

Putting Fairness to Work

ANNUAL REPORTS: 2020 AND 2021



IN 2020 AND 2021, FAIR LABOR ASSOCIATION (FLA)

and our growing network of companies, universities, and civil society organizations weathered the COVID-19 pandemic while keeping the human rights of vulnerable workers at the center of our collaborative efforts. Our headquarters staff immediately pivoted to a fully online environment; we moved all in-person gatherings, such as board meetings and roundtables, to virtual meetings; and we developed new tools to evaluate factory and farm conditions remotely. We were fortunate to be able to continue the core work of our organization with very little interruption. Here are a few highlights of our progress during that time.



EVALUATE

22

COMPANIES CURRENTLY
PURSUING FIRST-TIME FAIR
LABOR ACCREDITATION

We're keeping companies accountable to their goals and commitments.

4

FAIR LABOR COMPANIES
EARNED ACCREDITATION



YEE TUNG GROUP

Despite the global pandemic, FLA continued its principal work of assessing and supporting companies to achieve the highest labor rights standards for their global supply chains. The numbers speak for themselves.

EVALUATE

During the height of the pandemic, we completed 57 COVID-focused factory visits and provided rapid feedback on COVID-related health and safety issues for workers so they could be immediately addressed by member companies.

We also reached a major milestone with the launch of our Fair Labor Agricultural Accreditation program — a multi-year, rigorous process designed to assess and mitigate high-risk sourcing by participating companies and suppliers. Like our Fair Labor Manufacturing Accreditation Program, we set milestones with distinct standards and progress indicators benchmarked against 12 international standards and guidelines on labor and human rights due diligence.

1200+

ASSESSMENTS AT FARMS
AND PLANTATIONS AROUND
THE WORLD

154

ASSESSMENTS COMPLETED
IN FACTORIES

EDUCATE

We're raising the bar for labor standards.

Adapting (and learning) in a virtual environment

With COVID-19 preventing in-person gatherings, FLA's capacity-building and training programs moved online — a shift that allowed us to test new approaches to delivering essential information to wider audiences.

Our **ONLINE COVID HEALTH AND SAFETY TRAINING SESSION** in July 2020 attracted more than 500 participants, and our robust country-specific webinars included best practices and on-the-ground updates in India, Jordan, Pakistan, and Türkiye.

We delivered **HIGHLY INTERACTIVE, MULTI-SESSION VIRTUAL TRAINING SESSIONS** on how to build effective grievance mechanisms to 22 supplier participants from 12 countries, employing more than 50,000 workers.

We conducted **TRAINING ON RESPONSIBLE RECRUITMENT** with 28 supplier participants from 13 countries, representing nearly 76,000 workers.

We launched a **TWO-YEAR FACTORY E-LEARNING CURRICULUM**, added new learners in our licensee e-learning program, provided virtual internal monitoring training to companies about onboarding, and creatively engaged collegiate licensees through two virtual trainings on supply chain mapping, with a focus on China and forced labor issues.

EDUCATE

Reducing child labor among migrant workers

In accordance with our Action Pledge for the International Year for the Elimination of Child Labour, FLA published several new studies that highlight how companies can reduce child labor in agriculture supply chains.

TÜRKİYE

FLA's Harvesting the Future project in Türkiye brought together eight of the largest food and beverage companies, and their 20 suppliers, to identify and scale practical ways to reduce child labor in the supply chains of multiple commodities.

[LEARN MORE HERE](#)

MADAGASCAR

FLA research evaluated several underlying causes of child labor in the vanilla sector in Madagascar: gaps in supply chain management systems, an unsustainable economic model, and a problematic educational infrastructure.

The report provides more than a dozen recommendations for vanilla sector stakeholders, with specific suggestions targeted at the government of Madagascar, multinational companies, and local processors and suppliers.

[READ THE REPORT](#)

EDUCATE

Closing the gender pay gap

FLA staff developed a reference tool compiling available reporting and evaluation standards on the gender pay gap in global supply chains.

The tool can be used by FLA members to understand wages in their supplier factories and leverage the information to support addressing the gender pay gap and other inequalities in members' supply chains.

[ACCESS THE TOOL](#)

IMPACT

We're changing policies and improving lives.

FLA envisions a future where respect for workers' rights is the rule, rather than the exception. Our practical tools and multi-stakeholder advocacy efforts are making that vision a reality.

Making fair compensation possible

Chronically low wages have been accepted as an unavoidable fact in the garment industry for too long. Workers have relied on overtime hours to earn enough money to put food on the table and meet other basic needs, further diminishing their quality of life. In 2020, FLA launched our Fair Compensation Toolkit, which includes the Wage Data Collection Tool and Fair Compensation Dashboard — two groundbreaking living wage resources that work together to show companies the gap between what workers earn and what they need.

FLA'S FAIR COMPENSATION PROGRAM IS "...DIRECTLY RESULTING IN IMPROVED WAGES AND WORKING CONDITIONS FOR WORKERS."

—Abby Maxman, President of Oxfam America

More than 50 of the largest global fashion companies are currently using the innovative Fair Compensation Toolkit to measure living wage progress and improve worker wages and quality of life. In 2021, we published a series of three case studies illustrating living wage progress among Fair Labor affiliates using the tools.

IMPACT

Our Fair Compensation program won two awards based on its innovative approach and impact.



THE CLASSY AWARD FOR
SOCIAL INNOVATION



THE SPECIAL JUDGES AWARD
FOR INNOVATION FROM GLOBAL
GOOD AWARDS

IMPACT

Safe solutions for working parents and their children

As part of our Harvesting the Future project in Türkiye, FLA interventions with migrant families promote access to local schools for children and decent working conditions for their parents. The program provided more than 200 children with a safe space as their parents worked, allowing them to play and learn instead of work.

Drawing the line on forced labor

In its 20-year history, FLA has never advised companies against sourcing from a specific country or region because there have always been ways to address labor issues through effective due diligence.

That record changed in December 2020, when it became clear that the unique human rights and labor violations in Xinjiang defied conventional due diligence norms and we banned sourcing and production in the region. Since then, we have supported members with tools and training to ensure that their supply chains are not connected to those abuses.

IMPACT

Responding to worker voices

FLA is proud that, throughout the pandemic, we were able to maintain our commitment to resolving worker claims through our Third Party Complaint process. In 2021, FLA's Third Party Complaint Working Group issued 22 recommendations, which were approved by the Board of Directors. Many have been integrated into our program and are already enhancing our ability to implement more effective remedies for workers.

FLA initiated seven Third Party Complaint and Brand-Commissioned investigations in 2020-21. During the same period, nine investigation and verification reports were completed and shared publicly on FLA's website. While the number of formal complaints received and new investigations launched was impacted significantly by COVID, FLA staff also worked with member companies, unions, civil society organizations, and other stakeholders to pursue relief for workers through other means. For example, in one case FLA facilitated a mediation process between factory management and union officials that produced significant progress for workers.

During this time FLA utilized the Third Party Complaint Working Group's guidance to strengthen the overall investigation process and provided oversight on implementation of detailed corrective action plans by member companies to address issues identified in the published reports. In all cases, the core objective was providing effective remedies for workers who had faced unacceptable working conditions and violations of their rights.

Financials

STATEMENT OF FINANCIAL POSITION 2020-21

	Dec. 31, 2020	Dec. 31, 2021
Cash & Equivalents	\$8,609,153	\$ 8,923,115
Accounts Receivable	162,161	145,163
Prepaid Expenses	61,558	38,711
Fixed Assets (net)	548,205	492,769
Other Assets	108,130	128,857
Total Assets	\$9,489,207	\$ 9,728,615
Accounts Payable & Accrued Expenses	\$498,221	\$ 793,008
Deferred Revenues	818,034	867,342
Affiliate Payable	2,488,397	1,917,609
Deferred Rent	437,756	554,099
Total Liabilities	4,242,408	4,132,058
Net Assets	5,246,799	5,596,557
Total Liabilities & Net Assets	\$9,489,207	\$ 9,728,615

STATEMENT OF ACTIVITIES 2020-21

	Dec. 31, 2020	Dec. 31, 2021
Affiliate Dues	\$ 5,044,355	\$ 5,098,835
Assessment Fees	252,762	494,108
Monitoring Fees	232,100	384,960
Fee for Service/Special Projects	736,570	722,761
Grants	576,752	501,467
Other Income	127,352	180,442
Total Revenue	\$ 6,969,891	\$ 7,382,573
Personnel	\$ 4,308,647	\$ 4,341,078
Travel	207,170	99,279
Professional Fees	670,965	1,068,933
Support Services (Overhead)	1,676,469	1,523,524
Total Expenses	\$ 6,863,251	\$ 7,032,814
Net Income	\$ 106,640	\$ 349,759

Board of Directors

CHAIR

Michael Posner

COMPANY REPRESENTATIVES

Selcuk Buyukozer

ADIDAS | 2020, 2021

Shari Gittleman

NEW BALANCE | FROM MARCH 2021

Monica O. Gorman

NEW BALANCE | 2020, THROUGH FEB. 2021

Audrey Ogawa Johnson

DALLAS COWBOYS MERCHANDISING | 2020

Michael Levine

UNDER ARMOUR | 2020, 2021

Wendy Savage

PATAGONIA | 2020, 2021

Leslie Shull

DELTA GALIL | 2020, 2021

Frank Vasquez

HANESBRANDS INC. | 2021

Yann Wyss (observer)

NESTLE | 2020, 2021

CIVIL SOCIETY ORGANIZATION REPRESENTATIVES

Nazma Akter

SOMMILITO GARMENTS SRAMIK FEDERATION | 2020, 2021

Sally Greenberg

NATIONAL CONSUMERS LEAGUE | 2020, 2021

Gopinathan Parakuni

CIVIDEP INDIA | 2020, 2021

Nina Smith

GOODWEAVE | 2020, 2021

Irit Tamir

OXFAM | 2020, 2021

Karen Tramontano

GLOBAL FAIRNESS INITIATIVE | 2020, 2021

UNIVERSITY REPRESENTATIVES

Ravi Anupindi

UNIVERSITY OF MICHIGAN | 2020, 2021

Karen Daubert

WASHINGTON UNIVERSITY IN ST. LOUIS | 2020, 2021

Erika George

UNIVERSITY OF UTAH | 2021

Tomi Gerhold

UNIVERSITY OF NOTRE DAME | FROM JUNE 2020, 2021

Kathy Hoggan

UNIVERSITY OF WASHINGTON | JUNE 2020

Elizabeth (Liz) Kennedy

UNIVERSITY OF CALIFORNIA, LOS ANGELES | 2020, 2021

Maureen Riedel

PENNSYLVANIA STATE UNIVERSITY | 2020, THROUGH MAY 2021

Craig Westemeier

UNIVERSITY OF TEXAS | 2020, 2021

PRESIDENT & CEO

Sharon Waxman

BOARD COUNSEL

J. Matthew Owens

ARNOLD & PORTER, LLP

BOARD SECRETARY

Jamie McMillan





BOARD TREASURER

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