



NEW ERA CAP REACCREDITATION ASSESSMENT

FLA BOARD OF DIRECTORS MEETING
FEBRUARY 2020

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Caps on display at New Era's Global Headquarters in Buffalo, New York, USA

INTRODUCTION

On February 26, 2020, the FLA Board of Directors approved the reaccreditation of New Era's social compliance program.



Affiliates eligible for reaccreditation agree to the respectful and ethical treatment of workers and the promotion of sustainable conditions through which workers earn fair wages in safe and healthy workplaces by adopting the [FLA Workplace Code of Conduct](#). Affiliates with accredited and reaccredited social compliance programs have the systems and procedures in place to successfully uphold fair labor standards throughout their supply chains and mitigate and remediate violations.

Reaccreditation is a multi-year process to assess the performance of a Participating Company against the [FLA Principles of Fair Labor and Responsible Sourcing](#). For reaccreditation, the FLA verifies implementation of all Principles and reports specifically on civil society engagement, responsible purchasing practices, remediation efforts, and program innovations. During this process, FLA staff verify the implementation and effectiveness of a company's social compliance program through:

FLA ACTIVITY	PURPOSE
Headquarter (HQ) Assessment	<ul style="list-style-type: none"> Interview compliance staff, senior leadership, and relevant staff or purchasing, production, and planning Review documentation, processes, and database capabilities
Field Office Assessment (as applicable)	<ul style="list-style-type: none"> Interview compliance staff, senior leadership, and relevant staff or purchasing, production, and planning Review documentation, processes, and database capabilities
Field Observations	<ul style="list-style-type: none"> Observe internal audits, training sessions, and/or remediation visits Verification of progress over time and provide constructive feedback
Factory-Level Assessments (SCI & SCIV)	<ul style="list-style-type: none"> Assess for labor violations at the factory-level so the company remediates identified labor violations sustainably
Annual Self-Assessment	<ul style="list-style-type: none"> Review company-reported documentation, processes, capabilities and the evolution of the social compliance program
Safeguard Investigations	<ul style="list-style-type: none"> Can occur throughout the company's FLA affiliation and provides insight into compliance programs, remediation strategies, and engagement with civil society, as applicable
Fair Compensation	<ul style="list-style-type: none"> Review of use of the FLA's Wage Data Collection Tool Kit in applicable facilities Provide feedback on short- and long-term Fair Compensation plans and strategies to improve compensation for workers
Strategic Projects	<ul style="list-style-type: none"> Learn about compliance strategies to detect and remediate complex issues, as applicable
Stakeholder Engagement	<ul style="list-style-type: none"> Receive input, especially from civil society, on the social compliance program from relevant organizations

SECTION 1: NEW ERA OVERVIEW & PROFILE

Name	New Era Cap Company	Category	Participating Company
Location	Buffalo, New York	Product	Headwear, Apparel, Accessories
FLA Affiliation Date	October 2003	Applicable Facilities	84
Reaccreditation Date	June 2010		
New Era’s Strengths & Recommendations for Improvement ¹			
COMPLIANCE PROGRAM MANAGEMENT	Element: Maintains its accredited social compliance program and alignment with the FLA Principles of Fair Labor & Responsible Sourcing and Production.		
	Strength: Comprehensive monitoring program includes evaluation of supplier working conditions, grievance mechanisms, and training programs.		
CONSULTATION WITH CIVIL SOCIETY	Element: Identifies, researches and engages with relevant labor non-governmental organizations, trade unions, and other civil society institutions.		
	Strength: Engagement with civil society in China and Bangladesh through a strategic supplier; projects are focused on training and worker well-being programs.		
	Recommendation: Identify CSO engagement opportunities in other key sourcing regions, including Central America and Southeast Asia, and continue to expand engagement in China.		
RESPONSIBLE PURCHASING PRACTICES	Element: Aligns planning and purchasing practices with commitment to workplace standards.		
	Strength: Responsible purchasing practices policy and procedures have been in effect and regularly updated since 2014. All relevant staff are trained on the policy; strong dialogue mechanisms between New Era and headwear suppliers are in place to ensure mitigation of negative impacts on workers.		
	Recommendation: Continue to strengthen internal accountability systems through implementing metrics within the PLM system that hold relevant department accountable for upholding responsible purchasing practices.		
TIMELY REMEDIATION, COLLABORATION, AND INNOVATION	Element: Works with suppliers, unions, service providers, other brands, and others to remediate issues in a timely and preventative manner.		
	Strength: Comprehensive remediation process that includes suppliers, service providers, and unions/worker representative structures; strategic nominated materials suppliers and subcontractors are subject to the same monitoring program as finished goods suppliers. Use of the FLA Wage Data Collection Toolkit in a number of strategic facilities in high-risk countries will be used to further develop New Era’s fair compensation strategy.		
	Recommendation: Continue to remediate labor violations from SCI and SCIV assessments. Continue to develop and execute a plan for progressive implementation of fair compensation based on wage data collection and analysis.		

¹ To see the complete list of FLA Principles and Benchmarks New Era was assessed against for accreditation, see Appendix C.

**Draft Board
Resolution**

The FLA Board of Directors is asked to approve the following resolution:
New Era Cap Company is hereby granted FLA reaccreditation of its social compliance program.

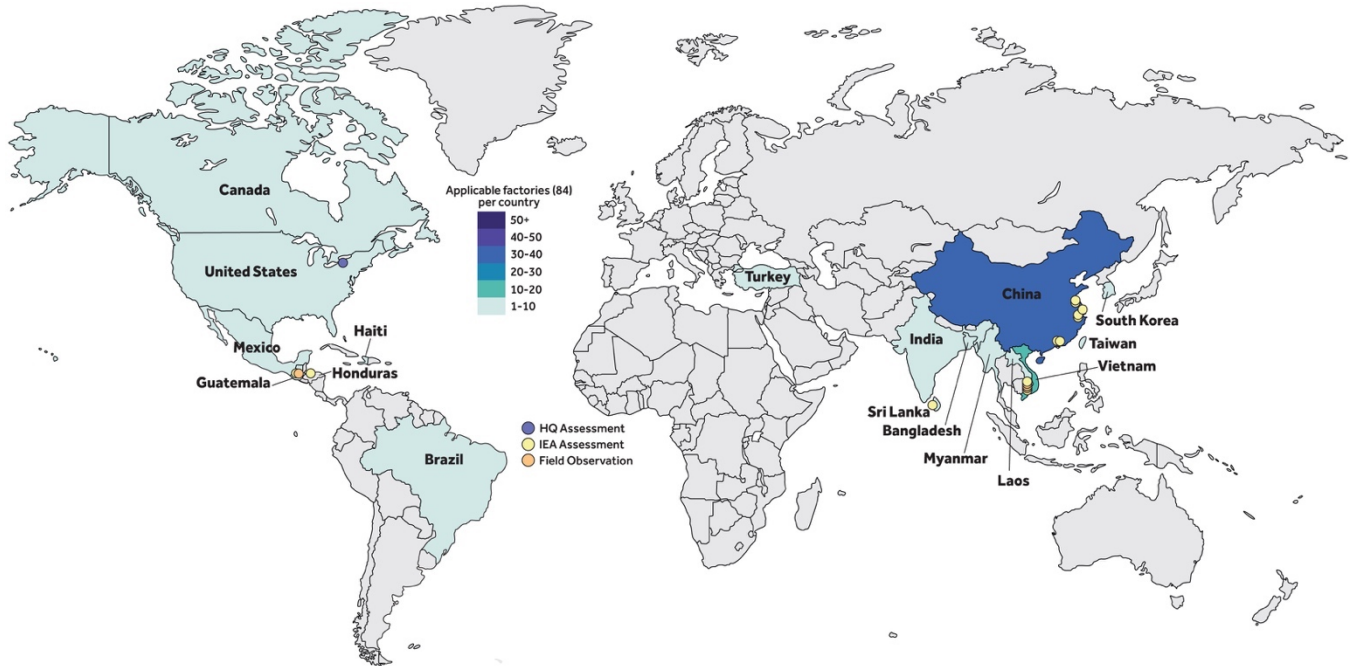
PROFILE

The New Era Cap Company (New Era) is a privately held headwear and apparel company headquartered in Buffalo, New York, U.S.A. New Era sources from 83 facilities in 16 countries and owns one facility in Florida; its largest sourcing countries by volume and number of factories are China and Vietnam. Headwear is responsible for a large majority of New Era's annual revenue, but the company also produces apparel and accessories. 99% of New Era's headwear revenue stems from sixteen strategic suppliers. New Era has approximately 500 licenses and is the exclusive on-field cap provider for Major League Baseball (MLB), the National Football League (NFL), and the National Basketball Association (NBA). New Era first affiliated as a Participating Company in 2003, was first accredited in June 2007, and was reaccredited in June 2010.

New Era's Senior Manager for Global Social Compliance and the Social Compliance Manager, Asia-Pacific work together to implement New Era's social compliance program. The team is responsible for administering New Era's monitoring program, approving new facilities, upholding licensor requirements, and supporting the remediation of labor violations and further capacity building in New Era's supply chain. The Social Compliance Manager, Asia Pacific and service providers conduct New Era's audits and any additional audits to comply with licensor requirements. In April 2019, the Global Compliance Manager, who was the main FLA contact and had managed New Era's social compliance program since 2010, left New Era. The new Senior Manager for Global Social Compliance started in August 2019 and the team now reports to Human Resources, with a dotted line to the Supply Chain department. This dotted line ensures that the Senior Manager is still involved in all relevant supply chain meetings and has regular check-ins with the VP of Global Supply Chain.

Even with the staffing and reporting line changes, New Era has taken steps to implement all FLA recommendations for accreditation, including training more staff on responsible purchasing practices, integrating more suppliers into the supplier evaluation tool, and improving the New Era monitoring tool. New Era has also used the FLA Wage Data Collection Toolkit in key sourcing countries and is beginning to develop a blueprint that sets compensation priorities for high risk and high-volume sourcing countries.

SECTION 2: NEW ERA SUPPLY CHAIN & FLA DUE DILIGENCE 2010 - 2019



As of 2019, New Era sources from 83 factories globally and owns one facility. China and Vietnam are the countries with highest production volume; New Era sources from 34 factories in China and 15 in Vietnam. From 2010 through 2019, New Era received 10 Independent External Assessments (IEAs). Between 2012 and 2019, New Era received seven Sustainable Compliance Initiative (SCI) and Verification (SCIV) assessments in five countries. For reaccreditation, the FLA conducted audit field observations in Vietnam in 2018 and Guatemala in 2019. The FLA also observed a New Era follow-up audit and CAP training in Vietnam in 2018. The FLA conducted the HQ assessment in Buffalo, New York in 2019.

SECTION 3: NEW ERA'S SOCIAL COMPLIANCE PROGRAM

IMPLEMENTATION OF THE PRINCIPLES OF FAIR LABOR & RESPONSIBLE SOURCING²

Improving the Social Compliance Program from New Era's 2010 Reaccreditation

The FLA has evaluated New Era on progress since its 2010 accreditation, which covered workplace standards, training, grievance mechanisms, monitoring, management of compliance information, remediation, and CSO engagement. In 2015, the FLA revised its [Principles of Fair Labor & Responsible Sourcing and Production](#) to raise the accreditation standards of company and supplier social compliance programs, with the most notable change being the improvement of Principle 8: Responsible Purchasing & Production Practices. The below section covers New Era's accreditation assessment, related to the Principles, on team composition, training, monitoring, and grievance mechanisms. Beyond this section, the FLA goes provides specifics on its assessment of New Era's civil society engagement, responsible purchasing and production practices, and remediation, innovation, and collaboration. Additionally, the FLA has verified improvement in the suggestions for strengthening³ that FLA presented in its 2010 reaccreditation report. New Era's implementation of the new Principle KPIs from 2015 to 2018 was verified by the FLA through annual self-assessment submissions, field observations, and through the headquarters assessment.

New Era Social Compliance Program Transition

The New Era Social Compliance Program has undergone growth and transition since its last accreditation in 2010. The Social Compliance Team has added a Social Compliance Manager for the Asia Pacific region based in Hong Kong. This manager is responsible for managing the third-party audits done on behalf of New Era and New Era's licensors for all finished goods suppliers, subcontractors, and strategic material suppliers; working with suppliers on remediation; training managers, supervisors, and workers on New Era's social compliance standards; and responding to



New Era's Senior Social Compliance Manager, VP of Supply Chain, Social Compliance Manager APAC, and Senior Director of HR meeting with a strategic supplier in China

any worker grievances. The FLA has had multiple interactions with the Social Compliance Manager for Asia Pacific and confirmed his extensive knowledge of social compliance issues in the region and ability to work closely with New Era suppliers to improve working conditions. Given New Era's concentration in China and Vietnam, having a regional manager has proved valuable for the company.

As mentioned earlier, the Social Compliance Team changed its reporting structure in April 2019 to report directly to the Senior Director of Human Resources (HR) rather than the Supply Chain Department. This change in reporting was to ensure there was balance in reporting to the Chief

² The Principles of Fair Labor & Responsible Sourcing & Production include the main components for a company to build a social compliance program. The complete sets Principles can be found on the [FLA website](#) and appendix C.

³ The four Suggestions for Strengthening included in the 2010 Reaccreditation Report were: Assessment of how effective the access by workers to the various confidential reporting mechanisms can be enhanced by using key performance indicators such as the number of complaints, which mechanism is most commonly chosen by workers, type of complaints, etc., and to identify the most suitable system for worker communication in contract factories; 2) Encouragement of contract factories to adopt factory closure and retrenchment policies and procedures; 3) Increased CSO outreach and consultation of knowledgeable local resources for monitoring and capacity building purposes in key sourcing countries; and 4) Provide remediation updates to all active SCI Assessments, every 6 months, until remediation is completed.

Operations Officer at New Era, to which the Senior Director of HR and VP of Supply Chain both report. The FLA closely monitored this shift and noted the strong lines of communication between the Social Compliance Team and the Supply Chain Department have continued. The FLA has noted that HR's role has strengthened the social compliance program's ability to plan strategically and develop and refine training programs. Despite this transition, the Senior Social Compliance Manager still joins the monthly Responsible Purchasing Practices meetings for different product categories. More information about the dialogue mechanisms between the Social Compliance department and other supply chain departments can be found in Element 3: Responsible Purchasing Practices. The FLA recommends the team maintain this level of communication with the supply chain department to ensure constant dialogue and accountability across the organization.

Monitoring Program

The FLA requires affiliates to assess contract facilities workplace standards prior to doing business with them. This process is necessary because it is crucial to understanding all of the risks associated with a facility before allowing it to produce an affiliate's product. It is also particularly important for affiliates that are licensees, as their licensors often have strict policies against sourcing from certain countries or unauthorized subcontracting. The FLA has verified that New Era conducts pre-sourcing assessments for all potential contract facilities to assess compliance with New Era's workplace standards. Additionally, New Era's Product Lifecycle Management (PLM) system prohibits New Era from placing orders with a factory until they have gone through the social compliance approval and on-boarding process. More information on the PLM system can be found in Element 3: Responsible Purchasing Practices. This process allows the social compliance team to ensure they are following all licensor requirements.

Once approved for production and onboarded, the FLA also requires companies to monitor all facilities regularly to ensure compliance with its workplace standards. New Era's social compliance program applies to all suppliers, which New Era defines as companies that source raw materials and/or manufactures, prints, or embroiders branded merchandise. New Era audits all of these facilities regularly. It is crucial that these facilities are monitored regularly, since many of New Era's licenses are dependent on regular monitoring. The audit process begins with New Era informing a supplier of the audit 30 days in advance and provides the supplier with New Era's audit template so that the supplier can complete a self-assessment. This template includes questions on New Era's minimum criteria (such as payment of legal wages) and best practices (such as social compliance training that goes beyond the code of conduct). These minimum criteria also include questions related to New Era's "zero tolerance" and "critical" violations. Zero tolerance violations include child labor, forced labor, unauthorized subcontracting, and retaining workers' travel documents. Critical violations include excessive hours of work, lack of transparency, and monetary fines as a disciplinary measure. New Era then reviews this self-assessment prior to the audit and advises the supplier on any improvements that must be made prior to the audit. This process allows both New Era and the supplier to understand the key issues before the actual audit so that suppliers can begin remediation sooner and the auditor can provide further guidance during the audit process. Following the audit, the supplier receives an audit score on a scale of 0-100%. This score, along with the number of zero tolerance or critical issues present, remediation progress, and other metrics is combined to create a facility's compliance score in New Era's KSAP rating. This rating is used to determine audit cadence and order allocation. More information on the KSAP tool can be found in Element 3: Responsible Purchasing Practices.

This monitoring program also applies to owned facilities. New Era has owned a production facility in Florida since 2006. Due to the growth in this facility, New Era built a new facility and moved production to this facility in 2019. The facility formally opened in December 2019 and the FLA verified

that New Era conducted an early-production social compliance audit at this facility in February 2020. More information on this facility can be found in Element 2: CSO Engagement. Once on-boarded and approved for production, New Era also regularly monitors its facilities to ensure on-going improvement of working conditions.

FLA Field Observations

The FLA conducts audit field observations to verify that affiliate monitoring programs effectively assess how their factories uphold workplace standards. In order to achieve reaccreditation companies must demonstrate all FLA required components of a monitoring program as listed in [FLA Benchmark 5.3](#)⁴. During the reaccreditation process New Era demonstrated several rounds of improvements to their monitoring program based on FLA recommendations. The FLA observed the implementation of the New Era audit tool at two contract facilities: one in Vietnam in 2018 and one in Guatemala in 2019. During the Vietnam audit, the auditors performed all of the foundational elements listed in Principle Benchmark 5.3, but did not provide contact information to all interviewed workers and missed some health and safety risks during the factory walkthrough. The FLA recommended that New Era work with its third-party auditors to ensure that auditor contact information is distributed to all interviewed workers and provide additional training and guidance on identifying all relevant health and safety risks.

During the second audit field observation in Guatemala, FLA observers noted that New Era had implemented the recommendation from the first field observation related to providing contact information to interviewed workers. However, observers noted that the auditors did not thoroughly explain the nonretaliation policy to workers and managers, ask questions related to freedom of association and existence of sexual harassment between workers during the worker interviews, or thoroughly inspect all areas of the facility during the walkthrough. Following the observation, the FLA recommended New Era update its monitoring procedures to reinforce these recommendations. The FLA also recommended that New Era implement a shadow audit process so that New Era staff can ensure auditors consistently follow New Era's standards. New Era has since implemented this shadow audit procedure to improve the quality of its audits. New Era has since provided the FLA with shadow audit reports that verified the implementation of the above recommendations.

In a May 2019 shadow audit, New Era's Social Compliance Manager for the Asia Pacific region confirmed that all of the FLA's recommendations had been implemented. The FLA recommends that New Era continue to provide regular training and shadow its third-party auditors to ensure that they are effectively implementing New Era's audit program.

Although only New Era's tier 1 facilities and facilities applying collegiate logos are included in FLA's scope of affiliation, the FLA recognizes that some of the most critical social compliance and human rights issues occur deeper in the supply chain. New Era uses a small number of strategic fabric and trim suppliers who are treated like tier 1 facilities and monitors them regularly. These facilities are subject to the same monitoring tools and remediation process and are evaluated using New Era's vendor scorecard. The Social Compliance Manager for Asia-Pacific provides training and guidance to strategic suppliers' social compliance teams to conduct these audits. He also conducts shadow audits to ensure New Era's Code of Conduct is assessed appropriately. As many affiliates are just beginning to map and monitor their further upstream suppliers, the FLA recognizes New Era's monitoring of most of its tier 2 suppliers as a strength of the program.

⁴ Company affiliate ensures that its monitoring program includes, but is not limited to: worker interviews, consultation with unions or worker representative structures (where applicable), management interviews, documentation review, visual inspection, and occupational health and safety review.

Supplier Training

Training the vendor social compliance staff is part of an overall New Era goal to encourage supplier ownership of monitoring their own facilities as well as their own suppliers and subcontractors, even outside of New Era general audit schedule. It is also an essential piece of upholding workplace standards. New Era's concentration of business with a few long-term, strategic suppliers allows it to provide in-depth trainings for supplier management and social compliance staff during annual supply chain partnership symposiums and onsite factory visits. The FLA has reviewed these training materials, interviewed the Social Compliance Manager for Asia Pacific, and interviewed a strategic supplier to confirm the content of these trainings. The FLA recognizes the training programs for New Era suppliers as a strength of the New Era program.

Grievance Mechanisms & Confidential Reporting Channel

Functioning worker-management communication channels and grievance mechanisms are an essential part of ensuring workers' rights and access to remedy. New Era has implemented procedures to verify that these communication channels exist at the vendor and factory level. New Era has also worked closely with its supply chain partners to ensure that workers, supervisors, and managers are trained on these channels.

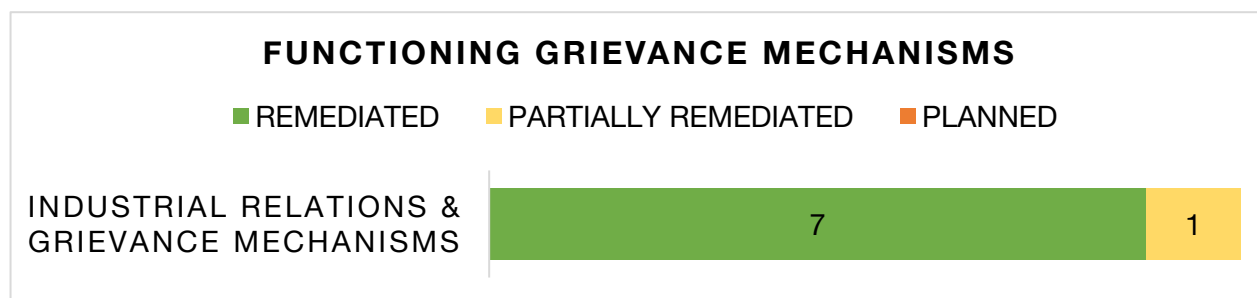
New Era's audit tool requires contract facilities to maintain grievance mechanisms and to train workers, managers, and supervisors on these channels. In addition, New Era requires its third-party auditors to distribute their contact information to interviewed workers. This practice ensures that interviewed workers can confidentially contact the auditor or New Era if the worker faced any retaliation following the interview. During the audit field observations in Guatemala, the FLA verified the implementation of New Era's monitoring tool as it related to grievance mechanisms and training.

In addition to requiring contract facilities to have multiple grievance channels, New Era also lists compliance@neweracap.com on all codes of conduct. This email address, which has been a part of the New Era Code of Conduct since 2009, allows workers to directly contact New Era if they do not feel comfortable or have not had success raising the issue with the factory. Although New Era has not received many grievances through this channel, the FLA has verified that New Era has procedures in place to respond to any grievances. For example, New Era and some other FLA affiliates received a grievance via this channel in 2016. Following receipt of this grievance, New Era worked closely with the other brands to develop an action plan, investigate the issue, create a remediation plan, and follow up on remediation.

As part of the reaccreditation, the FLA reviewed SCI and SCIV assessment violations related to Industrial Relations & Grievance Mechanisms (ER.25) and found eight violations between 2014 and 2019, across four different facilities. New Era and its contractors have remediated seven of these violations and are in the process of remediating the remaining violation from a 2018 SCI assessment.



New Era's Social Compliance Manager for APAC giving a fire safety training to a strategic supplier in China



During this process New Era has demonstrated their ability to remediate violations related to grievance mechanisms. For example, during an SCI assessment in 2016 in Vietnam FLA assessors found that the facility did not have a process to monitor grievances obtained from grievance channels. Given that this facility had more than 500 workers and there had not been a grievance raised through the suggestion boxes in the previous three years, the assessors recommended that the facility create additional grievance channels and create procedures to monitor and track the grievances received. New Era worked with the factory to establish a grievance hotline and email address and establish a grievance tracking system so the factory would be aware of any existing grievances. Additionally, New Era worked with the factory to train workers on the New Era confidential hotline. The FLA recognizes New Era's ability to remediate violations related to grievance mechanisms uncovered during SCIs as a strength of the New Era program.

CIVIL SOCIETY ENGAGEMENT⁵

Civil Society Engagement Strategy Development & Implementation

New Era's Civil Society Engagement Strategy and Procedure outlines New Era's long-standing commitment to social responsibility and CSO engagement and includes a risk assessment by volume, violations, country, and product. Based on this analysis, New Era has substantially engaged with CSOs in Bangladesh, China, and Haiti.

Bangladesh: In partnership with [Business for Social Responsibility](#) (BSR) and implementing partner [Change Associates](#), New Era has funded HERHealth and HERFinance projects at a strategic facility owned by [Mainland Headwear](#), an accredited Participating Supplier. The HERHealth project equipped female Peer Health Educators with the skills necessary to educate fellow female workers in the facility on various relevant health topics. The Peer Health Educators trained an average of 1,300 workers per month. A year after the HERHealth project concluded in 2016, Change Partners conducted and presented the results of an impact assessment to facility management and New Era. The impact assessment showed that workers became more aware of issues related to personal hygiene, reproductive health, family planning, and healthy eating practices.

⁵ Principle 9 "Consultation with Civil Society (CSO)" articulates how a company can engage with civil society to improve the lives of the workers in its supply chain.

Building on the success of the HERHealth program, New Era identified further needs in the area of finance training at the same facility. In 2018, New Era conducted a Worker Sentiment Survey that included questions related to wage fairness and wage awareness. The survey showed that 96% of workers reported that they felt their wages were “fair” but only 50% of female and 63% of male workers reported understanding how their wages are calculated. Following the survey, the factory established an action plan with the Worker Committee to improve wage awareness, which led the factory and New Era to partner again with Change Partners and BSR to launch a HERFinance program in 2019.



Workers participating in the HERFinance training at a contract supplier in Bangladesh

China: In 2014, New Era nominated a strategic supplier and FLA-accredited Participating Supplier, Mainland Headwear, to implement a freedom of association (FOA) pilot project in partnership with the University of Notre Dame, a FLA University affiliate. Mainland has a long-established commitment to collective bargaining and related staff training. Notre Dame recognized Mainland as one of the highest performing suppliers involved in the pilot project, based on 71 criteria related to collective bargaining, freedom of association, and worker participation, and now allows production at Mainland Headwear. The FLA interviewed representatives from Notre Dame to verify New Era’s and Mainland’s participation in this project.

Haiti: From 2014 to 2017, New Era sourced from one factory in Haiti, and the factory was part of the [Better Work Haiti](#) program. New Era attended the Better Work Haiti Stakeholder Forums in 2015 and 2016 to better understand the country context and engage with key local and international stakeholders working on improving labor compliance in the Haiti apparel industry. In 2018, New Era began working with a newly established factory in Haiti and required the facility to engage with Better Work on capacity-building and assessments. In 2018, two workers from the factory attended a Better Work training for worker representatives, and in 2019, the factory received their first assessment from Better Work. Once the report is released by Better Work, New Era will work with the factory to address any noncompliance issues.

The FLA recommends New Era continue to grow its CSO Engagement Strategy & Procedures. Specifically, the FLA recommends that New Era include or expand CSO engagement in high-production and high-risk countries, especially Guatemala, Vietnam, and China.

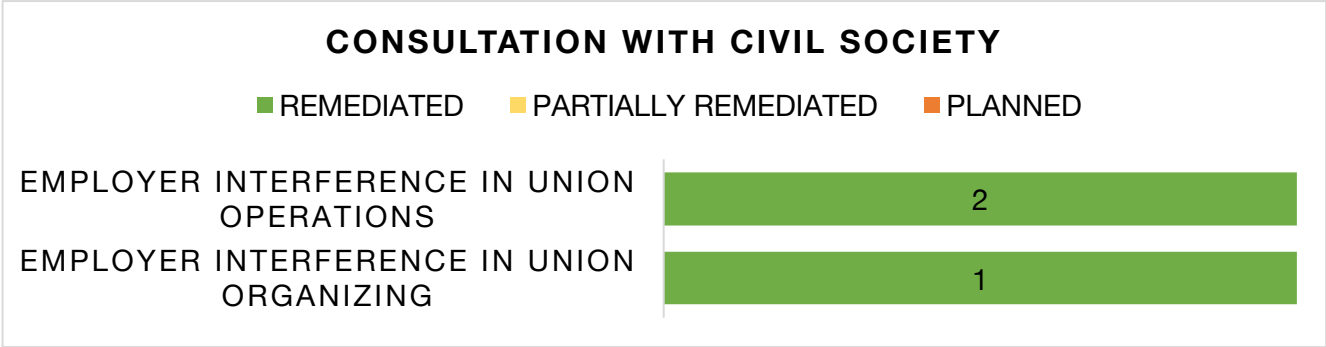
Union & Worker Representative Engagement

The FLA requires affiliates to consult with supplier management and legally constituted unions and/or worker representative structures to understand relevant relationships. Unions and worker representative structures are often essential to highlight workplace issues and ensure remediation. Many New Era contract facilities around the world have unions and operate in countries with complex freedom of association issues. For owned facilities, New Era’s HR department manages the union relationship, as applicable, and oversees factory Code of Conduct implementation, compliance with collectively bargained standards, grievance procedures, and related training. For contract facilities, New Era requires all suppliers to have robust worker engagement and grievance mechanisms and train their workers on freedom of association. During an audit, New Era requires auditors to involve unions and/or worker representative structures during the audit process, including during opening and closing meetings and during remediation. The FLA verified union involvement through the two audit

field observations. New Era has conducted trainings for both factory management and union/worker representatives on remediation and root cause analysis.

In late 2018, New Era announced that it would be closing its owned facility in Derby, New York. This unionized facility had a collective bargaining agreement in place and both sides agreed to a Plant Closing Agreement in February 2019. Based on the closure agreement, employees who remained employed by the company until their employment was terminated as a result of the plant closure were entitled to severance benefits based on years of service. New Era paid its portion of medical insurance for five months following the last day of employment for workers who wished to continue their medical insurance. All workers received one week of severance pay for every year worked at the plant, for a maximum of 26 weeks and minimum of 2 weeks; all bonuses and unused time off were paid. The FLA reviewed and confirmed the closure agreement followed all legal requirements and provisions laid out in the CBA. New Era also worked with the New York Department of Labor to help the approximately 200 displaced workers find new jobs in the region. New Era moved production of on field caps for Major League Baseball (MLB) to its Fifth & Ocean facility in Florida. New Era moved to a new facility to accommodate this growth, which became fully operational in December 2019. The FLA provided recommendations to ensure freedom of association rights are upheld through worker training and monitoring at the new facility.

To verify New Era’s commitment to freedom of association, the FLA reviewed the violations that impact union organizing (FOA.10) and union operations (FOA.11). The FLA notes that only three violations were identified in SCI and SCIV assessments from 2012-2019. The FLA also recognizes that New Era has worked with its suppliers to completely remediate all three violations.



One example of successful remediation followed an SCI assessment at a contract facility in Vietnam. During this assessment, FLA assessors found that the factory did not provide a designated space to hold regular meetings and perform their daily functions. Following the assessment, New Era worked with the facility to identify a proper space for union representatives to meet and perform their responsibilities.

RESPONSIBLE PURCHASING PRACTICES⁶

New Era’s Responsible Purchasing Practices & Strategy

New Era’s policy and procedures on responsible purchasing are designed to minimize the negative impacts of the Sourcing and Production Teams’ practices on working conditions in New Era’s supply chain. The FLA’s reaccreditation assessment process includes a review of these policies, procedures,

⁶ Principle 8 “Responsible Purchasing Practices” articulates how a company develops and implements responsible purchasing practices, that mitigate negative working conditions, informed by the company’s social compliance program.

and practices to ensure that what is documented on paper is implemented in action. New Era first implemented its Responsible Purchasing Practices Policy and Procedure in September 2014. The policy and procedures were a cross-departmental effort from the start, as the Global Compliance Manager collaborated with the Directors of Sourcing and Production and the VP of Global Supply Chain. The policy and procedures are updated regularly to reflect the needs and efforts of those departments, along with business and economic changes; they were last updated in July 2018.

The purpose of the policy and procedures is to minimize the negative impacts of the Sourcing and Production Teams' purchasing practices on working conditions in New Era's supply chain and hold relevant staff accountable. The policy applies to all members of the Global Sourcing and Production Teams, including planning and raw materials. The policy requires these teams to work closely with New Era's vendors to ensure New Era's buying practices do not negatively impact the vendors' ability to comply with the Code of Conduct. Finally, the policy outlines how long-term capacity planning, fair pricing, reasonable lead times, and responsible changes can help prevent negative impacts in the supply chain. The procedures then outline how New Era implements the policy and includes the responsibilities to establish long-term capacity plans, allocate orders based on vendor performance, monitor variances and adjust plans, collaborate on product development, and provide fair and transparent costing. New Era's Supply Chain Department then has further procedures that operationalize this policy, to cover all aspects of purchasing practices that the FLA has verified.

During interviews with the demand planning, raw materials, and sourcing teams, the FLA noted examples of how various departments have worked with suppliers to mitigate negative impacts on workers. For example, New Era has three types of booking programs with different lead times: standard, expedited, and quick turn. The programs with standard lead times are based on sports league schedules, which rarely change, so there is a low chance of delays or rush orders. For the programs with expedited lead times, the raw materials have already been developed, produced, and tested and are already stocked at the factory. The New Era sales team knows which factories have the correct materials and capacity to produce a given item, and make decisions based on this information. Most strategic vendors have the capabilities for both the standard and expedited lead times, so the Sourcing and Production teams can balance planning across strategic vendors. Every strategic factory has a consistent measurement pack they are inspected and approved against. This practice means several factories can produce the same item. Therefore, New Era can shift production between factories if one is over or under capacity. The FLA sees New Era's policy and procedures on responsible purchasing practices as strengths of the compliance program as they are examples of how New Era has embedded a responsibility to uphold workplace standards throughout its business.

Responsible Purchasing Practices Training

The FLA requires that all relevant staff be trained on responsible purchasing practices to ensure that they understand how to operationalize the policies and procedures. New Era first completed training on the policy in 2014 and provided refresher trainings in 2015 and 2018. However, during the headquarter assessment, the FLA noted that New Era had yet to train all members of the planning and materials teams on the Responsible Purchasing Practices policy and procedure and that New Era did not have a schedule for upcoming refresher trainings. Since that assessment, New Era has trained the applicable members of the planning and materials departments and is developing a schedule to provide more regular refresher trainings for all applicable staff.

In keeping with FLA requirements, New Era's training outlines the policy and procedures and their importance, references the FLA's Responsible Purchasing Practices Principle, and asks participants to walk through several case studies on the connection between purchasing practices and workplace conditions. The FLA reviewed the training materials and case studies, and verified that they cover all

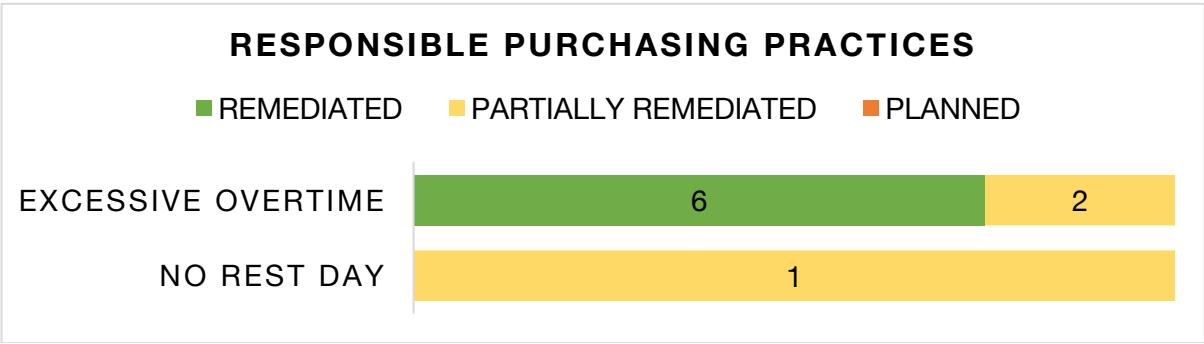
aspects of the New Era policy and require all participants take a post-training survey to gauge knowledge retention.

Accountability for Implementation of Responsible Purchasing Practices

To achieve reaccreditation, companies must show that they hold relevant staff accountable for executing the company’s responsible purchasing and production practices. New Era has a variety of accountability mechanisms to ensure employees implement and uphold these practices, including regular calendar meetings and job descriptions for relevant staff. The FLA reviewed job descriptions for manager level positions in a variety of applicable departments and verified that they include responsibilities related to supporting responsible purchasing practices and collaborating with the Social Compliance team to promote compliance with the New Era Code of Conduct. The responsibilities also include meeting regularly with other departments to ensure production timelines are attained on a consistent basis and identify any potential production issues during weekly production meetings. The FLA recognizes New Era for including responsibilities related to responsible purchasing practices in job descriptions as an additional way to establish internal accountability mechanisms.

Additionally, in 2019, New Era launched its PLM system for the Global Supply Chain Department; this system allows for various purchasing practices, such as purchase order placement, lead time, and approvals, be tracked in a single system rather than in individual spreadsheets. During the headquarter assessment, the FLA identified New Era’s implementation of the PLM system as an opportunity to strengthen New Era’s accountability systems on purchasing practices. As the PLM system becomes fully adopted into New Era’s purchasing practices, the FLA recommends New Era develop metrics within the system to hold relevant teams accountable for implementing New Era’s Responsible Purchasing Practices Policy.

The FLA also considers the labor violations found during the SCI assessments as indicators of whether responsible purchasing practices are successfully implemented. In particular, violations of overtime and rest day standards are significantly affected by sourcing practices and are therefore one indicator of a company’s commitment to responsible purchasing practices. The chart below shows the number of violations for excessive overtime and no rest day for workers from five SCI and SCIV assessments. The FLA notes that New Era is in the process of remediating the one violation in which workers were not provided with a rest day within a seven-day period. The FLA also recognizes the progress New Era has made remediating excessive overtime, as they have completely remediated six of the eight overtime violations.



One example of successful remediation took place in China, where FLA assessors found that 93% of workers’ monthly overtime exceeded the legal limit of 36 hours. Workers’ monthly overtime working hours ranged from 40 hours to a maximum of 74 hours, with an average of 64 hours. Following the

assessment, New Era worked with the supplier to change their weekly production plan to be based on regular hours, without overtime, and regularly monitor their working hours through regular internal audits. After a number of internal audits and work with New Era, New Era was able to verify that the factory was able to come into compliance with both New Era's Code of Conduct and Chinese legal standards.

Dialogue with Relevant Staff & Suppliers on Responsible Purchasing Practices

A key part of responsible purchasing practices is ongoing dialogue between a company's internal staff and contract facilities to ensure regular and open feedback. New Era demonstrated that weekly and daily dialogue happens between the sourcing, production, planning, raw materials, and sales teams and between relevant staff and finished goods and materials suppliers. The Senior Manager, Global Social Compliance is included in these meetings, which review the status of suppliers and identifies any potential impacts to workers.

While New Era is in constant contact with its vendors to discuss specific production issues, New Era also hosts an annual Supply Chain Symposium, which provide additional opportunity for dialogue between strategic vendors and New Era functional teams. For example, at a recent symposium, New Era informed suppliers about growth in custom orders and recognized that smaller order quantities could affect workforce planning. During the symposium, New Era discussed with suppliers how they could engage employees and prepare for these changes, such conducting additional cross-training, developing cellular production lines, and/or implementing new technologies. New Era also solicited feedback from the suppliers about what other concerns they might have about this business change. The FLA recognizes that New Era's Supply Chain Symposiums are an effective way to communicate its standards on responsible purchasing practices with a large number of vendors in one place and solicit feedback from its supply chain partners.

Along with programs intended for all vendors, New Era has also implemented a number of dialogue mechanisms and capacity building projects for specific suppliers that have had challenges with responsible production and compliance issues. One example is a partnership with [Impactt](#) at a Vietnam supplier with egregious hours of work violations. Impactt created a productivity action plan that looked at HR and production processes to see if efficiency gains could reduce hours of work. The FLA observed a follow-up meeting between New Era, Impactt, and supplier management and verified that these action plans and training were underway.

New Era has also shown willingness to change its own practices to support suppliers. For example, through dialogue with a Chinese supplier, New Era realized that some workday and rest day violations were the result of New Era's actions, including the number of fabric color changes, delays in samples/strike-off approvals, and changes in purchase orders. In response to these issues, New Era made preemptive changes to improve working hours, including making sure that fabric changes came earlier and reducing the delays in samples and strike-off approvals. These changes helped the factory come into compliance with providing workers with their weekly rest day. The apparel team also applied the learnings from this situation throughout the apparel supply chain.



New Era's Social Compliance Manager for APAC working with supplier management at a contract facility in China

Evaluating & Incentivizing Suppliers to Produce Responsibly

New Era utilizes a comprehensive supplier scorecard to incentivize and implement long-term sourcing strategies with its headwear suppliers and strategic apparel and accessories suppliers. This scorecard, called the KSAP (Knowledge, Skills, Abilities, and Performance) tool, measures suppliers in capabilities, delivery, pricing, quality, and compliance. The compliance portion of the KSAP tool includes ratings on audit performance, grievance mechanisms, transparency, working hours, and HSE. Every headwear vendor receives a KSAP score and New Era uses this score to determine order allocation and whether to continue the business relationship. The FLA has reviewed this tool and vendor scores and verified that social compliance has a heavy weight when determining order allocation.

Currently, the primary uses of the KSAP score are in determining order allocation, continued business, and New Era's Supplier of the Year award for headwear suppliers; these scores are not widely used for apparel and accessories. The FLA recommends New Era explore additional ways to incentivize suppliers to perform well under the KSAP methodology. These incentives could include increased business, reduced audit cadence, reduced audit costs, and/or eligibility for capacity building projects. The FLA also recommends that New Era integrate apparel and accessories suppliers into the KSAP tool so that it can effectively inform work across New Era's business.

REMEDIATION, INNOVATION, AND COLLABORATION⁷

Remediation Process

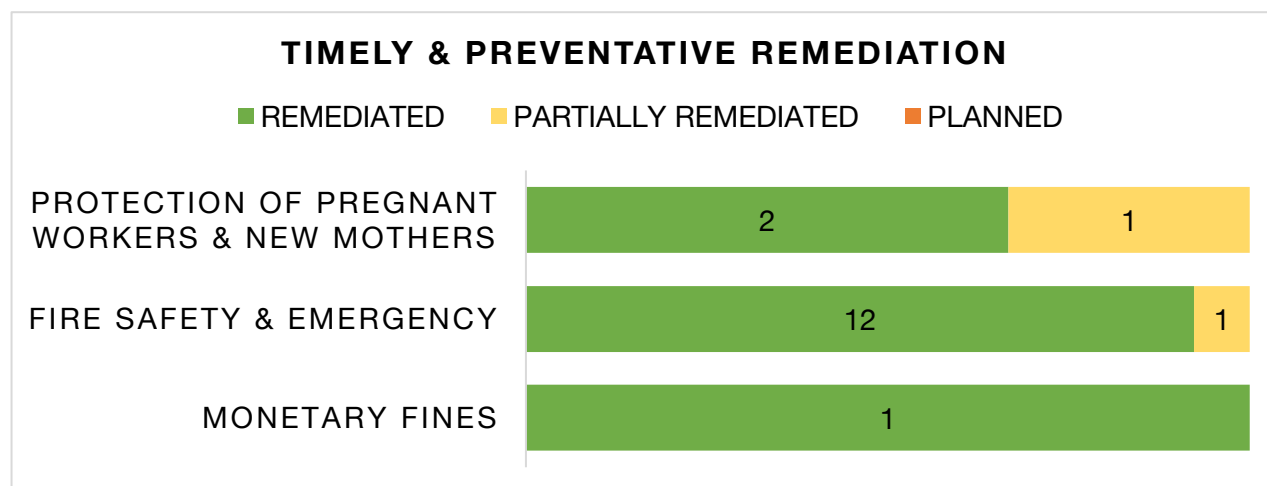
The FLA requires that all companies have procedures in place to demonstrate timely remediation of workers' rights violations. Following every audit, New Era sends an audit report, an audit score, and a corrective action plan (CAP) template to the supplier. The supplier then has two weeks to complete the CAP template, which requires root cause analysis, the action plan, the responsible staff member, the completion date, and documentation. Union and/or worker representative structures must be included, as applicable, in the opening and closing meetings, root cause analysis, and the remediation process.

Once the facility completes the CAP, it submits the plan and documentation to New Era through a platform that stores and manages New Era's social compliance audit and remediation data. The Social Compliance team then conducts a quality review of the action plan and root cause analysis and works with the supplier to improve them, as needed. The supplier is also responsible for submitting remediation updates in this platform. When New Era auditors conduct an audit, they have access to the previous findings and remediation status and are required to verify and monitor CAPs.

Remediation Progress on FLA Assessments

To achieve reaccreditation, companies must show remediation progress of the violations found in SCI and SCIV assessments. A chart of all remediation progress from New Era's SCI and SCIV assessments is included in Appendix B. Below is a sample of remediation progress for findings related to the protection of pregnant workers and new mothers, fire safety and emergency, and monetary fines.

⁷ Principle 7 "Timely and Preventative Remediation" articulates the expectation for companies to work with its suppliers to sustainably remediate noncompliance and improve working conditions.



Protection of Pregnant Workers & New Mothers: The chart shows three violations related to ND.8, two of which have been remediated and one of which is in progress. One of the completely remediated findings concerned pregnant workers working over legal limits at a contract facility in Vietnam. Following the assessment, New Era met with the supplier management, which committed to eliminate the practice of pregnant and nursing mothers working overtime. Management then created a separate production line for pregnant workers, committed to updating the list of pregnant and nursing mothers on a weekly basis, and based production planning on these workers' capacity during regular working hours. New Era has verified that this finding has been remediated and that all affected workers were paid the correct amount prior to eliminating the practice. The remaining finding that is still in process comes from an SCI assessment at a facility in Guatemala in 2018. During this assessment, assessors found that the facility had not established a legally required onsite childcare facility. Since the assessment, New Era has been working with management to determine how to set up this facility and find an offsite solution until the onsite childcare facility has been established.

Fire Safety & Emergency: The chart shows 13 violations related to HSE.5. Based on FLA review, 12 of these findings have been completely remediated. One example of successful remediation took place following a 2018 SCI assessment in Guatemala. During the assessment, assessors noted that finished goods materials were blocking fire extinguishers and an alarm button. This finding was quickly remediated shortly after the assessment.

Monetary Fines: The one finding related to monetary fines took place during an SCI assessment in Vietnam in 2016. Assessors noted that if workers arrived between 31 and 60 minutes late, they were deducted a full hour's wages, instead of just not being paid for the time missed. Following the assessment, New Era worked with the factory to update the time-keeping system ensure that workers are paid for the hours that they work and do not face any additional deductions for tardiness. During a 2019 SCIV assessment, FLA assessors verified that the facility had remediated the finding.

Brand Collaboration

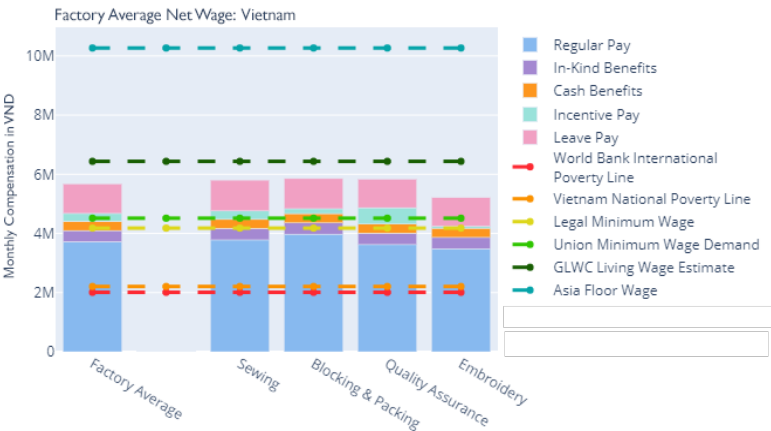
Along with remediation, the FLA also examines how affiliates collaborate with other brands on social compliance issues as part of the reaccreditation process. The FLA recognizes that brand collaboration is essential to reducing audit fatigue, improving remediation efforts, and building supplier capacity. In 2016, New Era and Mountain Equipment Company (MEC) hosted a FLA Fire Safety Facilitator training for supplier compliance staff as part of the FLA Fire Safety Initiative. This program is a combination of a self-assessment and training tool to empower workers and management to become fire safety ambassadors and create a culture where workers are collectively concerned with each other's welfare and unsafe working conditions. Nine New Era suppliers participated in this training program. New Era and the suppliers shared their learnings and best practices with other supplier compliance staff. To evaluate the impact of the course, training participants from the factories completed a baseline assessment before the training and then a post-training assessment six months later. The FLA reviewed the training materials and results of these assessments, which showed strong improvement.



A fire safety training and demonstration at a strategic supplier in Bangladesh.

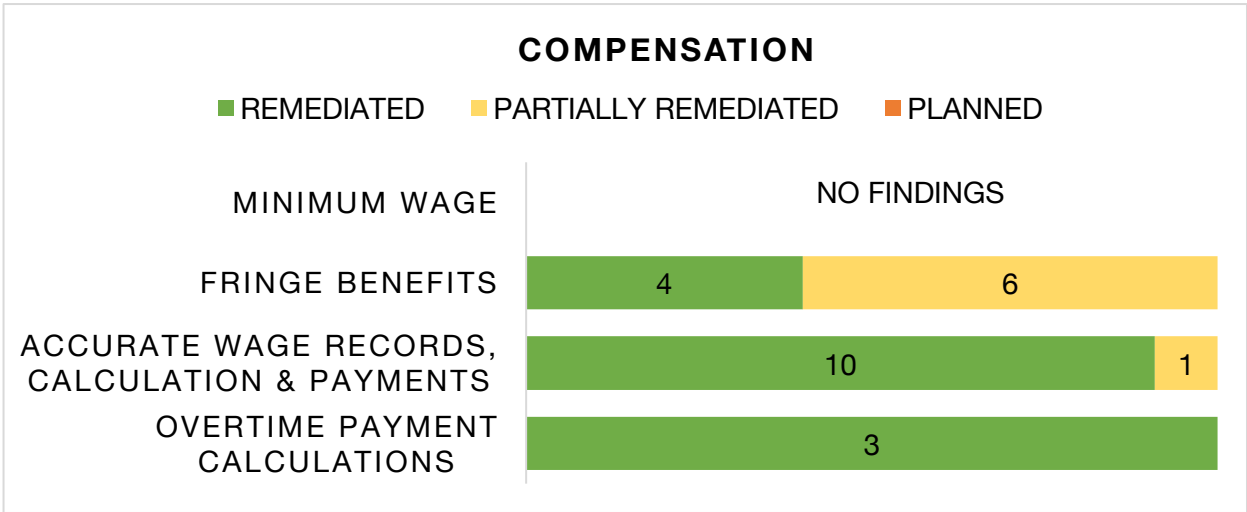
Fair Compensation

To make progress on living wages for workers, the FLA evaluates through the accreditation process how companies are collecting wage data and developing plans for progressive implementation of fair compensation. New Era piloted the FLA's Wage Data Collection Tool in their top production countries: China, Bangladesh, and Vietnam. The below wage ladder is from a factory in urban Vietnam; the average net wage (VND 5,480,838) is below the [Global Living Wage Coalition's Living Wage Estimate](#) (VND 6,437,095) for urban Vietnam in 2019. However, the FLA notes that the average net wage at this facility is higher than the FLA's average (VND 4,641,625) from the 2019 report, [Toward Fair Compensation in Vietnam](#). Additionally, incentive pay has been included as part of the average net wage since New Era has verified that all workers can earn incentive pay in the regular work week.



In New Era’s Responsible Sourcing Strategy, fair compensation has been incorporated into New Era’s 2025 goals, and as part of New Era’s facility ratings for Silver and Gold facilities. The FLA recommends New Era continue to use the wage data tool in a representative sample of its supply chain and to continue to develop and execute a plan for progressive implementation of fair compensation for workers. New Era has committed to using the tool with strategic suppliers equaling 90% of total volume.

The following chart shows violations related to compensation from New Era’s five SCI and SCIV assessments between 2012 to 2018. According to New Era, 64% of these violations are now remediated. In five assessments, the FLA did not find any violations related to minimum wage. The FLA found 11 violations related to accurate wage calculation and payment, of which New Era has remediated ten and is in the process of remediating the remaining one. New Era has remediated all three overtime payment calculation violations. The FLA found 10 violations related to fringe benefits, of which New Era has remediated four of the findings. Four of the fringe benefit violations are from a SCI and SCIV at a China facility and concern social insurance and housing provident fund contributions. The FLA recommends New Era continue to work with its suppliers to remediate compensation violations throughout its supply chain.



One example of successful remediation of compensation violations took place in Vietnam, where FLA assessors found a number of violations related accurate wage and accurate overtime payment calculations. During a 2016 SCI assessment of the facility, FLA assessors found that the factory maintained multiple sets of payroll and the factory paid the workers the incorrect overtime wage rate for working the night shift. Following the assessment, New Era worked with the facility to change the working schedule from multiple shifts to just one shift and then pay overtime for any work outside of the one shift. New Era also worked with the factory to create a single book-keeping system to ensure

that workers were paid the correct amount for every hour and day that they worked. During an SCIV assessment at this facility in 2019, FLA assessors confirmed that the factory only used a single payroll system, that workers only worked one shift and were compensated correctly for any overtime work outside of that shift, and that workers were compensated for all days worked. The FLA recognizes the work that New Era did with this factory to remediate these compensation issues.

Moving Forward to Improve Workers' Lives

Looking forward, New Era recently approved its Responsible Sourcing & Production strategy, which outlines the compliance program's goals for 2025. Goals include improving transparency and public disclosure, using the FLA wage data collection tool to develop a blueprint for fair compensation, monitoring all finished goods facilities, subcontractors, and strategic material suppliers and ensuring that they all receive a threshold score on New Era's audit, and developing more capacity building programs with its strategic suppliers. Along with these specific goals, the FLA encourages New Era to continue to expand its engagement with civil society, worker representatives, and suppliers to ensure that labor violations are identified and remediated.

SECTION 4: RECOMMENDATION TO THE BOARD OF DIRECTORS

The FLA has provided a comprehensive review of New Era's social compliance program, highlighting where the FLA's principles have been fully implemented and where there are further areas for improvement. No labor compliance program is perfect, though the FLA expects accredited companies to commit to continuous improvement. FLA recommendations to the board for reaccreditation signify that the company has aligned its social compliance program with FLA standards and benchmarks, as specified in the Fair Labor Principles of Responsible Sourcing and/or Production. The FLA recommends New Era for reaccreditation because it has substantially met the requirements of the FLA's program and has also shown that it is committed to addressing any gaps through continuous improvement.

Strengths:

- 1) Comprehensive monitoring program includes evaluation of supplier working conditions, grievance mechanisms, and training programs;
- 2) Engagement with civil society in China and Bangladesh through a strategic supplier; projects are focused on training and worker well-being programs;
- 3) Responsible purchasing practices policy and procedures have been in effect and regularly updated since 2014. All relevant staff are trained on the policy; strong dialogue mechanisms between New Era and headwear suppliers are in place to ensure mitigation of negative impacts on workers;
- 4) Comprehensive remediation process that includes suppliers, service providers, and unions/worker representative structures; strategic nominated materials suppliers and subcontractors are subject to the same monitoring program as finished goods suppliers;
- 5) Use of the FLA Wage Data Collection Toolkit in a number of strategic facilities in high-risk countries will be used to further develop New Era's fair compensation strategy.

Recommendations for Improvement:

- 1) Identify CSO engagement opportunities in other key sourcing regions, including Central America and Southeast Asia, and continue to expand engagement in China;
- 2) Continue to strengthen internal accountability systems through implementing metrics within the PLM system that hold relevant department accountable for upholding responsible purchasing practices;
- 3) Continue to remediate labor violations from SCI and SCIV assessments;
- 4) Continue to develop and execute a plan for progressive implementation of fair compensation based on wage data collection and analysis.

Throughout this report and the reaccreditation process, where needed, FLA staff provided programmatic recommendations to improve New Era's social compliance program. The FLA will continue to ensure improvements to the social compliance program are integrated through New Era's reaccreditation action plan.

APPENDIX A: NEW ERA'S CODE OF CONDUCT

WORKPLACE CODE OF CONDUCT

EMPLOYMENT RELATIONSHIP: Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

NONDISCRIMINATION: No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

HARASSMENT OR ABUSE: Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

FORCED LABOR: There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.

CHILD LABOR: No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING: Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

HEALTH, SAFETY, AND ENVIRONMENT: Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

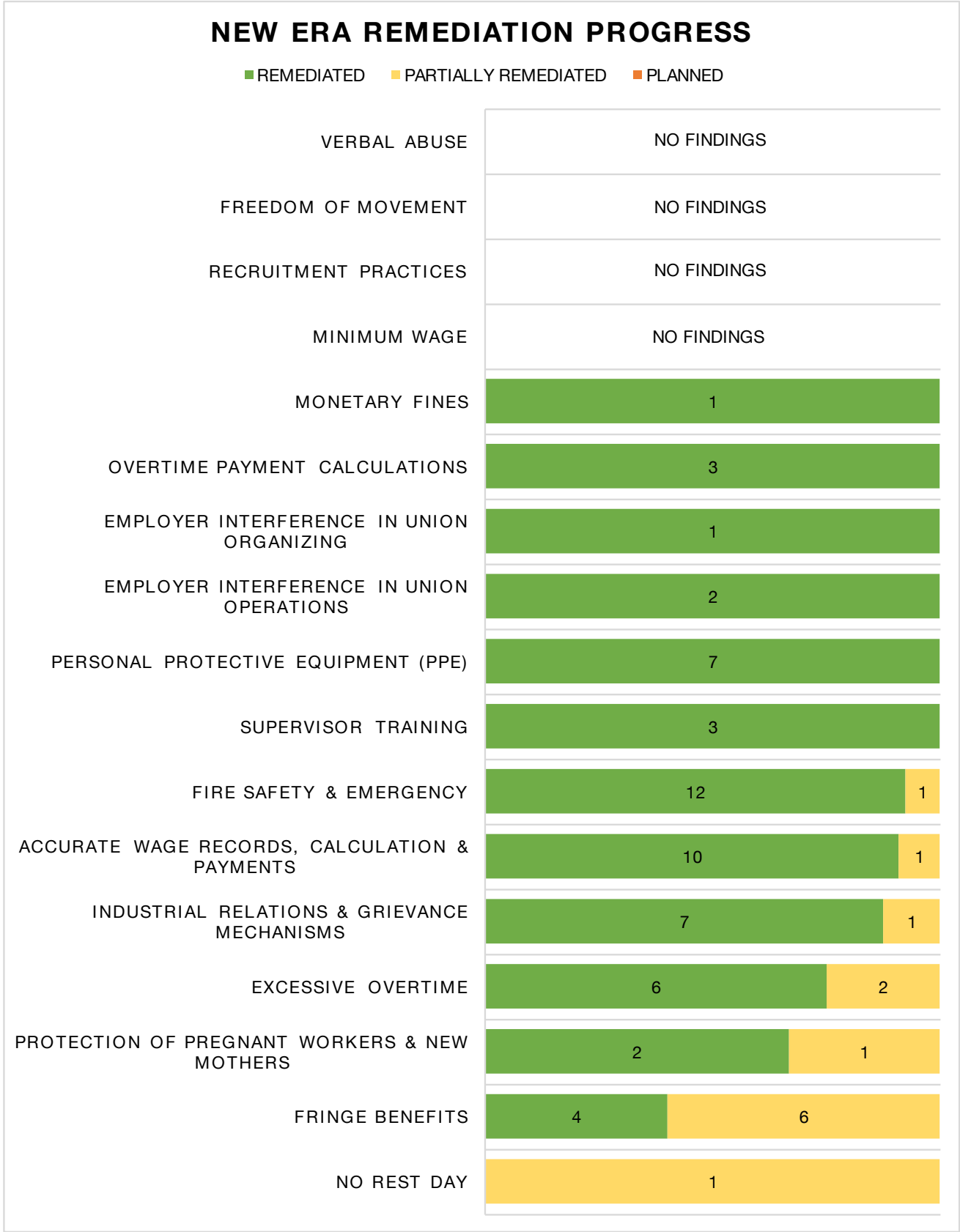
HOURS OF WORK: Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

COMPENSATION: Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the Fair Labor Association (FLA) to take appropriate actions that seek to progressively realize a level of compensation that does.

Notice to Employees:

New Era is committed to this Code of Conduct in the manufacture of our product. If you have any questions or wish to report a concern or violation of this Code of Conduct, your right to confidentiality and protection from retaliation is assured. Please contact New Era at compliance@neweracap.com.

APPENDIX B: NEW ERA’S REMEDIATION PROGRESS



APPENDIX C: PRINCIPLES OF FAIR LABOR & RESPONSIBLE SOURCING

SOURCING	PRINCIPLES & BENCHMARKS
WORKPLACE STANDARDS	Establishes and commits to clear standards.
	Establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.
	Leadership formally commits to uphold workplace standards and to integrate them into company business practices.
RESPONSIBILITY & HEAD OFFICE AND REGIONAL TRAINING	Identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office and regional staff.
	Identifies the person(s) responsible for administering and implementing its workplace standards compliance program.
	Trains the person(s)/team(s) responsible for administering and implementing its workplace standards compliance program.
	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.
SUPPLIER TRAINING	Obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of training.
	Formally conveys workplace standards to suppliers and receives written acknowledgment of standards and commitment to uphold them.
	Formally conveys workplace standards to suppliers and receives written acknowledgment of standards and commitment to uphold them.
	Conditions future business with suppliers upon continuous improvement of workplace conditions.
	Ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.
	Ensures that workers, managers and supervisors are trained on workplace standards at regular intervals to take account of labor turnover.
FUNCTIONING GRIEVANCE MECHANISMS	Ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.
	Ensures there are functioning grievance mechanisms at contract facilities.
	Where local mechanisms are not functioning, provides alternative channels for workers to contact the brand directly and confidentially.
	Ensures training and communication about grievance mechanisms is provided to all workers.
	Ensures grievance mechanisms lack penalty and include at least one confidential reporting channel.
MONITORING	Conducts workplace standards compliance monitoring.
	Conducts pre-sourcing assessment of contract facilities to review compliance with workplace standards.
	Monitors contract facilities regularly to assess compliance with workplace standards.
	Ensures that its monitoring program includes, but is not limited to: <ul style="list-style-type: none"> a) Worker interviews, b) Consultation with unions or worker representative structures (where applicable), c) Management interviews, d) Documentation review, e) Visual inspection, and Occupational safety and health review.
	Ensures that, where relevant, monitoring is consistent with applicable terms in collective bargaining agreements.
COLLECTION & MANAGEMENT OF COMPLIANCE INFORMATION	Collects, manages and analyzes workplace standards compliance information.
	Maintains a complete and accurate list of contract facilities and collects and manages compliance and workplace information.

	Analyzes trends in noncompliance findings.
TIMELY & PREVENTATIVE REMEDIATION	Works with suppliers to remediate in a timely and preventative manner.
	Provides regular follow-up and oversight to implement corrective action following assessments.
	Works with the supplier to determine root causes and take action to prevent future noncompliance in contract facilities.
	Records and tracks the progress and effectiveness of remediation for internal assessments.
RESPONSIBLE PRODUCTION/PURCHASING PRACTICES	Aligns planning and purchasing practices with commitment to workplace standards.
	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.
	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.
	Holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning and purchasing practices that help avoid negative impacts on workers and working conditions.
	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.
	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.
CONSULTATION WITH CIVIL SOCIETY	Identifies, researches and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.
	Develops a civil society organization (CSO) outreach strategy that reflects the geographical distribution of sourcing.
	Develops and maintains links to relevant CSOs to gain understanding of local labor issues.
	Strategizes with CSOs and knowledgeable local sources in the design and implementation of workplace standards compliance programs.
	Consults with supplier management and legally constituted unions or worker representative structures to gain an understanding of relevant relationships.
VERIFICATION REQUIREMENTS	Meets FLA verification and program requirements.
	Maintains standard operating procedures related to FLA affiliation.
	Participates in FLA due diligence activities, including assessments at contract facilities and company headquarters, as applicable.
	Completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Sourcing.
	Maintains a complete and accurate profile and list of contract facilities with the FLA.
	Responds to FLA requests for documentation, contracts, information and clarification in a timely manner.
	Pays annual dues and applicable fees on schedule.