

PRINCIPLES OF FAIR LABOR & RESPONSIBLE PRODUCTION

THE 10 PRINCIPLES

PRINCIPLE 1: Top Management Commitment & Workplace Standards

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

PRINCIPLE 2: Responsible Production Practices

Company Affiliate aligns sales, planning, and production practices with commitment to workplace standards.

PRINCIPLE 3: Responsibility & Head Office Training

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

PRINCIPLE 4: Production Staff Training

Company Affiliate trains all management staff and employees at owned facilities on workplace standards and tracks effectiveness of training.

PRINCIPLE 5: Monitoring

Company Affiliate conducts workplace standards compliance monitoring.

PRINCIPLE 6: Functioning Grievance Mechanisms

Company Affiliate provides workers access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.

PRINCIPLE 7: Collection & Management of Compliance Information

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

PRINCIPLE 8: Timely & Preventative Remediation

Company Affiliate remediates in a timely and preventative manner.

PRINCIPLE 9: Consultation with Civil Society

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

PRINCIPLE 10: Verification Requirements

Company Affiliate meets FLA verification and program requirements.

Principles, Benchmarks, and Key Performance Indicators

Each Principle is executed by companies by upholding a number of benchmarks and key performance indicators (KPIs), included in the tables below.

PRINCIPLE 1: TOP MANAGEMENT COMMITMENT & WORKPLACE STANDARDS

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

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

- KPI a) Demonstrated internal commitment from the CEO/owner, as well as resource allocation from top management, to uphold and integrate workplace standards into business practices
- KPI b) Demonstrated public commitment and transparency from the company in implementing workplace standards and engagement with civil society
- KPI c) The upmost levels of the governance structure have clear roles and responsibilities for ensuring that the company is implementing and upholding workplace standards

BENCHMARK 1.2: Company Affiliate establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.

- KPI a) Affiliate has written workplace standards
- KPI b) Workplace standards meet the FLA Workplace Code of Conduct

PRINCIPLE 2: RESPONSIBLE PRODUCTION PRACTICES

Company Affiliate aligns sales, planning, and production practices with commitment to workplace standards.

BENCHMARK 2.1: Company Affiliate has formal, written policies and procedures for production planning that

- 1) articulate the many complexities involved in their global supply chains, including different customer (buyer) business models and
- 2) require relevant internal representatives to work with customers (buyers) to reduce negative impacts on working conditions.

These policies and procedures shall address the alignment of sales and workplace standards.

KPI a) Policies and procedures that address:

- Elements 1 and 2,
- Sales,
- Capacity
- Workplace standards, and
- Responsible retrenchment

KPI b) Frequency of review by senior management to assess impacts of planning and purchasing on compliance.

BENCHMARK 2.2: Company Affiliate holds relevant staff accountable for the implementation of planning and sales practices that help avoid negative impacts on workers and working conditions.

- KPI a) Company has documented metrics and procedures in place to measure and assess the performance of systems and staff responsible for production and planning practices
- KPI b) Evidence of actions, outcomes, or solutions demonstrating multiple departments are held accountable for jointly identifying and mitigating negative impacts on workers and working conditions

BENCHMARK 2.3: Company Affiliate staff responsible for sales and planning decisions engage with their labor compliance colleagues, top management, facility general managers, customers, other relevant suppliers or agents/intermediaries, as well as the FLA, in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards at supplier facilities.

- KPI a) Documented process to facilitate dialogue among key departments, top management, customers facility general managers, other relevant suppliers or agents/intermediaries, as well as the FLA, (each represented by staff from all key departments) to analyze and review impact
- KPI b) Frequency of relevant cross-department dialogues
- KPI c) Evidence facilitation of dialogue between relevant staff, top management, general facility managers, customers, other relevant suppliers or agents/intermediaries, as well as the FLA
- KPI d) Evidence of continuous measured improvements through open dialogue with relevant staff, top management, general facility managers, customers, other relevant suppliers or agents/intermediaries, as well as the FLA

BENCHMARK 2.4: Company Affiliate incentivizes and supports its facilities to produce in a socially responsible and sustainable manner.

- KPI a) A documented system to evaluate owned facilities
- KPI b) Availability and communication to owned facilities of positive incentives
- KPI c) As applicable, percentage of owned facilities receiving incentives

PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE/REGIONAL TRAINING

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

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

- KPI a) Organizational chart designating title, name and contact information of responsible individual(s)
- KPI b) Job description(s) or other equivalent to demonstrate relevant responsibilities for implementing workplace standards and responsible sales and production planning practices

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

- KPI a) Appropriate training or other professional development to qualify the staff person(s)
- KPI b) Training content includes:
 - Collective bargaining,
 - Union engagement,
 - Effective worker-management communication channels
- KPI c) Training feedback or behavioral changes that demonstrate participant knowledge gained

BENCHMARK 3.3: Company Affiliate ensures that training is provided to all head office on the company's commitment to workplace standards and the integration of standards into business practices. Training occurs at onboarding and refresher training is conducted annually.

KPI a) Percentage of head office that received training

KPI b) Training feedback or behavioral changes that demonstrate participant knowledge gained

KPI c) Evidence of annual refresher training

BENCHMARK 3.4: All relevant business and compliance staff are trained and knowledgeable of the consequences of their sales and planning practices on working conditions in order to mitigate negative impacts on code compliance.

KPI a) Percentage of relevant business staff and compliance staff trained

KPI b) Training feedback or behavioral changes that demonstrate participant knowledge gained

KPI c) Frequency of refresher training

KPI d) Systems for periodic evaluation of training

PRINCIPLE 4: PRODUCTION STAFF TRAINING

Company Affiliate trains all management staff and employees at owned facilities on workplace standards and tracks effectiveness of training.

BENCHMARK 4.1: Company Affiliate ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.

KPI a) Percentage of workers, managers and supervisors provided access to written workplace standards in relevant languages

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

KPI a) Percentage of staff that has received training

KPI b) Frequency of refresher training

KPI c) Example of communication to managers regarding FLA assessments and remediation activities

BENCHMARK 4.3: Company Affiliate measures the effectiveness of training for workers, managers and supervisors.

KPI a) Training feedback or behavioral changes that demonstrate participant knowledge gained

KPI b) Management facilitates periodic assessments, including those organized by the FLA, and actively contributes to remediation activities

KPI c) Company Affiliate includes indicators on working conditions in overall performance of owned facilities

PRINCIPLE 5: MONITORING

Company Affiliate conducts workplace standards compliance monitoring.

BENCHMARK 5.1: Company Affiliate conducts pre-production inspections and early production assessments of new owned facilities to review compliance with workplace standards.

- KPI a) Documented process for the pre-production inspections and early production assessments for potential new facilities
 KPI b) As applicable, prior to the commencement of operations, demonstrate pre-production inspections of new owned facilities
 KPI c) As applicable, demonstrate implementation of the early production assessment at new owned facilities

BENCHMARK 5.2: Company Affiliate conducts annual social compliance assessments at every owned production site.

- KPI a) Demonstrate implementation of an annual plan to assess all owned facilities
 KPI b) Demonstrate a risk analysis approach in prioritizing assessments
 KPI c) Workplace standards for facilities assessed by the company align with the FLA workplace standards

BENCHMARK 5.3: Company Affiliate ensures that its monitoring program includes, but is not limited to:

- a) Worker interviews,
- b) Consultation with unions or worker representative structures (where applicable),
- c) Collective bargaining terms review (where applicable),
- d) Management interviews,
- e) Documentation review,
- f) Visual inspection, and
- g) Occupational safety and health review.

- KPI a) Monitoring documentation that includes all appropriate elements
 KPI b) Verification by affiliate of terms and conditions related to workplace standards in owned facilities with collective bargaining agreements, where applicable
 KPI c) Audit methodology evaluates the implementation of workplace standards training, grievance mechanisms, and remediation

BENCHMARK 5.4: When worker retrenchment occurs, company affiliate conducts a responsible retrenchment process to ensure alignment with workplace, legal, and collectively bargained standards.

- KPI a) Documented process for responsible retrenchment
 KPI b) As applicable, demonstrate implementation of responsible retrenchment to ensure alignment with workplace, legal, and collectively bargained standards

PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS

Company Affiliate provides workers access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.

BENCHMARK 6.1: Company Affiliate provides functioning grievance mechanisms at owned facilities.

- KPI a) Policies and procedures on grievance mechanisms include multiple grievance channels and policies on nonretaliation and confidentiality
- KPI b) Demonstrate managers' and supervisors' capacity or that of other relevant staff to manage and address grievances submitted by workers
- KPI c) Affiliate tracks the number, types, and timing and resolution of grievances
- KPI d) Where applicable, resolution of any incidences reported of confidentiality breach or penalty against workers using the grievance mechanisms
- KPI e) Evaluative evidence of at least one confidential and anonymous reporting channel exists
- KPI f) Evidence of at least one grievance mechanism that includes a union and/or worker representative committee

BENCHMARK 6.2: Company Affiliate provides alternative channels for workers to contact the company head office directly and confidentially.

- KPI a) Evidence that alternative grievance channels have been provided by the head office

BENCHMARK 6.3: Company Affiliate provides training and communication to all workers, supervisors, and managers about all available grievance mechanisms, policies, and procedures.

- KPI a) Percentage of workers, managers, and supervisors trained
- KPI b) Training feedback or behavioral changes that demonstrate participant knowledge gained
- KPI c) Evidence of annual refresher training

PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

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

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

- KPI a) A complete and accurate list of facilities including:
 - Address and contact information,
 - Historic audit data,
 - Possible root causes of noncompliance,
 - Previous labor disputes,
 - Incidents,
 - Accidents, and
 - Presence of unions or worker representative structures
 - Existence of collective bargaining agreement (CBA)

BENCHMARK 7.2: Company Affiliate analyzes trends in noncompliance findings.

- KPI a) Documentation of analysis of trends
- KPI b) Documentation that identifies and tracks repeating forms of noncompliance as well as those that most negatively impact workers
- KPI c) Evidence of data analysis informing improvements of company's social compliance program to mitigate negative impacts

PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION

Company Affiliate remediates in a timely and preventative manner.

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

- KPI a) Documented process for following up on remediation
- KPI b) Evidence of consultation with unions or worker representative structures on remediation, as appropriate
- KPI c) Documented collaborative process of developing remediation plans

BENCHMARK 8.2: Company Affiliate shall conduct root cause analysis and take action to reduce risk and prevent future noncompliance in owned production sites.

- KPI a) Documented collaborative process of root cause analysis
- KPI b) Evidence of actions taken to reduce risk and prevent future noncompliance

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

- KPI a) Evidence that remediation progress is tracked to completion
- KPI b) Documented process to determine effectiveness of remediation plans

PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

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

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

- KPI a) A strategic plan for local CSO outreach and engagement for all production countries
- KPI b) Documented mapping of CSOs that considers criteria and relevancy

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

- KPI a) Evidence of efforts to engage with CSOs and other organizations in all production countries to better understand local labor issues and issues related to workers' livelihood

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

- KPI a) Demonstrated engagement with CSOs in the design and implementation of workplace standards compliance strategies including:
 - Trainings,
 - Worker communication channels, or
 - Owned facility-specific remediation plans

BENCHMARK 9.4: Company Affiliate consults with legally constituted unions or worker representative structures at owned facilities.

KPI a) Evidence that company representatives meet regularly with legally constituted unions or worker representative structures that exist in their owned facilities

PRINCIPLE 10: VERIFICATION REQUIREMENTS

Company Affiliate meets FLA verification and program requirements.

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

KPI a) Standard operating procedures related to FLA affiliation

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

KPI a) Participation in applicable FLA due diligence activities
 KPI b) IEA corrective action plans submitted within the timeframe designated in the IEA Procedures
 KPI c) IEA remediation updates provided to the FLA every 6 months

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

KPI a) Timely completion of the annual self-assessment

BENCHMARK 10.4: Company Affiliate maintains a complete and accurate profile and list of owned facilities with the FLA and publicly.

KPI a) Profile updated within the past year
 KPI b) Facility list is up-to-date at the beginning of the selection process of each IEA cycle
 KPI c) Company updates its public facility list, as necessary

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

KPI a) Frequency that company appeared on a FLA staff report for failure to meet Principles
 KPI b) Company representative contribution to the FLA by attending and/or hosting an FLA Board meeting or participating actively on a Working Group or Committee within the past year

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

KPI a) Company pays dues and fees in full and on a timely basis