



PRANA LIVING LLC  

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ASSESSMENT FOR ACCREDITATION

February 2015

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## INTRODUCTION

FLA-accredited Participating Companies have demonstrated that they have the systems and procedures in place to successfully uphold fair labor standards throughout their supply chains. The complexity and ever-evolving nature of global supply chains make it impossible to guarantee that a product is made in conditions free of labor rights violations. For this reason, FLA does not certify brands. Instead, FLA evaluates companies at the headquarter level – in addition to standard factory-level due diligence activities that are conducted annually – to determine whether they have social compliance systems in place to proactively identify and address risks or instances of noncompliance. Accreditation is the highest level of recognition for FLA-affiliated companies.



The FLA Board of Directors voted to approve the accreditation of the prAna's compliance program on February 4, 2015 based on proven adherence to FLA's Workplace Code of Conduct and the Principles of Fair Labor and Responsible Sourcing. Details on FLA's accreditation methodology can be found at [www.fairlabor.org/accreditation](http://www.fairlabor.org/accreditation).

## PRANA'S LABOR COMPLIANCE PROGRAM



*The factory floor of a United States supplier for prAna*

prAna Living LLC is an owned subsidiary of Columbia Sportswear Company (hereinafter Columbia – Columbia is a FLA Category B Licensee). prAna's headquarters is in Carlsbad, California and the company manufactures yoga, hiking, swim, and climbing apparel and accessories for men and women. prAna was founded in 1993 and was acquired by Columbia in 2014. The company has 160 employees in the United States, including five retail locations.

prAna joined the FLA as a Participating Company (PC) in February 2010, selecting a two-year implementation period. prAna requested an extension to its implementation period in February 2014 from the FLA

Monitoring Committee and Board of Directors and received an extension until the end of 2014.

prAna's Director of Sustainability is active in the FLA Business Caucus and prAna representatives strive to attend FLA Monitoring Committee and Board meetings at least once a year.

prAna adopted the FLA Workplace Code of Conduct (renamed the prAna Standards of Engagement) in 2011. In August 2009, the company hired a consultant as the Director of Sustainability reporting directly to the CEO. The Director of Sustainability devotes 50 percent to prAna with responsibilities related to both the company's labor compliance and material sustainability programs. Since prAna's affiliation, the current VP of Production & Product Development was hired and has worked with the Director of Sustainability to integrate factory compliance into the responsibilities of the Production team of three full-time staff. There is currently a vacancy for prAna's Director of Sourcing & Production.

In February 2007, the FLA Board of Directors established a Working Group to analyze and make recommendations regarding the accreditation of small or low-revenue PCs (low-revenue PCs were defined as those with consolidated revenue under \$300 million). The rationale for the establishment of the Working Group was that small or low-revenue PCs faced challenges in meeting all of the FLA company obligations in the same manner that larger PCs were able to do. In October 2007, the Board of Directors approved a series of proposals developed by the Working Group that modified the accreditation process for low-revenue PCs by: (1) allowing low-revenue PCs a longer implementation period, which could be as long as five years provided satisfactory progress in implementing a labor compliance program was being made; (2) maintaining the same company

obligations for all participants but recognizing that low-revenue PC could meet some of the company obligations primarily through collaborative activities organized by the FLA rather than through individual activities; and (3) taking into account this latter consideration in the evaluation of compliance programs for accreditation purposes. This assessment for accreditation of prAna's labor compliance program follows the guidelines for low-revenue PC approved by the Board in October 2007.



prAna [prah-nuh], an ancient Sanskrit word for breath, life and vitality of the spirit, has helped guide our actions and lift our aspirations since day one.

*prAna is Sanskrit for breath, life, and vitality*



*Swimsuits and hats featured in prAna's showroom*

The table below describes prAna's applicable facilities over the period from 2010 to 2014, as reported to the FLA. During this period, prAna applicable facilities were subject to a total of eight FLA factory-level assessments, including one IEM, four SCI assessments and three SCOPE Workers Surveys. Information on the results of these assessments and the remediation undertaken by prAna in response to findings are publicly available on the FLA website and are discussed, as appropriate, in the next section.

PRANA APPLICABLE FACILITIES & FLA ASSESSMENTS, 2010-2014										
COUNTRY	2010 APPLICABLE FACILITIES	2010 FLA ASSESSMENTS	2011 APPLICABLE FACILITIES	2011 FLA ASSESSMENTS	2012 APPLICABLE FACILITIES	2012 FLA ASSESSMENTS	2013 APPLICABLE FACILITIES	2013 FLA ASSESSMENTS	2014 APPLICABLE FACILITIES	2014 FLA ASSESSMENTS
Cambodia	1		1		1	1	1		1	
China	6	1	12	1	15	2	19		20	
India	6		8		14		9		13	1
Nepal					1		1		1	
Taiwan	3		3		3		4		4	2
Thailand	2		2		1					
United States	6		7		7		6		3	
Vietnam							2		5	
<b>TOTAL</b>	<b>24</b>	<b>1</b>	<b>33</b>	<b>1*</b>	<b>42</b>	<b>3</b>	<b>42</b>	<b>0**</b>	<b>47</b>	<b>3</b>

\*In 2011, a second scheduled SCOPE assessment was aborted, due to the factory refusing to provide access to FLA assessors; thus prAna received three IEAs in 2012.

\*\* The FLA Monitoring Committee decided that in 2013 each unaccredited PC would receive one SCI assessment regardless of the number of facilities in its supply chain. However, that year the information for the factory selected by the FLA was inaccurate, which led to prAna not fulfilling its 2013 IEA obligation. Therefore, prAna received one additional IEA in 2014.

## ANALYSIS OF PRANA LABOR COMPLIANCE PROGRAM USING THE FLA PRINCIPLES OF FAIR LABOR AND RESPONSIBLE SOURCING

Information used in this assessment originates from annual reports submitted by prAna to the FLA verified through: (1) an assessment at prAna headquarters conducted by FLA staff (May 2014); (2) shadowing of prAna internal audits at an apparel factory in the United States (May 2014) and an apparel factory in China (September 2014); (3) information gathered in-person, via phone interviews and through email correspondence with prAna staff; (4) documentation review of supporting evidence submitted by prAna; and (5) results of FLA Independent External Assessments at prAna applicable facilities conducted by FLA assessors.

### 1. COMPANY AFFILIATE ESTABLISHES AND COMMITS TO CLEAR STANDARDS

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

##### Actions Taken:

prAna adopted its first Standards of Engagement in 2006, when it was acquired by Liz Claiborne Inc., a former accredited FLA PC. Liz Claiborne Inc. sold prAna in 2008 and prAna became a PC in 2010. In 2011, prAna adopted the revised FLA Workplace Code of Conduct as its Standards of Engagement.

##### Verification by FLA:

FLA has reviewed prAna's Standards of Engagement and confirms that the Standards of Engagement were developed based upon the FLA Workplace Code of Conduct and meet or exceed the FLA's standards in all Code elements. A copy of prAna's Standards of Engagement can be found in the Appendix.

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

##### Actions Taken:

prAna has developed a Sustainability Strategy, spearheaded by the CEO, which includes upholding the company's Standards of Engagement. The CEO and the Director Sustainability have presented the Sustainability Strategy to all headquarter-level staff and worked with staff to develop a strategic plan to include goals that focus on upholding prAna's Standards of Engagement. prAna has in place a Sustainability Working Group, chaired by the CEO, and composed of the Director of Sustainability, VP of Production & Product Development, VP of Design, and Director of Marketing. This Working Group implements systems to address prAna's sustainability goals. In 2014, prAna was acquired by Columbia, which has encouraged and supported prAna's efforts to pursue accreditation. prAna and Columbia have been working to align shared resources in their compliance departments.

##### Verification by FLA:

FLA reviewed the Sustainability Strategy and the strategic plan and confirm that both include goals to uphold prAna's Standards of Engagement and integrate the standards into the company's business practices. The Sustainability Strategy is focused on three areas: (1) materials to make prAna products; (2) internal office sustainability practices; and (3) human beings and conditions. FLA staff interviewed the CEO during the headquarter assessment, and discussed how upholding these standards align with prAna's sustainability goals to remain competitive in its industry. FLA staff received updates from the Director of Sustainability on areas where Columbia and prAna have identified potential for shared resources, such as Columbia's field staff and compliance database. FLA staff reviewed the Sustainability Working Group's Charter, which includes objectives, scope, key deliverables, commitment and the members of the group. During the headquarter assessment, FLA staff identified as a strength prAna's executive-level commitment to integrate standards into business practices.

## 2. COMPANY AFFILIATE IDENTIFIES AND TRAINS APPROPRIATE STAFF

### 2.1 Company Affiliate identifies all staff (and service providers, where relevant) responsible for implementing its workplace standards compliance program.

#### Actions Taken:

The Director of Sustainability is primarily responsible for overseeing workplace conditions, material sustainability, and internal office sustainability. She reports directly to the CEO and receives support from the VP of Production & Product Development as well as the Production team, made up of five full-time staff. The Production Managers oversee supplier relationships based on region (East Asia, Southeast Asia, South Asia and North America) and product type. prAna currently has a vacancy for the Director of Sourcing & Production position; once hired, that person will provide support to the Director of Sustainability in implementing internal systems on workplace standards. Currently, prAna works with agents to also support the implementation of workplace standards. Agents manage about 25 percent of prAna's factory relationships, but prAna will be working to decrease its reliance on agents to about five to seven percent in 2015. prAna works with monitoring service providers as part of its internal monitoring program.

#### Verification by FLA:

FLA has copies of the latest organizational chart and job descriptions for the Director of Sustainability, the VP of Production & Sourcing, and the Director of Sourcing & Production. FLA confirms that the Director of Sustainability is responsible for the implementation of workplace standards and prAna's internal sustainability goals and initiatives. FLA interviewed the VP of Production & Product Development and the Production Managers and confirms that they support the Director of Sustainability in developing internal systems for implementing prAna's sustainability efforts, including communication on factory assessments and remediation. FLA identified the need for additional staff resources for prAna's compliance program. In response, the Director of Sustainability and VP of Production & Product Development put forward a proposal to hire a Social Responsibility & Traceability Manager, which was approved for the 2015 budget. The Social Responsibility & Traceability Manager will report to the VP of Production & Sourcing and work on day-to-day communications with factories. FLA verified the company's relationships with agents, including its efforts to scale back on such partnerships in favor of direct relationships with factories. Through field observations and review of audit reports, FLA confirmed that prAna works with service providers for its internal monitoring program.

### 2.2 Company Affiliate ensures that all staff (including sourcing) and relevant service providers are trained on the company's commitment to standards and the integration of standards into business practices.

#### Actions Taken:

The Director of Sustainability provides regular training to the Production and Product Development staff. Training occurs both formally and informally, including via team meetings and semi-annual Factory Review Meetings, where Production, Sustainability, and Product Development staff review supplier performance and sourcing plans. Cross-departmental training occurs for Production, Product Development, and Design staff on prAna's Responsible Sourcing policies. Additionally, the Director of Sustainability presented sustainability initiatives and an overview of the social responsibility program to the prAna's sales team. After the FLA headquarter assessment, the Director of Sustainability worked with prAna's Human Resource Manager to develop an overview of prAna's sustainability program to be included in the revised employee handbook. The revised handbook will be finalized in 2015.

#### Verification by FLA:

During the headquarter assessment, FLA conducted interviews with staff from the Production, Product Development, and Design departments. Through these interviews, prAna staff demonstrated that the company's sustainability strategy is integrated into these functions. FLA reviewed the training presentation for the sales team; this presentation included the sustainability strategy and a brief overview of prAna's Standards of Engagement. FLA reviewed the draft sustainability section of the prAna employee handbook, which includes the sustainability strategy, the elements of prAna's Standards of Engagement, and where prAna staff can access additional resources on sustainability.

### 2.3 Company Affiliate ensures that staff or service providers responsible for implementing workplace standards compliance functions have appropriate competencies and suitable training in all areas under their responsibility.

#### Actions Taken:

The Director of Sustainability has significant prior experience in environmental and social responsibility. Currently, the Director for Sustainability is the Principal at a sustainability-consulting firm. Previously, she served as the Social Responsibility Manager at [brand] and the Director of Education & Communications at [industry association]. The Director of Sustainability is also active in the [industry association's] Social Responsibility Working Group as well as the [industry association]. She keeps up to date on global compliance-related trends and issues in supply chains via various organizations and consulting firms. The Director of Sustainability shares information on trends and developments with the Production and Product Development teams and discusses if and how the issues apply to prAna's supply chain.

Services providers receive prAna's Sustainability Assessments Guidelines, which outline prAna's standards for monitoring. The Director of Sustainability implemented a new monitoring tool in 2014 and reviewed this tool with service providers remotely or through shadow audits. Agents responsible for compliance-related activities with the factories, such as facilitating audits and remediation, work with the Director of Sustainability to receive updates on prAna's social responsibility program.

#### Verification by FLA:

Through the headquarter assessment and routine interactions, FLA confirms the competencies of the Director of Sustainability. FLA interviewed Production and Product Development staff during the headquarter assessment and reviewed relevant training documents, and can confirm that prAna staff regularly engage with the Director of Sustainability, who trains and shares information on global compliance-related trends in prAna's supply chain.

FLA reviewed prAna's Sustainability Assessments Guidelines. Although the guidelines are thorough, as a result of a field observation by FLA staff in May 2014, FLA recommended that prAna conduct additional training with its service providers. The Director of Sustainability has since conducted such training. FLA noted that agents responsible for auditing and remediation did not have similar guidance. In response, prAna developed a similar guidance for agents, distributed it in the fall of 2014 and conducted outreach to agents to review the content of the guidelines.

### 2.4 Company Affiliate ensures that training is updated at regular intervals.

#### Actions Taken:

The Director of Sustainability trains Production and Product Development staff on a regular basis. As prAna's sustainability program is revised, the Director of Sustainability trains Production, Product Development, Design, and Sales staff on new information, global compliance-related trends, and new company policies and procedures.

#### Verification by FLA:

Through interviews and review of training materials, FLA confirms the ongoing training of the Director of Sustainability, Production, Product Development, and Design staff. All staff interviewed during the headquarter assessment demonstrated knowledge of prAna's sustainability policies and procedures, how they implement such policies and procedures with suppliers in their respective functions, and a general understanding of global compliance-related trends. FLA confirms that, as materials or systems are developed to address gaps, the Director of Sustainability incorporates the new information into prAna staff training.

### 3. COMPANY AFFILIATE SHARES COMMITMENT TO WORKPLACE STANDARDS WITH SUPPLIERS AND WORKERS IN THE SUPPLY CHAIN

#### 3.1 Company Affiliate formally conveys workplace standards to suppliers and receives written acknowledgement of standards and commitment to uphold them.

##### Actions Taken:

prAna's Vendor Operation Manual (VOM) includes the Standards of Engagement and encourages suppliers to adopt and implement the FLA Workplace Code of Conduct as their own. The VOM, which also includes Production and Product Development standards, is sent to suppliers after the Director of Sustainability and the VP of Production & Product Development approve suppliers for production. Suppliers must sign this document before they can receive orders from prAna.

##### Verification by FLA:

FLA reviewed the contents of the VOM and confirms that prAna's Standards of Engagement are included in the manual. FLA reviewed signed copies, but noted that 25 percent of prAna's suppliers had not signed the document. Because prAna is currently revising the VOM and exiting factories as it reduces the number of agent relationships, prAna is working to address this gap with the revised VOM in 2015. FLA identified that there was a lack of supplier training on the extensive content of the VOM from the Production staff. To address this gap, prAna is currently instructing Production staff to engage in a more formal onboarding training that includes a detailed dialogue with suppliers to review VOM content.

#### 3.2 Company Affiliate obtains written agreement of suppliers to (a) submit to periodic inspections and audits, including assessments conducted by FLA assessors or independent external monitors or service providers accredited by the FLA for compliance with workplace standards, and (b) collaborate with the Company Affiliate to remediate instances of noncompliance.

##### Actions Taken:

prAna's VOM requires suppliers to agree to submit to periodic inspections, FLA assessments, and to collaborate on remediation.

##### Verification by FLA:

FLA reviewed signed copies of the VOM that suppliers are to sign; however, 25 percent of prAna's suppliers had not signed the relevant page of the VOM. Because prAna is currently revising its VOM and exiting some factories, the company is working to address this with the revised VOM in 2015.

In 2011, prAna experienced an aborted IEM in India due the factory not allowing access to FLA's third-party monitor. After failed negotiations with the factory to allow access for the IEM, prAna exited the factory.

#### 3.3 Company Affiliate conditions future business with suppliers upon continuous improvement of compliance performance.

##### Actions Taken:

prAna has an escalation policy in the VOM for suppliers who do not collaborate on remediation. prAna's Director of Sustainability and the VP of Production & Product Development review the status of each supplier and grade each supplier on compliance, quality, and delivery on a semi-annual basis. If a supplier does not perform well in compliance and has not shown a commitment to improve, prAna will follow its escalation policy. The policy includes a corrective action plan and follow-up to demonstrate that the supplier is implementing remediation in a timely manner. If the supplier fails to do so, prAna will exit the supplier. prAna has a list of noncompliances that, if found, may trigger a supplier being put on probation or a cessation of production until the issue is resolved.

Verification by FLA:

FLA has reviewed the escalation policy but raised questions regarding the policy's timeline in cases where a supplier had egregious findings to address. prAna revised the policy to clarify that a plan of action must be submitted right away, but then the company will seek to measure both commitment to the remediation plan as well as progressive implementation. FLA recommends that the company clearly communicate to its suppliers more detail about the company rating system for suppliers. prAna is currently clarifying the rating system's methodology and plans to communicate ratings to suppliers twice per year, beginning in 2015.

### **3.4 Company Affiliate ensures that workplace standards are made available to workers, managers and supervisors in written form and appropriate languages.**

Actions Taken:

prAna encourages suppliers to adopt their own Code of Conduct that meets or exceeds the FLA Workplace Code of Conduct. The VOM includes information on accessing English, Spanish, and Chinese versions of the FLA Code and states that translations to other languages can be requested from the Director of Sustainability. prAna ensures that workplace standards are made available to workers through the company's internal audits.

Verification by FLA:

FLA verified that the VOM includes information on workplace standards. However, as a result of interviews with prAna staff, FLA noted that suppliers have not requested additional Code translations. During a field observation in 2014, FLA observed that neither the prAna Standards of Engagement nor the FLA Code was made available in written format to workers. To address this gap, the Director of Sustainability has since followed-up with suppliers to review the VOM and to send applicable translations of the FLA Code (Bengali, traditional Chinese, simplified Chinese, Hindi, Spanish, Thai, Turkish, Urdu, and Vietnamese).

### **3.5 Company Affiliate ensures that workers, managers and supervisors are informed orally and educated about workplace standards at regular intervals to take account of labor turnover.**

Actions Taken:

The prAna VOM includes the expectation that workers, managers, and supervisors are to be trained on workplace standards. prAna also includes this expectation in agent guidelines for prAna sustainability assessments. prAna's monitoring checks on the training that factories provide to workers.

Verification by FLA:

FLA confirms that the VOM includes the expectation that suppliers train workers, managers, and supervisors on workplace standards. FLA confirms that training expectations are also included in prAna's guidelines for agents and the revised audit tool. During an FLA assessment conducted in 2012 in China, assessors found that workers, supervisors, and managers had not received training on workplace standards. prAna subsequently submitted documentation and factory training logs to demonstrate progress. FLA recommends additional attention to ensuring appropriate training for workers, managers and supervisors at prAna suppliers.

## **4. COMPANY AFFILIATE ENSURES WORKERS HAVE ACCESS TO GRIEVANCE PROCEDURES AND CONFIDENTIAL REPORTING CHANNELS**

### **4.1 Company Affiliate ensures there are functioning grievance procedures at supplier production sites.**

Actions Taken:

The VOM includes the expectation that suppliers develop and maintain functioning grievance systems for workers. prAna assesses the existence and functionality of grievance procedures during internal audits. prAna also has developed a guidance document to assist suppliers in developing their own grievance systems. The guidance document describes how a supplier can set up a grievance system or make improvements in an existing grievance system to enhance workers trust in using the system. The guidance describes how workers should be able to submit grievances verbally or anonymously in writing, and to ensure resolutions are shared with the worker. The guidance

also includes maintaining documentation of grievances submitted by workers and their resolutions. If the worker is unsatisfied with the resolution, a review committee shall review the grievance and recommended resolution. Lastly, the guidance specifies that workers shall be safe from retaliation, prejudice, or punishment for using the system.

Agents are required to share the guidance and to emphasize to suppliers the importance of maintaining grievance mechanisms. prAna Production staff have been trained to request factories' grievance procedures when visiting; they then pass information along to the Director of Sustainability who reviews and evaluates the system.

#### Verification by FLA:

FLA confirms the expectations expressed in the VOM as well as the agent guidelines. FLA reviewed the grievance systems guidance developed by prAna and confirms it is consistent with the Principles of Fair Labor and Responsible Sourcing. FLA confirms the communication that the Director of Sustainability has had with suppliers and agents about the grievance tool. FLA reviewed prAna's latest audit tool with respect to the questions on grievance systems. In one field observation, FLA observed that, though the auditor requested the factory's grievance procedures, he did not review the system's functionality and did not ask workers about the system. FLA recommends that prAna devote additional resources to ensure that functioning grievance mechanisms are in place at the factory and that auditors are inquiring about them appropriately during internal monitoring.

## **4.2 Company Affiliate provides channels for workers to contact the Company directly and confidentially.**

#### Actions Taken:

prAna encourages suppliers to take ownership of developing functioning grievance systems and therefore the company has not established a formal confidential reporting channel directly to the brand. However, prAna's monitoring guidelines requires that auditors provide workers with their contact information and tell workers that they may contact the auditor about workplace conditions at any time.

#### Verification by FLA:

FLA reviewed the monitoring and agent guidelines and confirms that prAna requires auditors to leave contact information with workers who are interviewed. However, in one field observation, FLA observed that the auditor interviewing workers rushed through a checklist of questions, did not express to the worker the confidential nature of the interview, and did not provide the worker with the auditor's contact information. prAna conducted follow-up training with this auditor to address the concerns with conducting worker interviews. In another field observation, FLA observed a clear effort by the auditor to establish trust with workers and confirmed that the auditor provided contact information to all workers interviewed. FLA recommends that prAna devote more resources to ensuring the implementation of functioning grievance systems (see Principle 4.1 above) and, in situations where grievance systems are not functioning, prAna should develop a confidential reporting channel directly to the brand.

## **4.3 Company Affiliate ensures training and communication is provided to all workers about the grievance procedures and channels.**

#### Actions Taken:

prAna verifies grievance procedure training as part of its audit methodology. prAna's audit tool has a section on training for workers and managers, including a record of the date of the last training, the subject matter, and whether the training could be considered effective.

#### Verification by FLA:

While prAna's audit tool checks on grievance procedure training and communication, prAna has faced challenges in ensuring training and communication to workers. In a 2012 IEA in China, the supplier did not have functioning training or worker communication systems in place for almost all employment functions, including grievance systems. To remediate, the supplier implemented a worker representative structure to support communication. FLA conducted two field observations; one audit did not review the occurrence of grievance procedure training, while the other audit thoroughly reviewed the functionality of the grievance systems. After the first field observation was conducted, prAna reviewed its monitoring tool and policies with the auditor. The subsequent audit report showed

that there had been recent training on grievance procedures and that the factory HR Manager had issued a short test to measure whether workers had retained the information. FLA recommends that prAna devote more resources to ensuring training and communication of grievance procedures and channels.

#### **4.4 Company Affiliate ensures that grievance procedures and complaint channels are secure and prevents any punishment or prejudice against workers who use the systems.**

##### Actions Taken:

prAna has included in its audit methodology and grievance tool the statement that grievance systems should be secure and that punishment or prejudice against workers is not acceptable. The audit tool includes a prompt for auditors to inquire if there is any evidence of retaliation at the factory. Workers receive the auditors' contact information so that they may report any sensitive information after the audit.

##### Verification by FLA:

FLA confirms that the audit tool, grievance tool, and the monitoring and agent guidelines include the expectation that there shall be no punishment or prejudice against workers who use the systems.

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

#### **5.1 Company Affiliate conducts pre-sourcing assessment of suppliers to review compliance with workplace standards.**

##### Actions Taken:

The company's pre-sourcing assessment process is set out in detail in prAna's Responsible Sourcing Manual. prAna's pre-sourcing assessment process begins with Product Development or Production staff submitting a business case application to the Director of Sustainability. The business case application must be submitted three seasons prior to the purchase order being placed. Once the application is approved, the VP of Production & Product Development sends a request to the factory for more information, including basic factory information, a compliance self-assessment, and submission of an audit report from the current year. If an agent manages the factory, agents are to work with the factory to submit this information to prAna. Once the factory is approved by the Director of Sustainability and the VP of Production & Product Development, the supplier is sent the VOM to review and sign. If the supplier cannot submit an audit report from the current year, prAna will conduct an audit at the factory before deciding if the factory is approved for production.

##### Verification by FLA:

FLA reviewed and verified the contents of the Responsible Sourcing Manual. As confirmed through interviews with prAna's Production and Product Development staff, the pre-sourcing assessment procedures are well known.

In 2013, FLA became aware of a gap in prAna's pre-sourcing assessments. During the scheduling phase of a 2013 IEA, it was discovered that an agent had moved prAna production to a new facility, unbeknownst to prAna. To prevent recurrence, prAna conducted extensive follow-up and training with the agent, emphasizing the severity of a lack of transparency. Production Managers were trained to review origin addresses of shipments coming to the prAna warehouse and to verify that all addresses matched the addresses of factories in the active supplier list.

#### **5.2 Company Affiliate monitors an appropriate sampling of suppliers regularly to assess compliance with workplace standards.**

##### Actions Taken:

prAna strives to conduct an audit or review an audit report for all suppliers at least once per year. prAna is willing to accept some brand audit reports from the factory in lieu of conducting one on behalf of prAna. In situations where prAna is not willing to accept another brand's audit, prAna conducts an annual audit of the supplier, utilizing a third-party service provider. prAna has one agent who is approved to conduct the audit of a prAna supplier. prAna also

takes into account FLA IEAs and Better Work audits, working toward the principle that the supplier will only have one audit with prAna participation per year.

Verification by FLA:

During the headquarter assessment, FLA reviewed the audit schedule maintained by the Director of Sustainability and confirms that prAna tracks that audits take place on an annual basis. However, FLA had questions related to how prAna evaluates audit reports from other brands and how the company follows up on remediation from those audits. FLA recommends that prAna establish more formal standards and procedures whereby the company will accept audit reports from other brands.

**5.3 Company Affiliate ensures that monitoring includes as appropriate, but not limited to, worker interviews, management interviews, documentation review, visual inspection, and occupational safety and health review.**

Actions Taken:

A standard prAna audit includes opening and closing meetings with management, a visual inspection/walkthrough of the factory, management interviews, documentation review, worker interviews, and a review of health, safety, and environmental practices, policies, and procedures. prAna audits are scheduled with at least one month notice. The same standard of audit is expected of audits provided by agents and other brands. prAna has started to develop policies and procedures to develop and implement a new auditing methodology for prAna's key suppliers. The new methodology would adopt some aspects of the FLA's SCI assessment.

Verification by FLA:

FLA confirmed through field observations and review of audit reports that prAna monitoring includes worker interviews, management interviews, documentation review, visual inspection and health and safety review. After each field observation, FLA provided prAna with detailed feedback, recommendations on conducting worker interviews, documentation review, cross-checking data with other auditors during the audit, providing more time for the auditor to conduct the audit, training for auditors on the prAna audit tool, quality of the audit report, incorporation of root cause analysis, and CSO consultation prior to the audit. FLA reviewed prAna's internal system to maintain audit reports submitted by other brands and agents and confirms that these audits also include worker interviews, management interviews, documentation review, visual inspection and health and safety review. FLA reviewed the revised policies and procedures to prAna's monitoring and encourages prAna to move forward in the implementation of a more sustainable and comprehensive approach to monitoring.

**5.4 Company Affiliate ensures that, where relevant, monitoring is consistent with applicable collective bargaining agreements.**

Actions Taken:

prAna's audit tool collects information on existing collective bargaining agreements (CBAs). prAna relies on service providers to ensure that monitoring is consistent with applicable CBAs.

Verification by FLA:

FLA confirms that the prAna audit tool requires auditors to review applicable CBAs, to ensure that the CBAs are accessible to workers, and that they comply with legal requirements.

**6. COMPANY AFFILIATE COLLECTS, MANAGES AND ANALYZES WORKPLACE STANDARDS COMPLIANCE INFORMATION**

**6.1 Company Affiliate maintains a complete and accurate list of all suppliers.**

Actions Taken:

The Director of Sustainability and the Production staff maintain factory information. The Master Factory List Excel file contains all of the factories prAna is currently sourcing from and factories that are being considered for upcoming seasons. This list is updated on a regular basis. Production staff maintains the contact information and addresses of

factory locations. prAna is currently exploring the possibility of using the Columbia database to maintain factory and compliance information.

Verification by FLA:

FLA has reviewed prAna's Master Factory List and verifies that prAna maintains information on active and inactive factories. prAna experienced two aborted FLA assessments, one of which was due to inaccurate factory information coming from an agent (mentioned above in Principle 5.1). FLA took note of prAna's subsequent actions and follow-up with the agent to prevent recurrence. FLA supports prAna's efforts to find a more user-friendly and sophisticated database.

## **6.2 Company Affiliate collects and manages information on suppliers' compliance with workplace standards.**

Actions Taken:

prAna's Master Factory List tracks suppliers' most recent audits and includes an internal rating of each factory on compliance, product development, and production. The Master Factory List also contains links to the factory audit records on prAna's internal server. On a semi-annual basis, the ratings of the factories are updated after the Director of Sustainability and the VP of Production & Product Development conduct reviews of the supplier base.

Verification by FLA:

FLA confirms that prAna's Master Factory List includes basic profile information on factories, as well as data on pre-sourcing audits, approved suppliers, supplier rankings, and the most recent audit conducted. FLA supports prAna's efforts to work with Columbia or a service provider to manage factory compliance information in a more comprehensive and streamlined manner.

## **6.3 Company Affiliate analyzes noncompliance findings to identify trends, including persistent and/or egregious forms of noncompliance and reports to the FLA on such analysis.**

Actions Taken:

The Director of Sustainability makes efforts to analyze audit data and arrive at a ranking for each supplier based on audit results and remediation progress. Twice a year, the Director of Sustainability meets with the VP of Production & Product Development to review the status of each factory. Additionally, the Director of Sustainability updates the CEO and the VP of Production & Product Development on persistent noncompliances and trends by country. prAna acknowledges that a new, more functional database, would enable more robust analysis of trends and noncompliances.

Verification by FLA:

Through interviews, review of meeting minutes and other documents, FLA confirms that the Director of Sustainability and VP of Production & Product Development meet twice per year to review factory rankings. FLA reviewed the summaries submitted to the CEO and VP of Production and Product Development on country-specific trending noncompliances. FLA supports prAna's efforts to find a platform that would support more in-depth analysis of prAna's factory compliance data. FLA also recommends that prAna clarify the factory ranking system methodology and share this methodology with suppliers.

# **7. COMPANY AFFILIATE REMEDIATES IN A TIMELY AND PREVENTATIVE MANNER**

## **7.1 Company Affiliate, upon completion of the monitoring visit, contacts the supplier concerned within 14 days and collaborates with the supplier to create a remediation plan within 60 days that addresses all noncompliances.**

Actions Taken:

For assessments conducted by third-party auditors on behalf of prAna, a remediation plan is developed within two weeks after the assessment is conducted. For assessments conducted by the agent, the Director of Sustainability works with the agent and factory to ensure remediation plans are developed within 30 days of receiving the audit.

For assessment reports that are accepted from other brands, prAna follows up with the factory on the remediation plan that was developed. prAna strives to ensure that noncompliances are remediated in a timely manner, however the company will work with the factory on issues that are more endemic and thus may take longer and be more challenging to remediate.

Verification by FLA:

FLA reviewed email evidence of prAna communicating reports to factories within 14 days of the audit. FLA observed a field observation during which the remediation plan was developed on-site, immediately following the assessment.

**7.2 Company Affiliate takes steps to conduct root cause analysis, apply sustainable supply chain solutions and prevent the occurrence of noncompliances in other suppliers.**

Actions Taken:

prAna's monitoring guidelines require root cause analysis to be conducted on noncompliances found during the audit. The prAna audit tool includes an area where the auditor can submit the root cause to the finding. The Director of Sustainability reviews the root cause analysis submitted by the auditor and clarifies, if necessary, with the auditor or factory. For agents conducting assessments, guidance covers the expectations around root cause analysis, including engagement with factory management and asking the "5 Whys" to understand the reasoning behind the occurrence of a specific issue at a factory. The "5 Whys" consist of identifying the problem and asking why the problem exists until the root cause is identified.

prAna has started to use tracking documents for wages, hours of work, and social insurance noncompliances. These documents are intended to track persistent noncompliances found in the audit reports. prAna collects data from factories on a monthly basis to ensure progress is being made towards remediation.

Verification by FLA:

FLA has reviewed the company's monitoring and agent guidelines. FLA reviewed audit reports from prAna and confirms that root cause analysis is conducted, although not for every finding. prAna focuses root cause analysis on findings of an egregious and/or persistent nature. FLA reviewed the tracking template described above and a completed tracking document for hours of work and social insurance. FLA recommends that prAna extend root cause to findings in assessments conducted by other brands.

**7.3 Company Affiliate updates the FLA periodically on progress of remediation and confirms completion.**

Actions Taken:

prAna provides updates to FLA staff on the progress of remediation for suppliers that have received FLA assessments.

Verification by FLA:

Historically, prAna has had an inconsistent record of submitting updates on remediation plans to the FLA for IEAs in a timely manner. However, through 2014 prAna has submitted updates of remediation to all IEA corrective action plans. prAna has approved a new position of Social Responsibility and Traceability Manager in its 2015 budget; the new position will be responsible for ensuring remediation updates are submitted by the factory and to the FLA in a timely manner.

**7.4 Company Affiliate records and tracks the progress of remediation.**

Actions Taken:

The Director of Sustainability tracks remediation progress and completion using the Master Factory List and the internal server that stores all audit reports and remediation plans. Suppliers submit documentation and photographs so that remediation can be verified. The Director of Sustainability as well as Production, Design, and Sourcing staff may follow up on remediation during factory visits. The Director of Sustainability maintains each factory's status of remediation in the Master Factory List and on the internal server.

Verification by FLA:

FLA reviewed assessment reports and remediation plans and confirms that the Director of Sustainability tracks factories' progress on remediation using the company's internal server and relies on communication from and visits with suppliers. prAna keeps documents and photographs to verify that remediation has been completed. FLA recommends that prAna consider additional staff time and capacity to utilize a data management system to strengthen follow-up on remediation.

## 8. COMPANY AFFILIATE ALIGNS PLANNING AND PURCHASING PRACTICES WITH COMMITMENT TO WORKPLACE STANDARDS (RESPONSIBLE PURCHASING PRACTICES)

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

Actions Taken:

prAna developed its Purchasing Practices Policy for Responsible Sourcing after the revised Principle 8 language was approved in October 2013. The policy references the context of prAna's supply chain and the company's objective to balance business decisions with improving working conditions. prAna acknowledges that its own actions influence workers and working conditions in its supply chain. prAna is focused on key suppliers that can meet prAna's production deliverables and also devote resources to improving working conditions. Insufficient production timelines, lead times, and costing models are factors mentioned in the policy that can lead to violations in the prAna Standards of Engagement. prAna's policy includes a focus on supplier partnership, production costing, planning, production allocation, alignment of social responsibility, training, internal accountability, engagement of dialogue, and motivation of suppliers.

Verification by FLA:

FLA reviewed prAna's Purchasing Practices Policy for Responsible Sourcing and confirms that all of the elements listed in the benchmark are addressed in the policy. Through interviews, FLA confirms that this policy has been implemented by the Director of Sustainability with the support of Production, Product Development, and Design staff. FLA staff also reviewed the revised Responsible Sourcing Manual that operationalizes the Responsible Sourcing policy through procedures for pre-sourcing, on-boarding of new suppliers, factory exits, and subcontracting. The Director of Sustainability developed this manual with support from Production and Product Development staff. Since this policy was recently developed (2014), not all systems to implement the policy have accompanying procedures. FLA recommends that prAna continue to develop systems to implement all the focus areas of its Responsible Sourcing Policy and to review this policy on a regular basis to address any changes in its supply chain.

- 8.2 All relevant business and compliance staff 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.**

Actions Taken:

The Director of Sustainability has conducted informal training with all Production, Product Development, Sales, and Design staff at prAna on the consequences of planning and purchasing practices. This training occurred through conversations in the development and implementation of prAna's Responsible Sourcing policies and procedures and,

on an ongoing basis, when company purchasing practices affect workplace conditions in their supply chain. The Director of Sustainability analyzes the effectiveness of the training. As an example, in a previous season retail buyers issued a late order, which resulted in excessive overtime hours and poor production quality. The Director of Sustainability and the VP of Production & Product Development developed procedures to avoid late orders and trained Sales staff on the effects of buying practices.

#### Verification by FLA:

Through interviews and document review, FLA confirms that the Director of Sustainability has focused on training Production, Product Development, Sales, and Design staff on the effects of purchasing practices on working conditions in prAna's supply chain. These departments have a growing understanding of compliance and its connection to purchasing practices. FLA staff reviewed the training presentation provided to the Sales team by the Director of Sustainability. The Director of Sustainability continues to review and revise prAna's Responsible Sourcing procedures as she learns of more tools and guidance available in this area.

The Director of Sustainability has a more formalized training program to accommodate staff turnover and she keeps track of training in which Production and Product Development staff participate. FLA staff reviewed completed feedback forms from prAna staff on the revised Responsible Sourcing Manual.

### **8.3 Company Affiliate holds relevant staff accountable for the implementation of planning and purchasing practices that help avoid negative impacts on workers and working conditions.**

#### Actions Taken:

The Production, Product Development, and Design departments are all held responsible for contributing to a production calendar that tracks the development of the seasons' lines. prAna tracks the production calendar to ensure that prAna's production practices are aligned to help avoid negative impacts on workplace conditions, such as excessive overtime hours. One staff member from each of the Design, Product Development, and Production teams are responsible for maintaining the timelines set to ensure the factory receives the materials and specifications necessary to complete the purchase order with adequate lead-time so that excessive over time hours are mitigated. Examples of dates entered include meetings to discuss the development of the upcoming line, technical packs issued, selections of colors and yarns, print concepts chosen, trim artwork completed, prototype deadlines, lab dip and strike-off approvals, costing completed, bulk purchase order due, top of production sample approval, the beginning of the shipping window, etc. For each line item in the calendar, a department is assigned and responsible for maintaining the deadline and entering the completion date.

#### Verification by FLA:

FLA reviewed various job descriptions, including for the VP of Production and Product Development and for the (currently vacant) Director of Sourcing position; both include mandates to work with the Director of Sustainability to uphold prAna's sustainability goals. FLA reviewed a production calendar in progress for the 2015 season. The production calendar includes dates from past seasons, deadlines, and the actual date submitted. In interviews with prAna staff it was disclosed that if staff persistently misses deadlines this could reflect in their annual performance review; however FLA could not verify this practice through documentation.

### **8.4 Company Affiliate staff responsible for planning and purchasing decisions engage with their labor compliance staff and suppliers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and avoid negative impacts on workers and/or compliance with code standards at supplier facilities.**

#### Actions Taken:

There are open communication channels between prAna Sustainability, Production, Product Development, Design, and Sales staff throughout the production cycle and when problems arise. Production Managers are included in communications with suppliers on completing remediation related to prAna's Standards of Engagement. Production staff are in daily communication with agents and suppliers about the coming season's line. Twice a year, the Director

of Sustainability and the VP of Production & Product Development review each factory to discuss how the factory performed in both compliance and production quality. The company's Sustainability Working Group (with the CEO as Chair) was developed to ensure that there are open communication channels internally. prAna also strives to have an annual supplier summit, to engage with key suppliers on production and sustainability.

#### Verification by FLA:

During the headquarter assessment, FLA staff interviewed Production, Product Development, and Design staff, who all confirmed that there are open communication channels and transparency between the various departments. There is clear collaboration between the Director of Sustainability and the VP of Production & Product Development. FLA staff reviewed minutes of the semi-annual meeting that the Director of Sustainability and VP have held, which included notes on the suppliers' performance and next steps from prAna. As a result of the headquarter assessment, FLA recommended that prAna regularly disclose to its factories the ranking that they receive along with a rationale. The Director of Sustainability then revised prAna's Responsible Sourcing procedures to include that the supplier scorecard would be shared with the supplier twice per year. As an example of how prAna departments work together to mitigate negative impacts on workers, prAna has made considerable strides in developing the company's exit policy. This exit strategy has been implemented and includes dialogue with the supplier to mitigate risks to the workers. prAna has begun to implement a monthly data collection initiative related to hours of work, social insurance, and wages to address persistent findings from audit reports. FLA recommends that prAna continue to develop channels of communication with its suppliers so that they can inform prAna of upcoming challenges.

### **8.5 Company Affiliate provides positive incentives for suppliers producing in a socially responsible and sustainable manner and, if applicable, having internal systems aligned with FLA Principles.**

#### Actions Taken:

prAna's internal scorecard includes components of compliance, production quality, and delivery deadlines. Suppliers are rated on a scale from A to D. prAna exits suppliers that receive a D in compliance and do not commit to remediation. prAna strives to provide suppliers that receive an A rating with more business. Additionally, key suppliers for prAna are invited to the company's annual supplier summit to feature key developments in their production processes, including sustainability initiatives where the supplier has excelled.

prAna engaged suppliers in India that have performed well in compliance and production and encouraged them to pursue [organization] Certification. Currently, two of prAna's suppliers have been [organization] certified, with another two suppliers going through the process.

#### Verification by FLA:

FLA reviewed prAna's supplier scorecard, meeting minutes from prAna's semi-annual meetings to review suppliers, and email communication with suppliers on [organization] Certification. FLA staff reviewed the [organization] methodology, including the benefits that it can bring to workers and suppliers that pursue such certification. By encouraging [organization] Certification, prAna has committed to a long-term relationship with these factories. Additionally, factories are able to market this certification to other buyers looking for suppliers that strive to provide fair wages to workers. FLA was not able to verify whether prAna suppliers receive increased orders due to their compliance performance. FLA recommends that prAna develop other initiatives for suppliers that are not able to participate in [organization].

## 9. COMPANY AFFILIATE ESTABLISHES AND MAINTAINS RELATIONSHIPS WITH LABOR NON-GOVERNMENTAL ORGANIZATIONS, TRADE UNIONS AND OTHER CIVIL SOCIETY INSTITUTIONS

### 9.1 Company Affiliate reviews sourcing base and develops a civil society outreach strategy that reflects the geographical distribution of sourcing.

#### Actions Taken:

In 2012, prAna had developed a general CSO engagement strategy based on guidance from the FLA. In 2014, prAna revised its CSO engagement strategy to focus on countries that are considered high risk for human/labor rights violations and that are high production countries for prAna. The focus countries for CSO engagement for prAna in 2014 and 2015 are China, India, and Cambodia. prAna's CSO engagement strategy begins with research on various organizations in its focus countries, outreach, maintaining a relationship, and continuous improvement and review of prAna's CSO engagement and strategy.

#### Verification by FLA:

FLA reviewed the previous and current CSO engagement strategy and confirms that the revised CSO engagement strategy provides more focus on how to engage with civil society. In November 2014, prAna was one of the nine FLA affiliates to sign the FLA's letter to the Cambodian government on wages, which encouraged the Cambodian government to take action to improve wages and industrial relations. FLA confirms prAna's engagement with various civil society organizations in India and Cambodia. FLA encourages prAna to continue to implement its CSO engagement strategy and continue to make efforts in all priority countries.

### 9.2 Company Affiliate develops and maintains links to civil society organizations (CSOs) involved in labor rights in sourcing countries to gain understanding of local compliance issues as referenced in FLA guidance.

#### Actions Taken:

prAna maintains links to many organizations to support research of local compliance issues. The Director of Sustainability receives regular information from various organizations and consulting firms. prAna is also a member of the [industry association] and the [industry association's] Social Responsibility Working Group. In South and Southeast Asia, prAna has reported to the FLA on its partnerships with [civil society organizations] in Cambodia and India. prAna plans to align resources with Columbia so that both companies can engage with organizations on common areas of interest and need.

#### Verification by FLA:

FLA confirms that the Director of Sustainability receives information from the organizations listed above to review current trends in labor rights in various countries. FLA recommends that prAna develop relationships with other relevant local labor rights CSOs in the company's sourcing countries.

### 9.3 Company Affiliate engages with CSOs and knowledgeable local sources in the design and implementation of compliance program strategies, trainings, worker communication channels, or remediation plans specific to production sites.

#### Actions Taken:

prAna has maintained a relationship with [organization] in select India factories. For [organization] Certification, these factories must pass an annual audit by [organization] that focuses on compensation of workers as well as health and safety. Factories must have a separate account set up for [organization] premium contributions from the buyer and have implemented policies and procedures in ensuring accrual.

prAna has one factory in Cambodia, which is a member of [organization]. This factory is subject to [organization] audits and engages regularly with [organization] on minimum wages, industrial relations, and health and safety concerns.

prAna plans to engage with organizations in China on issues related to hours of work, excessive overtime, and social insurance. In India, prAna aims to engage with organizations on wages, discrimination, health and safety, and the Sumangali scheme.

Verification by FLA:

FLA confirms via document review and interviews that prAna is actively engaging with [organization] in India as well as [organization] in Cambodia. FLA recommends that prAna continue to implement its CSO engagement strategy, engage with other CSOs and local sources to address compliance gaps and goals in its supply chain, and strengthen current relationships with CSOs.

#### **9.4 Company Affiliate consults with legally constituted unions or worker representative structures at the production site during audits and remediation.**

Actions Taken:

prAna's monitoring guidelines state that third-party service providers shall interview worker representatives and/or union members during the audit process. Union and/or worker representatives shall also be present at the opening and closing meetings of third-party audits.

Verification by FLA:

FLA confirms that prAna's has a policy in the monitoring guidelines on engaging with unions and worker representatives at the time of the audit. However, in an audit conducted in September 2014 in China, FLA staff observed that, though there was a trade union in place at the factory, the auditors did not invite union representatives to the opening or closing meetings. No union members were chosen for worker interviews during the audit. While China's Trade Union Act prevents the establishment of trade unions independent of the sole official trade union (All China Federation of Trade Unions), FLA recommends prAna ensure engagement with unions representatives and members to provide valuable information on workplace conditions. FLA also recommends that prAna ensure that the monitoring guidelines for third-party service providers and agents are implemented so that union members and/or worker representatives are consulted on a consistent basis.

### **10. COMPANY AFFILIATE MEETS FLA VERIFICATION AND PROGRAMMATIC REQUIREMENTS**

#### **10.1 Company Affiliate participates in FLA due diligence activities, including production site monitoring, assessments and company headquarter visits, as applicable.**

Actions Taken:

prAna has participated in the FLA's factory assessment program since 2010 and the company was received one headquarter orientation in June 2010, two field observations, and one headquarter-level assessment (2014). Where due diligence activities could not occur due to factory list or access issues, prAna has enhanced its procedures and protocols to avoid these situations in the future.

Verification by FLA:

Since affiliating as a PC in 2010, prAna has been subject to eight FLA assessments – one IEM, four SCI assessments, and three SCOPE Worker Surveys. In 2011, the scheduled IEM was aborted due to a denial of access by the factory. The aborted IEM was replaced during the 2012 IEA Cycle. However, in 2013, prAna experienced another aborted IEA due to an agent not providing accurate factory information to prAna. The company received an additional SCI in 2014 to replace the aborted SCI from 2013. prAna received one headquarter orientation visit by FLA staff in June 2010. FLA staff has visited various prAna suppliers, including for observations of prAna's third-party audits in the United States (May 2014) and China (September 2014). FLA staff conducted an assessment at prAna headquarters in May 2014.

**10.2 Company Affiliate completes a standardized annual report on fulfillment of Principles of Fair Labor & Responsible Sourcing.**

Actions Taken:

prAna has submitted annual reports to the FLA covering activities from 2010, 2011, 2012, and 2013.

Verification by FLA:

FLA confirms that prAna submitted annual reports with information on activities from years 2010 to 2013. The 2014 annual report is not yet due to the FLA.

**10.3 Company Affiliate maintains a complete and accurate list of applicable suppliers with the FLA.**

Actions Taken:

prAna strives to maintain a complete and accurate list of applicable suppliers with the FLA.

Verification by FLA:

As noted in Benchmark 10.2, prAna experienced an aborted IEA in 2013 due to inaccurate information provided by prAna's agent. prAna has worked with its agents to ensure that they understand the importance of accurate factory information. prAna has also worked with Production Managers to verify shipments from its factories. The Director of Sustainability is working with the FLA to ensure that, as the company exits factories due to termination of agent relationships in 2015, prAna's factory list is updated accordingly and exit language for FLA IEA reports is submitted.

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

Actions Taken:

prAna's Director of Sustainability strives to respond to all FLA requests for documentation, contracts, information and clarification in a timely manner.

Verification by FLA:

FLA confirms prAna has submitted to FLA requests for documentation, contracts, information and clarification in a timely manner.

prAna has signed the FLA's Monitoring Services Agreement.

**10.5 Company Affiliate pays annual dues and any other applicable fees.**

Actions Taken:

prAna has paid annual dues and all other applicable fees to the FLA in full.

Verification by FLA:

prAna has paid all dues and fees in full. Documentation is available at FLA headquarters.

## CONCLUSION

Accreditation of prAna's compliance program should not be interpreted as a guarantee against issues and risks in the supply chain. Rather, accreditation indicates that the company has the systems in place to proactively identify and remediate those risks. Accreditation is not granted automatically, and is only renewed following a satisfactory FLA evaluation of labor compliance systems and activities during the timeframe. FLA will continue to conduct standard due diligence activities on prAna. To check an affiliate's accreditation status, visit [www.fairlabor.org/accreditation](http://www.fairlabor.org/accreditation).