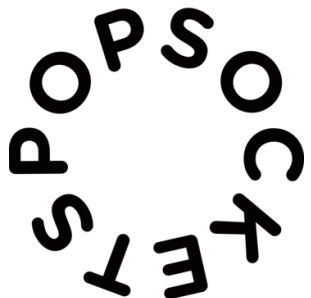




# Assessment for Accreditation



August 2022  
PopSockets

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# EXECUTIVE SUMMARY

## ABOUT FAIR LABOR ACCREDITATION



Fair Labor Accreditation is a rigorous, multi-year process that evaluates a company's systems to protect workers throughout global supply chains. Guided by the **Fair Labor Association® (FLA)** Principles of Fair Labor and Responsible Sourcing and the Fair Labor Workplace Code of Conduct, Fair Labor Accreditation represents the culmination of a rigorous, multi-year evaluation of PopSockets' business systems for compliance with international labor standards designed to protect workers in their global supply chains.

Effective social compliance requires continuous improvement over time. Accreditation reports detail a company's compliance with Fair Labor standards, acknowledge areas in which the company has gone beyond baseline requirements, and make specific recommendations for future growth. Fair Labor Accredited companies are evaluated on an ongoing basis and must demonstrate continuous improvement efforts to address working conditions and protect workers' rights.

## HIGHLIGHTS OF POPSOCKET'S FAIR LABOR ACCREDITATION

**Living wage:** PopSockets is implementing wage data collection and analysis and has established criteria at the country and supplier levels to measure progress toward closing living wage gaps in high production countries. The company aims to raise average net wages for at least 30% of its supplier workforce to living wage levels and reduce average overtime to legal limits by 2025.

**Supplier relationships:** PopSockets is increasing supplier business stability by improving forecasting, planning, and communications. The company provides incentives, such as additional business, automation investment, civil society engagement activities, and training for suppliers that show consistency or improvement.

**Grievance mechanisms and remediation:** PopSockets maintains a standard operating procedure which ensures follow up on submissions, work with the facility to address issues, and remediation tracking. Company policy requires suppliers to involve worker representatives in follow-up calls and root cause analysis.

**Training:** PopSockets has developed and implemented an extensive training program to educate its headquarters staff and inform suppliers on policies and programs relating to labor rights and sustainability issues.

# POPSOCKETS ACCREDITATION

FAIR LABOR ACTIVITY	PURPOSE
<p><b>Headquarters and Field Office Assessments</b>  <i>February 2022 (Virtual)</i></p>	<ul style="list-style-type: none"> <li>• Interview senior leadership and staff in the compliance, purchasing, production, and planning departments</li> <li>• Review documentation, processes, and data</li> </ul>
<p><b>Field Observations (FO)</b>  <i>Audit: 2019, Netherlands</i>  <i>Audit: 2021, Vietnam</i>  <i>Training: 2020, USA (Virtual)</i></p>	<ul style="list-style-type: none"> <li>• Evaluate internal audits, training sessions, and/or remediation visits for comprehensiveness and quality</li> <li>• Verify improvement over time</li> </ul>
<p><b>Factory-Level Assessments (SCI)</b>  <i>2019 - 2021 (3)</i></p>	<ul style="list-style-type: none"> <li>• Identify any labor violations, assess root causes, and track remediation efforts over time</li> </ul>
<p><b>Annual Evaluation</b></p>	<ul style="list-style-type: none"> <li>• Review documentation demonstrating compliance with the Principles of Fair Labor &amp; Responsible Sourcing and Production</li> </ul>
<p><b>Safeguard Investigations</b></p>	<ul style="list-style-type: none"> <li>• Investigate supplier for alleged noncompliance, report follow up on remediation, and engagement with union</li> </ul>
<p><b>Fair Compensation</b></p>	<ul style="list-style-type: none"> <li>• Confirm use of the FLA's Wage Data Collection Toolkit</li> <li>• Evaluate the company's Fair Compensation blueprint</li> <li>• Track measurable progress towards a living wage over time</li> </ul>
<p><b>Stakeholder Engagement</b></p>	<ul style="list-style-type: none"> <li>• Integrate perspectives from civil society and other relevant organizations on the company's social compliance program.</li> </ul>

# COMPANY OVERVIEW

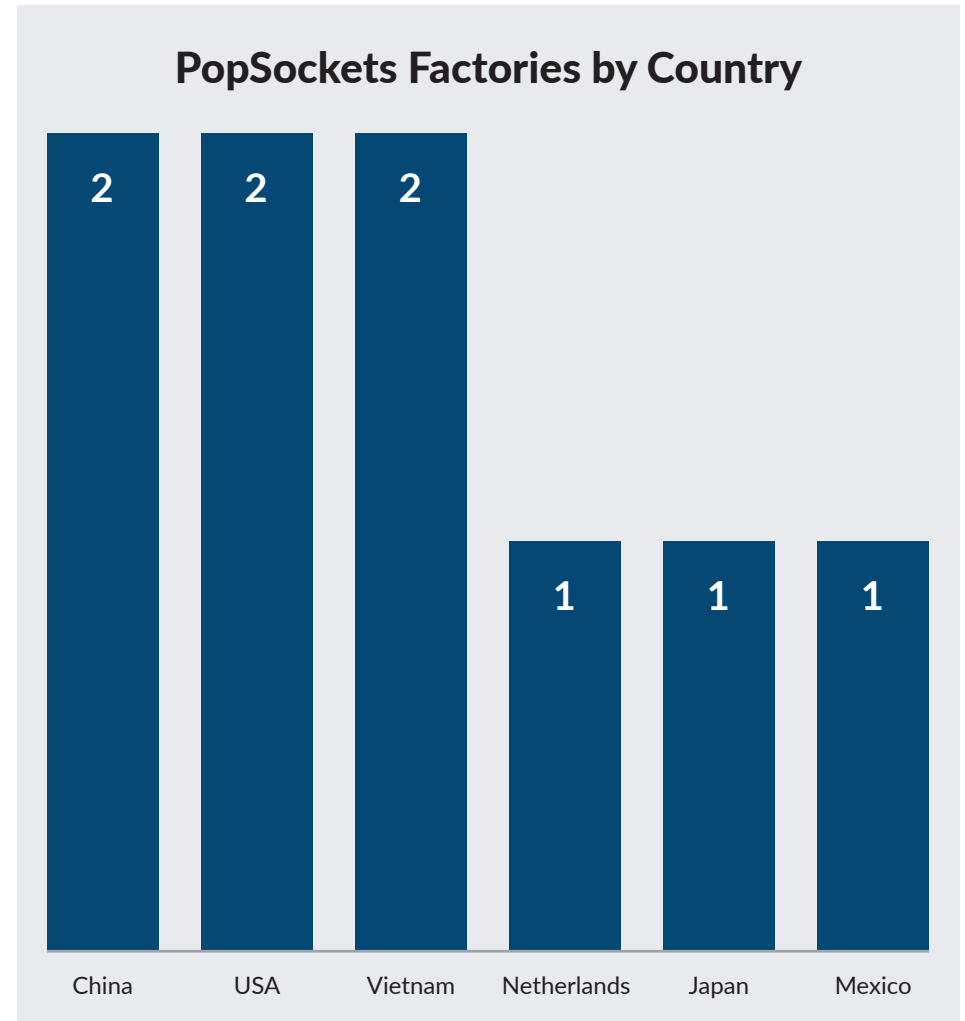
<b>NAME</b>	PopSockets LLC	<b>CATEGORY</b>	Participating Company
<b>HQ LOCATION</b>	Boulder, Colorado, USA	<b>PRODUCT</b>	Phone grips and related products
<b>FLA AFFILIATION</b>	2018	<b>APPLICABLE FACILITIES</b>	Eight contract; one owned

PopSockets LLC is a privately owned phone product company headquartered in Boulder, CO, that specializes in producing phone grips and other products such as cases, wallets, chargers, and mounts. Launched by CEO David Barnett in 2014, PopSockets has finished its eighth year of business, sold over 235 million products in 75 countries, and has 230 employees globally. PopSockets sources from eight contract facilities and one owned facility across six countries. The PopSockets team has stated it is committed to driving long-lasting, positive environmental and social change by partnering with leading nonprofits, including FLA, to improve workers' lives throughout their global supply chains.

# POPSOCKETS SUPPLY CHAIN

PopSockets sources from eight contracted and one owned Tier one facilities across China, Japan, Mexico, the Netherlands, USA, and Vietnam. From 2019 to 2021, the FLA conducted three SCI assessments at PopSockets' contract facilities in China and Mexico.

FLA FIELD ACTIVITIES	COUNTRY	QUANTITY
SCI Assessments	China	2
	Mexico	1
Field Observations	Netherlands	1
	Vietnam	1
	USA	1
HQ Assessment	USA	1



# ACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 1: TOP MANAGEMENT COMMITMENT & WORKPLACE STANDARDS

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

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Internal Commitment (1.1a)</b>	PopSockets' commitment to social compliance is communicated regularly during all-staff trainings. It is also highlighted in the CEO's letter to all employees.	Since affiliating with the FLA, PopSockets has increased resource allocation to its social compliance program by investing in third-party auditing and grievance channels, increasing training resources for staff and suppliers, and building civil society engagement activities.	●
<b>Public Commitment (1.1b)</b>	PopSockets CEO, Chairman & Founder signed its <a href="#">Letter of Commitment to Social Compliance</a> . This document is published on the PopSockets website.	The Supplier Code of Conduct, Labor Standards, and Health, Safety and Environmental Standards are published on the PopSockets <a href="#">website</a> .	●
<b>Governance Responsibility &amp; Accountability (1.1c)</b>	The PopSockets team holds monthly labor rights and sustainability key performance indicator meetings, during which top management reports to the CEO on progress in upholding workplace standards.	Top management incorporates social compliance into their goals that are reviewed and approved by the CEO, Chairman & Founder. These achievements contribute to top management's annual performance evaluations.	●
<b>Code of Conduct &amp; Compliance Benchmarks (1.2a, b)</b>	PopSockets Code of Conduct and compliance benchmarks align with the FLA Code of Conduct and compliance benchmarks.	<i>This KPI is only applicable to system metrics</i>	●

# ACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 2: RESPONSIBLE PURCHASING & PRODUCTION PRACTICES

*Company Affiliate aligns planning and purchasing practices with workplace standards.*

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Policies and Procedures (2.1a, b)</b>	Top management approved PopSockets' Responsible Planning & Purchasing Policy in July 2021.	Relevant teams, including supply chain, sales, research & development, design & development, color, materials, finish, and graphics, have been provided customized training on the policy. During FLA interviews, these staff were able to relate their daily work to the policy.	●
<b>Accountability (2.2a, b)</b>	The supply chain and sales teams meet weekly to discuss issues related to purchasing practices including lead times for upcoming orders, order changes, facility exits, and other relevant topics.	The supply chain team maintains standard operating procedures that cover purchase orders and lead times. These procedures are used by the sales, research & development, design & development, color, materials, finish, and graphics teams to ensure that their work aligns with social compliance goals.	●
<b>Dialogue (2.3a, b, c, d)</b>	PopSockets has monthly cross-departmental meetings to analyze the impact of purchasing practices on working conditions. PopSockets also uses quarterly business review meetings with suppliers to review the corporate updates, vendor scorecard, and get feedback on PopSockets' purchasing practices, such as planning and pre-production processes, cost and payment, and forecast.	PopSockets deployed the 2021 internal supplier survey and participated in the Better Buying Institute's index survey to understand suppliers' feedback on its purchasing practices.	●
<b>Supplier Evaluation &amp; Incentives (2.4a, b, c)</b>	All suppliers receive a quarterly supplier balanced scorecard. PopSockets has implemented an incentive mechanism based on the scores.	FLA has verified that suppliers with high scores in social compliance receive incentives in the form of additional volume, new products, and/or additional training opportunities.	●



## ACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING

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

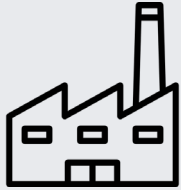
**WHY:** Effective implementation of social compliance standards depends on having staff at the headquarters level who are well trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarter level staff must be aware of the company's commitment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

### BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Responsible Staff</b> (3.1a, b)	Four staff members have social compliance responsibilities in their job descriptions, including the Social Compliance & Sustainability Manager, whose role is fully dedicated to social compliance.	<i>This KPI is only applicable to system metrics</i>	●
<b>Social Compliance Staff Training</b> (3.2a, b, c)	Staff complete and record the results of post-training quizzes to gauge effectiveness. Staff also maintain records of professional certifications earned through continuing education programs.	Staff have completed trainings on PopSockets' compliance benchmarks and auditing program, labor standards, effective worker-management communication channels, grievance handling, labor issues in specific countries, union engagement, and other topics. PopSockets has provided tuition and training benefits for this purpose.	●
<b>Head Office and Regional Staff Training</b> (3.3a, b, c)	PopSockets embeds quizzes in the all-staff training on workplace standards and tracks the results to ensure the effectiveness of the all-staff trainings.	Historically, PopSockets staff delivered trainings on sustainability and compliance to all head office staff. In 2022, PopSockets developed an e-learning module on labor rights and is in the process of deploying it to all staff. The e-learning module will be fully deployed by 2022.	●
<b>RPP Training</b> (3.4a, b, c)	Staff complete post-training quizzes to gauge the effectiveness of responsible purchasing practices trainings.	Supply chain, sales, research & development, and fulfillment center staff have all received role-specific trainings on responsible purchasing practices. The trainings incorporate insights from the Better Buying surveys to improve staff understanding of suppliers' perspectives.	●

# ACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 4: SUPPLIER & PRODUCTION STAFF TRAINING

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

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Written Acknowledgement to Uphold Workplace Standards (4.1a)</b>	All contract facilities sign a supplier agreement which requires them to uphold the code of conduct and commits the supplier to remediate any workplace standards noncompliance and comply with any collective bargaining agreements.	As demonstrated by PopSockets' tracking system, all suppliers have signed the supplier agreement.	●
<b>Conditioning Future Business (4.2a, b, c)</b>	PopSockets predicates future business on each supplier's ability to uphold the code of conduct and remediate noncompliances. In the event that a supplier does not show improvements in score over time or fails to remediate a zero-tolerance finding, PopSockets staff follow a set of escalation procedures and may, as a last resort, terminate the sourcing relationship.	FLA has verified several examples of PopSockets' escalation policy in action, including examples of PopSockets asking for verbal commitments to remediation when a zero-tolerance finding has been found in facilities, and a formal warning to terminate the business relationship when the facility continues to perform poorly in social compliance.	●
<b>Workplace Standards Accessibility (4.3a)</b>	PopSockets' Labor Standards and Health, Safety, and Environmental Standards are translated into all applicable local languages.	During FLA field observations, FLA verified that PopSockets auditors check for applicable code translations in each factory.	●
<b>Workplace Standards &amp; Training Effectiveness (4.4a, b)</b>	PopSockets provides annual training on workplace standards and the social compliance program to all strategic facilities.	FLA noted workplace standards training is not provided to all the suppliers. In response, PopSockets created a supplier training plan to ensure all the facilities are trained on workplace standards throughout 2022. FLA will verify implementation of this plan.	●

# ACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 5: MONITORING

*Company affiliate conducts workplace standards compliance monitoring.*

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

**CHART KEY:** ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Pre-Sourcing Assessments (5.1a, b)</b>	PopSockets pre-sourcing assessment process applies to both Tier one and Tier two facilities, and includes the option for a full PopSockets audit, condensed qualification audit, or third party audit from the past year.	PopSockets shared an example of a Tier two facility that failed to comply with the qualification audit and remediation process. PopSockets’ China auditors communicated with the Tier one supplier and PopSockets HQ on the failure to comply and production did not move forward at this facility.	●
<b>Monitoring Program &amp; Compliance Standards (5.2a, b, c)</b>	PopSockets conducts full social compliance audits against FLA standards annually for all Tier one and strategic Tier two suppliers.	100% of PopSockets Tier one facilities have received a full social compliance audit in the past year.	●
<b>Audit Components &amp; Quality (5.3a, b, c)</b>	PopSockets Audit Work Instructions documents the audit methodology that is used in conjunction with the PopSockets’ assessment tool.	PopSockets provides training for internal and third-party auditors on any updates to the pre-sourcing and annual audit instructions, as well as the code of conduct and compliance benchmarks.	●
<b>Responsible Retrenchment (5.4a, b)</b>	PopSockets’ retrenchment policy provides guidance on stakeholder engagement, ensuring legally mandated benefits are provided, and timelines for notice.	PopSockets provided an example of responsible exit taking place at a Tier two supplier. Throughout this exit, staff worked closely with the Tier one buyer to ensure all remaining stock was purchased and workers received full compensation.	●

## ACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS

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

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

### BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Ensuring Functioning Grievance Mechanisms (6.1a, b, c, d)</b>	PopSockets' assessment tool includes questions to ensure the existence and use of facilities' grievance mechanisms. Auditors review grievance mechanism policies, procedures and tracking systems. Auditors interview workers to ensure that grievance mechanisms are anonymous, lack retaliation, and are understood by workers, supervisors, and managers.	PopSockets created and deployed a supplier survey to collect data on the most frequently utilized grievance mechanisms, understand whether facilities are utilizing worker surveys or other training effectiveness measures, and verify that there is ongoing data analysis of grievance mechanisms.	●
<b>Confidential Reporting Channel Direct to the Company (6.2a)</b>	All facilities have access to a confidential email which goes directly to PopSockets headquarters. PopSockets has also deployed a third-party online confidential channel to two strategic Tier one facilities.	PopSockets presented examples of grievances received through both email and online channels. Both examples included follow-up with the facility to ensure full remediation, protection of the workers, and communication internally to alert relevant PopSockets' staff.	●
<b>Training on Grievance Mechanisms (6.3a, b)</b>	PopSockets assessment tool and monitoring procedures incorporates questions and processes that assess for worker, manager, and supervisor training on grievance mechanisms.	FLA's Audit Field Observation verified that questions about annual training on grievance mechanisms were included in worker and manager interviews.	●

# ACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

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

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

**CHART KEY:** ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Collection of Facility Data (7.1a)</b>	PopSockets collects and updates data for all facilities during the auditing process through an internal tracking document.	FLA reviewed examples of PopSockets data collection, which included: noncompliance trends across all Tier one sourcing countries, remediation progress, and comparisons of annual audit scores.	●
<b>Analyzing Social Compliance Trends (7.2a, b, c)</b>	PopSockets presents updated trend analysis at the team's monthly key performance indicator meetings with senior management. This trend analysis informs investment into tools to better understand responsible purchasing practices and collaborative projects with civil society organizations.	The FLA verified examples of trend analysis included in monthly key performance indicator meetings, including information on noncompliance trends by region and tier.	●

## ACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 8: TIMELY & PREVENTATIVE REMEDIATION

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

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Remediation Procedures (8.1a, b, c)</b>	The PopSockets' Monitoring and Remediation for Supply Chain Entities outlines how PopSockets will work with suppliers on root cause analysis and remediation updates during the 30, 60, 90, and 120 day corrective action plan updates.	PopSockets utilizes quarterly business reviews with suppliers to collaborate with suppliers on remediation plans. These meetings also include assessors, civil society organizations, and other experts.	●
<b>Root Cause Analysis (8.2a, b)</b>	PopSockets' supplier guidance document outlines how suppliers can develop management systems that will prepare them to address PopSockets' standards and determine any gaps in existing policies or systems.	The FLA verified through the audit field observation in Vietnam (2021) that PopSockets has a defined root cause analysis methodology included in their monitoring procedures.	●
<b>Ensuring Effective Remediation (8.3a, b)</b>	PopSockets monitoring documents include outlined steps to track remediation to completion, including providing guidance or comments on the progress of remediation at the 30, 60, 90, and 120 day updates.	The FLA verified examples of corrective action plans (CAP) reports at various points in the 30, 60, 90, and 120 day updates. The FLA verified PopSockets continues to track remediation with suppliers where remediation is not completed at the 120 day update.	●

# ACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

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

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

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION & KPI	POPSOCKETS SYSTEM	POPSOCKETS PERFORMANCE	POPSOCKETS PROGRESS
<b>Civil Society Engagement Strategy &amp; Mapping (9.1a, b)</b>	PopSockets Civil Society Engagement Strategy references all sourcing countries, including a strategy to engage in high risk and high production countries.	PopSockets has mapped civil society organizations in all high risk and high production countries and submitted this mapping to the FLA.	●
<b>Engagement on Local Labor Issues (9.2a, b)</b>	<i>This KPI is only applicable to performance metrics</i>	PopSockets staff has maintained knowledge of local labor issues through engagement with local civil society organizations and written briefs on regional labor issues.	●
<b>Engagement on Training, Worker Communication Channels, and Remediation (9.3a)</b>	<i>This KPI is only applicable to performance metrics</i>	PopSockets worked with the TAOS Network in China to provide training to workers on worker's participation in health, safety and environmental (HSE) violation remediation, worker's engagement in maintaining an effective HSE program, and challenges and solutions of sustaining worker engagement programs.	●
<b>Union &amp; Worker Representative Consultation (9.4a, b)</b>	PopSockets' union engagement guidance requires auditors to involve union and worker representatives in the pre-sourcing, auditing, and remediation progress.	PopSockets has implemented a worker representative structures plan to understand worker representative structures in three Tier one suppliers in China and has drafted a research report to provide recommendations for conducting further research and developing better worker engagement and consultation systems.	●

# ACCREDITATION ASSESSMENT: COMPANY ACTIONS & FLA VERIFICATION



## PRINCIPLE 1: TOP MANAGEMENT COMMITMENT & WORKPLACE STANDARDS

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

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

### Top Management Commitment

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

### Company Actions and FLA Verification:

PopSockets CEO, Chairman & Founder signed the Letter of Commitment to Social Compliance published on the website. Internally, top management incorporates social compliance into their goal setting and the annual all-staff training reiterates these commitments. Externally, PopSockets has published its [annual impact report](#) that highlights key social and environmental impact initiatives and shares progress towards these goals. Current labor related goals for 2022 and beyond include raising average net wages for 30% of the supplier workforce to Global Living Wage Coalition and Massachusetts Institute of Technology living wage levels and reducing average overtime to be within legal limits by 2025, having deeper integration of worker voice in the labor rights program, establishing and maintaining long-term civil society partnerships aimed at improving working conditions in key countries, and building and implementing internal systems to ensure protection of workers and mitigation of risks from PopSockets' purchasing practices.

Since affiliating with the FLA, PopSockets has increased resource allocation to social compliance, including partnership with third-party auditing organizations to improve its monitoring program, deployment of third-party grievance channels to better resolve workers' concerns, increasing training resources for staff and suppliers on workplace standards and other sustainability topics, and expanding civil society engagement activities in sourcing countries.



### Strengths:

- PopSockets annual impact report includes a labor rights section that details achievements from the past year related to civil society engagement, workplace standards training, and FLA affiliation and accreditation.
- The public reporting strategy is based on a mapping of internationally recognized standards, such as United Nations Social Development Goals, Sustainability Accounting Standards Board, and Global Reporting Initiative.
- The company's modern slavery statement is approved and signed by CEO, Chairman & Founder.

### 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.

### Company Actions and FLA Verification:

PopSockets' Code of Conduct and compliance benchmarks align with the FLA Code of Conduct and compliance benchmarks.



## PRINCIPLE 2: RESPONSIBLE PURCHASING & PRODUCTION PRACTICES

*Company Affiliate aligns planning and purchasing practices with workplace standards*

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

### Responsible Purchasing Practices Policy & Procedures

Benchmark 2.1: Company Affiliate has formal written policies and procedures for planning and purchasing that 1) articulate the many complexities involved in their global supply chains, including different supplier business models, and 2) require relevant internal representatives to work with suppliers to reduce negative impacts on working conditions. These policies and procedures shall address (a) alignment of financial terms with FLA Workplace Standards, (b) adequacy of lead time provided (considering, for example, availability of inputs, testing, design changes, and production capacity) to produce without excessive overtime, unauthorized subcontracting, or other negative impacts, and (c) balanced annual planning efforts to eliminate negative outcomes (i.e. lower efficiency, poor labor retention, and longer throughput) that arise from traditional seasonal order demand.

### Company Actions and FLA Verification:

PopSockets' Responsible Planning & Purchasing Policy covers policy goals, supply chain characteristics, roles and responsibilities, and internal accountability mechanisms. It includes guidance on the four primary areas in which PopSockets' actions may lead to negative impacts on workers: financial terms for suppliers, lead times, balanced planning, and order changes and facility exits or closures. All relevant departments including supply chain, sales and social compliance are involved in policy development and the policy will be reviewed on an annual basis by the VP of Operations, Director of Supply Chain, Distribution Managers, and Social Compliance Manager to ensure accuracy with PopSockets' purchasing practices. During the headquarter assessment, FLA interviewed staff from the social compliance, supply chain, operations, and finance departments to verify that they were knowledgeable about responsible purchasing and production processes.

### Strengths:

- PopSockets' fair compensation blueprint and public commitment are integral parts of the company's commitment to responsible purchasing and production practices. The fair compensation blueprint and public commitment include clear prioritization criteria at the country and supplier level, along with goals, time-bound targets, and steps for measuring progress toward closing living wage gaps in high production countries. The approach to fair compensation focuses on four areas of activity, including wage data collection and analysis, civil society engagement, goal setting, and aligning goals with their business strategy. PopSockets has two main goals related to fair compensation, including raising average net wages for 30% of supplier workforce to Global Living Wage Coalition and Massachusetts Institute of Technology living wage levels and reducing average overtime to within the legal limits by 2025.

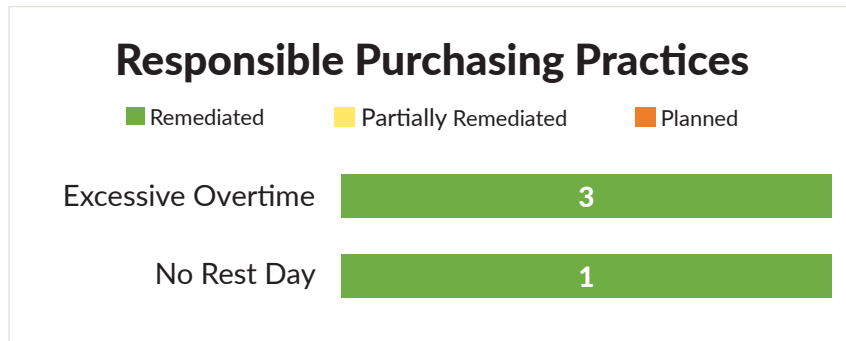
### Accountability

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

### Company Actions and FLA Verification:

Roles responsible for the execution of PopSockets' Purchasing Practices Policy include the VP of Operations, Director of Supply Chain, Distribution Managers, and Social Compliance Manager. Weekly meetings between the supply chain and sales teams are used to discuss issues related to purchasing practices such as lead times for upcoming orders, order changes, facility exits, and other topics relevant to the efficient execution of this policy.

The supply chain team maintains standard operating procedures covering purchase orders and manufacturing lead time requirements that other teams must account for in their roles. Approximately six months from the launch of new products, suppliers and the supply chain team work through both lead times and manufacturing capacity to ensure production is planned according to the supplier's capabilities. To improve forecast accuracy, at the end of 2020, PopSockets expanded the sales team forecast horizon to four months. Starting in early 2021, PopSockets began a monthly cadence of updating purchase forecasts for each factory by product type to help improve production planning at the factory level.



The FLA verified examples of successful remediation for findings related to responsible purchasing practices. The adjacent chart provides examples from FLA Sustainable Compliance Initiative (SCI) assessments: in a 2019 factory assessment conducted in a China factory, FLA found that monthly overtime for 95% of workers exceeded the legal limit of 36 hours per month. PopSockets worked with the factory to develop a comprehensive overtime reduction plan, including updating the recruitment profile to demonstrate consideration of production planning when making workforce changes, training workers on

efficiency skills, and increasing workers’ basic salary to get closer to the standard living wage without overtime. In addition, a 2020 factory assessment in China found monthly overtime for 95% of workers exceeded 36 hours and 90% of workers worked more than six consecutive days. PopSockets worked with the factory to develop an overtime reduction strategy as part of its costing estimates to implement the fair compensation program in 2021. PopSockets has also worked with the factory to revise the employee handbook to ensure at least one day off per week.

### Strengths:

- New product introductions have specific dates or requirements for each phase, including research, ideation, design, pre-launch, and launch. As product development happens, product managers track inputs to the product development cycle from each department.
- PopSockets’ policy includes upholding a 30-day lead time and sets expectations for calendar adherence. This policy applies to all purchase orders, both in those in the standard buy cycle and those placed off-cadence.

### Recommendations for Continuous Improvement

- FLA recommends incorporating metrics on forecasting or planning into relevant staff’s performance reviews.

Dialogue

Benchmark 2.3: Company Affiliate staff responsible for planning and purchasing decisions engage with their labor compliance colleagues, any contracted agent/intermediary and suppliers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards at supplier facilities.

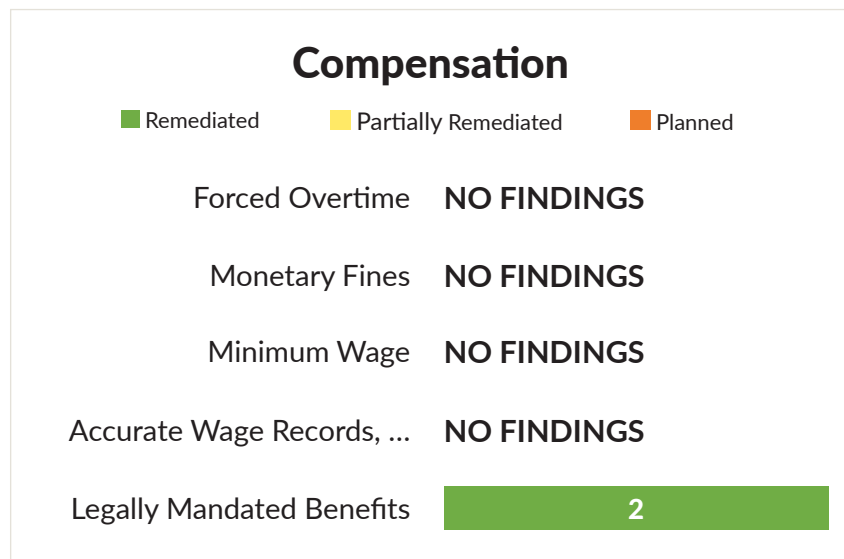
Company Actions and FLA Verification:

PopSockets holds regular sales and operations meetings between the supply chain and sales team to discuss purchasing practices. These meetings occur weekly to discuss issues related to purchasing practices such as lead times for upcoming orders, order changes, facility exits, and other topics relevant to the efficient execution of this policy. PopSockets also holds quarterly business review meetings with suppliers to review the corporate updates and how purchasing practices impacts suppliers' social compliance performance.

In 2021, PopSockets also deployed the 2021 internal supplier survey and Better Buying Partnership Index (BBPI) to understand suppliers' feedback on its purchasing practices. Based on feedback about their planning and forecasting, PopSockets created a plan to improve forecast accuracy in 2022,

including a wide range of initiatives like updating the factory forecast review process, increasing the sales forecast horizon, and tracking historical forecast accuracy data. The goal is to communicate production needs better and more consistently to factories.

For findings related to compensation, FLA verified remediation plans and completion. The chart provides examples from SCI assessments. From both 2019 and 2020 factory assessments in China, FLA found the factory did not provide the housing provident fund to all eligible workers. PopSockets worked with the factories to revise the insurance base to ensure workers can contribute to the housing provident fund. FLA verified both factories provide the housing provident fund to all eligible workers by reviewing the list of workers who are provided with the housing provident fund.



### Strengths:

- PopSockets shares its Better Buying survey summary with its strategic suppliers.
- The Better Buying survey summary informed improvement on forecasting and planning. PopSockets is improving communications with suppliers to increase business stability. At the beginning of 2022, PopSockets started tracking actual purchases against the forecast, so they see how far off the estimates are. This provides direct visibility to whether PopSockets is improving accuracy in forecast.
- PopSockets uses the FLA's Fair Compensation Toolkit to collect and analyze the wage data of its strategic suppliers in China and Mexico.
- PopSockets compared the gap between the current basic salary and the living wage using the benchmarks included in the FLA Fair Compensation Dashboard. This was utilized in strategic facilities in China and PopSockets determined that some of the cost saving from a higher efficiency in operation and manufacturing will support achieving the living wage without overtime work.

### Supplier Evaluations & Incentives

Benchmark 2.4: Company Affiliate provides positive incentives for suppliers and/or facilities producing in a socially responsible and sustainable manner and, if applicable, having internal systems aligned with FLA Principles.

### Company Actions and FLA Verification:

PopSockets uses a weighted scorecard methodology to evaluate its suppliers on a quarterly basis. The following is included as 15% of the total score: suppliers' social compliance audit scores, whether there is a presence of a zero-tolerance issue in an audit, and suppliers' remediation progress. If a supplier does not show improvements in its score over time, PopSockets staff follow a set of escalation procedures or, as a last resort, terminate the sourcing relationship.

PopSockets' scorecarding policy includes positive incentives for suppliers who have improved in scoring. Positive incentives include additional business in the form of new products or additional volume, additional training opportunities, and civil society engagement opportunities.

### Strengths:

- PopSockets develops longstanding relationships with suppliers based on its social compliance scores, quality, on-time delivery, etc. For a partner that began to decrease in the scorecard in 2018, PopSockets gave multiple opportunities for improvement, and after the third successive low score, gave warning of reducing business. The supplier improved the score following this warning.
- The scorecard is used to inform goals related to quality and on-time delivery. This includes improving on-time delivery from 90% to 98% and improving quality significantly to be less than 500 defects per million products.
- Scores are shared in quarterly business reviews with suppliers and with internal staff.
- The FLA verified PopSockets provides positive incentives for suppliers who show score improvement or consistency including additional business in the form of new products or more volume, automation investment, civil society engagement activities, and training for suppliers.



### PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING

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

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

#### Responsible Staff

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

#### Company Actions and FLA Verification:

Social compliance responsibilities are included in the job descriptions of four employees, including the Vice President of Sourcing & Sustainability. The Social Compliance & Sustainability Manager, located in the head office, dedicates 100% of her job time to the topic. Their responsibilities include PopSockets' monitoring program, sustainability goals, internal trainings on social compliance, and FLA affiliation. Staff members in China executes some onboarding and evaluation functions.

#### Strengths:

- Job descriptions of key social compliance staff include relevant responsibilities for implementing workplace standards and responsible planning and purchasing practices.



### Social Compliance Staff Training

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

#### Company Actions and FLA Verification:

With support from PopSockets in the form of tuition and training benefits, the Social Compliance & Sustainability Manager receives training on a variety of topics that reflect a wide range of perspectives. PopSockets' performance management system establishes, tracks, and assesses goals for head office staff, such as continuing education and professional certifications. The Social Compliance & Sustainability Manager uses post-training quizzes or exams to gauge the effectiveness of the trainings. Some of these trainings also require ongoing maintenance for continuous education or obtaining certificates to completion.

As an example of innovative staff training PopSockets provided information on its recent training on worker interview techniques. The training improved the Social Compliance & Sustainability Manager's understanding of the assessment process, allowing them to better evaluate assessment reports and identify potential gaps in the execution worker interviews. Social compliance staff also report that trainings have improved PopSockets' reporting performance and grievance mechanisms.

#### Strengths:

- Social compliance staff have the possibility of receiving tuition and training benefits for social compliance training.
- Social compliance staff have undergone training covering a wide range of topics, including union structures, worker interview techniques, responsible purchasing practices, civil society engagement, fair compensation, environment, social, governance (ESG) reporting, and other emerging topics in the field.

## Head Office and Regional Staff Training

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

### Company Actions and FLA Verification:

Historically, head office and regional staff have received training on workplace standards, social compliance, and labor rights through deep dive sessions delivered during all-hands meetings. The session on labor rights, which is structured around the code of conduct, was updated during 2020 and 2021. In 2022, PopSockets moved to an e-learning module for the annual staff training on labor rights to improve cost effectiveness of this training and training completion and effectiveness data tracking. The 2022 all-staff training on labor rights includes an introduction of labor rights in supply chains, PopSockets' social compliance program, responsible purchasing practices, background of the FLA, and quizzes to ensure the trainings' effectiveness.

### Strengths:

- PopSockets has in-depth sustainability training sessions on labor rights and other sustainability issues as a supplementary and optional tool to all staff workplace standards training.

## RPP Training

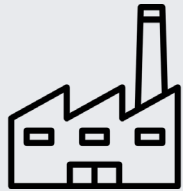
Benchmark 3.4: All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their planning and purchasing practices on working conditions in order to mitigate negative impacts on code compliance.

### Company Actions and FLA Verification:

PopSockets has provided training on responsible purchasing practices to all relevant departments and staff. PopSockets introduces new staff to responsible purchasing practices through a new hire training that uses a pre- and post-quiz model to measure learning. Furthermore, PopSockets has developed customized training modules for each business department whose role impacts purchasing practices. To date, the supply chain, sales, research & development, design & development, and color, materials, finish, and graphics teams have received this training. These trainings end with post-quizzes that measure effectiveness. Furthermore, the trainings are jump-off points for future collaboration between the recipients and social compliance staff to discuss improvements to PopSockets' responsible purchasing practices.

### **Strengths:**

- PopSockets provided responsible purchasing practices training to all relevant staff and customized training to each relevant department. The training includes supplier feedback from the Better Buying Index survey and PopSockets' supplier survey. Each training receives a post-training quiz.
- Training feedback from relevant teams is collected and utilized to make data driven decisions based on training feedback.



## PRINCIPLE 4: SUPPLIER & PRODUCTION STAFF TRAINING

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

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

### Written Acknowledgement to Uphold Workplace Standards

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

### Company Actions and FLA Verification:

All contract facilities sign PopSockets' supplier agreement which requires them to uphold the code of conduct, allows PopSockets and applicable third parties, including the FLA, to access the facility to monitor social compliance, and commits the supplier to remediate any workplace standards noncompliance and comply with any collective bargaining agreements.

### Conditioning Future Business

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

### Company Actions and FLA Verification:

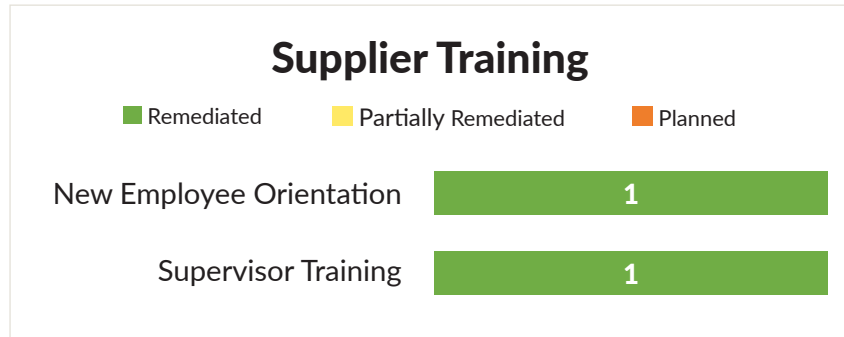
PopSockets predicates future business on every supplier's ability to uphold the code of conduct and remediate noncompliances, which is evaluated through a quarterly scorecard policy. Continued poor performance or failure to remediate zero tolerance findings trigger an escalation process. If suppliers do not meet their commitments to social compliance improvements or remediation, they receive a formal warning, and failure to resolve the issue may lead to a reduction in projected order volume. If a supplier continues to perform poorly PopSockets will terminate the business relationship. Suppliers that show continuous improvement receive positive incentives such as additional business, training opportunities, and piloting special projects.

## Strengths:

- PopSockets’ scorecard policy includes the evaluation of factory’s social compliance performances. PopSockets has quarterly business review meetings with suppliers to review the score and requires suppliers to continuously improve the score.
- During the quarterly business review meeting, PopSockets discusses social compliance performances with suppliers and how to make improvements towards the suppliers’ total score. Improvement in score in one U.S. facility led to more business in new products and civil society engagement activities in the facility, including providing training on leadership for workers.

<h3>Workplace Standards Accessibility</h3>	<p>Benchmark 4.3 (Sourcing): Company ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.</p>
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## Company Actions and FLA Verification:



The PopSockets Supplier Code of Conduct is translated into all applicable local languages. Auditors check that the code is posted in each factory and accessible to workers, managers and supervisors.

Across all PopSockets SCI assessments, the FLA found two findings related to supplier training: a 2019 factory assessment in China found workers did not receive written documentation that substantiates all the issues covered in orientation; and the factory does not provide specific training to relevant

supervisors on employment functions. FLA verified that PopSockets worked with the factory to provide the employee manual to workers that covers all issues covered during the orientation and provided training for managers and supervisors on the FLA code of conduct.

### Training on Workplace Standards & Effectiveness

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

### Company Actions and FLA Verification:

PopSockets hosts the annual supplier summit in China to train strategic suppliers on workplace standards and other labor issues based on suppliers' needs. Following each supplier summit, its social compliance team deployed the supplier survey to collect feedback and measure effectiveness of training. During the HQ assessment, FLA noted that workplace standards training is not provided to all the suppliers. Following FLA's recommendation, PopSockets developed a training plan for all suppliers, including new topics such as forced labor, responsible recruitment & retrenchment, environmental sustainability, and worker engagement, while reinforcing good social compliance practices. The FLA will verify the implementation of training plan for all its suppliers throughout 2022.

### Strengths:

- During the annual supplier summit, PopSockets provides training on workplace standards as well as other labor-related topics based on workers' feedback and needs, such as worker communication channels and climate change.
- In 2021, one strategic supplier in China designed their internal social compliance training plan for 2022 based on the training they received at 2021 supplier summit.
- PopSockets worked with PSYDEH, a Mexico based civil society organization dedicated to using rights-based education to empower majority women citizens to sustainably solve problems, to provide training on leadership skills and conflict management to workers in one facility in Mexico.
- In 2022, PopSockets developed a training plan for its suppliers in all sourcing countries.

### Recommendations for Continuous Improvement

- While PopSockets provides refresher training for strategic suppliers in China, the FLA recommends regular refresher training for all suppliers.

**PRINCIPLE 5: MONITORING**

*Company affiliate conducts workplace standards compliance monitoring.*

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

**Pre-sourcing Assessments**

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

**Company Actions and FLA Verification:**

The PopSockets pre-sourcing assessment process applies to facilities at Tiers one, two and parts of Tier three, as well as for all subcontractors. Pre-sourcing assessments are conducted by internal staff at China and U.S. based facilities. For all other locations, they accept previous third-party audits and utilize gap analyses for both Business Social Compliance Initiative audits and Sedex (SMETA) audits.

PopSockets provided FLA with evidence of training and feedback mechanisms used for internal China staff. The training focused on the updates made to the pre-sourcing assessment process, code of conduct, and compliance benchmarks.

**Strengths:**

- The pre-sourcing assessment process applies to Tiers one, two and parts of three.
- Internal staff conduct the pre-sourcing audits for China factories.
- PopSockets shared an example of a Tier two supplier that was not onboarded due to failing a pre-sourcing audit and failing to make progress in remediating identified noncompliances. In this example, the China team and Tier one supplier agreed to not move forward in accepting this Tier two facility.

## Monitoring Program & Compliance Standards

Benchmark 5.2: Company Affiliate monitors facilities regularly to assess compliance with workplace standards.

### Company Actions and FLA Verification:

PopSockets evaluates all Tier one suppliers, key Tier two suppliers, and subcontractors annually. For other Tier two suppliers, they accept annual third-party audits that have been conducted. PopSockets works with a third-party audit provider to ensure that auditors are trained on updated compliance benchmarks, work instructions, and code of conduct.

The risk analysis process for facilities is conducted during the pre-sourcing assessment and utilizes the following information: U.S. Department of State Trafficking in Persons Report, Global Slavery Index, and International Trade Union Confederation Global Rights Index Rating. For more information on the risk matrix, please refer to Benchmark 7.2.B.

### Strengths:

- All Tier one facilities have received PopSockets' audits in the past year, and all high risk Tier two suppliers and subcontractors have received an audit in the past year.
- PopSockets provided evidence of staff auditor training on the updated compliance benchmarks, audit tool, and auditing program.



### Audit Components & Quality

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.

### Company Actions and FLA Verification:

The PopSockets monitoring program is outlined through the Audit Work Instructions and Conformance Assessment Tool. The monitoring guidance includes instructions for assessors to select migrant workers for worker interviews, and to include questions on workers' familiarity with the collective bargaining agreement and grievance mechanisms.

The FLA conducted an audit field observation in Vietnam in 2021 and verified improvement in PopSockets' internal audits. Based on the 2021 recommendations, the allotted assessment days were updated based on the number of workers to ensure auditors have more time to review conditions of the factory and talk with workers. The FLA also identified the gaps in the auditors' understanding and use of the updated work instructions from PopSockets. FLA verified communication examples and training provided to auditors on the updated material, as well as evidence of trainings with third-party auditors on updated tools, benchmarks, and code of conduct.

### Strengths:

- PopSockets verifies remediation of previous findings during the annual audit process and piloted its first verification audit to ensure remediation of findings in 2021. For more details on the verification audit process, please refer to Benchmark 8.3.
- PopSockets' audit tool and work instructions assess against its full code of conduct and compliance benchmarks. Work instructions include additional guidance for auditors to ask questions about grievance mechanisms and the collective bargaining agreement, if applicable, during worker interviews.

### Responsible Retrenchment

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

#### Company Actions and FLA Verification:

PopSockets' maintains a comprehensive policy on ensuring responsible workforce changes. This policy includes guidance on how to mitigate retrenchment when order changes occur, including who to discuss and receive approvals from, as well as guidance on ensuring proper payout in the case of retrenchment. Where exits or changes in the sourcing relationship happen, PopSockets must notify suppliers six months or more in advance. The audit tool includes standards that evaluate facilities' retrenchment policies, procedures, and evaluate retrenchment records.

An example of this policy at work is when PopSockets' strategic shift to fully vegan products resulted in an exit from a Tier two supplier of shells. To mitigate negative impacts on the supplier, PopSockets worked with its Tier one facilities to buy remaining stock from this supplier to ensure workers receive compensation for this. In addition, they also worked with the supplier to ensure workers' payment and benefits were accurate and followed through with the supplier to ensure they received continued business, so workers remained employed.

#### Strengths:

- Where retrenchment is occurring due to the exit of a supplier, PopSockets provides a six-month notice of the exit with gradual declining orders; and sets up an escrow account to ensure workers receive full payment of benefits and wages.
- PopSockets' exit from a Tier two supplier illustrates the execution of its retrenchment policy, including ensuring business continues after its exit.

**PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS**

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



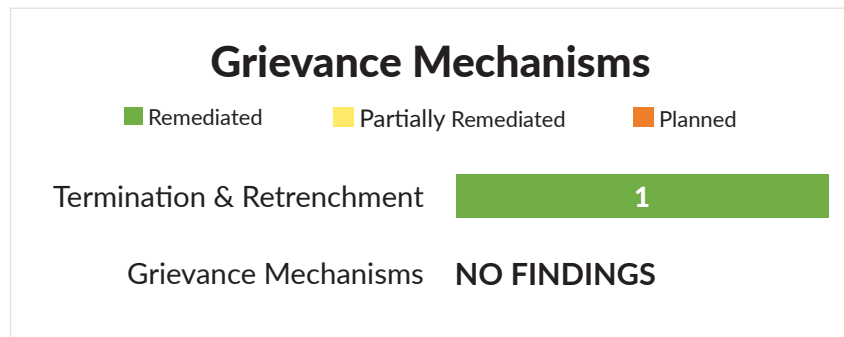
**WHY:** Functioning grievance mechanisms provide workers with a channel to raise concerns when they think their rights are being violated or the factory is not upholding workplace standards. Although monitoring programs are meant to ensure compliance with workplace standards, they cannot uncover or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

**Ensuring Functioning Grievance Mechanisms**

Benchmark 6.1: Company Affiliate ensures there are functioning grievance mechanisms at facilities.

**Company Actions and FLA Verification:**

The PopSockets audit tool includes updated standards to ensure grievance mechanisms ensure effectiveness, non-retaliation, existence of a facilities’ tracking system, and that migrant workers have equal access to the grievance mechanism. The auditing work instructions incorporate questions under the worker interview section including verifying that grievance mechanisms lack retaliation. In addition, guidance includes ensuring that supervisors and managers understand grievance mechanisms through document review and interviews.



Starting in 2021, PopSockets deployed a supplier survey to all suppliers. This supplier survey included the collection of information on the most popular forms of grievance mechanisms a facility is using, whether facilities are utilizing worker surveys, or other training effectiveness measures, and if data analysis of grievance mechanisms is ongoing. Data gathered through the supplier survey will be used to identify where facilities need support on grievance mechanisms. The supplier survey collected specific information on the most common form of grievance channels used, and whether facilities had access to a confidential channel. While 100% of suppliers have

a confidential channel, many facilities also utilize open door policies as a form of grievance mechanism. PopSockets will conduct further activities to ensure that workers have knowledge of and access to the confidential channels, as face-to-face interaction may dissuade them from coming forward with concerns.

Across all SCI assessments, the FLA found one violation related to termination and retrenchment in a 2019 factory assessment in China, where the factory does not have policies or procedures governing all aspects of retrenchment. The FLA verified PopSockets worked with the factory to improve the existing policies and procedures on recruitment to include requirements of responsible retrenchment.

### Strengths:

- PopSockets presented the FLA with examples of four grievance mechanism related findings across two suppliers. One facility lacked proper written procedures on grievance mechanisms and training was not properly recorded. Another facility lacked proper analysis and reporting on grievance mechanisms. In both cases, PopSockets worked to determine root cause and ensure proper steps were taken to remediate issues.

### Confidential Reporting Channel Direct to the Company

Benchmark 6.2: Where local mechanisms are not functioning, Company Affiliate provides alternative channels for workers to contact the brand directly and confidentially.

### Company Actions and FLA Verification:

All workers at each supplier have access to PopSockets headquarters through the email address included in its code of conduct. In an example of a grievance submitted through the email address, the China team verified the grievance was accurate and kept the worker looped into communication on the progress of the finding. Once all the information was gathered, PopSockets followed up with the facility on training that needed to be conducted to clarify where the worker was confused.

PopSockets expanded its company grievance mechanisms through utilizing a third-party online channel with strategic facilities. Engagement included worker and management trainings on how to use the grievance mechanism, a website for workers to submit grievances directly, and the ability to track grievances and follow up on the resolutions with the factory. PopSockets includes the review of grievances submitted and improvements suppliers are making based on the grievances received as part of its quarterly business reviews. One example of a grievance received includes a workers' report on the food offered at the facility. After reviewing this grievance, the facility enhanced food options and the dining space in the facility for workers.

### Strengths:

- Facilities grievance mechanisms are recorded in the pre-sourcing process through the risk matrix assessment.
- PopSockets' grievance mechanism standard operating procedure incorporates steps for addressing grievances submitted through its service provider. This information includes how PopSockets will follow up on grievances, work with the facility, and track grievances' remediation.
- When workers report a zero tolerance issue through PopSockets' grievance mechanisms, this issue is included in a facility scorecard for the next quarter. Quality and completion of the grievance's remediation is incorporated into the next scorecard.

### Recommendations for Continuous Improvement

- The piloted third-party online channel is currently being leveraged at strategic facilities to support in setting up effective grievance mechanisms. FLA will continue to evaluate PopSockets' progress in ensuring equitable and functional confidential channels for workers at all facilities. As a best practice, the FLA recommends PopSockets consider scaling this system to all facilities.

### Training on Grievance Mechanisms

Benchmark 6.3: Company Affiliate ensures training and communication is provided to all workers, supervisors, and managers about the grievance mechanisms.

### Company Actions and FLA Verification:

PopSockets audit tool incorporates standards for auditors to verify worker, manager, and supervisor understanding of grievance mechanisms and that annual training is taking place. PopSockets is developing a worker training program that focuses on training supervisors and managers on all code elements across three trainings. For the training on the code elements of harassment & abuse and nondiscrimination, PopSockets emphasizes how workers can utilize facilities' grievance mechanisms such as the suggestion boxes, email, online channel, whichever is applicable.

### **Strengths:**

- At its 2019 supplier summit, PopSockets provided training on grievance mechanism policies to suppliers, including introduction of its mechanisms, specific steps to track and follow up with the grievances, and how suppliers can improve the grievance channels within the facility.
- FLA's audit field observation verified that questions about annual training on grievance mechanisms were included in worker and manager interviews.

### **Recommendations for Continuous Improvement**

- As PopSockets develops and deploys the worker training program for the first time, FLA will continue to evaluate how the training's effectiveness is measured, including at non-strategic facilities.



### PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

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

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

#### Collection of Facility Data

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

#### Company Actions and FLA Verification:

PopSockets collects all data points on social compliance and workplace information through its sourcing landscape assessment system. Data is collected for Tier one suppliers annually, and for Tier two and Tier three as they are audited. This means that data is collected for all subcontractors (Tier two) and all materials suppliers (Tier three).

## Analyzing Social Compliance Trends

Benchmark 7.2: Company Affiliate analyzes trends in noncompliance findings.

### Company Actions and FLA Verification:

PopSockets includes data updates on audit findings and remediation updates in monthly key performance indicator meetings. These meetings involve leadership, initiate conversation regarding company practices, and include ongoing analysis of grievances received, where applicable. For example, the code of conduct email address received only one grievance. For this reason, PopSockets decided to pilot the online channel for workers in strategic suppliers. The online channel operates as an additional grievance mechanism and data gathering system.

PopSockets utilizes its risk matrix during the pre-sourcing process to assess for facilities risk; incorporated data sets are mentioned in Benchmark 5.2. For China facilities, staff conducting the pre-sourcing audit are required to note the provinces of workers. During the process, the risk matrix also gathers data on the percentage of migrant labor and women workers. Utilizing all data points, the risk matrix helps PopSockets understand appropriate risks and due diligence steps for new suppliers.

### Strengths:

- The risk matrix is updated during the pre-sourcing process and updated for Tier one or Tier two where there is a concerned risk.
- PopSockets previously leveraged the risk matrix for Tier one suppliers looking for subcontractors by identifying what risks possible suppliers pose.
- PopSockets decided to expand work into Better Buying to gather more data on supplier relationships and purchasing practices. This was a result of a lack of data analysis on purchasing practices.

### Recommendations for Continuous Improvement

- PopSockets is working with a data solutions provider to support the trend analysis process and this work will continue post-accreditation. FLA will continue to evaluate improvements in trends analysis of labor violations and remediation progress, and other analysis that support improvements to the program and working conditions.





### PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION

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

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

#### Remediation Procedures

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

#### Company Actions and FLA Verification:

Remediation expectations are outlined in PopSockets' monitoring and remediation policies and procedures. This policy and procedure outlines actions to address zero tolerance findings, supplier and brand collaboration, where and how to document root cause analysis, and the timelines for closing out findings and working to remediate all issues. Suppliers must provide updates every 30, 60, 90, and 120 day updates on corrective action plans (CAPs). In addition, language is included for union and worker reps to be invited to join calls on remediation progress and be involved in developing root cause.

PopSockets quality assurance staff is embedded in most facilities and trained to identify noncompliance issues. Both supplier summits and quarterly business reviews also offer opportunities to collaborate with suppliers on remediation plans. These meetings also bring in assessors, civil society organizations, and other experts.

#### Strengths:

- PopSockets' remediation policy requires suppliers to involve unions/worker representatives in follow-up calls and root cause analysis process.
- PopSockets worked closely with its China facilities worker representatives to remediate a freedom of association finding in a 2020 SCI assessment. For more details, please refer to Benchmark 9.4.

**Root Cause Analysis**

Benchmark 8.2: Company Affiliate works with the supplier to determine root causes and take action to reduce risk and prevent future noncompliance.

**Company Actions and FLA Verification:**

PopSockets' Supplier Success Manual outlines how suppliers can develop management systems that will prepare them to address PopSockets' standards and determine any gaps in existing policies or systems. Part of this manual outlines the importance of root cause analysis and how to use it to improve facility systems. Each line item in the corrective action plan (CAP) needs root cause analysis that focuses on the levers for remediation. PopSockets and the supplier work on root cause analysis in the first 30 days. Worker representatives are invited to join the root cause analysis meeting and provide feedback.

The FLA verified examples of PopSockets root cause analysis through reviewing ten assessments from 2019 to present. Following the 2021 audit field observation in Vietnam, the FLA made a sustainable improvement recommendation to ensure the root cause analysis process includes the facilitation of feedback between the company, facility, and other applicable parties. As a result of this, PopSockets changed its remediation process to now require all audited facilities to engage directly with its staff in a root cause analysis exercise before the 30-day CAP submission deadline.

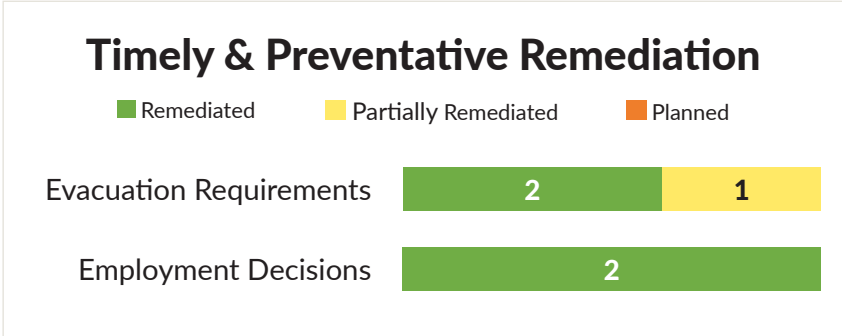
**Strengths:**

- During a PopSockets audit in 2021 in China, auditors found that some workers were not properly using personal protective equipment (PPE). Auditors, PopSockets, and the factory determined that training on PPE use was not effective. The factory redeveloped and redeployed training on this issue that emphasized safety protocol. As part of the CAP, the factory submitted evidence of the training and the feedback mechanism. PopSockets considered the finding remediated after the 90-day update.

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

**Company Actions and FLA Verification:**

FLA review of eight audit reports and CAPs show the 30, 60, 90, and 120 day update process. At these windows, PopSockets also provides comments or guidance on progress of remediation. FLA has verified that PopSockets tracks the progress and effectiveness of remediation and relevant documents, evidence, etc. At the end of remediation, the Social Compliance Manager schedules a post-remediation call to discuss further improvements. Where applicable, worker representatives and any other brands involved are invited to join the call.



In 2021, PopSockets piloted two verification audits for Tier one suppliers, and in 2022 is deploying additional verification audits for two Tier one, and two suppliers. Verification audits are a one day audit focused on remediation of high-risk issues uncovered in the most recent audit, and any other zero tolerance issues. As part of the verification audits, workers, unions, and worker representatives are interviewed. Verification audits also incorporate information from a third-party conducted survey and other audits.

FLA has verified numerous examples of successful remediation. The chart provides examples from SCI assessments: a 2019 factory assessment in China found the factory did not conduct a joint fire drill and provide appropriate PPE to fire brigades. PopSockets worked with the factory to conduct a fire drill, purchase appropriate fire protection equipment, and provide training on fire safety and protection for managers. In a 2020 SCI in China, the FLA found age discrimination in the job advertisement, requiring applicants be between 18 to 35 years old. PopSockets worked with the factory to remove the age requirement in the job advertisement.

**Recommendations for Continuous Improvement:**

- In 2022, PopSockets plans on conducting verification audits for two suppliers. Through 2023, PopSockets plans to conduct verification audits for additional Tier one suppliers, as well as Tier two and Tier three suppliers, prioritizing risks coming out of annual assessments and grievance mechanisms. PopSockets must ensure updates are made according to takeaways from the verification audit process as it continues.



### PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

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

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

### Civil Society Engagement Strategy & Mapping

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

### Company Actions and FLA Verification:

The PopSockets civil society engagement strategy includes all sourcing countries, key issue areas in priority countries, goals and challenges involved in civil society engagement, guidance on the implementation of the strategy, and approaches to measure engagement progress. It includes a detailed analysis of PopSockets' supply chain and identifies priority countries and trending human and labor rights issues in the supply chain based on annual audits. The current priority countries for civil society engagement are China and Mexico. The focus issues for China and Mexico are working hours, worker health and safety, benefits, and rest days. PopSockets updates the civil society organization mapping annually.

### Strengths:

- PopSockets' civil society mapping, engagement, and outreach plan includes all high-risk and high-production countries defined in the civil society engagement strategy, namely China and Mexico.
- PopSockets uses an internal system to track civil society engagement activities and mapping.

### Engagement on Local Labor Issues

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

#### Company Actions and FLA Verification:

The PopSockets Social Compliance staff maintains at least one active engagement in each country included in the strategy per year. In 2021, PopSockets engaged with TAOS Network to review the common health, safety & environment and worker participation issues found in factory audits in China and best practices in remediation. FLA interviewed TAOS Network to verify this engagement and determined that the training is based on the needs of the facilities regarding worker involvement and participation. Conversations with TAOS Network also included launching a worker engagement project in the future to provide training on enhancing the capacity of women workers, grievance mechanisms, and employee empowerment. In Mexico, it worked with the Americas Group to collect information related to wages in Mexico to address systemic wage violations that often are not detected or resolved during a typical audit.

#### Strengths:

- PopSockets gathered worker feedback through the online channel and grievance hotline deployed in China. It intends to use these survey results as the basis for new engagements in China going forward.

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

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

#### Company Actions and FLA Verification:

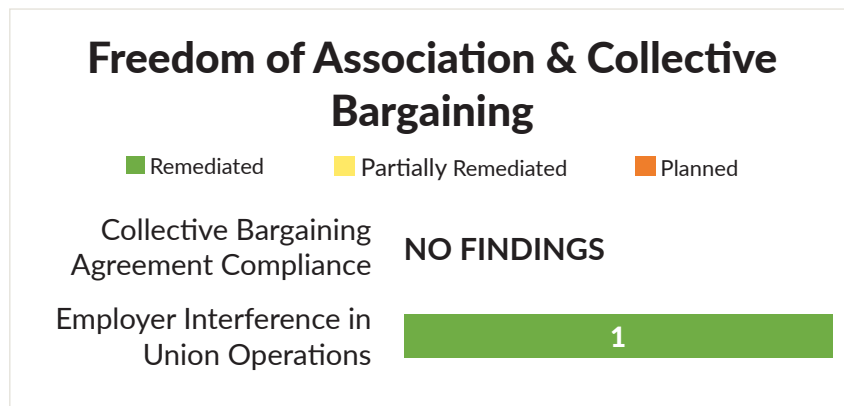
PopSockets' ultimate goal for civil society engagement is the improvement of working conditions within its supply chain. With the TAOS Network, PopSockets strategic suppliers in China received training on worker engagement and participated in the remediation of health, safety & environment issues. In the Philippines, PopSockets worked with NEST, a nonprofit which supports the responsible growth and creative engagement of the artisan and maker economy, to support the adoption of social compliance practices in a potential Tier two facility.

**Union & Worker Representative Consultation**

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

**Company Actions and FLA Verification:**

PopSockets social compliance team developed guidance on steps and resources to learn about worker representative structures in sourcing countries. It includes detailed guidelines on how staff and auditors understand worker representative structures during the pre-sourcing, auditing, and remediation processes.



FLA has verified that PopSockets fully remediated all the freedom of association violations in SCI assessments. The chart provides an example: a 2020 factory assessment in China found that all the factory’s 14 union representatives were appointed by factory management. PopSockets worked with the factory to interview the workers and management and provided evidence that the worker representative structure is not a union, but a worker committee, and these 14 worker representatives were elected by workers in 2019. In order to further integrate worker representatives into PopSockets’ supplier feedback mechanisms, PopSockets launched a worker representative structure program,

in which PopSockets deployed a survey and interviewed both factory management and worker representatives in in three Tier one suppliers in China. Following the implementation of the program, the PopSockets Social Compliance team wrote a report to discuss the research results and recommendations for establishing a stronger worker-centric system to collect evidence of election and understand management’s involvement in worker representative structures.



**PRINCIPLE 10: VERIFICATION REQUIREMENTS**

*Company affiliate meets FLA verification and program requirements.*

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

**FLA Affiliation**

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

**Company Actions and FLA Verification:**

PopSockets’ social compliance staff attend all FLA board meetings and presented to the University Advisory Council on how companies can improve grievance mechanisms. PopSockets has completed all FLA administrative requirements; the company has paid all annual dues, completed the annual evaluations, provided an up-to-date factory list, and received applicable SCI assessments and field observations.

# APPENDIX A: REMEDIATION PROGRESS

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

