



Assessment for Accreditation



October 2026
Next Level Apparel

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ABOUT FAIR LABOR ACCREDITATION



Fair Labor Accreditation represents a rigorous evaluation of a member company's business systems for compliance with the Fair Labor Association's (FLA) [Principles of Responsible Sourcing and Production](#) and the FLA [Workplace Code of Conduct](#) (Fair Labor Code). These standards are designed to protect workers in member companies' global supply chains and are based on international practices and norms, including guidance from the International Labour Organization (ILO), United Nations Guiding Principles on Business and Human Rights, and the Corporate Human Rights Benchmark. Each principle is backed by a set of benchmarks and key performance indicators (KPIs) that define what companies must do to successfully implement our standards.

Effective social compliance implementation is a process of continuous improvement. FLA companies are evaluated on the alignment of their social compliance systems with FLA standards, and the company's performance in executing those systems to support and protect workers. The accreditation program also supports companies' efforts to fulfil human rights due diligence expectations and legal requirements.

Following Fair Labor Accreditation, FLA evaluates companies on an ongoing basis to ensure that they maintain baseline requirements and standards. When a company shows consistent performance over and above FLA's requirements for accreditation, including in upstream supply chains, they can be reevaluated for a higher threshold of recognition. This report recognizes a company's achievements, acknowledges areas in which the company has gone above and beyond baseline requirements, and makes specific recommendations for future growth.

EXECUTIVE SUMMARY

HIGHLIGHTS OF NEXT LEVEL APPAREL'S FAIR LABOR ACCREDITATION

Since joining FLA in 2019, Next Level Apparel (NLA) has continuously improved its social compliance program to meet FLA's expectations and to implement FLA's 10 principles, enforcing the elements of the Fair Labor Code across its supply chain. This report details FLA's evaluation of NLA's social compliance program through October 2026.

Some highlights of NLA'S accreditation include:

Top-level commitment: NLA's chief executive officer (CEO), to whom the director of responsible business reports directly, has set a company-wide agenda of supply chain responsibility and transparency. He works closely with the leaders of key departments to implement purchasing practices and strategies that uphold the company's commitments to workers' rights. Under his leadership and with the oversight of the board of directors, the company has invested in tools and partnerships for cross-functional coordination, supply chain transparency, and independent verification, all of which have strengthened its social compliance program in a tangible way.

Supplier dialogue that informs program improvements: NLA maintains several channels for two-way dialogue with its suppliers and factories. These channels allow both parties to plan and execute the sourcing process successfully, including making adjustments in response to unexpected challenges. They also allow NLA to gather feedback from its suppliers, which it uses to improve its own policies and procedures. This process fosters a mutually beneficial relationship between NLA and its suppliers and has allowed NLA to develop purchasing practices that will minimize negative impacts on workers in the long-term.

NEXT LEVEL APPAREL'S ACCREDITATION

FLA ACTIVITY	PURPOSE
Headquarters Assessment <i>April 2026; Torrance, California, USA</i>	• Interview senior leadership and staff in the compliance, purchasing, production, and planning departments. • Review documentation, processes, and data.
Field Observations <i>Audit: November 2022, Nicaragua; Training: May 2024, Nicaragua; Audit: August 2024, Honduras</i>	• Evaluate internal audits, training sessions, and/or remediation visits for comprehensiveness and quality. • Verify improvement over time.
Factory-Level Assessments (SCI) <i>2021–2025 (4)</i>	• Identify any labor violations, assess root causes, and track remediation efforts over time.
Milestone Evaluations	• Review documentation demonstrating compliance with the Principles of Fair Labor and Responsible Sourcing.
Fair Labor Investigations	• Investigate supplier for alleged non-compliance, report follow-up on remediation, and engage with union.
Fair Compensation	• Confirm use of FLA's Wage Data Collection Toolkit. • Evaluate the company's Fair Compensation Blueprint. • Track measurable progress towards a living wage over time.
Stakeholder Engagement	• Integrate perspectives from civil society and other relevant organizations on the company's social compliance program and human rights due diligence efforts.
Participation in FLA Governance and Advisory <i>FLA communications committee (2025-present)</i> <i>FLA manufacturing committee (2026-present)</i>	• Confirm company participation in FLA's governance structure.
Review of Internal Assessments <i>Nicaragua (2), Haiti (1), El Salvador (1), Pakistan (1)</i>	• Review a sample of internal audit reports for alignment of company audit methodology with FLA standards and benchmarks, and review of corrective action plans (CAPs) and remediation evidence.

COMPANY OVERVIEW

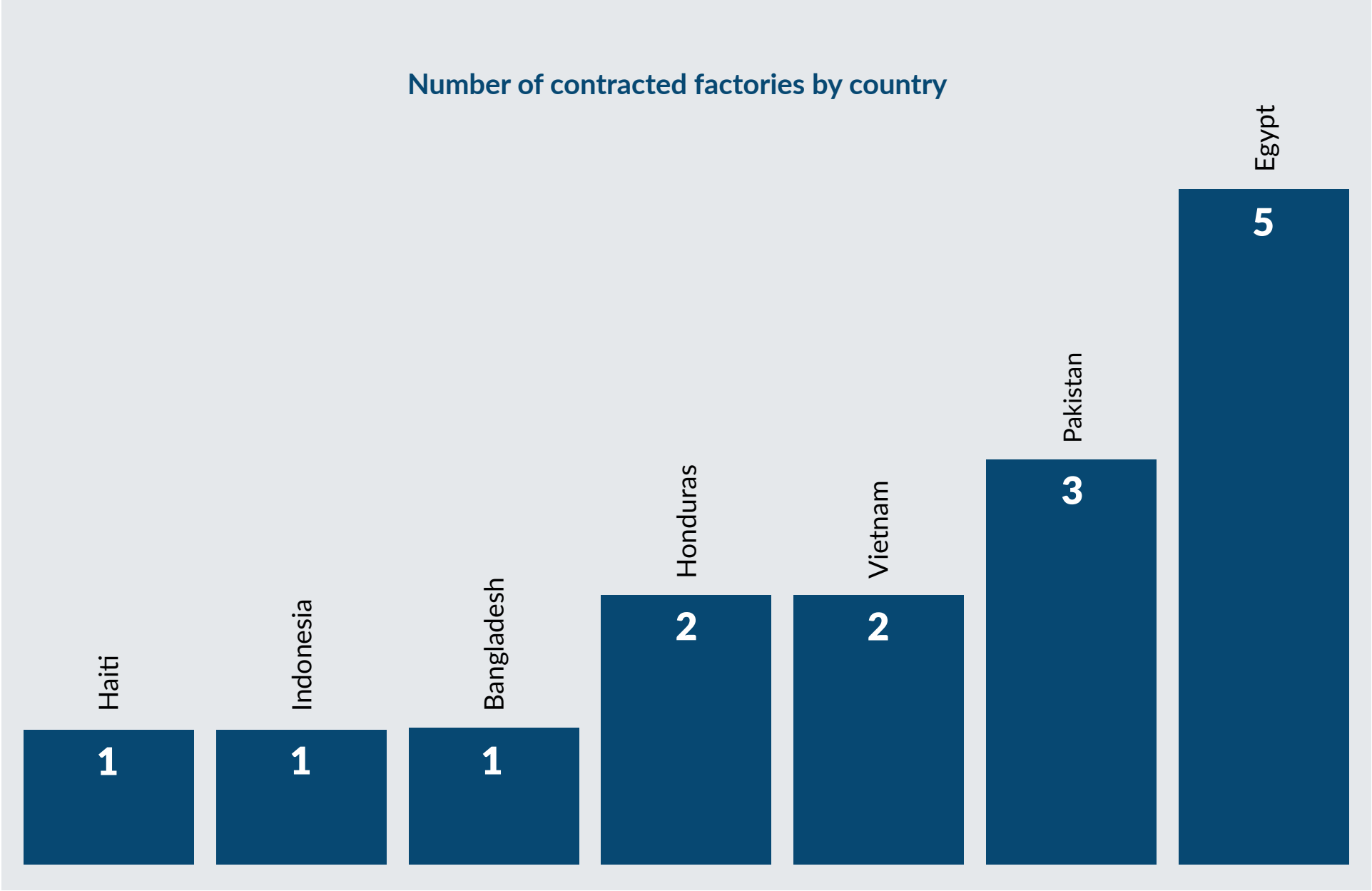
NAME	Next Level Apparel (NLA)	CATEGORY	Participating Company in FLA's Manufacturing Program, implementing FLA's sourcing principles
HQ LOCATION	Torrance, California, United States	PRODUCT	Apparel
FLA MEMBERSHIP	2019	APPLICABLE FACTORIES	15

NLA is a business founded in 2003 and headquartered in Torrance, California. The company is a producer and seller of premium blank apparel. NLA considers ethically sourced materials to be vital as it seeks to deliver premium quality products. To do this, NLA leads the industry in responsible sourcing and engagement activities, including a strong commitment to purchasing products made with U.S. cotton, which is backed by genetic testing of cotton origin, as well as a strong social compliance program.

The company sources from 19 factories across seven countries. Its leading sourcing countries by number of factories are Egypt (five factories) and Pakistan (three factories). Historically, its leading sourcing countries by volume are Honduras and Nicaragua. From 2021-2025, FLA conducted four SCI assessments at NLA's contract factories in two countries.

FLA FIELD ACTIVITIES	COUNTRY	QUANTITY
SCI Assessments	El Salvador	1
	Nicaragua	3
Field Observations	Nicaragua	2
	Honduras	1
HQ Assessment	United States	1

NEXT LEVEL APPAREL SUPPLY CHAIN



ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 1: TOP MANAGEMENT COMMITMENT AND WORKPLACE STANDARDS

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

WHY: Respect for human rights and a commitment to workplace standards must be driven by a company's most senior employees. Workers' rights are more likely to be effectively integrated into all business decisions when a company's board of directors and/or CEO sets clear expectations. Commitment from a company's upper management is an essential component of an effective social compliance program and supports human rights due diligence implementation.

BASELINE REQUIREMENTS FOR ACCREDITATION

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

DESCRIPTION AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Internal Commitment (1.1a)	NLA's CEO communicates the company's commitment to responsible business and transparency to all employees on an ongoing basis. The company also shared this communication with its customers.	NLA dedicates sufficient staffing and financial resources to its responsible business program.	●
Public Commitment (1.1b)	NLA's website includes a commitment to uphold the Next Level Apparel Workplace Code of Conduct and FLA's Principles of Fair Labor and Responsible Sourcing across its global supply chain.	NLA also publishes its code of conduct, the full set of workplace compliance benchmarks, a list of sustainability partnerships, and a list of Tier One factories on its website.	●
Governance Responsibility and Accountability (1.1c)	NLA's board of directors approves key responsible business initiatives, including its code of conduct, and oversees their implementation.	NLA's CEO reports directly to the board of directors on the implementation of the company's commitment to responsible business and progress towards sustainability goals.	●
Code of Conduct and Compliance Benchmarks (1.2 a, b)	NLA's code of conduct, which is aligned with the Fair Labor Code, is applicable to all Tier One factories.	<i>This KPI includes only system metrics.</i>	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 2: RESPONSIBLE PURCHASING AND PRODUCTION PRACTICES

Company Member 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 efforts toward ethical working conditions in factories. This principle evaluates how headquarters' 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Policies and Procedures (2.1a, b)	NLA has implemented a responsible purchasing practices (RPP) policy covering all purchase order activity in the company, along with a set of procedures that detail the steps taken to follow the policy.	The leaders of relevant departments at NLA (managers, directors, and vice presidents) are aware of and committed to the policy. They have reviewed their teams' respective practices and responsibilities to ensure alignment with policy expectations and goals.	●
Accountability (2.2a, b)	At each stage of the production process, the RPP policy sets clear expectations for how NLA will minimize negative impacts on workers. To ensure these expectations are met, NLA has developed RPP procedures that define clear responsibilities; the company has also developed or adapted a variety of practical tools. NLA also maintains a policy, procedure, and tools to uphold its commitment to responsible exit.	NLA has frequent after-action reviews, along with the RPP policy's regular review cycle, which provide opportunities to review performance and make corrections. Supervisors use frequent check-ins with staff whose roles impact RPP to provide support and guidance, along with correction and accountability where needed.	●
Dialogue (2.3a, b, c, d)	NLA remains up-to-date about issues affecting the purchasing process through weekly, bi-weekly, and monthly meetings among team leaders. This system allows NLA to coordinate its response when adjustments are needed. NLA also engages in frequent dialogue with suppliers, including through in-person meetings and visits at the factory level, to review both parties' performance and agree upon improvements.	NLA has used dialogue with staff and suppliers to adjust allocations, materials sourcing, timelines, and order volumes to prevent negative impacts on workers while maintaining a smooth production process. NLA has also improved its policies and practices based on feedback gathered from suppliers.	●
Supplier Evaluation and Incentives (2.4a, b, c)	NLA has implemented a scorecard system that assesses factory performance in social compliance and remediation, among other areas.	In cases of poor factory performance, the scorecard process triggers NLA staff to follow up and ensure issue remediation. Cases of strong performance lead to positive incentives for factories.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING

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

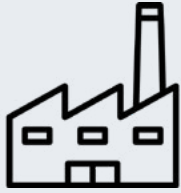
WHY: Effective implementation of social compliance standards and human rights due diligence systems depends on having staff at headquarters who are well-trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters staff must be aware of the 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Responsible Staff (3.1a, b)	NLA's responsible business team includes two full-time social compliance staff based in Colorado, USA and Nicaragua. The social responsibility coordinator reports to the director of responsible business, who reports directly to the CEO. Their roles include monitoring, remediation, and reporting to company leadership.	<i>This KPI includes only system metrics.</i>	●
Social Compliance Staff Training (3.2a, b, c)	The responsible business team continuously engages with trainings and identifies new trainings for social compliance enhancement on labor issues within NLA's sourcing countries. The responsible business team accesses various trainings via external platforms.	The director of responsible business and social responsibility coordinator complete regular trainings. For instance, in 2025 and 2026, they took trainings on sexual harassment, supervisor skills with a focus on gender, supply chain visibility, risk mapping strategies, freedom of association, modern slavery, and collective bargaining.	●
Head Office and Regional Staff Training (3.3a, b, c)	The responsible business team conducts responsible business training for head office staff about NLA's social compliance program and workplace standards. The team uses quizzes and attendance trackers to ensure staff completed the courses and gained knowledge.	The director of responsible business joined NLA in 2025. To avoid any training lapses during typical staff turnover, NLA plans to improve its employee training program post-accreditation. The company plans to implement a learning management system to ensure staff complete trainings regularly and attendance trackers are maintained.	●
Responsible Purchasing Practices (RPP) Training (3.4a, b, c)	As part of responsible business training for head office staff, the responsible business team has implemented a module on RPP.	The responsible business team has introduced interactive trainings on RPP. In 2026, the director of responsible business conducted department-specific live online trainings on RPP and noted improvements to NLA's processes and performance, such as closer collaboration between the sales and planning teams.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 4: SUPPLIER AND PRODUCTION STAFF TRAINING

Sourcing Principle: Company Member 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Written Acknowledgement to Uphold Workplace Standards (4.1a)	NLA embeds its code of conduct and workplace standards within its Terms of Engagement document for suppliers. These terms require suppliers to participate in monitoring and remediation efforts, while upholding NLA's workplace standards and code.	NLA clearly communicates its Terms of Engagement to suppliers and ensures that up-to-date, signed copies remain on file.	●
Conditioning Future Business (4.2 a, b, c)	NLA conditions future business upon social compliance by including audit and remediation data within a robust factory scorecard system, and by clearly communicating the impact of zero tolerance findings to suppliers.	NLA actively reviews and escalates ongoing issues related to supplier social compliance. The company emphasizes continuous improvement to suppliers and pursues an escalation process should suppliers fail to improve.	●
Workplace Standards Accessibility (4.3a)	NLA has translated its code of conduct, requires suppliers to display it at all factories, and has included a requirement for assessors to verify that suppliers have posted the code as part of its monitoring tool.	FLA has verified that NLA makes its code of conduct accessible to workers.	●
Workplace Standards and Training Effectiveness (4.4a, b)	NLA uses its audit tool to assess for adequate workplace standards and training at supplier factories and ensure training effectiveness.	NLA trains supplier factories on workplace standards, works to remediate training gaps, and ensures the effectiveness of supplier trainings.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 5: MONITORING

Company Member 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. FLA evaluates companies' 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Pre-Sourcing Assessments (5.1a, b)	NLA implements a uniform onboarding process for all new factory relationships, conducting a risk assessment and social compliance audit before approving any production. New factories must demonstrate their ability to participate in NLA's remediation approach before being approved.	FLA has verified that NLA uses both the risk assessment and the initial compliance assessment to scrutinize factories before production begins.	●
Monitoring Program and Compliance Standards (5.2a, b, c)	NLA requires that all in-scope factories receive a full social compliance assessment every year or every two years, depending on the risk level indicated by the previous assessment. The standards applied in these assessments align with the Fair Labor Code and Compliance Benchmarks.	Through review of audit records, FLA verified that NLA applies this policy in practice, assessing all Tier One factories within the appropriate timeframe.	●
Audit Components and Quality (5.3a, b, c)	NLA's assessor guidelines and audit tools, which are used for all NLA factory audits, align with the standards for effective audits contained in FLA Principle 5.	FLA has reviewed audit records and conducted two audit field observations to verify that assessors effectively conduct all elements of NLA's audit methodology, including reviews of worker training, freedom of association, and grievance mechanisms.	●
Responsible Retrenchment (5.4a, b)	NLA uses its audit methodology and tools to assess whether factories' management teams have systems in place to conduct responsible retrenchment and layoffs, and when applicable, whether factories implement these systems effectively.	NLA has submitted examples demonstrating that when retrenchment occurs in the supply chain, it follows up with factories to ensure appropriate procedures were implemented. For example, NLA verifies that a factory has distributed severance payments to retrenched workers.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS

Company Member 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Ensuring Functioning Grievance Mechanisms (6.1a, b, c, d)	NLA's audit tool and Supplemental Audit Tool include questions and guidance for assessors to assess the existence, accessibility, and effectiveness of grievance mechanisms at all factories. This includes ensuring at least one confidential reporting channel is available to all workers and that grievance mechanisms lack retaliation or penalty.	Audit field observations and SCI assessments verified that these systems were in place during assessment activities. NLA verifies that suppliers remediate non-compliances, including implementing trainings and updating policies, as needed.	●
Confidential Reporting Channel Direct to the Company (6.2a)	NLA offers two methods to use its confidential reporting channel through a third-party source, where workers can submit grievances through either text (WhatsApp) or through a web intake form. NLA provides a QR code to each factory, where it is displayed for workers to access. The company's grievance mechanisms procedure outlines the comprehensive steps NLA takes when handling grievances made through the confidential channels.	NLA deployed these confidential reporting channels to all factories in 2024. However, no grievances had been submitted as of 2026. During a training field observation in 2024, FLA verified the social responsibility coordinator's training and its effectiveness.	●
Training on Grievance Mechanisms (6.3a, b)	NLA's audit tool and Supplemental Audit Tool include questions for assessors to verify that workers, managers, and supervisors completed trainings on grievance mechanisms. This includes evaluating the effectiveness of these trainings.	NLA trains all workers in its supply chain on using the confidential reporting channel. FLA's training field observation verified that this training occurred. FLA's audit field observation and document review verified that assessors check for trainings on grievance mechanisms during an audit. FLA has recommended that NLA improve its audit tools to ensure the company consistently receives updates on worker training.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

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

WHY: A company cannot make substantial improvements to its social compliance program and human rights due diligence systems as well as 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 their compliance programs 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Collection of Facility Data (7.1a)	NLA collects required information from all suppliers, including historic audit data, incidents, accidents, past labor disputes, the presence of unions or worker representative structures, and the existence of collective bargaining agreements.	NLA has a strong understanding of its supply chain and has collected required information from all suppliers.	●
Analyzing Social Compliance Trends (7.2a, b, c)	NLA utilizes a platform to house compliance information, to assess factory risk, and to conduct trend analysis on audit and remediation data.	NLA transitioned to a new compliance data platform in 2026, prior to accreditation. While the platform's capabilities are powerful, and historic data has been imported, NLA must consistently make use of the platform to inform decision-making.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION

Company Member 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 AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
Remediation Procedures (8.1a, b, c)	NLA's Corrective Action Plans and Remediation Policy includes the company's expectations and requirements for suppliers to remediate non-compliances and outlines NLA's procedures to ensure remediation occurs through developing a CAP and collecting evidence.	At the headquarters assessment and through document review, FLA verified numerous examples of the collaborative approach NLA takes to engage in remediation with suppliers and develop CAPs.	●
Root Cause Analysis (8.2a, b)	The methodology for root cause analysis (RCA) is outlined in the Corrective Action Plans and Remediation Policy and the Supply Chain Due Diligence Policy. The responsible business team actively collaborates with suppliers on RCA and ensures that unions and/or worker representatives are involved in this process.	The social responsibility coordinator has demonstrated extensive knowledge of working collaboratively on remediation with suppliers. During the headquarters assessment, FLA verified cases in which RCA was effective in remediation.	●
Ensuring Effective Remediation (8.3a, b)	The responsible business team began to automate its remediation tracking in 2026 using personalized technology for its factories. The team actively works with factories to remediate any findings from audits and conducts follow-up audits when necessary.	NLA relies on manual processes and newly integrated technology to track remediation. The responsible business team tracks factories' responsiveness to remediation and social compliance in supplier scorecards. During the headquarters assessment and SCI reviews, FLA verified that the responsible business team actively works with factories to ensure continued remediation efforts.	●

ACCREDITATION ASSESSMENT SUMMARY



PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

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

WHY: Local, 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.

BASELINE REQUIREMENTS FOR ACCREDITATION

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

DESCRIPTION AND KPI	NEXT LEVEL APPAREL SYSTEM	NEXT LEVEL APPAREL PERFORMANCE	NEXT LEVEL APPAREL PROGRESS
CSO Engagement Strategy and Mapping (9.1a, b)	NLA's Consultation with Civil Society Policy references the high-risk and high-production sourcing countries where it prioritizes civil society and union engagement outreach, using a defined strategy.	NLA maps its activities and engagement with civil society and unions and is expanding outreach in its emerging sourcing locations, such as Egypt.	●
Engagement on Local Labor Issues (9.2a, b)	<i>This KPI includes only performance metrics.</i>	NLA actively engages with various civil society organizations on workplace standards improvement, primarily in Central American countries such as El Salvador and Haiti. It continues to encourage efforts in Nicaragua, Honduras, and more recently, Pakistan.	●
Engagement on Training, Worker Communication Channels, and Remediation (9.3a)	<i>This KPI includes only performance metrics.</i>	NLA is responsive to engaging with civil society organizations that support efforts towards improved workplace standards. For instance, in response to a civil society report, NLA addressed a case in which workers at a factory in Pakistan suffered several violations. At a factory in El Salvador, NLA partnered with the America's Group on freedom of association training for employers and collaborated with a local expert on providing this training to all employees.	●
Union and Worker Representative Consultation (9.4a, b)	NLA's Supply Chain Due Diligence Policy and Corrective Action and Remediation Policy define procedures to include unions and/or worker representative structures in opening and closing meetings, and in remediation and CAP development, as applicable.	The responsible business team tracks the presence of unions, worker representatives, and collective bargaining agreements for all of its sourcing factories. FLA verified examples of NLA's continued efforts to ensure unions and/or worker representatives are engaged in the remediation process. In Haiti, NLA ensured that a factory remediated violations of a collective bargaining agreement, including implementing factory-union engagement and training.	●

ACCREDITATION ASSESSMENT: COMPANY ACTIONS AND FLA VERIFICATION



PRINCIPLE 1: TOP MANAGEMENT COMMITMENT AND WORKPLACE STANDARDS

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

Why: Respect for human rights and a commitment to workplace standards must be driven by a company's most senior employees. When a company's board of directors and/or CEO sets clear expectations, worker 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 and supports human rights due diligence.

Top Management Commitment

BENCHMARK 1.1: Company Member 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:

NLA publicly communicates its commitment to transparency and ethical sourcing. In keeping with this commitment, the company publicly highlights its participation in initiatives such as FLA, Worldwide Responsible Accredited Production (WRAP), Better Work, and the U.S. Cotton Trust Protocol. Internally, NLA's leadership has circulated annual statements signed by the company's CEO, chief operating officer, and president informing staff of the company's commitments to transparency and to responsible sourcing.

The board of directors receives regular updates from NLA's CEO, Brett Bjorkman, about the company's progress toward its goals. Through document review, FLA confirmed that the CEO collaborates closely with the director of responsible business to deliver detailed and timely updates to the board. This engagement between the board of directors and top leadership has led to investment in external partnerships, particularly related to traceability, that strengthen the responsible business program.

Strengths:

- The director of responsible business reports directly to the CEO. This reporting structure maximizes top management's oversight and participation in social compliance efforts. During the headquarters assessment, FLA confirmed that this reporting structure has allowed the CEO to drive alignment with responsible sourcing principles across the company. FLA has also verified that the CEO ensures sufficient staffing and budget

resources for the responsible business team, allowing the team to invest in staff development and in the necessary tools and partnerships for social compliance.

Recommendations for Continuous Improvement:

- NLA's code of conduct includes a clear statement of commitment to fair compensation and the right to a living wage. NLA should publicize a similar commitment statement on its website.
- NLA does not regularly review and compile its workplace standards progress and civil society engagement into an annual or semi-annual report. The company is currently developing its first annual environmental, social, and governance (ESG) report. This report will inform stakeholders of the company's progress towards ethical sourcing and environmental protection goals. FLA has reviewed internal working documents and interviewed company staff to confirm that the report is in development. Beyond accreditation, FLA will verify that NLA publishes this report and includes all necessary information.

Workplace Standards

BENCHMARK 1.2: Company Member 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:

NLA's Workplace Code of Conduct is aligned with the Fair Labor Code. NLA's code states that if any differences or conflicts between different standards arise in the supply chain, the highest standard will always apply. An extensive set of compliance benchmarks operationalizes the 10 provisions of the code, which are available publicly on NLA's website. The company has also translated the code into five languages for distribution to suppliers and factories.



PRINCIPLE 2: RESPONSIBLE PURCHASING AND PRODUCTION PRACTICES

Company Member aligns planning and purchasing practices with commitment to 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 efforts toward ethical working conditions in factories. 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 and Procedures

BENCHMARK 2.1: Company Member 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 input, 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:

In consultation with FLA staff, NLA has drafted and implemented a Responsible Purchasing Practices (RPP) Policy which is applicable to all purchase order activities within the company. NLA's top leadership approved and finalized the most recent version of the policy in Q4 2025. The policy recognizes that suppliers' ability to adhere to NLA's code of conduct depends in part on NLA's purchasing practices. With this in mind, an accompanying set of RPP procedures lays out specific actions that the company will take to ensure its practices and decisions bolster, rather than limit, suppliers' ability to uphold the code.

NLA has tailored the policy and procedures to its particular business model and supply chain profile, identifying features of its business model that the company can leverage to achieve responsible production. The documents also anticipate potential negative impacts linked to NLA's business practices and establish clear procedures for mitigating them. The documents anticipate impacts stemming from lead times, forecasting, buying cycles and planning, costing, changes to orders, order reduction or factory exits, and quality assurance. For each of these functions, the procedures identify leaders (at the director level or above) who are responsible for aligning the company's practices with the policy's commitments.

At the headquarters assessment, FLA conducted interviews with these leaders and determined that they are aware of the policy and its implications for their responsibilities and those of their staff. FLA also discussed and gathered documentation of cases (see Benchmark 2.2) in which NLA has

put the policy into practice, both mitigating negative impacts as it responds to specific circumstances and making process improvements to prevent future impacts. To help inform these improvements, the policy includes multiple processes for gathering and integrating supplier feedback on NLA’s purchasing practices.

NLA has also implemented a Fair Compensation Blueprint, which is informed by the company’s wage data analysis and by an analysis of the most frequent compensation violations in NLA’s supply chain. In keeping with the company’s focus on transparency, trust, and partnership with suppliers, the blueprint identifies open-book costing between NLA and suppliers as a method to improve workers’ wages. NLA has begun to pilot this approach with its strategic suppliers.

Strengths:

- As an annex to the RPP policy, NLA maintains a detailed and thorough procedure for cases of factory exit. The procedure lays out a process to assess the risks and impacts of exit, identify potential mitigating steps, and work with the supplier to enforce code requirements related to responsible retrenchment and severance. NLA executes this procedure through close collaboration between the responsible business department and the manufacturing department, leveraging manufacturing staff’s expertise and presence in factories.

Recommendations for Continuous Improvement:

- NLA’s Fair Compensation Blueprint sets ambitious long-term targets for achieving living wages. As continuous improvement, FLA recommends that NLA revisits these goals to establish mid-term targets, key milestones, or other benchmarks that will allow NLA and its suppliers to understand their progress and adapt to changing contexts.

Accountability	BENCHMARK 2.2: Company Member 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.
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Company Actions and FLA Verification:

NLA’s RPP policy and procedures identify activities and workstreams with particular impacts on factories and working conditions, defining key considerations to prevent negative impacts on suppliers. For example, the policy acknowledges that changes to purchase orders may cause difficulties for suppliers, who plan and allocate their capacity based on the original parameters. To anticipate and prevent negative impacts, the RPP procedures establish cut-off dates that limit NLA’s revisions to purchase orders. In another example, the policy addresses the risk that chargebacks and cost disputes may pose to suppliers’ finances and, in turn, workers’ compensation. To mitigate this risk while ensuring respect for NLA’s other policies and

Responsible Purchasing Practices	
Excessive Overtime	NO FINDINGS
No Rest Day	NO FINDINGS
REMEDIED PARTIALLY REMEDIED PLANNED	

standards, the RPP procedures lay out a variety of steps to detect and prevent quality issues (the most common cause of chargebacks) before they impact shipments, along with a consistent process for deciding how costs will be distributed when chargebacks are necessary.

For each of these functions, the policy specifies staff at the manager, director, and vice president levels responsible for ensuring adherence. Through interviews at the headquarters assessment and documents collected in the four Milestone Evaluations,

FLA has verified that these leaders use calendars, trackers, planning templates, and other tools to objectively measure adherence. These tools allow NLA to review its own performance and to coordinate responsible and efficient responses when various issues impact shipments.

In four SCI assessments at factories producing for NLA, FLA did not find any violations related to excessive overtime or lack of rest days – two finding categories which may indicate that a company’s purchasing practices are causing undue pressure on factories and workers. To supplement these results, FLA also scrutinized a randomly-selected set of NLA’s internal assessment reports. In one such report, the assessor highlighted a risk to hours of work standards stemming from overtime practices, including work on weekends, but confirmed that the factory arranged a day of rest every seventh day and that workers remained within legal limits on overtime.

Strengths:

- In a leading practice, NLA has identified its customer experience team as a key stakeholder in RPP and identified pathways for this team to further the company’s RPP commitments. NLA has aligned its entire product lifecycle, from sales to delivery, with the RPP policy, supported by this team’s knowledge of and commitment to the policy goals.
- NLA has engaged in intensive dialogue with suppliers to introduce them to the work of wage data collection. Working closely with FLA’s fair compensation program staff, the company assisted suppliers in overcoming data collection challenges and secured buy-in for participating in wage data analysis. NLA’s social compliance coordinator is a key driver of this work, including conducting factory visits. FLA recommends that NLA invests in additional in-country capacity as its sourcing footprint shifts geographically.

Recommendations for Continuous Improvement:

- Currently, NLA ensures accountability through operational meetings where progress and target dates are tracked. RPP leaders supervise their teams to meet the RPP policy’s expectations. Multiple senior managers and directors have job descriptions that require them to uphold the RPP policy. Beyond accreditation, NLA should plan to deepen this accountability system utilizing staff KPIs, the data generated by company purchasing systems, and performance reviews. FLA will work with NLA to implement and verify these improvements.

Dialogue

BENCHMARK 2.3: Company Member 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:

NLA uses multiple channels of internal dialogue and coordination to inform its purchasing decisions. FLA has confirmed that NLA staff use weekly, bi-weekly, and monthly internal meetings to review forecasts, order quantities, lead times, and other responsible purchasing issues. The RPP policy describes the purpose, attendees, and key topics for each meeting. At these meetings, staff discuss the status of different orders or products, any issues that have arisen, and the actions the company will take. These actions may include changes to lead times, allocation adjustments to smooth production for factories, or the steps for order reduction and factory exit (see Benchmark 2.1). NLA's CEO is present in these meetings in order to ensure that decision-makers are aligned. The director of responsible business is present at certain meetings to voice any concerns or considerations under the RPP policy and to recommend actions to address them.

NLA staff also hold frequent dialogue with suppliers. Staff reporting to the vice president of manufacturing, quality and operations hold frequent meetings with factory management to understand suppliers' needs and challenges. NLA has a representative on-site at the majority of its Tier One cut-make-trim factories and raw material suppliers. Factories also communicate with key contacts on NLA's sourcing team weekly to share both general updates and structured data, such as work in progress reports. Through these lines of communication, NLA and suppliers collaborate to develop production plans and keep each other informed about issues that may impact production.

Crucially, NLA adjusts its purchasing practices in response to both internal and external dialogue. These changes mitigate and prevent negative impacts when issues arise. For example, FLA has reviewed a case in which a supplier shared that its capacity could not meet NLA's demand. NLA worked closely with the supplier to address the situation without placing cost or time pressure on the factory. To relieve pressure in the short term, NLA worked with the supplier to identify and approve a subcontractor to absorb the additional demand. To prevent such issues in the long term, NLA agreed to share forecasts and projections with the factory farther in advance to allow for better planning. FLA has also reviewed a case in which NLA foresaw that a certain shipment was at risk of delay. After determining that the delay was caused by circumstances outside the supplier's control, NLA proactively communicated with the relevant customer and absorbed certain costs associated with expediting the order, rather than demanding the factory speed up production.

In addition to such adjustments to specific shipments, NLA has adopted new approaches in response to internal discussions and purchasing practices data. For example, NLA's sourcing team adopted a new bi-weekly review of "make vs. buy," comparing suppliers' current capacity to the projected

Compensation	
Forced Overtime	NO FINDINGS
Monetary Fines	NO FINDINGS
Minimum Wage	NO FINDINGS
Accurate Wage Records, Calculation, & Payment	NO FINDINGS
Legally Mandated Benefits	NO FINDINGS
■ REMEDIATED ■ PARTIALLY REMEDIATED ■ PLANNED	

demand and orders. These reviews allow NLA to prevent unexpected gaps in supply, which pose risks for suppliers and workers, by informing strategic discussions with current suppliers about planning and by providing advance notice that NLA may need to onboard new suppliers.

In four SCI assessments at NLA's Tier One factories, FLA's independent external assessors did not find any non-compliances related to compensation, which may have indicated negative financial consequences from NLA's purchasing and costing practices.

Strengths:

- NLA's on-site representatives have expertise in quality assurance, fabrics, and apparel manufacturing. This expertise allows NLA to provide timely and practical

assistance to factories as they calculate capacity, set up production lines, train workers on product specifications, and prepare for trade compliance processes. This is mutually advantageous, as it allows both parties to foresee and overcome challenges that would otherwise disrupt the purchasing and production process.

- In addition to day-to-day and weekly discussions with suppliers, NLA has developed a supplier survey that provides a space for broader dialogue about the sourcing relationship. This survey allows suppliers to comment on NLA's practices related to forecasting, costing, deadline adherence, and other aspects of purchasing. Beyond the purchasing process, the survey allows suppliers to share how other NLA activities, including the responsible business program and its associated requirements, impact suppliers. FLA has reviewed completed supplier surveys and found that this process fosters an open dialogue where suppliers can share candid feedback about NLA's strengths and weaknesses.

Recommendations for Continuous Improvement:

- Currently, NLA's internal dialogue on responsible purchasing does not include discussion of wage data analysis or the responsible business team's engagement with factories on fair compensation. These topics are siloed in the responsible business team's line of reporting to the CEO. Although this high-level engagement is valuable, NLA should establish a plan for broader discussion of the topic, as engagement with additional leaders and departments is necessary to drive change. Beyond accreditation, FLA will seek to verify more robust dialogue that aligns the company towards living wage progress.

Supplier Evaluations and Incentives

Benchmark 2.4: Company Member 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:

NLA has implemented a factory scorecard system to assess its suppliers' performance. The scorecard grades factories in categories such as quality, on-time delivery, and social compliance performance. Factories score highly in the social compliance category by taking effective remediation actions, developing strong management systems, and participating in multi-stakeholder initiatives. If a factory scores poorly, NLA's responsible business and manufacturing units may require that the supplier take corrective actions to maintain its good standing and continue its business relationship with NLA. If a factory scores highly in the social compliance section of the scorecard, NLA reimburses costs associated with factory certifications and assessments. FLA has verified that NLA awards these reimbursements in practice.

Strengths:

- NLA's approach to factory scorecards demonstrates its partnership-based approach to supplier relationships. NLA discusses a factory's results with factory management to identify necessary improvements for both parties.

Recommendations for Continuous Improvement:

- Although NLA systematically fills scorecards for all suppliers on a regular basis, suppliers only discuss the compliance elements of the scorecard with the responsible business and manufacturing teams. Although these are the most relevant stakeholders, a wider scorecard review among NLA staff would achieve the most sustainable improvements at the company level. Beyond accreditation, NLA should implement a regular process to disclose the factory's rating and discuss the results with additional internal stakeholders.



PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING

Company Member 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 and human rights due diligence systems depends on having staff at headquarters who are well-trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters staff must be aware of the company's commitment so that workplace standards are embedded throughout the business.

Responsible Staff

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

Company Actions and FLA Verification:

At NLA, 14 staff members, including five in executive leadership, two in human resources, two in responsible business, four in production, and one in customer service represent the key leaders whose positions are relevant to the social compliance program, with the entire NLA team demonstrating awareness of responsibilities regarding pre-sourcing expectations.

The responsible business team in particular is dedicated to social compliance, with extensive industry knowledge and experience. The team has two staff members dedicated to the social compliance program: a full-time director of responsible business based in Colorado, USA and a contracted part-time social responsibility coordinator based in Nicaragua. The director of responsible business oversees the FLA program and reports directly to the CEO on accreditation progress, FLA membership, and the social compliance program. The social responsibility coordinator regularly visits and works with factories to ensure program compliance and reports directly to the director of responsible business. Both share responsibilities in monitoring, remediation, and reporting to senior leadership.

At the headquarters level, the chief finance officer, vice president of product, vice president of manufacturing and operational excellence, director of planning, director of logistics and trade, and director of demand planning are responsible for upholding RPP and NLA's code of conduct through policy creation. Each of these staff members support and report to the responsible business team on relevant matters, which is documented in their respective job descriptions.

Strengths:

- Collaboration between the responsible business, customer service, and marketing teams involves engaging with RPP, ensuring customers are

aware of the responsible business program, and reviewing marketing materials with the goal of avoiding greenwashing and/or greenhushing.

Social Compliance Staff Training

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

Company Actions and FLA Verification:

The director of responsible business and the social responsibility coordinator have completed several trainings on various topics in social compliance, including prevention of sexual harassment, supervisor skills with a focus on gender, supply chain visibility, risk mapping strategies, freedom of association, modern slavery, and collective bargaining. The wider NLA staff have extensive experience in social compliance topics, and the team relies upon each other to stay informed and up-to-date on important issues within their supply chain. The NLA team maintains close geographic proximity to suppliers in the United States and Central America, which helps ensure the effective implementation of workplace standards. The responsible business staff have built strong, trusted relationships with their suppliers to ensure cooperation and collaboration in monitoring, remediation, and continuous improvement of social compliance overall.

Strengths:

- The director of responsible business and the social responsibility coordinator demonstrate a strong understanding of social responsibility needs within their supply chain with appropriate trainings, remediation support, and social compliance program management at NLA.

Recommendations for Continuous Improvement:

- As a continuous improvement, FLA recommends that NLA seeks out trainings on country-specific risks, regulations, and trends for the company's high-risk and high-production countries. This will allow staff to stay up-to-date on the most relevant/salient topics within their sourcing bases and encourage a more proactive response to persistent violations found in these countries.
- Beyond accreditation, FLA recommends that any new social responsibility team members are provided with consistent, formalized training during the onboarding process to ensure knowledge is not lost due to turnover and that supplier relationships remain strong, consistent, and positive.

Head Office and Regional Staff Training	BENCHMARK 3.3: Company Member 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.
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Company Actions and FLA Verification:

NLA hosted a training on FLA’s 10 principles for all staff in 2023, including topics such as the role of FLA, code elements, and responsible purchasing practices. In 2024, due to staff turnover, NLA did not hold a training on workplace standards. In June 2025, the company held a training on responsible business for headquarters staff and set a goal of digitizing and implementing future trainings in a learning management system (LMS). NLA uses quizzes to gauge training participants’ knowledge on responsible business program topics, including human rights, fair labor, responsible purchasing practices, environmental sustainability, and product traceability. The company also tracks staff attendance at trainings.

Recommendations for Continuous Improvement:

- In June 2025, NLA held a responsible business training online for all staff. As a continuous improvement, FLA recommends that NLA implements this training annually, tracks staff completion rates, and follows up with attendees after trainings. The responsible business team should work in concert with human resources or a similar department to implement this system.
- Beyond accreditation, FLA recommends that NLA’s onboarding process includes specific trainings on workplace standards for headquarters staff. In addition, the company’s workplace standards trainings, including both onboarding and regular refreshers, must include local regulations and labor violation trends for high-risk and high-production countries – especially as NLA broadens its global supply chain.

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.
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Company Actions and FLA Verification:

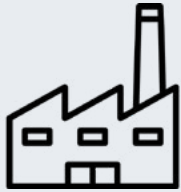
The director of responsible business holds RPP trainings for NLA’s sourcing, productions, sales, and customer service teams. These trainings cover FLA’s expectations and standards, NLA’s commitment to RPP, responsible engagement with suppliers, and NLA’s commitment to fair compensation. In the future, the company plans to implement quarterly, RPP-specific refresher trainings incorporating policy updates, fair compensation updates, and supply chain risk changes.

Strengths:

- The director of responsible business has conducted several trainings in the past year for production and sourcing leadership staff on the pre-sourcing process. NLA specifically implements this training to enhance staff knowledge of RPP, including the importance of timely and consistent factory approval and how their roles overlap with social compliance. During FLA's headquarter assessment, the team reported significant changes to RPP decision-making – with staff demonstrating a greater understanding of pre-sourcing expectations.

Recommendations for Continuous Improvement:

- As a continuous improvement, FLA recommends that NLA implements a system to review participant feedback and improve RPP trainings. Furthermore, NLA should integrate supplier feedback into training materials to ensure iterative improvements of the training based on the needs of its supply chain.



PRINCIPLE 4: SUPPLIER AND PRODUCTION STAFF TRAINING

Sourcing Principle: Company Member 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 FLA, and actively contribute to consequent remediation activities.

Company Actions and FLA Verification:

NLA communicates its workplace standards and code of conduct to suppliers – including a commitment to cooperate with audits and assessments, and to remediate all non-compliances within its Terms of Engagement and Manufacturing and Supply Agreement. As a result, suppliers enter into a relationship with NLA with a foundation based upon social responsibility, and a commitment to upholding NLA's workplace standards and code of conduct. The company maintains a record of these signed commitments and ensures that suppliers are aware of the potential consequences of breaches.

Recommendations for Continuous Improvement:

- NLA's Terms of Engagement document is currently only in English. As this is a key document that sets the foundation of supplier partnerships, FLA recommends that NLA translates these terms into appropriate local languages.

Conditioning Future Business

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

Company Actions and FLA Verification:

NLA has a strong system for evaluating supplier social compliance performance and utilizes an escalation process, should suppliers not remediate identified issues in a timely manner. NLA incorporates social compliance metrics into its supplier scorecards and regularly updates these scorecards with new metrics. The company uses the scorecard data as an opportunity for conversations with suppliers. In addition, NLA has demonstrated its eagerness to work with suppliers to remediate non-compliances identified outside of the traditional audit cycle. The company maintains strong policies related to zero tolerance findings, non-compliances, and failures to remediate.

When NLA identifies a troubling trend in a supplier's social compliance performance, the responsible business team has the ability to escalate as needed. The director of responsible business brings compliance concerns to the attention of senior management, including the CEO. As a result, management is able to quickly react and support the responsible business team when factories display a failure to remediate. For example, NLA will communicate to suppliers that continued orders are dependent on upholding workplace standards and the code of conduct. NLA management will also coordinate with other internal teams to emphasize the importance of the responsible business team's mission.

FLA verified an example where NLA identified a supplier through a commissioned audit that had not sufficiently remediated findings. In response, NLA worked cross-departmentally to improve conditions in the factory. NLA clearly communicated to the supplier that insufficient progress would be grounds for ending the sourcing relationship; that meeting social compliance standards is a prerequisite for maintaining an ongoing business relationship; and that the responsible business team's expectations must be met within an agreed upon timeframe. The supplier proved unwilling to remediate, and NLA terminated the business relationship, exiting the factory responsibly.

Strengths:

- FLA has observed that NLA's senior leadership is supportive of, and engaged in, decisions regarding terminating sourcing relationships due to social compliance concerns. Leadership makes decisions in alignment with the responsible business team's recommendations and ensures that supplier management processes align with company policies and procedures surrounding responsible exit.

Recommendations for Continuous Improvement:

- NLA lacks an explicit procedure for escalating a conflict between departments over sourcing decisions. Despite this gap, FLA has verified that, in cases of conflict, the director of responsible business reports directly to senior leadership to address the issue. FLA has not been able to verify a case where leadership overrode the responsible business team on a sourcing decision. As continuous improvement, beyond accreditation, FLA recommends that NLA develops escalation procedures and incorporates them into the relevant SOP.

Workplace Standards Accessibility

BENCHMARK 4.3 (SOURCING): Company ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.

Company Actions and FLA Verification:



NLA provides translations of its code of conduct to all suppliers and requires that they post them in accessible locations for workers. FLA verified this through two audit field observations in Nicaragua in 2022 and Honduras in 2024, as well as four SCI assessments. NLA’s Terms of Engagement also require photographic proof that the factory has posted the code of conduct in the appropriate languages. FLA has verified that NLA provides translations of its code of conduct to all suppliers during onboarding.

Recommendations for Continuous Improvement:

- In addition to direct, headquarter-level verification that factories have posted NLA’s code of conduct in the appropriate languages, FLA recommends that NLA’s Supplemental Audit Tool also allows assessors to report on this. In practice, FLA observed that assessors perform this check, providing additional factory-level verification. However, an explicit instruction for this step would ensure that assessors perform the check during every factory visit.
- As a continuous improvement beyond accreditation, FLA recommends that NLA develops a system to track the cadence and effectiveness of trainings at contracted factories. This system should ensure that workers in its supply chain receive annual code of conduct and workplace standards trainings.
- FLA recommends that NLA revises the questions in its Supplemental Audit Tool related to workplace standards and code of conduct trainings to emphasize the importance of efficacy; the tool should also determine participants’ training comprehension.

Training on Workplace Standards and 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:

NLA regularly provides comprehensive training to workers, managers, and supervisors on workplace standards at contracted factories. These trainings are often conducted by NLA's social responsibility coordinator, either in-person, or online. FLA reviewed relevant training materials and post-training comprehension checks, and found them engaging, strong, and comprehensive. The company uses feedback mechanisms to gauge participants' knowledge retention from the trainings.

Recommendations for Continuous Improvement:

- As a continuous improvement beyond accreditation, FLA recommends that NLA develops a system to track the cadence and effectiveness of workplace standards trainings at contracted factories. This system should ensure that workers receive annual code of conduct and workplace standards trainings.



PRINCIPLE 5: MONITORING

Company Member 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. 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 Member conducts pre-sourcing assessment of contract facilities to review compliance with workplace standards.

Company Actions and FLA Verification:

Before entering into a new sourcing relationship, NLA conducts a thorough review of the supplier and factory. The company has formalized this process in internal policy and procedure documents. After gathering key information on the factory's size, structure, production processes, and management systems, the responsible business staff consult a supply chain intelligence database to screen for zero-tolerance issues. The company rejects factories with any such findings. Factories that pass this step must either provide an existing social compliance audit applying a legitimate and reputable standard or undergo an assessment using NLA's methodology (see Benchmark 5.2). Any zero-tolerance issues identified in this audit will also cause NLA to reject the factory.

After this initial audit, NLA applies additional scrutiny by requiring prospective factories to develop a CAP addressing all findings from the audit. To continue the relationship, the factory must demonstrate its ability to partner with NLA on remediation. The factory must collaborate with responsible business staff to conduct root cause analysis and develop action plans. The factory then begins to remediate the issues identified in the initial audit, with a particular focus on high-severity findings that require immediate action. In particular, the factory must address all immediate actions and provide evidence of remediation within a set timeframe. Otherwise, NLA will reject the factory for production.

Strengths:

- NLA's field staff support the execution of the factory approval process. When needed, a member of the responsible business team may visit a production factory to engage its management during pre-sourcing or onboarding. The company's production staff may also use factory-level field visits to reinforce NLA's expectations for responsible sourcing and to offer support in implementing these requirements.

- Through headquarter interviews and a document review, FLA has verified that NLA's senior leadership, including the CEO, shares an understanding of the importance of social compliance requirements when assessing potential suppliers. When assessing a factory's suitability to partner with NLA, leadership takes the responsible business team's judgment into account. Leadership respects the team's recommendation to reject a factory that does not pass social compliance checks during pre-sourcing.

Monitoring Program and Compliance Standards

BENCHMARK 5.2: Company Member monitors facilities regularly to assess compliance with workplace standards.

Company Actions and FLA Verification:

NLA's standard operating procedure for supply chain due diligence defines the cycle of social compliance assessments for all Tier One and full package suppliers. As all NLA factories are required to maintain Worldwide Responsible Accredited Production (WRAP) certification, NLA reduces audit fatigue by utilizing WRAP factory assessments to evaluate factories' compliance with the NLA code of conduct. To ensure suppliers are fully aligned with the NLA code and the Principles of Fair Labor and Responsible Sourcing, NLA has developed a Supplemental Audit Tool to cover elements that are required by NLA and FLA standards but not captured in a WRAP assessment. NLA's policy and procedures require that all assessments must utilize both the WRAP protocol and NLA's supplemental elements.

NLA's procedures include a risk-based approach to factory assessments, in which the number and severity of non-compliances determine the timeframe for the factory's next NLA-commissioned audit. Factories that fall below minimum standards must receive an additional assessment to verify improvement. The highest performing factories may receive NLA-commissioned assessments less frequently. In all cases, a factory may receive unannounced follow-up audits through the WRAP program to assure remediation of the previous assessment's findings.

Strengths:

- NLA has provided its preferred audit service provider with communication and training on the company's approach to assessments, particularly on FLA Principle 5 and its Supplemental Audit Tool. Through two audit field observations, FLA verified that assessors understand the purpose of NLA's approach and implement all elements of the protocol correctly.
- NLA communicates its requirements, expectations, and process for factory assessments clearly during the supplier onboarding process, so that suppliers enter the sourcing relationship prepared to engage and with a clear understanding of their role.

Recommendations for Continuous Improvement:

- Currently, the only criterion in NLA’s risk-based approach is the audit result. Although NLA performs a risk assessment during the pre-sourcing process which incorporates other factors, the results of this assessment do not currently impact the frequency or type of factory assessments. Beyond accreditation, FLA recommends that NLA utilizes risk factors such as country/region risk, production processes, or sourcing volume to determine a factory’s assessment requirements. This approach will further NLA’s efforts to minimize audit fatigue and use audit resources more effectively.

Audit Components and Quality

BENCHMARK 5.3: Company Member 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:

Assessors conducting NLA’s factory assessments implement both the WRAP program assessor protocols and tools, and NLA’s supplemental protocols. Assessors use factory tours, interviews with both workers and managers, and extensive document review to take a comprehensive view of the factory’s management systems, and the effectiveness of these systems, in upholding workers’ rights. Assessors measure the factory against the NLA code of conduct and its benchmarks, local law, and the provisions of any collective bargaining agreements at the factory.

Throughout NLA’s accreditation journey, FLA has utilized milestone evaluations and audit field observations to ensure that this combined protocol meets FLA’s expectations for thorough and high-quality factory assessments. Through these activities, FLA has confirmed that NLA directs auditors to check whether workers, supervisors, and managers receive training on workplace standards. NLA assessments also devote particular attention to workers’ access to grievance mechanisms and their awareness of any union or collective bargaining structures impacting their workplace. The company integrates worker voice into the auditing process by requiring that workers, particularly the representatives of unions or other structures, be included in all elements of the audit.

Strengths:

- As is the case during the pre-sourcing factory approval process (see Benchmark 5.1), NLA responsible business staff regularly visit contracted factories as part of the audit and remediation process, working in conjunction with worker representatives, unions, and factory management to strengthen the factory assessment process. During the accreditation process, FLA observed that NLA’s social responsibility coordinator has

shadowed audits to ensure that assessors understand and properly implement NLA’s audit protocol. As the coordinator’s role includes maintaining strong relationships with factory management, her presence also lends legitimacy to the assessment process and reinforces NLA’s expectations that factories participate fully.

Responsible Retrenchment	BENCHMARK 5.4: Company Member monitors facilities to ensure implementation of responsible retrenchment policies and procedures that uphold workplace, legal, and collectively bargained standards.
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Company Actions and FLA Verification:

As part of the audit process, NLA places a particular emphasis on verifying that a factory’s management systems for conducting retrenchment or layoffs aligns with NLA’s code of conduct. NLA uses a document review and interviews to assess whether the factory has policies and procedures in place to conduct responsible retrenchment. In cases where the factory has undergone retrenchment, assessors also use these techniques to ensure the factory followed these policies in practice, including maintaining a consistent and transparent process for selecting workers to be separated, compliance with local laws, and proper severance payments.

FLA has verified two cases in which NLA acted to ensure responsible retrenchment in its supply chain, both reactively and proactively. After receiving a report through the Third Party Complaint mechanism, FLA verified that a factory in El Salvador had improperly selected workers to be laid off who were protected by local law. In this case, NLA worked with FLA to ensure the reinstatement of these workers. In another case, NLA confirmed through a routine assessment that a factory had undergone retrenchment. In response, NLA directly communicated with the supplier to reiterate the company’s expectations on responsible retrenchment. NLA also established that the supplier would submit evidence of proper severance payments directly to responsible business staff as verification.

Strengths:

- NLA’s emphasis on monitoring retrenchment risks demonstrates a risk-based approach to supply chain monitoring. The approach allows NLA to anticipate the possible impacts of retrenchment and address them quickly, before issues escalate.



PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS

Company Member 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.

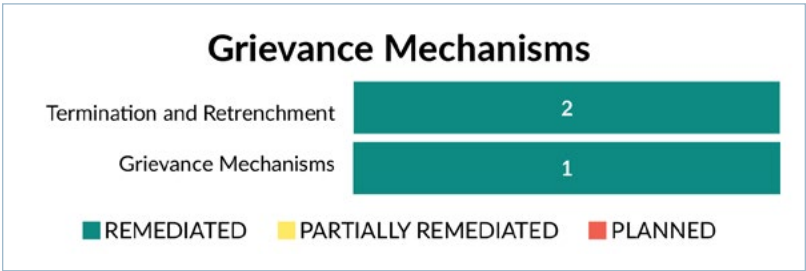
Ensuring Functioning
Grievance Mechanisms

BENCHMARK 6.1 (SOURCING): Company Member ensures there are functioning grievance mechanisms at facilities.

Company Actions and FLA Verification:

NLA’s Grievance Mechanism SOP details how open communication, feedback, and discussion are part of employee-management relationships and that this expectation applies to suppliers. Suppliers must provide multiple grievances channels to workers, such as suggestion boxes, an open-door policy, an anonymous hotline, and/or a worker committee, as well as NLA’s anonymous reporting channel. NLA’s audit methodology includes procedures on how factory assessments evaluate grievance mechanisms and ensure workers have access to grievance mechanisms in the supply chain.

NLA’s Supplemental Audit Tool, used in conjunction with any WRAP audit, includes key questions auditors must ask to workers regarding their access to and understanding of grievance mechanisms trainings. The tool also includes a document review to ensure assessors check for the existence of grievance/suggestion records, feedback and communication from workers, the NLA Grievance Hotline, and a grievance tracking system. As described in Benchmark 5.1, the NLA Audit Methodology includes timelines for remediation based on CAP process and root cause analysis.



SCI assessments have identified a total of three non-compliances on grievance mechanisms at NLA’s contract factories. In 2021, an SCI assessment at a factory in El Salvador found that the procedure for handling complaints through an open-door policy did not include timeframes for factory representatives to resolve the grievances at the different stages of the process. The factory revised its policy to include these timeframes, and management communicated this update to all workers in April 2022. In 2023, an SCI assessment conducted in Nicaragua found that a

factory did not provide ongoing training for workers or specific training for supervisors on several employment functions, including its grievance system. To remediate this finding, the factory trained workers and supervisors, including middle management, on employment functions. In 2024, at a different factory in Nicaragua, a similar finding on grievance mechanisms training found that workers were not receiving ongoing training on employment functions. In response, HR held trainings for workers and will continue to conduct these trainings on a semiannual basis. This non-compliance was also relevant to supervisors at the same factory, who received subsequent training on employment functions – including grievance mechanisms. All findings related to grievance mechanisms have been fully remediated.

Strengths:

- In addition to audit tool line items that assess the effectiveness of grievance mechanisms, NLA issues detailed instructions to assessors with suggested interview questions for workers, supervisors, and managers. These instructions ensure that assessors corroborate information to measure effectiveness. In particular, NLA’s procedures direct assessors to discuss the procedures and documents for how management handles grievances.

Confidential Reporting Channel Direct to the Company	BENCHMARK 6.2 (SOURCING): Where local mechanisms are not functioning, Company Member provides alternative channels for workers to contact the brand directly and confidentially.
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Company Actions and FLA Verification:

NLA formally launched its grievance systems across all factories in 2024, establishing a confidential hotline, which is available to workers in all Tier One factories via phone (WhatsApp), a web-intake form, and/or a QR code displayed at each factory. NLA requires all factories to make this channel available to workers and uses the assessment process to verify its availability. To ensure consistency and accessibility, NLA staff conduct quarterly worker interviews that include feedback about the communication channel provided. The confidential channel is also available to NLA employees at headquarters and in distribution factories. NLA has not received any grievances through the confidential channel thus far, and FLA and NLA will continue to monitor this closely.

NLA’s Grievance Mechanism SOP includes a flowchart on how to handle grievances submitted through the third-party hotline and/or web intake form. Within 48 hours, NLA staff must acknowledge the complaint and begin internal review and department allocation. Staff categorize grievances by severity, including red (severe), yellow (serious), and green (least serious). From there, NLA prioritizes investigation and remediation based on severity, scale, frequency, and zero-tolerance issues. Once the director of responsible business has reviewed a grievance, they document and provide receipt of the grievance to the complainant, categorize and assess the grievance using its evaluation criteria, and finally determine the severity on a case-by-case basis. Next, relevant departments establish the context of the complaint and begin an investigation. Staff determine whether or not a case

can be closed by considering engagement and information from all relevant stakeholders; they also decide if the issue requires further independent mediation or facilitation.

In its Corrective Action Plans and Remediation Policy, NLA requires that all grievances submitted by workers are to remain anonymous. The policy also includes instructions for remediating any grievances that suppliers or worker representatives submit through the third-party anonymous grievance channel. NLA tracks all grievance remediation with a data management system and follows a CAP process if necessary. When a grievance is received from a worker, and they wish to be contacted, the CAP and remediation process must include notifying the worker that the grievance has been received and that remediation will be initiated, including CAP updates. NLA invites the worker who submitted the complaint to suggest changes to the CAP; communicates the root cause of the issue, remediation steps, and the remediation timeline; and facilitates meetings, if desired. Finally, once the CAP is complete, NLA asks the worker if they feel the grievance was addressed. If they are not satisfied, NLA contacts the supplier's stakeholders and proposes additional remediation actions.

Strengths:

- During a training field observation, FLA verified that NLA staff conducted thorough training for key suppliers and worker representatives from those suppliers' factories on the direct grievance mechanism.

Recommendations for Continuous Improvement:

- During FLA's first audit field observation, assessors successfully triangulated different forms of evidence, including worker interviews, to assess workers' awareness of the direct grievance channel. During the second observation, FLA advised assessors to always complete this process. Beyond accreditation, FLA will continue to work with NLA to ensure audit consistency through a number of measures, including improving the questions in the Supplemental Audit Tool and document review process confirming annual grievance mechanism training and its effectiveness; retraining assessors on the supplemental tool; and creating detailed instructions for assessors on how to determine if workers understand grievance mechanisms during interviews.
- NLA's Grievance Mechanism SOP includes instructions for safeguarding workers. However, NLA does not specifically reiterate the importance of the confidential channel as part of its communication with suppliers. As a continuous improvement, FLA recommends that NLA updates its Corrective Action Plans and Remediation Policy with instructions on safeguarding workers – this policy details specific steps for suppliers to implement the confidential reporting channel.
- NLA has expressed interest in adopting a more worker-centric reporting channel in the near future. As a continuous improvement, FLA will support NLA in this transition to ensure workers have access to a safe, confidential reporting channel throughout its supply chain.

Training on Grievance Mechanisms

BENCHMARK 6.3 (SOURCING): Company Member ensures training and communication is provided to all workers, supervisors, and managers about the grievance mechanisms.

Company Actions and FLA Verification:

NLA's audit methodology defines how staff can verify that workers, managers, and supervisors are all trained on all available grievance mechanisms. Assessors use interviews to verify that the documented trainings were effective. During the rollout of the confidential reporting channel, NLA conducted trainings for all workers, managers and supervisors at all factories, using interactive activities including group role-play exercises where workers simulate real scenarios. NLA also uses quizzes to ensure consistency, training effectiveness, and maximum engagement, as not all participants engage with the role-play activities.

During the training field observation in 2024, FLA verified that the social responsibility coordinator conducted a grievance mechanism training for worker and management representatives, covering the grievance mechanism used to submit issues to NLA's head office. The training focused on a step-by-step explanation of its use and purpose, protections for anonymity, and the follow-up process that NLA conducts when a grievance is received. As previously described in section 6.1, in two SCI assessments, factories were found to have insufficient training for workers and/or managers on the available grievance mechanisms. In both cases, NLA worked with the factory to remediate the finding.

During the headquarter assessment, FLA verified several CAPs related to grievance mechanisms and lack of training. In 2025, a factory in El Salvador did not implement trainings on the NLA grievance systems and hotline. The factory claimed it did not have access to NLA's communication channels yet, so employees hadn't been trained. At another factory in Nicaragua, in 2025, 28 out of 30 workers were unaware of NLA's grievance mechanism.

Strengths:

- As a result of NLA's training and communication, suppliers take initiative in addressing grievances and actively consult NLA for additional resources on difficult cases. NLA partners with suppliers to address issues that arise outside of the traditional audit cycle.

Recommendations for Continuous Improvement:

- As described above, FLA's analysis of two NLA-commissioned audits indicated that two factories have not completed key remediation actions related to workers' knowledge of grievance mechanisms. FLA recommends that NLA continue to work with the factories to complete the agreed-upon remediation plan, gather evidence, and integrate the findings from these cases into training plans and risk analysis.
- During audit field observations, FLA confirmed that assessors verify that workers receive trainings on grievance mechanisms and that they

understand the mechanisms available to them. However, FLA also delivered feedback that assessors should explicitly report to NLA about the implementation of worker trainings on grievance mechanisms, both annually and when workers are hired. Beyond accreditation, FLA will continue to work with NLA to improve its reporting structure and ensure it consistently receives the needed data.



PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

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

Why: A company cannot make substantial improvements to its social compliance program and human rights due diligence systems as well as 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 their compliance program and communicate that improvement to both internal and external stakeholders.

Collection of Facility Data

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

Company Actions and FLA Verification:

NLA collects required information on all supplier factories and manages this information centrally through a new online platform. Previously, NLA managed this information in a more decentralized manner. This transition has allowed NLA to organize detailed factory information with audit findings, remediation data, and trend analysis in one location. The new platform tracks findings from both commissioned audits and FLA's SCIs, along with remediation progress and CAPs for both. In addition, it houses information on factory certifications.

Analyzing Social Compliance Trends

BENCHMARK 7.2: Company Member analyzes trends in noncompliance findings.

Company Actions and FLA Verification:

NLA actively analyzes trends in audit findings and remediation data to identify opportunities for additional training, process improvements, and increased intervention. FLA has verified, that upon identifying a trend in factory assessment findings regarding social security payments in Honduras, NLA engaged suppliers in the country with additional trainings on the topic to proactively address the problem. Similarly, the company has used its analyses to engage in conversations with suppliers on how addressing repeated findings or areas of continued concern can help to improve audit performance, and as a result, scorecards.

NLA recently transitioned from an Excel-based system of analyzing audit and SCI findings and remediation data to an online platform, as outlined in section 7.1. While the Excel-based system was sufficient for identifying trends among a small and geographically concentrated supply base, it

involved large amounts of manual intervention. The online platform allows for more flexibility, automation, and holistic data visualization, and has been updated to include historic audit and remediation data. This platform also allows for supplier/factory-level risk analysis; NLA uses this capability to make sourcing decisions.

Strengths:

- NLA proactively engages in trend analysis to identify opportunities for trainings, remediation, and focus for its responsible business staff.

Recommendations for Continuous Improvement:

- NLA should continue to leverage the advanced capabilities of its new compliance platform when considering training programs for suppliers.



PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION

Company Member 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 Member provides regular follow-up and oversight to implement corrective action following assessments.

Company Actions and FLA Verification:

NLA’s Corrective Action Plan and Remediation Policy and Supply Chain Due Diligence Policy provide guidance for suppliers on remediation following assessments, including the CAP process, roles and responsibilities, root cause analysis, and the inclusion of union and/or worker representatives throughout the process. NLA’s responsible business team is committed to enhancing working conditions by partnering with key stakeholders to identify root causes and develop targeted, effective remediation strategies. By signing NLA’s Supplier Agreement, suppliers commit to engaging collaboratively with the company on all remediation activities.

Following an audit, the factory is required to create an initial CAP that the NLA responsible business team then reviews and approves. Once approved, the factory submits either a 30-day or 60-day Corrective Action and Remediation Plan, depending on NLA’s determination of the severity of the findings. NLA also completes a consultation with the supplier and its management, worker representatives, and/or workers as part of this process, and NLA expects its suppliers to formalize its CAP and address all immediate action findings within 30 days, with longer timelines for sustainable improvements. The responsible business team closely monitors and collaborates with the factory during the remediation process.

Root Cause Analysis

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

Company Actions and FLA Verification:

NLA’s Supply Chain and Due Diligence Policy outlines post-audit procedures, which include conducting root cause analysis (RCA). It includes instructions to engage in a call with supplier management and worker representatives to conduct RCA. NLA and the various stakeholders utilize the

“five whys” and/or fishbone analysis to determine immediate and sustainable remediation for each item in the CAP. Following agreement on the root cause with all stakeholders, the factory works with NLA to finalize a CAP and remediation begins. NLA’s Corrective Action Plans and Remediation Policy details the process, further emphasizing the importance of RCA in the remediation process.

NLA has engaged with Better Work to provide trainings on its RCA methodology to factories in Central America, with NLA reporting that worker representatives and unions are actively engaged in remediation processes, particularly in countries where Better Work programs promote the role of workplace committees in addressing factory-level issues.

Strengths:

- NLA’s social responsibility coordinator is responsible for extensive stakeholder engagement and regularly engages with the various union and worker representative structures at factories in Central America in remediation, along with the wider responsible business team. This position plays an important role in coordinating with supplier factories, worker representatives and unions, and civil society groups.

Recommendations for Continuous Improvement:

- As continuous improvement, FLA recommends that NLA collects the training materials provided to workers by factory management where they address root cause analysis.
- In the future, or as staff turnover occurs, FLA recommends that NLA maintains and continues to leverage a regional social responsibility position to build the stakeholder relationships needed to engage factories on remediation, particularly in new sourcing geographies.

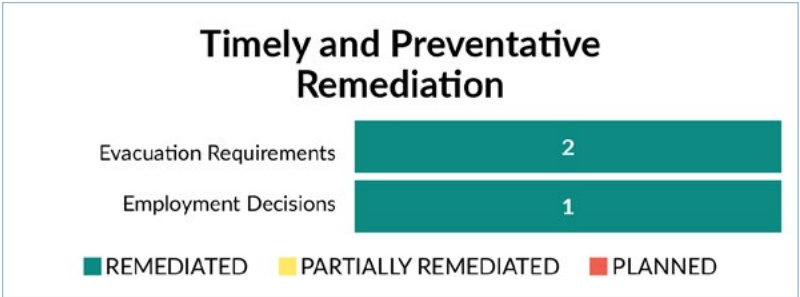
Ensuring Effective Remediation	BENCHMARK 8.3: Company Member records and tracks the progress and effectiveness of remediation for internal assessments.
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Company Actions and FLA Verification:

Remediation progress is tracked manually by the responsible business team, with a new supplier management data system currently being integrated to improve efficiency. During the headquarters assessment, FLA reviewed this new system and the responsible business team demonstrated its capabilities for both factories and NLA, with both parties able to input information and evidence into the system. NLA also employs a supplier scorecard system which includes criteria on social compliance, including dedicated compliance staff, CAP closure documentation, an up-to-date WRAP audit, enrollment in the Better Work program, and zero tolerance issues. More information on the supplier scorecard system is found in

Benchmark 2.4 and Benchmark 4.2. To verify remediation, the responsible business team collects evidence from factories including photographs, records, and revised policies and procedures.

In June 2023 an NLA audit in Honduras identified violations regarding health and safety and overtime pay. The factory did not report full remediation of these findings within the mutually agreed upon timeframe, prompting a follow-up audit in September 2023. During worker interviews and document reviews, NLA confirmed that the factory had retroactively paid overtime wages and all findings were closed.



FLA has verified examples of successful remediation of SCI findings at two factories. In 2021, an SCI conducted in El Salvador found that during a retrenchment, the factory did not use objective criteria in workers’ performance reviews to determine retrenchment decisions. The assessor suggested that the policy be revised; the factory revised its form for performance reviews according to the assessor’s suggestions. During the same SCI assessment, another finding on evacuation routes described how an aisle was blocked by a table on the second floor of the sewing department. The factory removed the table and the finding was remediated.

A 2024 SCI in Nicaragua found that the factory had not provided training to relevant employees on chemical spillage nor provided anti-spillage drills. The factory later remediated this finding by providing its relevant workers with training on chemical spillage.

Recommendations for Continuous Improvement:

- While NLA has numerous examples of supporting suppliers through CAP completion, as a continuous improvement, FLA recommends that the company develops a formalized strategy for engaging with and supporting suppliers to remediate non-compliances in cases where a supplier is struggling to complete remediation, is uncooperative in collaboration, and/or has surpassed the given timeline to complete the CAP.
- As continuous improvement, FLA recommends that NLA develops a methodology for supplier scorecards to determine how a supplier’s remediation progress aligns and integrates with its remediation system; this should ensure consistency across all suppliers and CAPs.

**PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY**

Company Member 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 enable companies to make their supply chains more responsive to workers' needs.

**Civil Society Engagement
Strategy and Mapping**

BENCHMARK 9.1: Company Member develops a CSO outreach strategy that reflects the geographical distribution of sourcing.

Company Actions and FLA Verification:

NLA's Consultation with Civil Society Policy shares the company's commitment to engage with trade unions and relevant civil society organizations to gain a better understanding of issues within its supply chain. The policy covers all high-risk and high-production countries, lists the goals the company is aiming to achieve through its strategy, and includes the various methods that support NLA in assessing risk in its sourcing countries such as using the WRAP assessments, the Supplemental Audit Tool, and other traceability and supplier management technologies. The policy identifies NLA's priority countries for engaging with civil society and unions, including Pakistan, Nicaragua, and Honduras, as well as Egypt – an emerging sourcing country in the coming years. The policy also details how NLA measures its goals and potential challenges, and how the company manages both reactive and proactive engagements. The director of responsible business is accountable for implementing the policy and the social responsibility coordinator collaborates on civil society outreach, partnership, and reporting on engagements. The policy also details recent engagements with the Americas Group, which ceased operations in 2025.

NLA conducted a civil society engagement mapping exercise which included various global and local organizations related to workers' rights in its countries of focus, such as Nicaragua, Honduras, Haiti, and El Salvador; NLA also considered new and emerging sourcing bases such as Pakistan and Egypt. Using an internal tracker, NLA documents information including the frequency and type of expected engagement with each organization, the staff responsible, and stakeholder contact information. NLA has begun outreach efforts to civil society in new sourcing regions such as Egypt and Pakistan.

Recommendations for Continuous Improvement:

- As a continuous improvement, FLA recommends that NLA prioritize intentional outreach to unions and worker representatives in new sourcing regions, such as Egypt and Pakistan, to further strengthen their engagement efforts with all forms of civil society.

Engagement on Local Labor Issues

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

Company Actions and FLA Verification:

The responsible business team actively engages with civil society organizations as issues arise through complaints, remediation efforts, or general outreach. NLA has shared that significant challenges exist in finding and engaging with civil society groups in Honduras and Pakistan and continuously explores alternative approaches, including independent labor law experts and academic consultations.

In 2025, a civil society organization contacted NLA with allegations of unpaid wages and backpay at a factory in Pakistan. The organization conducted further investigations and found freedom of association violations, including management intimidating and retaliating against workers to dissuade them from joining an independent union. Furthermore, the investigation uncovered allegations that factory management set up an inauthentic, employer-controlled union to counter the presence of the independent union. In response, NLA actively engaged the organization to understand the situation at the factory and attempt to resolve the issues. As more information came to light, NLA continued to engage with the organization and a Pakistani trade union representative. FLA verified at the headquarter assessment that NLA consistently engaged with the factory to encourage remediation. NLA ultimately decided to terminate the relationship in keeping with its escalation policy and FLA standards.

Recommendations for Continuous Improvement:

- As a continuous improvement, FLA recommends that NLA provides examples of how its engagement with civil society has led to improvements within the social compliance program and the company's responsible sourcing practices.

Engagement on Training, Worker Communication Channels, and Remediation

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

Company Actions and FLA Verification:

NLA has engaged with civil society organizations and unions, primarily in Central America, to improve workplace standards in its supply chain, and continues to pursue efforts in emerging and growing sourcing bases such as Pakistan. NLA has collaborated with Better Work over several years to provide training to workers where violations have occurred during audits.

NLA partnered with the America's Group to deliver training on its Employer's Guide on Freedom of Association to one of its factories in El Salvador, driving improvement on a sensitive and complex subject. Following this training and the subsequent cessation of the America's Group, NLA collaborated with a local expert who delivered training in January 2026 aimed at strengthening freedom of association competencies for both management representatives and all workers in the factory.

Union and Worker Representative Consultation

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

Company Actions and FLA Verification:

The NLA Supply Chain Due Diligence Policy includes instructions on confirming the existence of unions and/or worker representative structures, collecting information on these groups, and gathering information on collective bargaining agreements during audits (including questions for assessors in the Supplemental Audit Tool during WRAP audits). The company's Corrective Action Plans and Remediation Policy requires union and/or worker representative engagement in CAP remediation, where applicable. NLA's engagement with Better Work Haiti has supported remediation efforts involving factory management, unions, and worker representatives. NLA reports that this approach has become a permanent component of its monitoring program as it continues to build strategic and long-term partnerships with organizations that provide local expertise and technical knowledge. The responsible business team manually tracks the presence of unions and collective bargaining agreements at all factories during the auditing process.

NLA is an active brand partner in the Better Work program. Participating factories in its supply chain receive compliance assessments, advisory services, and training to help them address identified gaps. In Haiti, for example, Better Work provides training and advisory support to establish or strengthen factory-level structures for worker-management dialogue, with trade union participation where unions are present. These structures provide a forum for workers and management to discuss assessment findings, workplace concerns, and remediation priorities. This model allows purchasing brands to engage with unions and incorporate them into remediation processes.

In one case in 2024, a Better Work assessment at an NLA supplier in Haiti found that factory management was not properly deducting and forwarding workers' contributions to the Office d'Assurance Accidents du Travail, Maladie et Maternité (OFATMA) for maternity and health insurance. OFATMA-related non-compliance is a significant issue across Haiti's garment industry. In addition to violating Haitian law, failure to make the required contributions may limit workers' access to social protection and expose them to out-of-pocket healthcare costs. Furthermore, the factory's failure to facilitate access to OFATMA violated provisions of the collective bargaining agreement in force at the factory. NLA collaborated with Better Work

Haiti and with a union at the factory to support corrective action and the factory began deducting the contribution properly. The parties also worked together to ensure that workers received information about the applicable contributions and how to access OFATMA benefits.

In 2022, an audit in Nicaragua found that the factory’s improvement advisory committee was not being selected fairly through a democratic vote by workers; instead, management selected the committee. To remediate this, the factory held a vote for the workers’ committee seats without management interference.

Freedom of Association and Collective Bargaining	
Collective Bargaining Agreement Compliance	NO FINDINGS
Employer Interference in Union Operations	NO FINDINGS
■ REMEDIATED ■ PARTIALLY REMEDIATED ■ PLANNED	

In 2023, FLA initiated a Third Party Complaint (TPC) investigation of a factory in El Salvador, following a formal complaint from a local union. NLA and another FLA member were sourcing from the factory at the time the TPC was submitted and were involved throughout the investigation and remediation process until the complaint’s closure. The TPC complaint alleged the illegal dismissal of three union leaders. The independent investigators uncovered further non-compliances with FLA’s benchmarks and local laws. Following FLA’s and the member companies’ investigation and remediation efforts, the factory reinstated and provided backpay

for the three leaders and reinstated another two union leaders from a previous illegal dismissal in 2021. The root cause of this violation was the lack of healthy industrial relations within the factory and gaps in the factory’s management systems concerning freedom of association. Investigators noted that NLA and the other FLA member were cooperative; however, staff turnover at NLA, and a lack of willingness by the factory to fully engage, led to delays and challenges in resolving these underlying issues, taking over two years for remediation. After further updates demonstrating that the factory had remediated the non-compliances and implemented several recommended corrective actions, FLA determined that NLA had satisfied its obligations to engage with the TPC process. Further details on this investigation can be found on FLA’s [website](#).

SCI assessments at NLA’s factories did not identify non-compliances related to employer interference in unions, refusal to engage in collective bargaining or to comply with collective bargaining agreements, or other freedom of association violations.

Recommendations for Continuous Improvement:

- As continuous improvement, FLA recommends that the responsible business staff at NLA continues to build knowledge on, and connections with, union structures in emerging sourcing countries such as Pakistan and Egypt to ensure meaningful engagement in the future.
- NLA’s social responsibility coordinator, based in Central America, engages regularly with factories on remediation, including unions and worker representatives where present. Better Work has been a key partner in supporting this engagement in Haiti. As NLA staff transition beyond accreditation, FLA recommends that the company prioritizes building positive relationships in future sourcing countries.

**PRINCIPLE 10: VERIFICATION REQUIREMENTS**

Company Member meets FLA verification and program requirements.

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

FLA Membership

BENCHMARK 10.1: Company Member maintains standard operating procedures related to FLA membership.

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

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

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

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

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

Company Actions and FLA Verification:

NLA is an active and engaged member of FLA. The company maintains a standard operating procedure related to its FLA membership which reflects its obligations to maintain a public factory list, participate in FLA factory assessments, remediate identified factory issues, and pay FLA dues in a timely manner. NLA has complied with these obligations over the course of its membership. In addition, NLA actively participates in FLA governance, with its director of responsible business serving as a member of the FLA's communications committee and manufacturing committee.

APPENDIX A: REMEDIATION PROGRESS

The chart below shows the full remediation progress analysis from Next Level Apparel's SCI assessments included throughout this report.

Chemical Management	1	1
Termination and Retrenchment	2	
Employment Decisions	1	
Grievance Mechanisms	1	
New Employee Orientation	1	
Evacuation Requirements	2	
Machinery Safety	2	
Supervisor Training	2	
Sexual Harassment	NO FINDINGS	
Production Targets	NO FINDINGS	
Freedom of Movement	NO FINDINGS	
Monetary Fines	NO FINDINGS	
Employer Interference in Union Operations	NO FINDINGS	
Pregnant Worker & New Mother Protections	NO FINDINGS	
Legally Mandated Benefits	NO FINDINGS	
Proof of Age Documentation	NO FINDINGS	
No Rest Day	NO FINDINGS	
Accurate Wage Records, Calculation, & Payment	NO FINDINGS	
Collective Bargaining Agreement Compliance	NO FINDINGS	
Minimum Wage	NO FINDINGS	
Forced Overtime	NO FINDINGS	
Personal Protective Equipment (PPE)	NO FINDINGS	
Recruitment Practices	NO FINDINGS	
General Compliance Hours of Work	NO FINDINGS	

■ REMEDIATED ■ PARTIALLY REMEDIATED ■ PLANNED