

**MAJOR APPAREL BRANDS AND MANUFACTURERS AIM
TO ADVANCE GLOBAL FACTORY CONDITIONS
USING NEW COLLABORATIVE APPROACH TO COMPLIANCE AUDITS**

*After decades of redundant inspections, major brands can now jointly assess – and improve – factory conditions with new collaborative technology
from **Fair Factories Clearinghouse***

New York, June 19, 2012 – [Fair Factories Clearinghouse](#) (FFC), a non-profit organization that helps major brands and manufacturers collaborate to ensure cost-effective, well-informed business transactions and improved workplaces worldwide, today announced enhancements to its software and collaboration platform that support a new approach for manufacturing audits.

Reliance on contracted manufacturing continues to increase, as a growing number of top brands cite a need for sustainable changes in factories and move away from individually spearheaded factory inspections to jointly planned audits, shared information with other brands that source in the same factories, and collaborative correction actions.

Empowered by technology developed by FFC specifically to cut redundancy from factory compliance programs, international apparel manufacturers including adidas, Nike, and VF Corporation now look beyond competitive concerns to change the way they – and other major brands – assess and communicate with factories. The ultimate goal is for sustainable improvement in factories, rather than continuing with the redundant individual inspection processes historically used by most brands.

“Today’s approach to factory compliance audits isn’t optimal,” said Peter Burrows, executive director of Fair Factories Clearinghouse, the not-for-profit organization that developed the technology. “Several brands often source from the same factory, resulting in an unmanageable number of audits and correction plans. Factories spend more time scrambling for upcoming audits and squelching highest priority corrective issues rather than creating long-term sustainable change. By adopting a collaborative approach, brands can shift their focus to what matters: correction of root cause issues through long-term and sustainable improvements to management systems, employee relations, and environmental issues.”

FFC Provides Safeguards that Avoid Anticompetitive Conduct

Following the US Department of Justice’s issuance of a business review letter dated June 19, 2006, the FFC began offering a secure hosted platform for brand and retailers to share information on factory compliance audits. “The DOJ Business review letter issued to FFC was a vital first step to permit FFC member companies - with numerous safeguards in place - to minimize the possibility of any anticompetitive conduct when collaborating on improving factory conditions,” stated Robert M. Langer, an antitrust

partner at Wiggin and Dana LLP, the Connecticut, New York and Pennsylvania-based law firm that spearheaded the FFC DOJ request. “The FFC and its members have established a variety of protocols of behavior regarding the sharing of compliance information that provided DOJ with sufficient comfort, thus permitting the issuance of the Business Review Letter.”

The audit-sharing platform introduced by the FFC in 2006 has undergone several enhancements as FFC members began to shift their focus from comparing notes on historical audits that had already taken place to more forward-looking collaborative actions. “Sharing historical audits was an important first step for us,” notes Ron Martin, Director of Compliance for VF. “The FFC sharing platform allowed us to find other brands and manufacturers that source where we do; and through the exchange of historical audits become comfortable that we could work with other companies that had factory standards compatible with ours. Once we identified compatible companies, we asked the FFC to give us new tools for compliance that were more forward-looking and collaborative.”

Today, FFC’s audit collaboration release allows for:

- Calendar sharing: FFC members can post upcoming events to enable joint factory visits or training;
- Audit database integration: Sharing members can initiate collaboration audits on the FFC platform with other members, then export audit data back into their own proprietary audit databases for full company reporting;
- Role-based security system expansion: Members can add employees at other brands as participants on new audits;
- Social networking collaboration: Allows members to create multi-company work teams, store, search, and rank audit-related documents;
- Improved internal and external communication, including the ability for all participants to comment separately on issues found and corrective actions.

Member Support is Strong

“The FFC has an uncanny ability to listen to its members and anticipate where the fast paced world of factory compliance is going next,” says Gregg Nebel, Head of Social and Environmental Affairs, the Americas, at adidas Group. “Powered by the ability to invite other brands to participate in an audit, within just a few months we were effectively and efficiently managing several factory audits and corrective action plans that included as many as six different brands and retailers. The FFC is a good software partner because they stay close to what their members are trying to do and seek ways to improve and support the work we’re doing. Last spring, members asked the FFC to make multi-company collaboration audits easier to conduct and manage. They documented new requirements based on our initial experiences and by September we were already testing the new collaboration release and it is fantastic.”

“NIKE has been working with the Fair Factories Clearinghouse to further enhance our Brand Collaboration Program and commitment to transparency,” said Elizabeth Garvey, External Partnerships/Sustainable Manufacturing Performance for NIKE. “The FFC’s technology provides a platform for brands to work together in many forms from identifying factory overlap between each other to sharing compliance documents, utilizing a shared calendar to pro-actively identify collaboration opportunities, and working together on a shared corrective action plan for the same audit. NIKE has been a member of the FFC since 2007. In FY11, we shared 39 percent of our audit results through the FFC and look forward to increasing our capabilities on their platform.”

About Fair Factories Clearinghouse

Fair Factories Clearinghouse (FFC), a non-profit founded in 2004, was created to help those sourcing in the same factories collaborate on improving ethical sourcing, monitoring factory conditions, and establishing clear corrective action plans. FFC offers software that enables its members to share information that ensures cost-effective and well-informed ethical business transactions and improved workplaces globally.

Members include some of the world's most known retailers, including adidas Group, Asics, Burberry’s, Business for Social Responsibility Mills and Sundries Group, The Jones Group, Levis Strauss, LL Bean, Macy’s, Marks Men’s Warehouse (Canadian Tire), New Balance, Nike, Nordstrom, Patagonia, REI, and VF Corporation. For more information about FFC or about becoming a member, visit: <http://www.fairfactories.org>.

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