

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

02 Sep 2021



Factory Information

FLA Affiliates	Under Armour, Inc.
Country	Mexico
Number of Workers	821

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	2
Employment Relationship (ER)	5
Freedom Of Association And Collective Bargaining (FOA)	2
Health, Safety And Environment (HSE)	8
Hours Of Work (HOW)	4
Nondiscrimination (ND)	1

Assessment Information

Assessor	VeLar International
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Assessment Date	02 Sep 2021
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Assessment Purpose	Factory Assessment (Virtual Compliance Check)
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	Thirteen weekly records were reviewed from the periods of: December 28th 2020 to January 3rd 2021, January 4th to 10th 2021, January 11th to 17th 2021, January 18th to 24th 2021, January 25th to 31st 2021, March 2nd to 8th 2021, March 9th to 15th 2021, March 16th to 22nd 2021, March 23rd to 29th 2021, May 3rd to 9th 2021, May 10th to 16th 2021, May 17th to 23rd 2021, and May 24th to 30th 2021. During these periods, it was noted that there are no check-in and check-out hours; therefore it is not possible to determine if overtime was correctly paid or not.
Recommendation for Immediate Action	Fix the electronic time record system and use this record as official.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	C.15.1.3
Benchmark Details	Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show total number of hours worked.

Finding Details	Even though the factory provides pay stubs indicating the number of overtime hours paid, thirteen weekly records were reviewed from the periods of: December 28th, 2020 to January 3rd, 2021, January 4th to 10th 2021, January 11th to 17th 2021, January 18th to 24th 2021, January 25th to 31st 2021, March 2nd to 8th 2021, March 9th to 15th 2021, March 16th to 22nd 2021, March 23rd to 29th 2021, May 3rd to 9th 2021, May 10th to 16th 2021, May 17th to 23rd 2021, May 24th to 30th 2021, and it was noted that these records did not reflect check-in and check-out hours. Therefore it is not possible to confirm that the paystubs reflect the correct number of overtime hours.
Recommendation for Immediate Action	Fix the electronic time record system and use this record as official.
Compliance Classifications	Immediate Action Required
Local Law	

Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	The company has not delivered continuous training on the factory's code of conduct. During interviews, employees were not familiar with most of the factory's policies.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	The company has written procedures for retrenchment, however, there are no specifications in this document related to individual terminations (such as dismissal, quitting, or employment abandonment); and there is no specific procedure specifying how labor and compensation rights will be respected. Assessors verified individual termination and confirmed they were in compliance with local law. However, written procedures are missing.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	The company has not implemented a continuous training program to enhance employees' skills and prepare them for better opportunities.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	The company has not implemented a periodic performance review program specifying: a) protocols to avoid discrimination during the evaluation process b) written feedback for employees c) how the company handles employee disagreement.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	The labor contracts are missing two legally required items: The employee's National Citizen Number (CURP) and the beneficiaries designated by the employee in case of death.
Recommendation for Immediate Action	Include all required information in the labor contracts.
Compliance Classifications	
Local Law	Federal Labor Law Article 25 points I and X.

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.15
Benchmark Details	Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.
Finding Details	The company does not provide an office or a specific area for union representatives to attend to employees confidentially.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	FOA.2
Benchmark Details	Workers, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seeks employment and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers.
Finding Details	The 9th Clause of the Collective Bargaining Agreement establishes that new employees not provided by the Labor Union must join the Union within five days of being hired. This practice does not allow employees to freely decide if they want to join or not. In practice, all interviewed workers were members of the union and were not informed that they could refuse to join the union.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	Federal Labor Law Article 133 Clause IV and International Labour Organization Convention Number 98 - The Right to Organise and Collective Bargaining Convention ratified by Mexico on September 21st 2018.
Health, Safety And Environment (HSE)	
Benchmark ID	HSE.30.1
Benchmark Details	Employers shall develop, maintain, and regularly review health, safety, and environmental policies to ensure that they comply with all national laws, regulations and the FLA Workplace Code concerning health, safety, and environmental standards, regulations and procedures.
Finding Details	1. The company has not completed the policies, procedures, and practices for the identification of the psychosocial risk factors required in the NOM-035-STPS-2018. 2. The positions' risk assessment for the PPE assignment doe not consider the cutting position. 3. The company does not have the building structure inspection.
Recommendation for Immediate Action	1. Develop and implement the policies, procedures, and practices for the identification of the psychosocial risk factors in compliance with the NOM-035-STPS-2018. 2. Update the positions' risk assessment for the PPE assignment and include all factory positions. 3. Perform the building structure inspection with a certified entity and obtain the corresponding certificate.
Compliance Classifications	Immediate Action Required
Local Law	NOM-035-STPS-2018. NOM-017-STPS-2008 Points 5.2 and 5.3. NOM-001-STPS-2008 Points 5.2 and 5.3.
Benchmark ID	HSE.6.2
Benchmark Details	A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.

Finding Details	Emergency brigade members have not received the corresponding refresher training.
Recommendation for Immediate Action	Provide refresher training to the emergency brigade members.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-002-STPS-2010 Point 11.3.
Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	The company has not conducted an evacuation drill since October 2020. Regulations require that employees participate in at least two evacuation drills in a twelve-month period.
Recommendation for Immediate Action	Develop evacuation drills to ensure all employees participate in at least two exercises in a twelve-month period.
Compliance Classifications	Immediate Action Required
Local Law	Mexicano NOM-002-STPS-2010 Point 5.7
Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	The meeting point during evacuations has not been identified as required by the local regulation.

Recommendation for Immediate Action	Assign and identify a meeting point with green painting and visible signalization.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-026-STPS-2008 and Mexican NOM-003-SEGOB-2011.
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	The entrance to the security guard's booth does not have emergency lighting.
Recommendation for Immediate Action	Install the required emergency lighting in the entrance to the security guard's booth.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-002-STPS-2010 Chapter 7.2
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	There is no electrical grounding system diagram in the factory.
Recommendation for Immediate Action	Complete the electrical grounding system diagram.
Compliance Classifications	Immediate Action Required
Local Law	NOM-029-STPS-2011,Point 5.3.

Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	1. There is no smoke detector or first aid kit at the entrance to the security guards' booth. 2. The only fire extinguisher at the entrance of the security guards' booth is blocked.
Recommendation for Immediate Action	1. Install a smoke detector and first aid kit with required supplies at the entrance security guards' booth. 2. Keep all fire extinguishers free from obstruction.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-005-STPS-1998 Points 5.7 and 5.10
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	The Civil Protection Plan has not been updated since June 2018. The company has neither presented the plan to the corresponding authority nor received the required validation for this emergency plan.
Recommendation for Immediate Action	Develop the Civil Protection Plan, present it to the corresponding authority, and obtain the required approval.
Compliance Classifications	Immediate Action Required

Local Law	Regulation of the Civil Protection Law of the State of Tamaulipas Article 25th.
Hours Of Work (HOW)	
Benchmark ID	HOW.22.2
Benchmark Details	Accurate time records shall be maintained by employers, including overtime, breaks, and leave.
Finding Details	Due to COVID-19, the company does not use the digital record system available in the facility. Instead, the company is keeping an attendees' list that does not reflect check-in and check-out hours and only records attendance. Also, the company presented a second manual record for overtime; however, this record is not signed by the employees; so there is no way to confirm if it reflects the actual number of overtime hours.
Recommendation for Immediate Action	Implement a sanitization system for employees before using the digital time record system and restart using this system again.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.22.4
Benchmark Details	Employers shall not maintain multiple time-keeping systems and/or records.
Finding Details	See finding details in benchmark HOW.22.2
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	Between March 2nd to 8th 2021, 6 out of 21 employees worked more than 12 overtime hours which means more than 60 hours a week; during the period from March 9th to 15th, 3 out of 21 workers worked more than 12 overtime hours which means more than 60 hours a week; during the period from March 23rd to 29th, 2 out of 21 workers worked more than 12 overtime hours which means 60 hours a week; during the period from May 17th to 23rd, one employee worked 63 hours a week.
Recommendation for Immediate Action	Develop an overtime reduction program and ensure employees don't work more than 60 hours a week including overtime.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	See finding details in benchmark HOW.22.2
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	

Nondiscrimination (ND)

Benchmark ID	ND.3
Benchmark Details	Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.
Finding Details	The 7th Clause, Point F of the Collective Bargaining Agreement specifies that employees must have no criminal records as a condition to be hired.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Federal Labor Law Article 133 Point I.

