

Fruit of the Loom Social Compliance Manual For Licensees



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DEFINITIONS

1. **Accredited:** Licensee has a well-organized and effective social compliance program that aims to achieve decent and humane working conditions for employees within its supply chain and demonstrates best practices.
2. **Assessment:** The evaluation process conducted by an assessor to verify the compliance of a factory's working conditions with codes of conduct or benchmarks based on local and international labor standards.
3. **Assessment firm:** The company that evaluates a facility based on a social auditing standard.
4. **Best Practice:** A method or technique that creates positive change in workplace conditions through collaboration, accountability and/or transparency and has been generally accepted as superior to other alternatives.
5. **Compliance Owner:** The FOTL Corporate Social Responsibility (CSR) team member assigned to facilitate the social compliance process of a facility.
6. **Corrective Action Plan (CAP):** The plan of action that details methods to remedy any findings in a social compliance or security assessment report. The CAP lists each finding, the root cause of the finding, the action that must be taken to correct the finding, the responsible party, the deadline date, and status for completing the action item.
7. **Developed:** Licensee has an organized and effective social compliance program that aims to achieve decent and humane working conditions for employees within its supply chain and has opportunities for building best practices.
8. **FOTL-owned Compliance Program:** Social compliance program by which FOTL is responsible for majority or all of supply chain social compliance monitoring.
9. **Fundamental Benchmark:** A standard practice that establishes a central importance around social and labor compliance.
10. **Industry assessment:** A social auditing standard developed and recognized within a specific industry.
11. **Licensee-owned Compliance Program:** Social compliance program by which licensee is responsible for majority or all of supply chain social compliance monitoring.
12. **Multi-Stakeholder Initiative (MSI):** A governance structure that seeks to bring together government, civil society and private sector to participate in the dialogue, decision making and implementation of solutions to complex development challenges or goals.
13. **Subcontractor:** Any business other than the Supplier to which Fruit of the Loom (or its affiliate) has issued its purchase order that performs a process directly related to the production of the product for Fruit of the Loom by the Supplier. Examples of subcontracted processes could be cutting, sewing, or any operation thereafter (e.g., embroidery, printing, or laundering of a branded finished product).
14. **Tier 1 Supplier:** Main manufacturer that ships finished goods, including Subcontractors.



General Compliance Program Requirements and Restrictions

All licensees will be required to complete an Eligibility Form to determine if their company's social compliance program qualifies for the FOTL-owned or Licensee-owned Social Compliance Program. Any questions about the Eligibility Form should be directed to the appropriate Compliance Owner.

Conflict Minerals: All licensees are required to submit **one** Conflict Minerals Reporting Questionnaire on behalf of their supply chain at the beginning of their agreement with Fruit of the Loom. This should be emailed directly to your Compliance Owner. Annually, a sample of licensing partners will be selected to complete the form again. You will be notified if your company is selected.

Supply Chain Mapping: All licensees are responsible for ensuring that facilities complete all required actions (as outlined below) and provide any assistance with the mapping process. FOTL has partnered with a supply chain mapping and software company to collect the information via a cloud-based platform. Facilities are required to register in the platform and answer a FOTL questionnaire, providing information about the Facility, the Facility's legal and organizational structure, the Facility's production processes, policies, and worker demographics, and identification of the Facility's direct suppliers. The Facility must require each direct supplier to the Facility to register and complete the FOTL questionnaire.

Uzbekistan and Turkmenistan: All Licensing partners are to refrain from purchasing cotton directly or indirectly from Uzbekistan or Turkmenistan or knowingly using yarn or textiles from vendors that source cotton from Uzbekistan or Turkmenistan when manufacturing any FOTL products. In addition, we require that our business partners maintain records identifying the origin of the cotton used in the manufacturing of all products made for FOTL and have the records available for review during Assessments

Xinjiang Uyghur Autonomous Region ("XUAR") in China: Licensees may not produce, manufacture, or source goods or materials (including, without limitation, cotton and cotton inputs), in or from the XUAR, or otherwise support, directly or indirectly, the activities of any CMIC on the NS-CMIC List, any entity on the BIS Entity List, or any of its or their subsidiaries. Documentation of the foregoing, satisfactory to FOTL in its sole discretion, shall be provided upon request. Licensees that do business with and in China must review new developments on a regular basis and make sure that their policies and procedures align with current economic, sanction, export, and import requirements.



FOTL-Owned Compliance Program Overview

1. New Factory Onboarding ***Complete prior to placing orders with the facility.**
 - a. Once a prospective factory has been identified, ask the compliance owner to review the FOTL database for history of the proposed factory or a list of factories that manufacture similar products. If suitable factories are identified, only the Factory Profile will be required in step 2.
 - b. If no suitable factory is found that is already approved by FOTL, submit the following to the compliance owner for the prospective supplier. **Allow 10 business days for onboarding requests to be processed.** Ask the factory to review the FOTL Code of Conduct Benchmarks and the Supplier Guidelines found here: <https://www.fotlinc.com/sustainability/supply-chain/resources-for-suppliers/>.
 - i. Factory Profile
 - ii. New Factory Request Form
 - iii. A valid WRAP, BSCI, SMETA or WCA assessment (Alternatively, if the licensee is a member of Better Work or has purchased the factory assessment from Better Work, provide access to FOTL within the Better Work Portal to share the report.)
 - c. If there are any compliance risks, compliance owner will communicate those risks. Risks include but are not limited to factories over five floors, multiple tenants in the same building, and retail stores on the ground floor.
 - d. Onsite visit is recommended to verify the working conditions and is required for a factory located in a country in which FOTL or its licensees have no current production presence. FOTL's manufacturing footprint can be found here: <https://www.fotlinc.com/sustainability/supply-chain/>.
 - e. The compliance owner will communicate acceptance as a new factory if there are no major or zero tolerance findings identified in the industry assessment and there are no further compliance risks. CAP process should proceed according to step 2h in the Ongoing Monitoring section.
 - f. Access the FOTL Code of Conduct and Human Trafficking poster from the [Supplier Portal](#). Ask the factory to post the FOTL Code of Conduct and Human Trafficking poster in the facility and return a photo as proof of posting. Upload the photo and training records of FOTL Code of Conduct training conducted at the facility (attendee list, photos with date stamps, and training material) to [Supplier Portal](#).
 - g. If any major or zero tolerance findings are identified on the industry assessment, compliance owner will communicate that the factory will not be accepted. To continue the onboarding process for the factory, the CAP process should be completed and re-audit conducted, or notify the compliance owner to discontinue the onboarding process for the factory.
2. Ongoing Monitoring
 - a. By the 10th of each month, email the compliance owner a factory list using the factory list template. Be sure to include all factories (active with or without orders, potential new factories and exiting factories). If goods are being shipped from China, please



copy BrandProtection@spalding.com.cn on the email so that the factories can be entered into the China customs system to minimize shipment delays.

- b. Three months before a compliance assessment expires, begin audit scheduling process. If your company will be exiting the supplier, an assessment will not be required if the expected exit date is **less than or equal to 90 days** after the assessment expiration date. Please proceed to Facilities Without Orders for additional instructions.
- c. Email your compliance owner the following details:
 - i. Assessment schedule
 - ii. Assessment firm that will conduct the assessment
- d. Request the factory to complete the following documents:
 - i. Factory profile
 - ii. Photo of Code of Conduct and Human Trafficking poster posted in the factory in languages understood by every employee, including foreign migrants.
 - iii. Records of FOTL Code of Conduct training, including the training material, photos **with date stamps**, and a list of attendees.
- e. Once the factory completes the above documents, review them for accuracy and upload to the Supplier Portal.
- f. If the factory will have a BSCI or SMETA assessment, proceed to step g. If the factory will have a WRAP, WCA or Better Work assessment, proceed to step m.
- g. If a BSCI assessment has been conducted, your compliance owner will be able to access it in the BSCI platform. BSCI assessments should be available within 10 business days of the assessment. If a SMETA audit has been conducted, email the audit report and CAP to your compliance owner as soon as it is available.
- h. The compliance owner will review the report and document any major and zero tolerance findings. .
- i. If there are no major or zero tolerance findings, the compliance owner will simply communicate the expiration date and BSCI requirement to submit Sustainability Impacts and Measures in the amfori Sustainability Platform within 60 days. The assessment process is complete.
- j. If there are major findings, the compliance owner will email the list of findings to the licensee with a member of the FOTL Sustainability team member on copy.
- k. The FOTL Sustainability team member will review the information and request clarification if needed. Further guidance will be communicated, if needed.
- l. If a zero-tolerance finding was identified on the report, your compliance owner will contact you with next steps.
- m. Once the WRAP or WCA assessment has taken place, email the full report and certificate (for WRAP) to your compliance owner. You must give our company access to Better Work assessments through the Better Work portal.
- n. The compliance owner will review the report and document any major and zero-tolerance findings and communicate the results to the licensee.
- o. WRAP audits will be valid according to the WRAP certificate expiration date.
- p. WCA, SMETA and Better Work are valid for one year from the audit date.



- q. Remediation of findings will take place according to individual assessment current process.
 - r. If a zero-tolerance finding was identified on the report, your compliance owner will contact you with next steps.
3. Factories without Orders
- a. Factories with no current orders may remain active in FOTL's system for up to one year from the date the last orders shipped if they have a valid assessment.
 - b. Factories with no current orders that will be exited will need to be deactivated in the FOTL system.
 - c. When the decision is made to exit a factory, please list the factory in section D of the monthly factory list. Include the date that the last orders will ship from the factory.
 - d. When all orders have shipped from the factory, the licensee will be responsible for ensuring that all trademarked materials have been removed and/or destroyed from the facility including but not limited to the FOTL COC and Human trafficking poster along with any garments, trims, packaging, etc.
 - e. Once you have confirmed the above, notify your compliance owner via email.
 - f. The compliance owner will complete the deactivation certificate and email it to you for signature.
 - g. Please return the signed deactivation certificate to your compliance owner within 5 business days.
 - h. If at any time you wish to reactivate the factory, notify your compliance owner, and follow the steps for onboarding.



Licensee-owned Compliance Program Overview

1. Program Prerequisites

- a. The minimum requirements for the program are:
 - i. At least one dedicated CSR staff member
 - ii. An internal monitoring process for social and labor compliance in both owned and sourced facilities
 - iii. Current MSI engagement (either company or customer driven program)
- b. If a licensee meets all three minimum requirements, they will complete a self-assessment to determine the level within the Licensee-owned Social Compliance Program: Developed or Accredited. Licensee social compliance programs are defaulted to Developed level until the self-assessment is completed. Once the self-assessment is completed and supporting documentation has been reviewed, licensees with social compliance programs that meet at least six fundamental benchmarks as well as demonstrate a minimum of three best practices will receive Accredited level (*See list below*).

FUNDAMENTAL BENCHMARKS

- Must develop own Code of Conduct
- Must post Code of Conduct in supplier factories
- Must have written social compliance monitoring procedures
- Must conduct factory visits at least once a year
- Must collect, manage or analyze social compliance data
- Must develop process to work directly with suppliers for timely and sustainable remediation following assessments
- Must develop and implement supplier agreements, which include social compliance aspects
- Must engage in at least one additional initiative (examples include, but are not limited to factory safety, forced labor, or living wages)
- Must develop job description for staff members responsible for compliance tasks

BEST PRACTICES

- Develop and implement annual supplier factory employee training of Code of Conduct
- Develop process for new country due diligence
- Develop process for new factory due diligence
- Develop process for exiting factory due diligence
- Develop and implement grievance mechanism for factory employees in owned or sourced locations, including at least one confidential channel for reporting
- Develop plan for responsible purchasing practices
- Develop plan to provide supply chain visibility beyond Tier 1 facilities
- CSR staff engage in social and labor compliance training at least annually (can be internal or external)
- Engage in at least one MSI in countries with high production volumes or that are considered high risk
- Locally based staff



- c. Once in the program, social compliance management will be the sole responsibility of the licensee regardless of level. The licensee will be responsible for all aspects of social compliance including but not limited to factory selection, internal/third party assessments, worker and management training, new country due diligence, and factory deactivation.
2. Reporting Specifications
 - a. Licensees within this program, regardless of level, must submit a list of all facilities within their supply chain that will be producing any of the Fruit of the Loom family of brands.
 - b. The following tools will be used for reporting purposes for all participants within the Licensee-owned Social Compliance Program:
 - i. Factory Profile
 - ii. Factory List Template
 - iii. Supplier Portal User Guide
 (These documents can be found within the Supplier Portal. A copy of each tool is included with this overview.)
 3. Developed Social Compliance Program
 - a. Licensees classified at the *Developed* level will be required to follow the below reporting requirements and schedule.
 - i. When onboarding a new factory, submit the following documentation before placing orders:
 - a. Factory Profile
 - b. Any valid internal or third-party assessment that is accepted by licensee for onboarding
 - c. Additional information may be requested for factories located in Bangladesh*.
 - ii. Licensees are required to upload the following documentation as indicated, to the [supplier portal](#):
 - a. Factory list with assessment information- quarterly by the 10th of January, April, July and October. Be sure to include all factories (active with or without orders, potential new factories, and exiting factories). If goods are being shipped from China, please copy BrandProtection@spalding.com.cn on the email so the factories can be entered into the China customs system to minimize shipment delays.
 - b. Factory Profile- annually by March 31st
 - c. Photo of Code of Conduct posted (licensee Code of Code or FOTL Code of Conduct if licensee **does not** have a Code of Conduct**)- annually by March 31st
 - d. Proof of Code of Conduct training- annually by March 31st
 4. Accredited Social Compliance Program
 - a. Licensees with an Accredited level will be required to follow the below reporting requirements and schedule.



- i. When onboarding a new factory, submit the following documentation before placing orders:
 - a. Factory Profile
 - b. Additional information may be requested for factories located in Bangladesh*.
- ii. Licensees are required to upload the following documentation as indicated, to the [supplier portal](#):
 - a. Factory list- quarterly by the 10th of January, April, July and October. Be sure to include all factories (active with or without orders, potential new factories, and exiting factories). If goods are being shipped from China, please copy BrandProtection@spalding.com.cn on the email so the factories can be entered into the China customs system to minimize shipment delays.
 - b. Factory profile- annually by March 31st

5. Continued Participation

- a. Periodically a member of the FOTL Sustainability team will conduct courtesy visits at factories producing FOTL brands to verify the validity and effectiveness of the licensee's social compliance program as well as identify opportunities to provide training and support. While these visits are conducted as a courtesy and are not classified as an audit, it should be noted that specific areas may be assessed for compliance to FOTL standards. It is recommended that a member from the licensing partner accompany the FOTL Sustainability member during this visit, but it is not required.
- b. Continued participation in the program is contingent upon consistent timely reporting and adherence to the program's guidelines. If at any time, a licensee no longer meets program guidelines, FOTL retains the right to remove a licensee from the program. In this case, the FOTL-owned Compliance Program will be resumed.

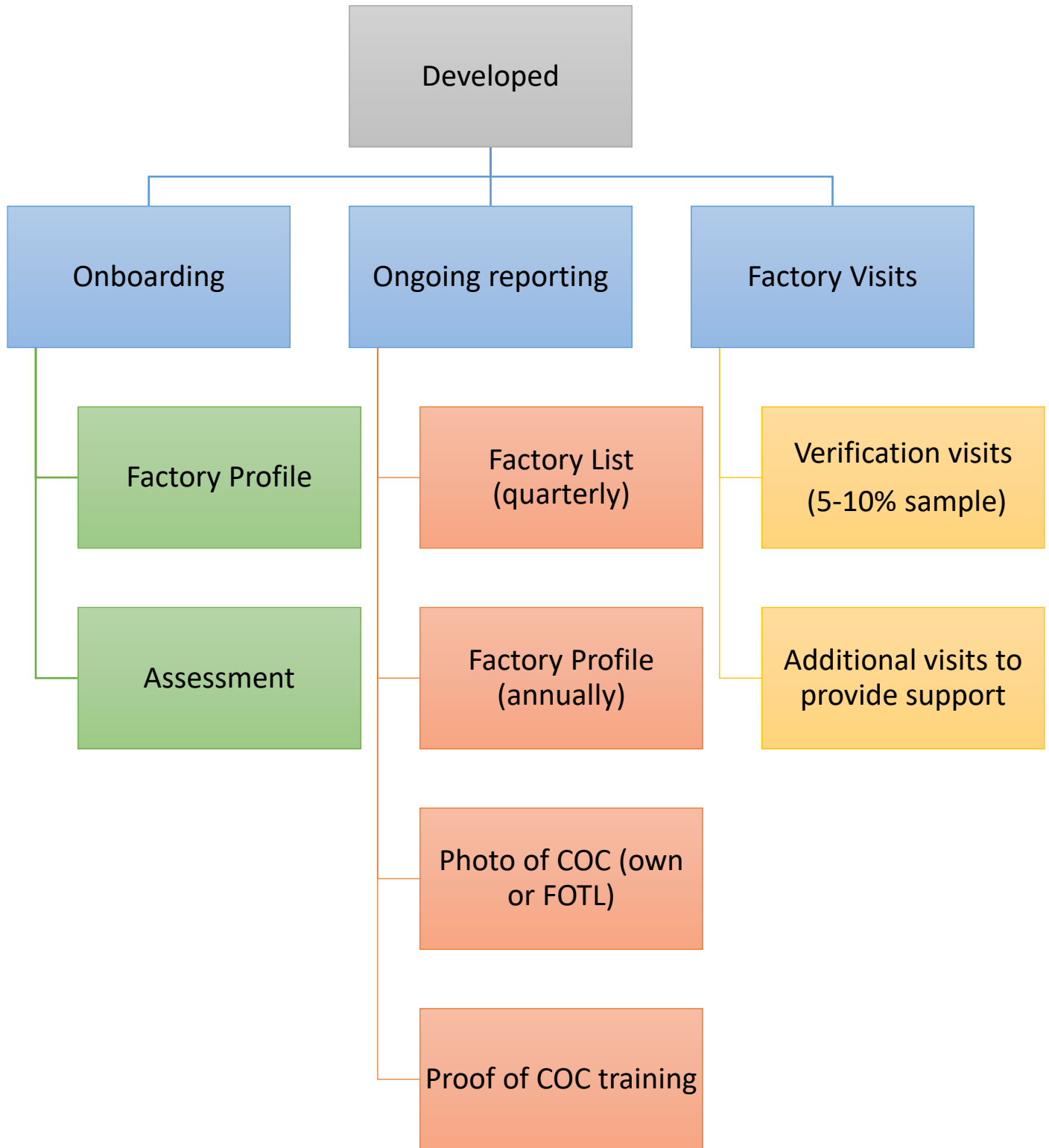
* For new factories located in Bangladesh, the following additional information should be emailed to the compliance owner when onboarding documents are submitted.

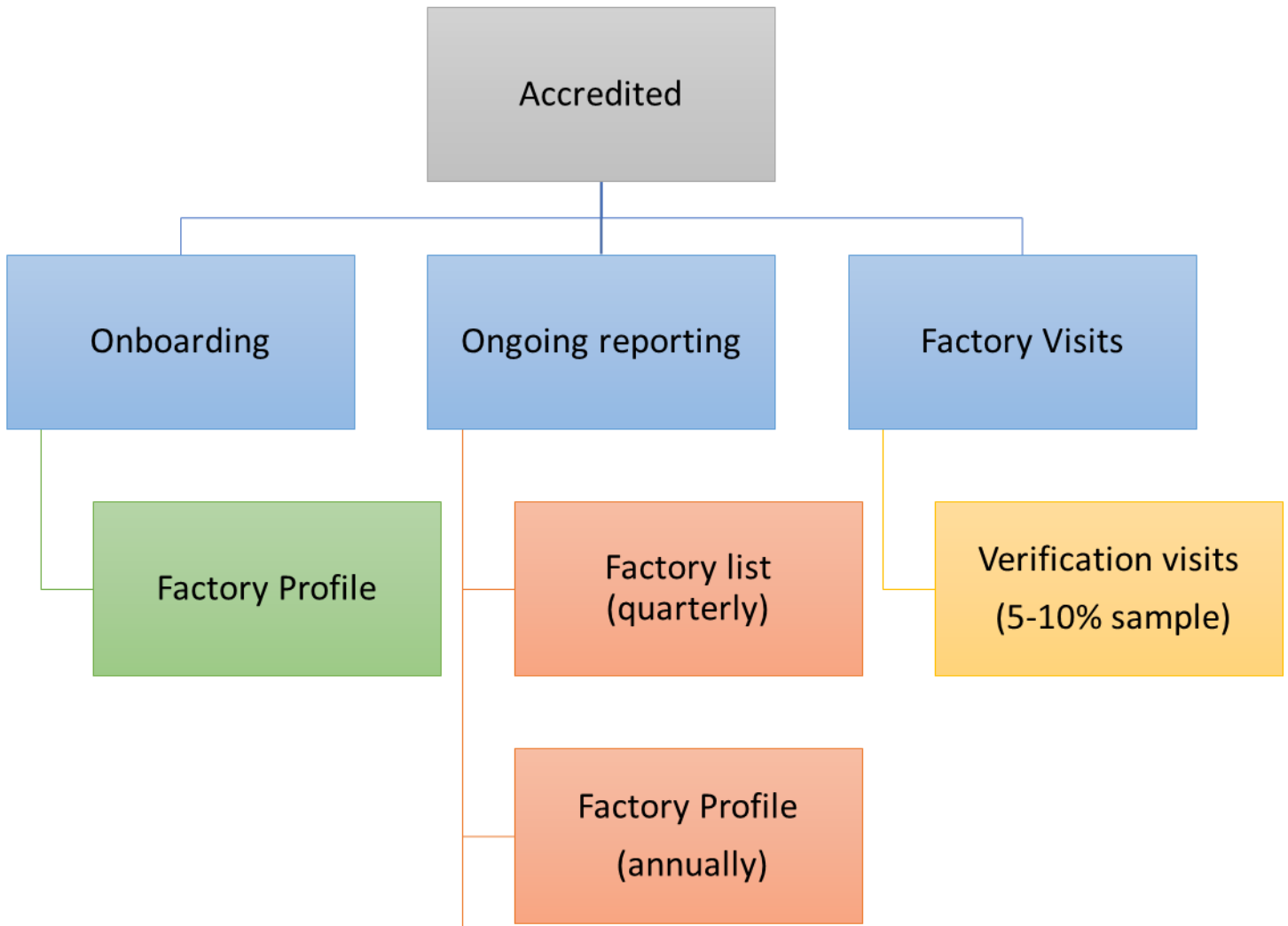
- Confirmation on whether licensee is Accord (RSC)/Nirapon member or is willing to join Accord (RSC)/Nirapon
- Percentages of remediation completed for structural, fire and electrical assessments
- Projected completion date of remediation
- Estimated remediation cost
- Finance plan responsibility
- Lead brand
- Most recent CAPs of structural, fire and electrical assessments

**If the FOTL COC is posted in a factory, it will be the responsibility of the licensee to ensure that it along with all trademarked materials are removed and/or destroyed when a factory is exited. A deactivation certificate will be required to confirm that no trademarked material remains in the factory. Your compliance owner will send the deactivation certificate to you for signature if applicable.



6. Reporting Requirements





Fruit of the Loom
Social Compliance Manual Acknowledgement Form

Name of Licensee: _____

Compliance Program Status: (select one)

FOTL-Owned Compliance Program

Licensee-owned Compliance Program

By signing below, I acknowledge that I have read and understand the steps outlined in this manual and my company's social compliance obligations for Fruit of the Loom.

Licensee Representative (signature)

Licensee Representative (print)

Title

Date

