

Fruit of the Loom Social Compliance Manual For Licensees



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DEFINITIONS



1. **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.
2. **Assessment firm:** The company that evaluates a facility based on a social auditing standard.
3. **Compliance Owner:** The FOTL Corporate Social Responsibility (CSR) team member assigned to facilitate the social compliance process of a facility.
4. **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.
5. **FOTL-owned Compliance Program:** Social compliance program by which FOTL is responsible for majority or all of supply chain social compliance monitoring.
6. **Industry assessment:** A social auditing standard developed and recognized within a specific industry.
7. **Licensee-owned Compliance Program:** Social compliance program by which licensee is responsible for majority or all of supply chain social compliance monitoring.
8. **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.
9. **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).
10. **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 Licensee CSR Questionnaire to determine if their company's social compliance program qualifies for the FOTL-owned or Licensee-owned Social Compliance Program. Any questions about the Licensee CSR Questionnaire 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. 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: Licensees are responsible for identifying the sources of raw materials within the entire supply chain from final assembly manufacturers to raw materials, including trims, such as sewing threads and elastics for apparel goods and nuts, bolts, plastic, rubber and leather for hardgoods. Name and address of each source of FOTL products must be provided to FOTL upon request.

Regional Restrictions: Licensees may not produce, manufacture, or source goods or materials (including, without limitation, cotton and cotton inputs), in or from Uzbekistan, Turkmenistan, Myanmar or Xinjiang Uyghur Autonomous Region ("XUAR") in China, 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, check Fruit of the Loom's factory list in the [Open Supply Hub](#) (OSH) to confirm if proposed new factory is already producing for the company. If the factory is in Fruit of the Loom's OSH list, notify your Compliance Owner of your intent to onboard this factory and the date initial purchase orders will be placed. The Compliance Owner will communicate current or recent concerns, such as ongoing remediation of major findings or incidents. If the factory is **not** in Fruit of the Loom's OSH list, submit the following information 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. A valid WRAP, BSCI, SMETA, ERSA 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.)
 - b. 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.
 - c. 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: [Open Supply Hub](#).
 - d. 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.
 - e. Access the FOTL Code of Conduct and Human Trafficking poster from <https://www.fotlinc.com/sustainability/supply-chain/resources-for-suppliers/>. 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).
 - f. 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. Once a month, licensees must confirm their list of active factories by clicking the link in the notification sent to the designated CSR email. Be sure to include all factories (active with or without orders, potential new factories and exiting factories). Please provide the most current information for each factory and add any additional new factories to the list prior to submission.
- b. Three months before a compliance assessment expires, you will receive an email notification begin audit scheduling process. Click the link in the notification to provide the following assessment details:
 - i. Assessment schedule
 - ii. Assessment firm that will conduct the assessment

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. If the factory will have a BSCI or SMETA assessment, proceed to step d. If the factory will have a WRAP, WCA, ERSA or Better Work assessment, proceed to step j.
- d. 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.
- e. The Compliance Owner will review the report and document any major and zero tolerance findings.
- f. 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.
- g. 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.
- h. The FOTL Sustainability team member will review the information and request clarification if needed. Further guidance will be communicated, if needed.
- i. If a zero-tolerance finding was identified on the report, your Compliance Owner will contact you with next steps.
- j. Once the WRAP, ERSA 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.
- k. The Compliance Owner will review the report and document any major and zero-tolerance findings and communicate the results to the licensee.
- l. WRAP audits will be valid according to the WRAP certificate expiration date.
- m. WCA, ERSA, SMETA and Better Work are valid for one year from the audit date.
- n. Remediation of findings will take place according to individual assessment current process.
- o. If a zero-tolerance finding was identified on the report, your Compliance Owner will contact you with next steps.



- p. Request the factory to complete the following documents **annually**:
- i. [Factory profile](#) (provide link to factory)
 - 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.
3. Factories without Orders
- a. Factories with no current orders may remain active in FOTL's system for up to six months 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 indicate this on 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, access the deactivation certificate using the link provided to you in the notification email.
 - f. 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. Once in the program, social compliance management will be the sole responsibility of the licensee. 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 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](#)
 - iii. LogicManager User Guide

(These documents can be found within the Licensing Partners-CSR Teams>General>Files section. A copy of each tool is included with this overview.)
3. Social Compliance Program-Ongoing Monitoring
 - a. Licensees are required to follow the below reporting requirements and schedule.
 - i. When onboarding a new factory, submit the following information before placing orders:
 - a. Factory Profile
 - b. Additional information may be requested for factories located in Bangladesh*.
 - ii. Licensees are required to complete the following documentation as indicated:
 - a. Factory list- monthly by the 10th of month. Be sure to include all factories (active with or without orders, potential new factories, and exiting factories).
 - b. Factory profile- annually by the deadline provided in the annual CSR communication.
4. 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.

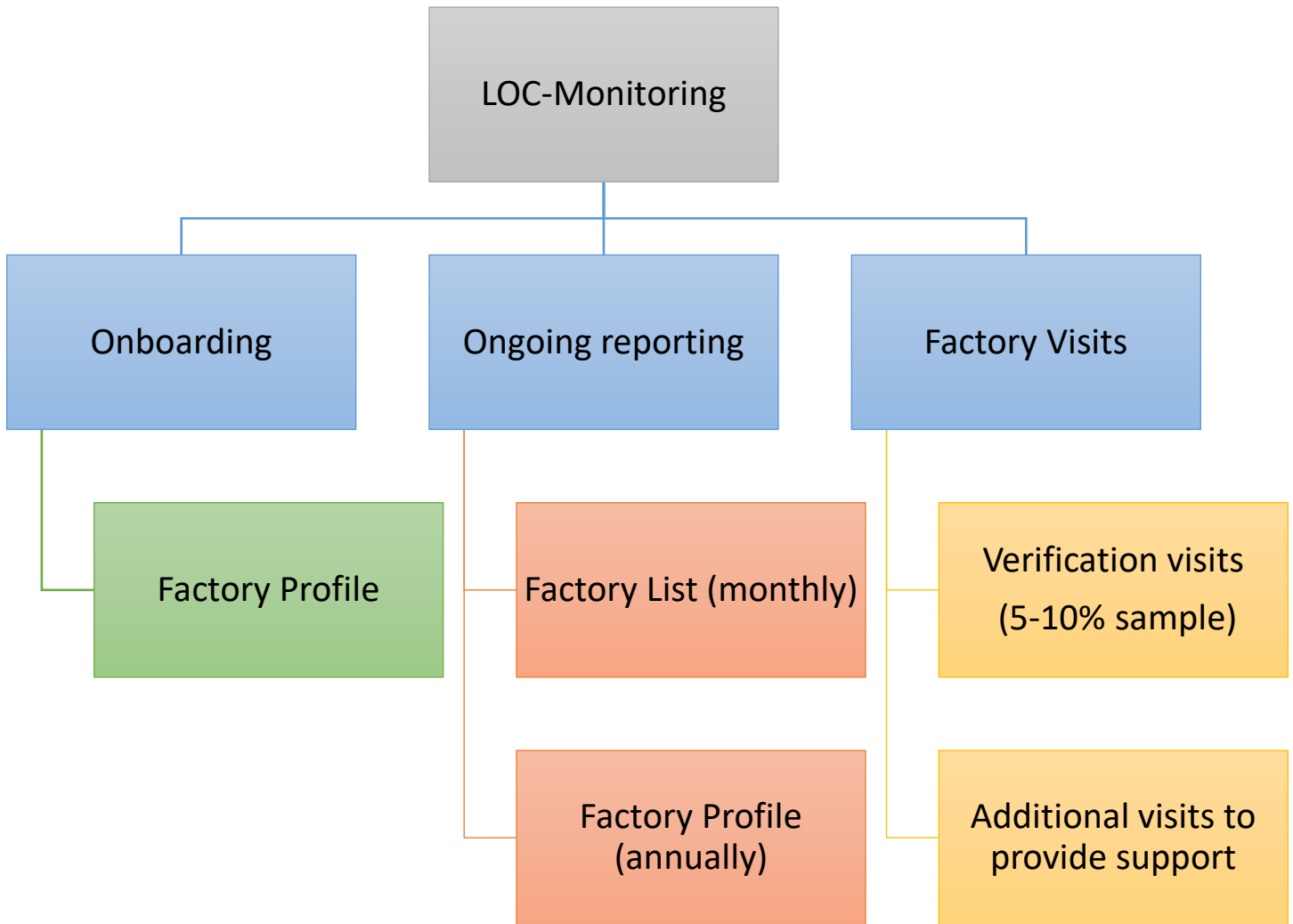
* For new factories located in Bangladesh, the following additional information should be emailed to the Compliance Owner when onboarding documents are submitted.

- 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.



5. 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

Code of Conduct Posted: (select one)

FOTL Code of Conduct

Licensee Code of Conduct

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

