



FAIR LABOR
ASSOCIATION®

2019

ANNUAL REPORT



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The FLA has been and continues to be a safe place where contentious issues and contentious sides can meet together to try to develop solutions. Whether it was in the boisterous and rambunctious early days or more pragmatic approaches these days, that is a real value to the organization and that has to underpin how we work in the future."

—Greg Nebel, *adidas*

LETTER FROM THE PRESIDENT

An annual report is a delightful ritual. It encourages us to take a step back from the day-to-day, reflect on our accomplishments from the past year, and ponder a moment in time in the arc of an organization's history. The custom is especially meaningful when that moment in time marks a milestone.

For the Fair Labor Association, 2019 was our 20th anniversary, and it provided an opportunity to reflect upon our roots and reaffirm our commitment to making a difference in workers' lives.

The FLA was founded on the values of high standards, transparency, and collaboration in the interest of protecting workers' rights and improving working conditions worldwide. Those values guided the organization's work at its founding. They continue to guide us today, as I hope you'll see in this report of our 2019 accomplishments.

The progress we made in 2019 is the result of the collective efforts of many individuals and organizations, and in many ways the culmination of two decades of large and small steps forward. Our achievements in labor rights are possible only with the determination of our member companies, universities and colleges, and civil society organizations. A critical part of this progress is the engagement of civil society organizations, and last year we welcomed representatives of Bangladesh-based Awaj Foundation and Oxfam to the FLA.

During 2019, the FLA affirmed its promise to be transparent by adopting a factory list disclosure requirement for its affiliates. We continued to build on our long-standing fair compensation commitment, with the support of ASN Bank, by developing an online dashboard to help affiliates



Sharon Waxman FLA President & CEO

upload and analyze wage data from their supplier factories. And, we signed a cooperative agreement with the International Organization for Migration, strengthening our efforts to address forced labor with a focus on responsible recruitment. This report outlines these initiatives and the many other FLA efforts underway across the globe.

Among my personal highlights of 2019 was a visit to Turkey where the FLA continues to invest in projects with local partners to advance workers' rights in agriculture and apparel. I had the privilege to meet with Zehra Zumrut Selcuk, Turkey's Minister of Family, Labor and Social Policies, and other government leaders, spend time with representatives from FLA textile and agriculture brands, suppliers, and union representatives, and speak with workers in factories in Tier 2 suppliers of FLA brands, such as adidas and PUMA. It was a remarkable trip, and a compelling reminder of the importance of our mission to promote and protect workers' rights and to improve working conditions.

The work of the FLA is far from complete, even after 20 years. Yet, at this mile marker in time, I am proud to lead an organization that is dedicated to a multi-stakeholder approach where individuals and organizations with a common goal sit down together, tackle complex issues, and create solutions that lead to positive, lasting change for workers. I hope you are inspired by our efforts, and that you'll join us on our journey.

Sharon Waxman



FLA President & CEO

“ *The FLA has played a vital role in advancing ethical recruitment in recent years. These steps led to the adoption in October 2018 of a global industry commitment signed by more than 120 companies in the apparel and footwear sector. IOM welcomes these efforts and looks forward to continuing our strong collaboration with the FLA. Our organizations have a responsibility to work together to address the risks that migrants face every day in their search for employment and livelihoods.”*

—Laura Thompson, IOM Deputy Director

ADVANCING WORKERS' RIGHTS AROUND THE GLOBE

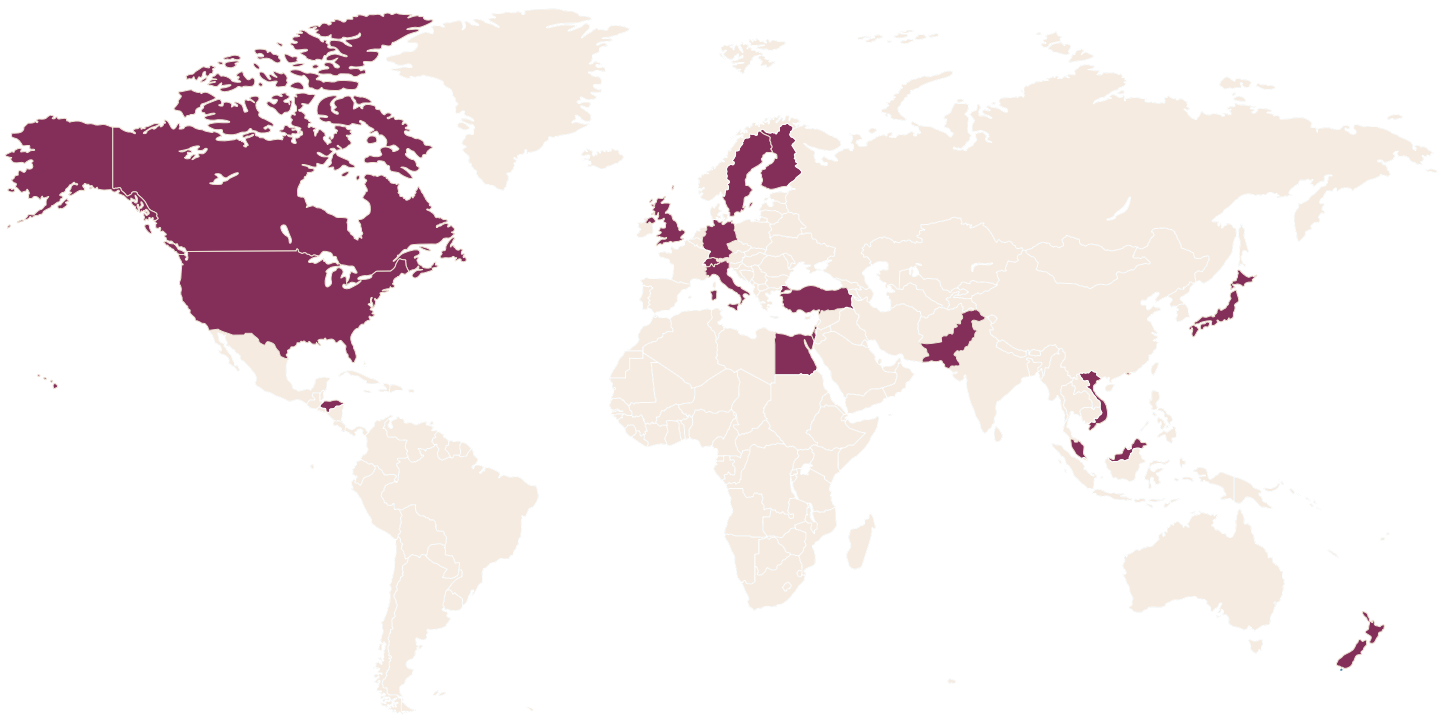
A hallmark of the Fair Labor Association is a collaborative, multi-stakeholder approach, which brings together the key players in social compliance and labor rights.

Since its founding in 1999, the FLA has served as a “safe space” for honest dialogue that breaks down barriers and gets to the core of issues critical to improve working conditions and ensure better lives for workers and their families. Our first 153-page public report laid out in detail the findings and remediation from the first year of our formal monitoring of seven companies – a revelation at the time.

Today, the FLA stands for the rights of nearly five million workers in apparel and agriculture supply chains in 84 countries. Our company affiliates are headquartered in 21 countries and our civil society organizations represent workers in Bangladesh, India, and around the world.



FLA PARTICIPATING COMPANIES & SUPPLIERS



■ **Canada**
Gildan
Lululemon
Mountain
Equipment Co-op

■ **Egypt**
Kazareen Textile
Company

■ **Finland**
Amer Sports

■ **Germany**
adidas Group
(Germany/USA)
EspritGore Wear
Hugo Boss
Puma
s.Oliver

■ **Hondorus**
Pinehurst
Manufacturing

■ **Hong Kong**
Kingdom Holdings
Mainland
Headwear
Yee Tung Group

■ **Israel**
Delta Galil

■ **Italy**
arena Group

■ **Japan**
Fast Retailing

■ **Malaysia**
FGV

■ **New Zealand**
Kathmandu

■ **Pakistan**
Forward Sports
Kay & Emms

■ **Singapore**
Olam International
(Singapore/UK)

■ **Sweden**
Fenix Outdoor AB

■ **Switzerland**
Nestlé
Syngenta

■ **Taiwan**
Pou Chen Group

■ **Turkey**
Balsu San. Tic.
Sabirlar Hazelnut
Yavuz Gida

■ **United Kingdom**
Gymshark

■ **USA**
Antigua Group
Bella+Canvas
Burton
Snowboards
Colosseum
Cutter & Buck
Dallas Cowboys
Merchandising
Fanatics
Apparel, Inc.
Forty-Seven Brand
Fruit of the Loom
Hanesbrands

Hybrid Apparel
L2 Brands
Lakeshirts
MV Sport
New Balance
Next Level
Apparel
New Era
Nike
Outerknown
Outerstuff
P&G Chemicals
Patagonia
PopSockets
prAna
SanMar
TOMS Shoes
Under Armour
Vetta Volcom
Zephyr

■ **Viet Nam**
Maxport

The panel, moderated by former FLA board chair Kitty Higgins, explored the ways that the FLA has made a difference for workers.



–Robert Durkee, *Princeton University*



Cara Chacon, Patagonia, and Linda Golodner, National Consumers League president emeritus.

CODE OF CONDUCT.

The FLA Workplace Code of Conduct and compliance benchmarks were a catalyst for the industry, raising awareness of high labor standards.

ROOT CAUSE ANALYSIS.

The FLA started to look at root cause analysis, which is the cornerstone of many of our programs today. Bringing that concept into audits was huge for the industry, a big change that has proven to lead to permanent improvements for workers.



Golodner, Pharis Harvey, International Labor Rights Forum senior consultant, and Jim Silk, Yale Law School.

SUPPLIER ENGAGEMENT.

Inviting suppliers into the FLA brought new and critically important stakeholders to the table. It helped to engage and empower suppliers on workers' rights, and it helped companies to better understand challenges from the supplier's perspective.

FARM PROGRAM.

Workers on farms face some of the most challenging working conditions in the world. The FLA began its farm-level efforts before many others were thinking about labor standards for farm workers. This burgeoning work will facilitate the adoption of labor rights standards that result in worker protections for the agriculture and apparel products consumers buy.



Bruce Klatzky, former CEO of PVH, led the anniversary keynote address.

LIVING WAGES.

It's a complex topic, but the FLA jumped in to create a formal fair compensation program early on because paying workers a living wage should not be complicated. There's a lot of work to do, but we're doing it. Companies and suppliers are engaging in conversations about workers' wages and there is a growing willingness to talk about it and take action.



Greg Nebel, formerly from adidas, and Bob Durkee, Princeton University.

RESPONSIBLE PURCHASING PRACTICES.

The FLA's commitment to purchasing practices drew attention to the concept. It helped affiliates realize that their business decisions on placing orders, capacity planning, costing, and lead times affected workers on the factory floor. Without a responsible purchasing commitment, a company's commercial goals and social compliance goals are completely out of alignment.

SETTING THE STANDARD FOR SOCIAL COMPLIANCE

The FLA set its sights on high labor standards from the very beginning. Across two decades, the FLA has maintained a code of conduct and a set of principles that align—and often exceed—the international human rights standards, guidelines, and norms set forth by the International Labor Organization, the OECD, the United Nations, and others. As we noted in our 2003 annual public report, “It’s one thing to say that you are going to try to meet certain standards; it’s quite another to tell the public exactly what you have done to try to meet them.”

The FLA helps its affiliates translate more than 100 labor and human rights standards into practical policies and processes that help businesses improve the lives of workers in their supply chain. We provide the bridge between standards and their implementation, and the result is that companies and suppliers develop stronger and more robust social compliance programs which means they are better prepared to react when a problem occurs.

“ *I think it is important for us to realize that we have not yet succeeded in having workers have a sense of ownership of their own issues. We have been an outside force putting pressure on companies to give to workers a better set of conditions. What we need to do is make certain that workers acquire ownership of the relationship in a way that makes for healthier industrial relations – where companies and labor work together to identify and solve problems.”*

–Pharis Harvey, Independent Human Rights Professional

ACCREDITATION OF SOCIAL COMPLIANCE PROGRAMS

FLA accreditation is the gold standard for a systems approach to human rights compliance and social responsibility. Companies that demonstrate they meet international labor standards across their supply chains earn accreditation of their program from the FLA – the highest recognition a company can achieve.

A company's accreditation signifies that it understands the consequences of its business practices on workplace conditions, has put effective systems in place to prevent workplace abuses, and commits to remediating violations that occur.

FLA ADOPTS A FACTORY LIST DISCLOSURE REQUIREMENT

Transparency is a foundational FLA principle. Shining a light on working conditions in global supply chains promotes accountability and engenders trust.

The FLA board of directors in 2019 reaffirmed the organization's deeply rooted commitment to transparency when it adopted a requirement that affiliates must make their factory lists public.

The move put the FLA at the forefront of an effort by leading civil society organizations challenging apparel companies to build trust with consumers, workers, and investors. Human Rights Watch called the FLA's factory list transparency requirement 'an important step' and the decision was lauded as 'significant' by the Transparency Pledge Coalition.

Proactive disclosure of suppliers has emerged as an expected best practice because transparency serves as an early warning system to identify human rights abuses. It can help combat unauthorized

During 2019, the FLA's board of directors considered the accreditation of nine companies' social compliance programs, reaccrediting four programs and awarding five first-time program accreditations.

2019 AFFILIATE REACCREDITATION

GILDAN

HANES
Brands Inc



2019 AFFILIATE ACCREDITATION



subcontracting and facilitate remediation of grievances, and disclosure is a way for companies to comply with supply chain due diligence requirements.

A CHANNEL FOR WORKER GRIEVANCES



Workers receive compensation after an abrupt factory closing after a year-long joint effort that included the FLA.

To safeguard against workplace violations and provide workers a way to raise grievances that may go undetected by company or FLA assessment processes, the FLA's Third Party Complaint process allows any worker, union, university, civil society, or other stakeholder to request an investigation into violations of the FLA Workplace Code of Conduct or the Principles of Fair Labor and Responsible Sourcing.

For serious and persistent violations related to workers' freedom of association and other fundamental rights violations, the complaint process is an important tool to help advance safe and fair working conditions at factories and farms. The process requires companies to develop and implement meaningful remediation for each violation confirmed by the investigation.

RECOGNITION FOR FLA ACCREDITATION

FLA Participating Companies and Participating Suppliers commit to promoting and complying with international labor standards throughout their supply chains. Increasingly, leading organizations recognize the FLA's Workplace Code of Conduct and its Principles of Fair Labor and Responsible Sourcing and Responsible Production.

- Humanity United's Know the Chain recognizes FLA accredited companies for particular benchmarks.
- The Platform Living Wage Financials, a coalition of 12 investors with more than 2.5 trillion Euro of assets under management and advice, committed to recognize FLA companies for progress on fair compensation.
- The German Partnership for Sustainable Textiles agreed to acknowledge FLA accredited companies for its labor standards without requiring an independent review.

The chart below shows the TPC investigations that were concluded in 2019. Each was undertaken by an independent investigator to ensure a detailed, objective review of and report on the allegations. In addition to these formal investigations, the TPC process provides leverage for the FLA to look into many more allegations of violations and work with our affiliates to press factory management to address the concerns raised.

THIRD PARTY COMPLAINT INVESTIGATIONS COMPLETED IN 2019

Factory	FLA Affiliate	Country	Request	Code Element or Benchmark
Progida	Olam	Turkey	Union	Unlawful dismissal
Resolved May 2019				
Carnival Clothing Company	adidas	India	Union	Harassment or abuse Freedom of association
Resolved June 2019				
C.S.A. Guatemala	Hanesbrands	Guatemala	Workers	Unlawful dismissals Payment of worker benefits
Resolved April 2019				
Hilandería de Algodón Peruano S.A. (HIALPESA)	'47 Brand LLC The Burton Corporation	Peru	Union	Freedom of association Unlawful dismissals
Resolved October 2019				
Star S.A. Gildan	Gildan	Honduras	Union	Freedom of association, dismissals, payment of worker benefits
Resolved September 2019				

“ *Root cause analysis. We never used to talk about that; we didn't even know what that was. It is getting to the heart of the matter so that you solve the issues long term, so they wouldn't come back again. It was a revelation when the FLA introduced that concept into audits.”*

—Cara Chacon, Patagonia

NEW AFFILIATIONS 2019

During 2019, the FLA added 10 new companies to its affiliate roster.

PARTICIPATING COMPANY PROFILES

BELLA+CANVAS

Founded: 1998

Headquarters: California

Products: Apparel and accessories

Production Countries: Factories in El Salvador, Honduras, Nicaragua, United States.

ESPRIT

Founded: 1968

Headquarters: Germany

Products: Apparel, accessories, shoes

Production Countries: China, Turkey, Myanmar, India, Vietnam, Bangladesh, Pakistan, Madagascar, Indonesia, Cambodia, Serbia, Bulgaria, Macedonia, Romania, Tunisia, Netherlands, Belarus, Ukraine, Portugal, and Italy.

GYMSHARK

Founded: 2012

Headquarters: United Kingdom

Products: Apparel and accessories

Production Countries: Bangladesh, Cambodia, China, Jordan, Mauritius, Philippines, Sri Lanka, Turkey, Vietnam.

HYBRID APPAREL

Founded: 1997

Headquarters: California

Products: Apparel and accessories

Production Countries: Bangladesh, China, Egypt, El Salvador, Guatemala, Honduras, Indonesia, Mexico, United States, and Vietnam.



Founded: 2007
Headquarters: California
Products: Apparel
Production Countries:
 Cambodia, China, El Salvador, Haiti, Mexico, Nicaragua, United States



Headquarters: United States (Ohio)
Products: Palm Oil
Production Countries:
 Malaysia, Indonesia, United States



Founded: 2007
Headquarters: Malaysia
Products: Palm Oil
Production Countries:
 Malaysia, Indonesia

PARTICIPATING SUPPLIER PROFILES



Founded: 2003
Headquarters: Honduras
Products: Apparel
Production Countries:
 Honduras



Founded: 1965
Headquarters: Turkey
Products: Hazelnuts
Production Countries: Turkey



Founded: 1933
Headquarters: Turkey
Products: Hazelnuts
Production Countries: Turkey

CALLING ON GOVERNMENTS TO RESPECT LABOR RIGHTS

During 2019 the FLA called on the governments of Cambodia and Myanmar to protect workers' fundamental rights. Governments are critical partners in protecting workers and advancing labor rights through policy, regulation, and enforcement.

In May, the FLA joined with 21 major brands from Canada, Europe, Hong Kong, and the United States to ask the Cambodian Prime Minister Hun Sen, to respond to concerns about the labor and human rights situation. The letter, a follow-up to 2018 engagement with the Cambodian government, provided detailed recommendations that, if implemented, would demonstrate progress toward respect for trade unions and civil society, and protect the country's European Union trade preferences.

A June letter to Myanmar's Aung San Suu Kyi expressed concern over serious and repeated violations of the fundamental rights to freely associate, to organize, and to bargain collectively in both law and in practice. The joint letter was the result of a collective appeal by the FLA, the American Apparel & Footwear Association, the Initiative for Compliance and Sustainability, and Social Accountability International.

FORCED AND CHILD LABOR

The FLA's stand against forced labor has been a priority since the organization's foundation in 1999. Efforts in 2019 demonstrated the FLA's continued commitment to eradicating human rights violations that include forced labor, trafficking, and modern slavery from supply chains.

One major initiative that began in 2019 is a collaboration between the FLA and the International Organization for Migration (IOM) to advance the ethical recruitment and protection of migrant workers in global supply chains. The organizations are fostering an exchange to better protect migrant workers in supply chains through a multi-faceted partnership.

During 2019, the FLA built upon its Apparel & Footwear Industry Commitment to Responsible Recruitment. The initiative, launched by FLA and the American Apparel and Footwear Association (AAFA) in 2018, includes more than 145 companies that work with their global supply chain partners to create conditions so that:

- No worker pays for their job
- Workers retain control of their travel documents and have full freedom of movement; and
- All workers are informed of the basic terms of their employment before leaving home.

Throughout the year, FLA and AAFA compiled resources, hosted three webinars, and developed and released an action plan on responsible recruitment in Malaysia.



FLA President & CEO Sharon Waxman and IOM Deputy Director General Laura Thompson sign a joint commitment to protect migrant workers.

FORCED AND CHILD LABOR IN FOCUS



China

Alerts on supply chain forced labor

The FLA was a leading voice on the risk of forced labor in China in 2019. FLA issue briefs warned of the possibility of North Korean workers outside the country forced to work against their will or with earnings confiscated by the government and the emergence of documented evidence of forced and prison labor in Xinjiang following an Associated Press investigation published in late 2018.



Turkey

Saying No to Child Labor



FLA staff in Turkey delivered 3,100 t-shirts to FLA affiliates Balsu, Olam, Sabirlar, Syngenta, and Yavuz as part of a project to raise awareness about child labor. The t-shirts – which featured the message, “Children should go to school. Not to work.” and a worker hotline number – were provided to seasonal migrant

agricultural workers. The project was a joint effort of FLA, adidas, Arikbey Holding (an adidas supplier), and the Turkish Ministry of Labor, Social Services and Family.



Malaysia and Taiwan

Multi-day workshops for suppliers



The FLA hosted workshops for regional suppliers in Malaysia and Taiwan during 2019. The multi-day hands-on training sessions provided culturally tailored content to help participants learn about forced labor and responsible recruitment in an engaging interactive format.

FAIR COMPENSATION

The FLA Workplace Code of Conduct states that workers have a right to compensation within a regular work week that is sufficient to meet their basic needs and have some discretionary income. Too often, workers in global supply chains earn poverty-level wages that are not sufficient to support themselves or their families.

The FLA's fair compensation program wage data collection methodology focuses on collecting compensation data by worker occupation and pay periods. During 2019, affiliates collected data on each type of pay or benefit, such as basic or contract wages, incentive pay, in-kind and cash benefits, leave and overtime pay using the FLA's wage data collection tool released in 2018.

In 2019, ASN Bank released its 2019 review of garment sector companies in its *Living Wage in the Garment Sector* report. The report is a project of the Platform Living Wage Financials, a coalition of 11 financial institutions that encourages and monitors investee companies to address the non-payment of living wages in their global supply chains.

The report, which includes analyses of 13 investee companies eligible for ASN Investment Funds, found overall progress toward living wages in apparel supply chains. The findings reflect efforts by accredited FLA affiliates adidas, Gildan, Hanesbrands, and PUMA and their use of the FLA fair compensation wage data toolkit.

The FLA contributed to the ASN Bank report with data from the FLA fair compensation dashboard, and the report featured a Q&A with FLA staff sharing their experience addressing living wages in the garment sector and the role of transparency around purchasing practices.



The 2019 ASN Bank living wage report included FLA fair compensation dashboard data.

Further, ASN Bank provided 15,000 euros to FLA in support of the development of an online fair compensation dashboard, which incorporates living wage benchmarks. The dashboard, which launched in January 2020, provides a platform for FLA affiliates to upload wage data and view analyses of compensation in their supplier factories as compared to living and prevailing wages in the region.

FAIR COMPENSATION IN FOCUS



Vietnam

Toward Fair Compensation in Vietnam: Insights on Reaching a Living Wage



The FLA reported in 2019 that excessive overtime, beyond what is acceptable by international standards, is required to help factory workers in Vietnam close the significant gap between what they earn and what they need to provide for themselves and their families. The findings, based on data collected over three years representing 13,000 workers across 38 FLA-affiliated factories, spurred recommendations that included a minimum wage increase and the adoption of industry-wide initiatives that bring together government, unions and apparel

brands to push for positive change on wages.



United Kingdom

Payment of Premium Rate for Overtime in the United Kingdom

The FLA issued guidance on overtime premiums after a report by the United Kingdom's Low Pay Commission found that the number of people paid less than the statutory minimum wage had increased dramatically. To mitigate the risk of underpayment or discrimination of workers, FLA affiliates sourcing from the UK were advised to exercise additional due diligence.



India

Seeds of Change: A Pilot Project to Address Wage Improvement in India's Seed Sector



The FLA and Syngenta, one of the largest seed companies in the world, shared insights on how to address violations of the legal minimum in agriculture supply chains. The 2019 report highlighted the progress made improving wages on Syngenta's seed production farms and the reasons that sustainable progress will require a collective industry effort.

LESSONS FROM FACTORIES AND FIELDS

The FLA responds to the complex, multi-layered nature of supply chains and the potential human and labor rights risks within them. To do so, we research, develop, and test innovative methods and share the insights, lessons learned and best practices that will improve conditions for workers across supply chains. After two decades, we continue to believe in the idea – stated in our first annual public report – that “The FLA is a work in progress in which we learn, innovate and improve daily.”

In 2019, the FLA published the results of multi-year efforts on the cotton and hazelnut sectors in Turkey.

“ *I think it has been really important – and has to continue to be important—is that from early on the organization has had a real culture of learning and innovation. Frankly, I think it is something we would not be where we are without it.”*

–Jim Silk, Yale Law School and former FLA board member

LESSONS LEARNED FROM TURKEY’S COTTON SECTOR



In the report, “Improving Employment Practices in the Turkish Cotton Sector—Toward Decent Working Condition in Cotton Farms in Şanlıurfa,” the FLA shared portraits of a labor contractor, a farmer, a permanent worker, and a volunteer trainer in Turkey’s cotton sector to highlight the results of an 18-month project. Project partners included Iyi Pamuk Uygulamalari Dernegi (IPUD) (Good Cotton Practices Association) and seven global brands—adidas, Asos, IKEA

Range and Supply, Inditex, Nike, Puma and PVH—sourcing apparel and other cotton products in Turkey.

The report emphasizes the importance of engagement with local and national government to support workers and explains how multi-stakeholder collaboration maximizes impact to improve employment practices and working conditions at the field level. A critical element of advancing labor rights is understanding the target beneficiaries and the socio-economic context to design and implement interventions that address labor rights gaps.

COMPANY PROGRAMS' IMPACT ON TURKEY HAZELNUT WORKERS



In a separate report focused on the hazelnut sector, the FLA documented the results of programs led by Nestlé, Olam, and Balse in Turkey. The social impact assessment, "Are Companies' Programs Impacting Change in the Lives of Hazelnut Workers?" found that summer schools, training for workers and labor recruiters, and housing facility renovation projects

led to a reduction in child labor, a drop in the number of workers required to pay recruitment fees and increases in worker registration and labor contracts. The improved living conditions that resulted from shelter renovations bridged an emotional and psychological gap between growers and workers.

ADVANCING LABOR RIGHTS THROUGH TRAINING FOR LICENSEES

The FLA hosted three regional training workshops on internal monitoring for licenses during 2019 in partnership with affiliated universities. The one-day workshops, co-hosted by the University of California, Los Angeles, the University of Connecticut, and the University of Notre Dame, provided essential information about how to prepare for a factory social compliance audit and address remediation.



LESSONS LEARNED FROM FARMS AND FACTORIES



Harvesting the Future: Improving Recruitment and Employment Practices of Seasonal Migrant Agriculture Workers in Turkey

In mid-2019, the FLA and two dozen partners, including the Turkish government, launched a collaborative project to improve recruitment and employment practices among seasonal migrant agriculture workers in Turkey. The project, which spans commodities from apricots to sunflower seeds, is designed to follow these workers as they move from crop to crop, often with their children working by their sides.

These efforts and others will provide critical insights on supply chain traceability around the world, the importance of communication and collaboration, and ways to address the unique needs of migrant farm workers.

Worker Awareness Project Draws on Animations



Local stakeholders in Turkey helped to select topics for a series of animated videos designed to increase awareness among workers about wages and annual leave. Each animation was created in Turkish, Arabic, and English based on content from *Reference Information on Work Life* and technical support from adidas and the Turkish Ministry of Family, Labor and Social Services. Eight companies, including FLA affiliates adidas, New Balance, and PUMA, provided financial support as part of efforts to improve working conditions for Turkish and Syrian workers.

Piloting Strategies to Support Workers Beyond Tier 1

The FLA is partnering with stakeholders in Turkey to conduct a pilot project to support workers in upstream tiers and improve their workplaces by addressing issues such as child labor, occupational health and safety, grievance mechanisms, and compensation.

The project includes four FLA companies – adidas, New Balance, Nike, and PUMA – and coordinates the involvement of three Turkish trade unions and the Turkish

Labor Ministry under a grant from the U.S. State Department's Bureau of Democracy, Human Rights and Labor. Tier-two suppliers are the focus of the initiative, which includes assessments, worker demographic profiling, and the development of training resources.



Vietnam

Working Conditions in the Natural Rubber in Vietnam: A Mapping of the Sporting Goods Industry



An initiative to map upstream suppliers, plantations, and smallholder farms in Vietnam's natural rubber supply chain is designed to increase understanding of working conditions. Vietnam is a major sourcing country for the rubber

used in shoes and sporting goods. The project involves buyers and suppliers as part of efforts to learn about supply chain management systems, worker demographics, and business relationships. The FLA is partnering with the International Organization for Migration and adidas, New Balance, and PUMA.



Bangladesh

Maternity Rights and Childcare in Bangladesh: A Study of Workers in the Ready-Made Garment Sector



Women in the ready-made garment manufacturing sector in Bangladesh do not receive legally required benefits, including paid maternity leave, according to joint research by the Awaj Foundation and the FLA. Although women make up a majority of the workforce in the nation's garment sector, most women workers surveyed did not know their legal rights for paid maternity leave, and many factories represented in the survey do not

adhere to the national legal requirements for paid maternity leave or onsite childcare facilities.

BOARD OF DIRECTORS

The following individuals served as the Fair Labor Association's governing body at the end of 2019. Board members represent the organization's three caucuses — businesses, universities, and civil society organizations (CSOs) — under the guidance of an independent chair.

CHAIR

Michael H. Posner

Liz Kennedy

University of California, Los Angeles

COMPANY REPRESENTATIVES

Selcuk Buyukozer
adidas

Maureen Riedel

Pennsylvania State University

Craig Westemeier
University of Texas

Audrey Ogawa Johnson
Dallas Cowboys Merchandising

CSO REPRESENTATIVES

Michael Levine
Under Armour

Nazma Akter

Sommilito Garments
Sramik Federation

Monica Oberkofler Gorman
New Balance

Sally Greenberg

National Consumers League

Wendy Savage
Patagonia

Gopinath Parakuni

Cividep India

Leslie Shull
Delta Galil

Nina Smith

GoodWeave

Yann Wyss
Nestle

Irit Tamir

Oxfam

UNIVERSITY REPRESENTATIVES

Ravi Anupindi
University of Michigan

Karen Tramontano

Global Fairness Initiative

Karen Daubert
Washington University in St. Louis

FLA COUNSEL

J. Matthew Owens

Arnold & Porter, LLP

Kathy Hoggan
University of Washington

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019

	2019	2018
ASSETS		
Cash and cash equivalents	\$6,965,932	\$7,083,588
Accounts and grants receivable, net of allowance for doubtful accounts of \$52,363 and \$52,363 for 2019 and 2018, respectively	\$667,876	\$582,018
Prepaid expenses	\$79,061	\$97,536
Fixed assets, net of accumulated depreciation and amortization of \$230,384 and \$1,362,971 for 2019 and 2018, respectively	\$685,052	\$622,764
Other assets	\$157,282	\$56,909
TOTAL ASSETS	\$8,555,203	\$8,442,815
LIABILITIES AND NET ASSETS		
LIABILITIES		
Capital lease liability	\$0	\$3,799
Accounts payable and accrued expenses	\$464,075	\$752,671
Agency payable	\$1,865,933	\$1,882,628
Redirect fees payable	\$413,241	\$587,581
Subtenant deposit payable	\$15,889	\$15,889
Deferred revenue	\$593,370	\$547,436
Deferred rent	\$62,537	\$83,542
Total liabilities	\$3,415,045	\$3,873,546
NET ASSETS - WITHOUT DONOR RESTRICTIONS	\$5,140,158	
TOTAL LIABILITIES AND NET ASSETS	\$8,555,203	\$8,442,815

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUE AND SUPPORT		
Grants	\$272,222	\$1,290,873
Affiliate fees	\$4,029,303	\$4,138,660
University affiliation fees	\$1,319,027	\$1,282,918
Assessment fees	\$529,951	\$514,916
Monitoring management fees	\$546,480	\$637,220
Redirect fees revenue	\$174,340	\$282,335
Special projects	\$500,280	\$320,337
In-kind contributions	\$134,962	\$96,567
Rental income	\$85,841	\$94,882
Workshop fees	\$105,594	\$44,752
Other income	\$7,732	\$4,785
Interest income	\$171	\$52
TOTAL REVENUE AND SUPPORT	\$7,705,903	\$8,708,297
EXPENSES		
Program Services	\$5,183,754	\$5,903,863
Management and General	\$1,952,813	\$2,145,403
TOTAL EXPENSES	\$7,136,567	\$8,049,266
Change in net assets before other item	\$569,336	\$659,031
OTHER ITEM		
Foreign currency translation gain (loss)	\$1,553	(\$1,236)
Change in net assets	\$570,889	\$657,795
Net assets at beginning of year	\$4,569,269	\$3,911,474
NET ASSETS AT END OF YEAR	\$5,140,158	\$4,569,269



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www.fairlabor.org

info@fairlabor.org

FLA HEADQUARTERS

2033 K Street NW

Suite 400

Washington, DC 20006