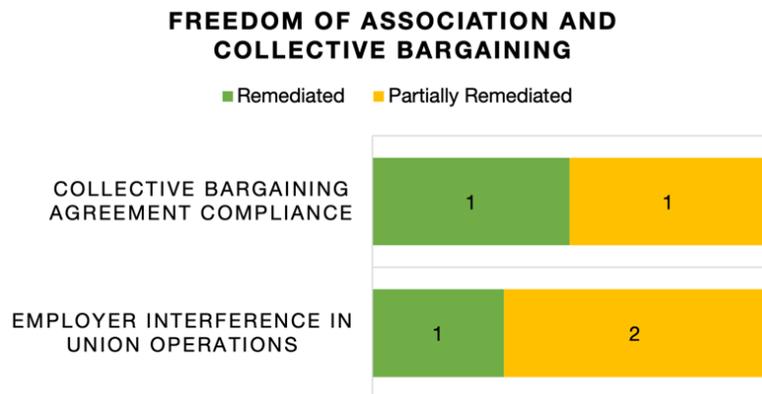
The Game Day Rules require auditors to involve union and worker representatives in the auditing process, including in the remediation process. Fanatics Brands includes union engagement in remediation as key criteria in the supplier scorecards.

One owned and operated manufacturing facility in the United States is unionized. The FLA conducted interviews with the chapter representative and union stewards. Overall, the union has a positive relationship with Fanatics Brands and is pleased with Fanatics' management. A notable highlight for the union was the flexibility and communication from Fanatics during the COVID-19 shutdown period, which included bi-weekly meetings between union representatives and factory management.

**Strengths:**

- In 2018, Fanatics Brands and adidas (an FLA accredited participating company), jointly requested a [safeguard investigation](#) by the FLA at a supplier factory in Honduras regarding freedom of association, specifically the harassment and dismissal of workers who wished to join a union. As a result of the FLA investigation, the factory partnered with the Honduran Maquila Association to conduct a training on freedom of association for management, supervisors, and workers. The factory now has an established union that meets monthly with management.

Fanatics Brands has demonstrated strong union engagement in Indonesia. The regional manager supported workers in one factory to establish a new union. In another example, Fanatics Brands met with the union representatives at a factory that was laying off workers to verify that the factory paid the correct severance to all workers. In the Americas, the regional managers are experts on union engagement and work closely with facilities to educate them on common issues with freedom of association and collective bargaining.



The FLA has verified examples of successful remediation for findings related to Freedom of Association and Collective Bargaining. The above chart provides examples from SCIs: a 2018 Fanatics Brands SCI in Indonesia found that the factory was not complying with CBA disciplinary procedures. In one case, a worker was fired for sleeping on the job. According to the CBA, this issue warrants a warning letter first, followed by a termination letter. Fanatics' Regional Manager for Indonesia worked closely with the factory to reinstate the worker who was let go. In addition, in a 2018 SCI for Top of the World, LLC (under Vetta ownership) in China, it was found that the leader of the union under the All-China Federation of Trade Unions (ACFTU) in the factory is appointed by

senior management instead of being directly elected by workers. Fanatics staff worked to verify new processes that ensure factory workers select new members and leadership independently. For Fanatics Brands SCIs, all SCI findings associated with Freedom of Association and Collective Bargaining are closed, with the “Partially Remediated” findings coming from Top of the World, LLC (under Vetta ownership) SCI/SCIVs.

**PRINCIPLE 10: VERIFICATION REQUIREMENTS**



**Company affiliate meets FLA verification and program requirements.**

**Why:** The FLA requires that companies maintain SOPs related to FLA affiliation to ensure that the company is upholding FLA requirements regardless of employee turnover, changes in ownerships, changes in supply chain etc. These SOPs ensure that the company will adhere to FLA requirements.

**FLA Affiliation**

- Benchmark 10.1: Company Affiliate maintains standard operating procedures related to FLA affiliation.*
- Benchmark 10.2: Company Affiliate participates in FLA due diligence activities, including assessments at facilities and company headquarters, as applicable.*
- Benchmark 10.3: Company Affiliate completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Sourcing.*
- Benchmark 10.4: Company Affiliate maintains a complete and accurate profile and list of facilities with the FLA and publicly.*
- Benchmark 10.5: Company Affiliate responds to FLA requests for documentation, contracts, information and clarification in a timely manner.*
- Benchmark 10.6: Company Affiliate pays annual dues and applicable fees on schedule.*

**Company Actions and FLA Verification:**

Fanatics Brands Sustainability staff attend all FLA board meetings and presented to the university caucus in 2020. Fanatics actively supports the FLA’s work and mission and supports on special projects. In early 2021, the Sustainability Senior Director and the Sustainability Senior Manager, Labor made a presentation to fellow FLA member companies on how they developed their fair compensation blueprint. Additionally, the Regional Manager for Southeast Asia supported the development of the FLA issue brief on Indonesia minimum wage.

Fanatics has completed all FLA administrative requirements; the company has paid all annual dues, completed the annual self-assessment, provided an up-to-date factory list, and received applicable SCI assessments and field observations.

## APPENDIX A: REMEDIATION PROGRESS

The below chart shows the full remediation progress analysis from Fanatics' SCI assessment included throughout this report.

### FANATICS REMEDIATION PROGRESS

