



FOOTWEAR DISTRIBUTORS AND RETAILERS OF AMERICA

FOOTWEAR PRODUCTION CODE OF CONDUCT



ABOUT FDRA

Founded in 1944 by the footwear industry, the Footwear Distributors and Retailers of America (FDRA) is the largest, most effective and respected footwear trade association in the US. It represents and serves the entire width of the footwear industry from small family owned footwear businesses to global footwear companies. It also represents and serves the full supply chain of the footwear industry from research, design and development, to manufacturing and distribution, to retailers selling to consumers all over the globe. It supports more than 100 companies and over 200 brands.

Headquartered in the heart of Washington, DC, FDRA is strategically located to leverage the industry's influence on Capitol Hill and with key White House and agency officials. The association and its allies regularly meet with key congressional leaders to advocate for legislation that helps the footwear industry create jobs and lower costs for consumers. It works with representatives at the Departments of Commerce, State, and Treasury and at the office of the US Trade Representative (USTR), to promote lower taxes on shoes coming into the US through free trade agreements and other trade initiatives. Additionally, FDRA uses vast network of contacts at various foreign embassies to help its members directly address challenges they face in markets around the world.

FDRA also serves as the industry's intelligence hub. It helps its members understand and navigate the increasingly complex world of compliance and sourcing, customs classifications, intellectual property issues, and product safety regulations. It produces weekly sales reports to help the industry follow retail trends, and monthly commodity reports to keep companies updated on the base costs of their products. Likewise, it informs the industry of global footwear sourcing trends and issues that may affect shipping and distribution. This is all done through a variety of groundbreaking reports and surveys, in-depth newsletters, and world-renown conferences.

All questions and comments regarding FDRA's Code of Conduct should be directed to info@fdra.org



INTRODUCTION

FDRA has a robust Factory Enhancement & Sourcing Committee that reports directly to the association's main governing body, FDRA's Board of Directors. This Committee drives FDRA's social compliance initiatives, including the establishment of this ***FDRA Footwear Production Code of Conduct***.

This vital Committee is headed up by Mike Jeppesen, President, Global Operations, Wolverine Worldwide.

Mike is joined by the following slate of industry leaders:

- **Jeff Dunn**, Vice President, DMM Shoes, Walmart
- **Dan Friedman**, President, Sourcing, Supply Chain & International, Brown Shoe Company
- **Steve Reynolds**, Vice President, Golden Pacific LXJ
- **Matt Priest**, President, FDRA

The vision of the Factory Enhancement and Sourcing Committee is to have safe and dignified working conditions for all workers throughout the global footwear supply chain. Its mission is to drive positive change in footwear factories worldwide through the development and execution of shared standards driving continuous improvement in working conditions, health and safety, and environmental stewardship.

In order to accomplish this vision, FDRA has set out to establish a common, baseline, code of conduct that will help drive uniformity within the footwear industry and uphold the values and ideals commonly held by FDRA members. The following Code of Conduct was created with the help and input from the Factory Enhancement and Sourcing Committee, FDRA's social compliance working group, and the industry as a whole.



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A. Zero Tolerance Issues

- **Human Trafficking**
- **Slavery**
- **Forced Labor**
- **Child Labor**

B. Transparency

FDRA is committed to working with suppliers and production units who are open and honest with us. FDRA believes that transparency is the foundation for true collaboration and partnership. Production units shall maintain complete, as well as accurate records and information so that compliance can be effectively assessed. Production units must not falsify or understate any aspects of their operations to FDRA or our representatives. Suppliers must not coach employees on how to answer questions or respond to inquiries by FDRA or our representatives.

- Regardless if announced or unannounced, Production Units must be cooperative and transparent during an FDRA assessment and provide full access to workers, records and all production units work areas as well as dormitories.
- Worker interviews are allowed in a private setting and workers are not coached.
- Production units must maintain complete and accurate working-hour and payroll documents and records on site that represent true work conditions.
- ***Continual improvement will be the guiding principle for challenges in the areas of wages and working hours. Open communication between the factory, FDRA and FDRA member companies will be expected regarding any challenges in meeting the wage and working hour standards. Communication, as well as partnership and collaboration, is key to the Corrective Action Plan (CAP) development process.***

C. Management Systems

Effective management systems, the framework for policies and procedures, ensure that compliance is a part of the day-to-day operation of the facility. A supplier and production unit with a strong internal compliance system will be alerted immediately when there are non-compliance issues to be able to address without delay and have preventative measures in place to help ensure an issue does not reoccur. In this way, suppliers and production units take ownership of their compliance program and ultimately improve business operations with fewer accidents, less employee turnover, less rework, and higher productivity. All of these improvements can lead to a stronger collaboration between FDRA and footwear suppliers. FDRA expects that suppliers and production units will have effective management systems, as follows, to proactively identify and handle compliance issues in their facilities and not wait for assessments.

- Policies and procedures are in place to ensure the production unit and their subcontractors are aware of and comply with applicable laws, regulations and, where stricter, the FDRA Code of Conduct.
- A management representative is appointed to implement the production unit's policies, procedures and improvement objectives.

- Production unit has a working communication/grievance system, and workers are aware and educated on how to use the system. Issues are reviewed regularly, responded to with a sense of urgency, and properly filed to demonstrate compliance.
- Production unit conducts internal assessments on a regular basis to ensure conformity to legal and regulatory requirements and the FDRA Code of Conduct.
- Managers, staff, supervisors and workers are trained on the production unit's Code of Conduct and/or the FDRA Code of Conduct. This training is embedded in the orientation process.

D. Labor

Suppliers must commit to upholding the human rights of workers, to treat them with dignity and respect, and to improve working conditions within their supply chain. Special consideration should be given to the rights of those most vulnerable to abusive labor practices, such as young workers, women, homeworkers, agency workers, temporary workers, migrant workers and smallholders. The following labor standards were created for all stakeholders to provide guidance on FDRA labor requirements and to help facilitate improved working conditions for those producing footwear.

E. Employment is Freely Chosen

- Production unit does not utilize forced labor, bonded labor, prison labor, slave labor, or victims of human trafficking in the production of the products.
- The production unit does not restrict reasonable movement of the workers.
- Production workers retain control of their original identity and travel documents. The production facility will maintain photocopies in the employee file.

F. Collective Bargaining

- FDRA member suppliers are expected to respect the rights of workers to freely and peacefully associate and collectively bargain. Factory suppliers should not harass or intimidate workers who wish to join unions and participate in legitimate union activities. Workers, of course, should be free not to join in unions as well.
- Production unit has a policy and procedures on freedom of association and educates their workers and supervisors to ensure they understand their rights.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates and does not hinder, the development of parallel means for independent and free association and bargaining.
- Workers are able to communicate openly with management, on their own or through a worker representative, regarding working conditions without fear of reprisal, intimidation, harassment or discrimination.
- A formal communication system, including grievance procedures, is established, properly implemented and communicated at all levels, allowing for anonymity.

G. Working Conditions

i. General Health and Safety

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards.
- Production unit has appointed a senior management representative to govern health and safety, including fire safety, in the workplace. Representative has knowledge of, and regularly monitors the production unit to ensure compliance with all health and safety local legal regulations and internal policies/procedures. Representative is responsible for ensuring all training is conducted to ensure worker safety; implementation of Corrective Action Plans; and internal assessments to ensure ongoing compliance and continuous improvement on any outstanding issues.
- Health and Safety certificates and permits, where available and required by law, are maintained to demonstrate compliance with the safety standards in this document. Certificates/permits may include, but are not limited to, electric, boiler, operator licensing, and fire safety.
- Production Unit is aware of industry best practices and has a Policy and plan to achieve the higher standards, where reasonably practicable, on a continuous improvement basis.
- Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment; including, but not limited to, the availability and use of personal protection equipment for all applicable workers.
- Chemicals are stored and used in a safe manner consistent with local law and industry expectations.
- Production unit has a medical clinic available on-site or in close proximity to address basic health and injury needs and a system in place to address severe injuries, such as an agreement with the local hospital, transportation arrangements, etc.
- Injury and incident records are properly maintained and all significant accidents, incidents and near misses are investigated, reported and corrective action is performed to minimize any re-occurrence.
- Access to potable water, and, if appropriate, sanitary facilities for food storage shall be provided. Periodic testing is conducted on all drinking water to ensure it is safe.
- There are a reasonable number (male 1:50; female 1:25) of operating toilets that are clean, offer privacy (i.e., ability to lock doors) and a good ventilation system to provide good circulation of air to reduce odors.
- Risk areas are identified, such as toxic substances and dangerous machinery, and effectively managed by providing the applicable training and ensuring chemicals are properly stored and labeled with Material Safety Data Sheets (MSDS) that are available to workers in the local language.
- Production unit provides free occupational health check to workers exposed to chemical, dust, noise and other situations as required by law.

- Chemicals are stored in a separate area, which is equipped with the appropriate fire extinguishers, safety signs, ventilation, and instructions on handling and disposal and personal protective equipment for workers.
- All containers with hazardous chemicals – including storage and process tanks, piping and valves – are labeled (in the local language) and/or color-coded.
- Emergency eyewash stations and/or showers are provided where corrosive chemicals or several solvents are handled and used.
- Ventilation is provided where paints, chemicals, sprays (solvents, solder, dust) are used to prevent accumulation of flammable vapors.
- Production unit provides the appropriate personal protective equipment (PPE)/clothing for workers and machines, and ensures workers are trained on how to use the PPE and why it is important and the use of it is required.
- Machinery, equipment and fixtures are checked regularly to ensure they are in safe working condition. Documentation is maintained to demonstrate compliance.
- Railings guard all stairs, platforms, and elevated floors.
- Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. This includes training to perform their jobs safely.

ii. Building Safety

- The structure of the Production units, including residential facilities provided by the Production unit, is stable and safe and does not put people in jeopardy.
- Building inspections must be conducted on a regular basis as per standard of practice or country law and buildings must be approved for industrial use.
- The Production unit must be aligned with the approved building plan, with no additional floors or external retrofit structures.
- The Production unit address must match the address on the operating license.
- Building must be under single occupancy/ownership. Exceptions may be made by FDRA subject to risk such as country, building structure, whether all units in the building are active FDRA Production units.
- A valid Fire License must be available covering the entire building.

iii. Emergency/Fire Preparedness

- Production unit communicates fire and emergency evacuation plans and posts the diagrams in the local language in various locations around the Production unit. Designated production unit personnel (workers and supervisors) are trained at regular intervals in fire safety, the use of fire extinguishers, and how to administer the fire prevention procedures and emergency evacuation plan.
- Evacuation drills are conducted regularly, with roles and responsibilities clearly defined, at least every 90 days or more often where required by law.
- Exit routes are not obstructed by equipment, materials, production, etc. (internally and externally) and are clearly marked and regularly checked, and should be unlocked and in good working condition.
- Fire fighting equipment, including fire extinguishers and hoses, are easily accessible, clearly marked, and routinely inspected to ensure they remain operational and have adequate pressure.

- Sufficient first-aid supplies are maintained on work floors with adequate personnel trained in First Aid to assist in an emergency.
- Production unit has emergency lighting, with back-up power, for all stairways and where needed on exit routes. The lighting is inspected periodically and is of industry grade. Heat insulation is implemented where required.
- Production unit has a centralized fire alarm system that can be heard by all workers and is visible in noisy areas (where earplugs are required). The system is regularly inspected (based on the law), clearly marked, easily accessible and tested in coordination with fire drills.
- A centralized PA (Public Address) system reaches all individuals and floors and is tested in conjunction with the fire alarm system.
- Firefighting equipment, including fire extinguishers and hoses, are easily accessible, clearly marked, and routinely inspected to ensure they remain operational and have adequate pressure. Specifically:
 - At least one hose per 929 m² is available
 - The hose pressure is capable of maintaining at >2 bar at the highest point
 - Fire extinguishers/hoses are highly visible (for example, wall mounted) and their position must have clear signs and unobstructed access
 - A minimum of one fire extinguisher per 100 m² or at least 2 on every level if the total surface is below 200 m²
 - Fire extinguishers are of the correct type:
 - CO2 extinguisher for electrical fire (main switch, sub main switch, etc.).
 - If a distribution board is available in a production area, two types of extinguishers must be present (DCP and CO2).
 - Fire extinguishers must be serviced every year; Service date must be indicated on the extinguisher or service reports must be available to demonstrate compliance.
 - If there is a pressure gauge, the indication must be in the “green” area.
 - Water capacity is available from the overhead tank and additional supply is available if needed.
- Fire engines and other emergency vehicles can access the facility without difficulty and with sufficient space to maneuver. The production unit may be asked to provide approval from the local fire department.
- Fabric, yarn, and finished goods are appropriately stacked and stored in designated areas away from production, evacuation routes and electrical sources.
- Electrical equipment and wiring is properly maintained by a licensed electrician(s), marked, and covered/insulated to prevent exposure of wires. An electrical safety check is conducted regularly, and documentation is maintained to demonstrate compliance and that immediate action is taken as needed.
- Gas cylinders are properly marked, used, inspected, stored and secured.
- Floors are kept clean from hazardous spills and materials.
- Emergency and other hazardous signage is appropriate, clearly visible, and compliant with the local legal requirements.
- The generator and other heavy vibrating equipment, such as boilers, are not allowed beyond the ground floor and must be isolated from any production area.

- Flammable and combustible chemicals are segregated from oxidizing chemicals, reactive chemicals, electrical sources, etc.
 - No smoking signs are posted in non-designated smoking areas including sensitive areas such as chemical storage areas.
 - No room in any production unit shall be overcrowded as defined by the building permit, which should indicate the maximum number of people the building is approved to hold.
 - Child care facilities must be on the ground floor and away from any production area.
 - Electrical equipment and wiring is properly maintained by a licensed electrician(s), marked, and covered/insulated to prevent exposure of wires.
- iv. Production Unit Sponsored Dormitories
- All health and safety standards listed above are implemented in dormitories. In addition:
 - Accommodations and food service area are clean, provide a safe, hygienic living environment for workers, comply with all legal regulations regarding residential facilities, and meet the basic needs of the workers.
 - Dormitories are clearly separated from the production facility and/or warehouse.
 - Separate accommodations exist for males and females.

H. Child Labor

- There must be no recruitment of “child labor.” Child Labor is defined as any work by a child under the age of 14, or the minimum working age set by local law, whichever is greater.
- There must be no recruitment of “young persons” who meet the standards of the minimum working age but are below the age of 18 for work duties which do not comply with the provisions of the relevant International Labor Organization (ILO) standards. Production facilities must comply with all local laws and ILO standards regarding the working conditions and restrictions for “young persons,” also known as “juvenile workers.”
- Factories shall develop or participate in and contribute to policies and programs which provide for the transition of any child found to be performing child labor to enable her or him to return home or attend and remain in school until no longer a “child”.
- No children are allowed in the production facility, including the canteen or office areas, even if they are not working. However, children are permitted to enter onsite, designated child care facilities that meet all standards for a child care facility.
- Production units are responsible to checking government issued documentation and if in doubt of validity to take necessary steps to validate the age of worker or applicant.
- Production unit has written policies and procedures to prevent the hiring of child labor. These policies/procedures are effective and updated periodically to comply with new laws and regulations.
- Personnel files for all employees, including active, resigned and terminated employees, should be properly maintained for at least 12 months.

- Where required by law, production unit is responsible for the expenses associated with registering workers with the local bureau and ensuring young workers carry out the related occupational health and safety education, training and physical examination and to maintain documentation to demonstrate compliance.
- Production unit is required to comply with all legal restrictions placed on young workers (juvenile workers), for example:
 - Work in a prohibited job, such as a night shifts or hazardous work stations;
 - Working hour limits;
 - Annual medical checkups; and
 - Taking all necessary precautions to ensure these workers are protected from working conditions likely to endanger their health, safety or their moral integrity, and/or which harm their physical, mental, spiritual, moral or social development.

I. Wages and Benefits

- Suppliers are expected to adhere to all local and national laws governing wages, overtime, and time off.
- It is vitally important that suppliers are transparent and upfront about any challenges they face complying with any and all wage and benefit laws. Continuous improvement should be the guiding principal used to address a supplier's inability to meet local laws.

J. Working Hours

- Suppliers are expected to adhere to all local and national laws governing working hours.
- Factories are expected to not exceed 60 working hours in a given week and provide one day off for every seven-day period. Overtime must be on a voluntary basis and shall not be demanded on a regular basis and shall be compensated at a premium rate as stipulated by local laws.
- FDRA recognizes that adherence to the above standards can be challenging, based on peak production season, labor shortages, etc. Our goal is to work with production units who are committed to a continuous improvement plan with a target of legal compliance.
- Working hours should be registered on an individual worker basis using an electronic time clock.
- FDRA conditionally accepts more than 60 hours in a week in the peak season so long as the production unit complies with the following supplemental requirements:
 - It does not regularly exceed 12 hours per day, 6 days per week for a total of 72 hours.
 - One day off in seven is provided or workers are provided another day of rest during the week. If work must be carried out on the rest day during peak season, it should not occur more than once in a two week time period.
 - Peak season is expected to be no more than 4 months or 17 weeks distributed throughout a one-year period.

- Workers are compensated for regular and overtime hours in accordance with the law.
- Workers punch in and out for themselves and have access to their own attendance records upon request.
- Production unit uses a reliable time recording system, all hours are tracked, and time cards accurately reflect the real working hour situation in the production unit.
- Attendance records are maintained on site for at least 12 months.
- Legal working hours and production unit working hours/schedules are made available to all workers.
- Workers are educated on the standard work week and the production unit seeks their willingness to work overtime hours. For workers not interested in working overtime, the production unit must be supportive of their decision and will not, in any way, force or coerce them to work overtime hours.
- Production unit has a written policy for working hours and overtime that is in accordance with legal requirements and clearly states that all overtime must be voluntary. Policy is communicated to all workers.

K. No Discrimination

- Suppliers shall not engage in, support or tolerate discrimination in employment including recruitment, hiring, training, working conditions, job assignments, pay, benefits, promotions, discipline, termination or retirement on the basis of gender, age, religion, marital status, race, caste, social background, diseases, disability, pregnancy, ethnic and national origin, nationality, membership in worker organizations including unions, political affiliation, sexual orientation, or any other personal characteristics.
- Production unit policies and procedures related to hiring, compensation, training opportunities, promotion, termination and retirement do not favor one group of workers over another, based on personal characteristics and beliefs as outlined above.
- Hiring policy includes an equal employment opportunity clause to confirm a worker's right to work and advance on the basis of merit, ability and potential.
- Production units are not allowed to have any form of discrimination against workers who join the trade union or participate in trade union activities and shall not threaten, discipline, punish or fire workers because they exercise this right.
- Production unit shall not retaliate against an individual for filing a charge of discrimination, participating in an investigation, or opposing discriminatory practices.
- Production unit does not question prospective workers about their pregnancy status, and pregnancy tests are not conducted before hiring or as a pre-condition to employment. Reduction in wages or pay for workers who return after maternity leave is also prohibited.
- The use of medical examinations to prevent a worker from being hired, or firing a worker who becomes ill or injured, is not allowed.
- Religious observance, prayer breaks and religious holidays should not be prohibited.
- Hiring notices do not specify discriminatory factors, such as gender or race.

L. Regular Employment

- Work performed must be on the basis of a recognized employment relationship established in compliance with national legislation and practice and international labor standards, whichever affords the greater protection.
- Obligations to employees under applicable laws and regulations regarding regular employment relationships shall not be avoided through the use of labor-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- Where required by law, production unit signs a written labor contract with workers to establish a labor relationship within one month after the date the worker enters the production unit. In addition:
 - The production unit and laborer sign the contract. The production unit provides a copy to the worker in their native language, which stipulates the wage and compensation awards legislated in the country, as well as the particulars of their wages, production unit rules, etc.
 - Terms and conditions of employment with the production unit, such as wage payments, are in accordance with the local labor laws.
 - A contract term must not be manipulated to avoid obligations to workers, e.g., payment of benefits.
- Regardless of the worker type (part time, student worker, etc.), all employees receive at least minimum wage. Further, production unit provides equal pay for same or similar jobs, based on relevant experience.
- Production unit does not employ workers under training agreements. New recruits are hired as probationary workers.
- A probationary period cannot exceed legal limits and a worker should have no more than one probationary period.
- During the probation period, the wages of a laborer may not be less than the lowest wage paid for the equivalent job post within the production unit or less than the wage agreed upon in the labor contract, nor may it be lower than the minimum wage standard of the production unit.
- Subject to passing the probationary period, a worker's seniority date should be the date of entry to the production unit, i.e., the starting date of the probationary period.
- FDRA supports the development of legitimate apprenticeship programs for the education and benefit of young people, provided the worker is not categorized as an apprentice beyond what is legally required, workers are guaranteed at least minimum wage, and the worker is not being exploited or given jobs that are dangerous to their health or safety.
- A laborer may dissolve his labor contract by giving 30 days' notice in writing to the production unit.

M. No Harsh or Inhumane Treatment

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. This includes, but is not limited to:
 - Physical harassment or abuse: Use or threatened use of the act of tormenting by continued persistent attacks. Examples: slapping, pushing.
 - Verbal abuse: Shouting, threatening, or using humiliating words towards a worker; threatening explicitly or implicitly to withhold employees' wages, benefits, access to food, opportunities for advancement and employment. Examples: Threats of behavior to harm a worker physically or psychologically.
 - Sexual harassment and abuse: Unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature. Examples: Requiring any form of sexual favor in exchange for beneficial treatment in employment, or as a condition of maintaining employment; touching workers in any way that could be considered to have sexual implications; and making inappropriate sexual comments to workers.
 - Mental abuse: Use of words or action to harm the self-esteem of an employee. Example: Behavior that is reasonably understood by the worker to be demeaning.
- Production unit and contractors have written policies and effective procedures that clearly state that any type of harassment or abuse, as noted above, is not allowed. Policies work to prevent acts of abuse, discipline and harassment in the workplace and are effectively communicated to all staff and workers during orientation and when policies are implemented or updated.
- Illegal methods of discipline, as well as monetary wage deductions and the withdrawal of basic physical comforts provided to other workers are prohibited.
- Production unit establishes and communicates standardized rules/regulations and policies and procedures on acceptable and unacceptable disciplinary practices. All disciplinary actions should be documented to demonstrate compliance.
- Production units ensure the confidentiality of the grievance process to protect employees from retaliation for reporting harassment or abusive behavior. Workers should be able to report inappropriate or discriminatory behavior to someone other than their supervisors.
- Body searches, if necessary, must be gender appropriate.

N. Environment

In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public. At a minimum, this includes meeting all relevant local and national environmental protection laws, with a goal to meet international environment protection standards.

- All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

- Waste of all types are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.
- Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.
- Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required by local law prior to discharge or disposal.
- FDRA expects suppliers and production units to work towards the elimination of discharge of hazardous chemicals in the supply chain. FDRA, and other retailers and brands have adapted a segmented approach where 11 priority groups have been identified, but where more are likely to be added in line with new knowledge, blacklists and hazards.
- Production units are to adhere to all applicable laws, regulations and FDRA requirements regarding prohibition or restriction of specific substances, including requirements for labeling, recycling, and/or disposal.

O. Business Integrity

- Business must be carried out with a high degree of ethics, honesty and fair dealings; ensuring staff is familiar with the FDRA Code of Conduct and does not engage in threats, bribery or corruption practices. The supplier can be held responsible for unethical actions committed by their external partners. Therefore, it is very important that suppliers only work with well-qualified companies and representatives with a good reputation.
- The offering, paying, soliciting or accepting of bribes or kick-backs, including facilitation payments, is strictly prohibited.
- Suppliers, representatives and their employees must comply with all applicable anti-bribery and corruption laws, such as the Foreign Corrupt Practices Act (FCPA).

As bribery, corruption, fraud, harassment, discrimination and other kinds of unacceptable behavior are difficult to identify and prove, FDRA has established a secure and effective complaint management system where applicants (clients, suppliers, employees, production units or other stakeholders) can, confidentially, report unethical behavior or practices. Criminal practices have the potential to cause considerable harm and must be prevented by setting out clear ethical behavioral norms and imposing monitoring procedures. The Fairness Channel is a whistleblowing channel, where applicants are able to bring forward their concern to the Top Management of FDRA in a confidential way.

P. Compliance with the Law

FDRA requires all suppliers and production units to comply fully with the legal requirements of the countries in which they operate. The standards set forth in this document are a supplement

that is also expected to be followed. Production units are expected to comply with local law, industry norms, and the standards described here.

- At a minimum, production units must comply with local laws and regulations of the country of manufacture.
- Business licenses and other documents are in order and up-to-date.
- Production unit has written procedures in place, with a designated responsible management representative, to ensure they are aware of and understand changes that are made to the local labor law (e.g., local minimum wage).
- The designated responsible management representative communicates these changes and implications to all workers and works with the production unit staff to ensure the necessary changes are made in a timely manner to ensure compliance with the law.

Q. Compliance with the FDRA Code of Conduct

FDRA member companies reserve the right to conduct announced and unannounced inspections of all production units. Any violations will be reported to the supplier for follow up and corrective action. Suppliers and production units are required to cooperate with the entire process. Where there are egregious violations, such as child labor, blatant forced or prison labor, bribery and physical abuse and/or the production unit does not demonstrate a willingness to comply, FDRA member companies reserve the right to discontinue business with the supplier/production unit.

- Suppliers must review and confirm internally, and with production units, FDRA expectations (as outlined in this document) and the associated procedures.
- Suppliers must maintain documentation necessary to demonstrate compliance or continuous improvement with these standards.
- Production unit must have a corrective action process for improvement of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

R. Subcontracting

Suppliers or production units may not subcontract any operation in the manufacturing process without prior written consent from the factory's customer, and only after the subcontractor has agreed to comply with the FDRA Code of Conduct. Suppliers and production units are responsible for ensuring compliance with the FDRA Code of Conduct by all approved subcontractors who produce merchandise for sale including but not limited to: cutting, sewing, embroidery, printing, laundry/washing, dry processing, garment dyeing, panel knitting, linking, and final assembly/packing.

- Production unit must take reasonable measures to ensure that all recruitment and employment agencies utilized by the production facility comply with the FDRA standards. Production facilities must ensure these agencies do not use unethical recruitment methods that would lead to the employment of child labor, forced labor, victims of human trafficking, or any other practice described in this document as unacceptable.

- All subcontractors must be disclosed by the supplier in writing, and approved by a FDRA Supply Chain Sustainability associate, prior to the start of production.
- Production unit ensures subcontractor's managers, staff, supervisors and workers are trained on the FDRA Code of Conduct.
- Production unit conducts an assessment of the subcontractor, based on the FDRA Code of Conduct, to identify non-compliance issues, and creates the Corrective Action Plan (CAP) to be implemented by the subcontractor.
- Production unit ensures a management representative is appointed to implement the CAP and conduct periodic internal assessments to ensure ongoing compliance and continuous improvement on any outstanding issues.

APPENDIX A: GLOSSARY OF TERMS

Agent/Agency

One who agrees and is authorized to act on behalf of another, a principal, to legally bind an individual in particular business transactions with third parties.

Bonded labor

Work for an employer not for compensation received by the worker, but to pay off a debt, which is often incurred by another worker offering the worker's labor in exchange.

Child

Any person less than 14 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. Minimum working age requirements are governed by ILO Convention No. 138, or local law, whichever is greater.

Child labor

Any work by a child or young person younger than the age(s) specified by "child," or "young person," which does not comply with the provisions of the relevant International Labor Organization (ILO) standards, and any work that is likely to be hazardous or to interfere with the child's or young person's education or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.

Collective bargaining

Sometimes called a Collective Bargaining Agreement, collective bargaining is an arrangement whereby working conditions and wages are fixed by negotiation between workers' representatives (a trade union or other body) and production unit management.

Correction action

A corrective action is a change implemented to address a weakness or non-compliance issue. It is the action taken to correct any non-compliance which has been found in an assessment to an agreed standard.

Corrective Action Plan (CAP)

The document completed after the assessment which confirms the findings and any agreed necessary corrective actions that must be improved to meet our compliance standards.

Decent work

According to the International Labor Organization (ILO), Decent Work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Excessive fees

Fees charged to a worker that is in excess of the amount legally permitted by any applicable law of the host or home country. Or, in the absence of such law, fees substantially above the prevailing market rate.

Freedom of association

The right of all workers to join or form a trade union of their own choosing, which is legal in the country in which merchandise is manufactured, and carry out trade union activities without interference from their employer or from public authorities.

Forced labor

All work or service that is extracted from any person under the menace of any penalty for which the said person has not offered him/herself voluntarily or for which such work or service is demanded as a means of repayment of debt.

Grievance procedure

A process or procedure, for workers who feel that they have been treated unfairly, to voice their concerns without fear of repercussion.

Harassment

Unjustifiable conduct, typically persistent and repetitive, aimed at an individual, which causes distress or discomfort.

Hazardous jobs

Hazardous jobs include working with dangerous machinery/ equipment (e.g. knives, saws); chemicals or hazardous substances; noisy environments; lifting heavy things; extreme cold or hot conditions.

Human rights

A set of principles defined in the Universal Declaration of Human Rights (1948), based on the recognition of the inherent dignity and the equal and inalienable rights of all members of the human family as the foundation of freedom, justice and peace in the world.

Human Trafficking

The recruitment, enticement, transportation, transfer, or receipt of individuals, by means of threat or use of force or other forms of coercion, for the purpose of exploitation or involuntary servitude.

Indentured labor

Work performed on behalf of an employer who forbids workers from leaving employment at the worker's discretion.

International Labor Organization (ILO)

The ILO is the international organization responsible for drawing up and overseeing international labor standards. It is the only 'tripartite' United Nations agency that brings together representatives of governments, employers and workers to jointly shape policies and programs promoting Decent Work for all.

ILO Convention 138 (Minimum Age Convention)

This Convention provides that the minimum working age should not be less than the age for completing compulsory schooling and in no event less than 15 (14 in limited circumstances in

less developed countries). More rigorous standards apply in the case of hazardous work where the minimum age may not be less than 18. Also relevant to this Convention: R146 Minimum Age Recommendation.

ILO Convention 182 (Worst Forms of Child labor)

This Convention calls for a proactive strategy to achieve the elimination of child slavery, forced or compulsory labor, child prostitution, pornography, drug trafficking or other work which is likely to harm the health, safety or morals of children. Also relevant to this Convention: R190 Worst Forms of Child Labor Recommendation.

Material Safety Data Sheet (MSDS)

A material safety data sheet is a form that references the properties of a substance and proper handling instructions. A MSDS is not intended for general consumer use, but rather industrial/manufacturer users and safety personnel that may come in direct contact of the substance. MSDS forms may contain detailed information such as physical property data, health effects, first aid, storage recommendations, disposal requirements, necessary protective equipment for handling, and instructions on how to handle spills, etc.

Piece rate

A method of paying workers by the number of items they produce, rather than the number of hours they work.

Preventative Measures

While corrective action immediately corrects the problem, preventative measures prevent the issue from reoccurring.

Subcontractor

A subcontractor is an individual or in many cases a business that signs a contract to perform part or all of the obligations of another's contract.

Trade union (or "Union")

An organization of workers that promotes and protects the interests of its members with regards to issues such as wages and working conditions through negotiations with employers.

Young Person

Also known as a "juveniles" or "minors" or any worker over the age of a "child" as defined above, and under the age of 18.

DISCLAIMER

The Footwear Distributors and Retailers of America (FDRA) have prepared this Footwear Production Code of Conduct (the “Code”) for use by its members in assisting them and the footwear industry in general to ensure their footwear factories are operating in a manner that recognizes applicable legal requirements, the treatment of all employees with dignity, and is environmentally conscious. In this time when there is an increasing amount of scrutiny on social compliance and environmental issues related to manufacturing in general, FDRA is committed to assisting its members by ensuring they have the tools needed to review their supply base and determine whether their products are being manufactured in a socially and environmentally conscious manner. The FDRA Code was created after a thorough review of dozens of similar codes of conducts used by various footwear companies, manufacturers, and retailers. The FDRA Code is intended to be a detailed guide for use by footwear companies and factories in reviewing, measuring, and improving their working conditions, compliance with applicable laws, and environmental awareness. FDRA continually monitors changes in social compliance and environmental awareness and will update the Code from time to time as appropriate.

In addition to continually reviewing and updating the Code for use by its members, FDRA also works directly with factories that desire to be considered an “FDRA Recognized Responsible Footwear Manufacturer” (the “FDRA Factory Recognition”). In issuing this distinction, FDRA reviews factory inspection / audit results provided by third party companies that are generally known and respected in the footwear industry as being competent to conduct factory inspections/audits. If FDRA believes, based on a review of the factory inspection/audit results that the factory operates in compliance with the Code, then FDRA may assign its recognition to the factory. The FDRA Factory Recognition is generally valid for a period of two years, but may be revoked if FDRA deems it appropriate. The FDRA Factory Recognition is only intended to be a reference point for its members to use in reviewing and selecting factories. The FDRA Factory Recognition does not guaranty performance by a factory or that a factory will always be in compliance with the Code. Instead, the Recognition means that FDRA reviewed inspection/audit results provided by a third party agency and the results are generally in-line with the requirements of the Code. FDRA makes no representations or warranties regarding a factory’s performance, and the FDRA strongly encourages members to provide feedback on factories that have been issued the FDRA Factory Recognition to ensure the factory’s operating guidelines support it being issued said recognition.

Any questions regarding this Code or FDRA’s Recognized Responsible Footwear Manufacturers please contact info@fdra.org.

About FDRA — 70 Years of Excellence

At over 80% of the industry, the Footwear Distributors Retailers of America (FDRA) is the largest and most respected footwear trade association in the US. It represents and serves the entire width of the footwear industry from small family owned footwear businesses to global footwear companies. It also represents and serves the full supply chain of the footwear industry from research, design and development, to manufacturing and distribution, to retailers selling to consumers all over the globe. It supports more than 100 companies and over 200 brands.



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