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

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

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 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.
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.

**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.

**LEARN MORE HERE**

**READ THE REPORT**
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.
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.

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.

FLA’S FAIR COMPENSATION PROGRAM IS “…DIRECTLY RESULTING IN IMPROVED WAGES AND WORKING CONDITIONS FOR WORKERS.”

—Abby Maxman, President of Oxfam America
Our Fair Compensation program won two awards based on its innovative approach and 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.
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.
### STATEMENT OF FINANCIAL POSITION 2020-21

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<thead>
<tr>
<th></th>
<th>Dec. 31, 2020</th>
<th>Dec. 31, 2021</th>
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</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td>$8,609,153</td>
<td>$8,923,115</td>
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<td>Accounts Receivable</td>
<td>162,161</td>
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<td>Prepaid Expenses</td>
<td>61,558</td>
<td>38,711</td>
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<td>Fixed Assets (net)</td>
<td>548,205</td>
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<td>Other Assets</td>
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<td>128,857</td>
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<td><strong>Total Assets</strong></td>
<td>$9,489,207</td>
<td>$9,728,615</td>
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<td>Accounts Payable &amp; Accrued Expenses</td>
<td>$498,221</td>
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<td>Deferred Revenues</td>
<td>818,034</td>
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<td>Affiliate Payable</td>
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<td>Deferred Rent</td>
<td>437,756</td>
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<td><strong>Total Liabilities</strong></td>
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<td><strong>Net Assets</strong></td>
<td>5,246,799</td>
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<tr>
<td><strong>Total Liabilities &amp; Net Assets</strong></td>
<td>$9,489,207</td>
<td>$9,728,615</td>
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### STATEMENT OF ACTIVITIES 2020-21

<table>
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<tr>
<th></th>
<th>Dec. 31, 2020</th>
<th>Dec. 31, 2021</th>
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<tbody>
<tr>
<td>Affiliate Dues</td>
<td>$5,044,355</td>
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<td>Assessment Fees</td>
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<td>Monitoring Fees</td>
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<td>Fee for Service/Special Projects</td>
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<td>Grants</td>
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<td>Other Income</td>
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<td><strong>Total Revenue</strong></td>
<td>$6,969,891</td>
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<td>Personnel</td>
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<td>Travel</td>
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<td>Professional Fees</td>
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<td>Support Services (Overhead)</td>
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<td><strong>Total Expenses</strong></td>
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<td><strong>Net Income</strong></td>
<td>$106,640</td>
<td>$349,759</td>
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Board of Directors

CHAIR
Michael Posner

COMPANY REPRESENTATIVES
Selcuk Buyukozler
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
Catherine Robbins