

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

23 Sep 2021



Factory Information

FLA Affiliates	Nike, Inc
Country	Pakistan
Number of Workers	

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

Employment Relationship (ER)	6
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	9

Assessment Information

Assessor	Innovatus
Assessment Date	23 Sep 2021
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	The facility does not have an original record of grievances received from the complaint boxes, instead, there is a generic log of grievances and actions taken. The grievance and actions taken are also not posted for workers' information.
Recommendation for Immediate Action	1. The facility should maintain the original record of grievances received from the complaint boxes or other means of communication. 2. The facility should post the actions taken on each grievance on notice boards for workers' information.
Compliance Classifications	Immediate Action Required
Local Law	Section 33 The Punjab Industrial Relations Act, 2010
Benchmark ID	ER.2
Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The facility does not fulfill the legal requirement of hiring 3% disabled workers or paying a sum of money equivalent to it to disable person rehabilitation fund. Currently, disabled persons are 0.2% of the workforce.

Recommendation for Immediate Action	1. The facility should either hire more disabled workers and fulfill the legal requirement of having 3% disabled workers or pay a sum of money equivalent to it to the disabled person rehabilitation fund.
Compliance Classifications	Immediate Action Required
Local Law	Section 2, THE PUNJAB DISABLED PERSONS (EMPLOYMENT AND. REHABILITATION) (AMENDMENT) ACT 2015.
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	1. The facility's policy and procedure on child labor do not cover remediation procedures if the child labor is found. 2. The termination procedure does not mention workers' right to appeal in case of disciplinary action. It also does not cover workers' representative inclusion in the termination process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Section 12 & 15 The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).

Finding Details	The record of proceedings of the inquiries conducted for disciplinary actions by the inquiry committees lacked details on the type of evidence collected and did not record the statements of the accused, the accuser, and witnesses. In most cases, there is a confessional statement of the accused, and the committee's decision is based on that.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Section 15 The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968
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	Already covered above in ER 17.5
Recommendation for Immediate Action	1. The facility should maintain the original record of grievances received from the complaint boxes or other means of communication.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.

Finding Details	1. The facility does not include Workers Management Committee (WMC) in decision-making aspects concerning workplace and working conditions, specifically, WMC is not included in grievance handling and disciplinary actions inquiries/decisions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Section 29, The Punjab Industrial Relations Act, 2010

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	Workers' representatives are not provided with office space to properly exercise their function.
Recommendation for Immediate Action	1. Workers' representatives should be provided with accessible office space to carry out their function properly.
Compliance Classifications	Immediate Action Required
Local Law	

Harassment Or Abuse (H/A)

Benchmark ID	H/A.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning discipline, violence, harassment and abuse, including that which is gender-based

Finding Details	1. The record of proceedings of the inquiries conducted by the harassment committee on workers' complaints lacked details on the type of evidence collected and did not record the statements of the accused, the accuser, and witnesses. In most cases, there is a confessional statement of the accused, and the committee's decision is based on that. 2. The Workers' representation is not ensured in the committee dealing with harassment and abuse complaints.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Section 3 & 4, The Protection Against Harassment of Women at the Workplace Act 2010

Health, Safety And Environment (HSE)

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	The facility does not have a dedicated firefighting team in place. Instead, it has trained production workers in each area to attend to fire emergencies. However, none of the designated firefighters at production floors were able to explain correctly the procedure to attend to fire emergencies.
Recommendation for Immediate Action	1. The facility should hire a dedicated fire fighting team to be better able to attend to any emergencies. 2. The facility should provide further training to designated firefighters on production floors to improve their understanding of emergency response procedures.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, Punjab Occupational Safety and Health Act, 2019

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	1. CO2 fire extinguishers were not provided in electrical panel rooms on each production floor of building B., 2. The facility does not place fire-resistant doors on any floors of all the buildings except in the basement of Building B. There are two emergency exits on each floor that open towards stairs and are placed with normal aluminum glass doors.
Recommendation for Immediate Action	1. The facility should review the placements of fire extinguishers and place them as per the fire risk involved. All electrical rooms should be provided with CO2 fire extinguishers placed near them. 2. The facility should provide fire-resistant doors on all emergency exits.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, Punjab Occupational Safety and Health Act, 2019
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	There is no assessment done after the drill to improve the evacuation process.
Recommendation for Immediate Action	1. The facility should carry out an assessment after the drill to identify areas for improvement in the evacuation process.
Compliance Classifications	Immediate Action Required

Local Law	
Benchmark ID	HSE.5.1.2
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 fire alarms;
Finding Details	The facility's centralized smoke detector system was not fully functional. Following issues were observed: i. Smoke detectors in Building A basement (finished goods warehouse) and Building C ground floor (canteen) were found not functional. The fire alarm did not activate and there was no indication on the fire alarm panel when smoke detectors were activated in these sections. Similarly, five smoke detectors in Building B (production floors) were also found not functional due to the accumulation of fluff. ii. Centralized fire alarm panel placed in the CCTV control room at the main gate did not have a sound function/buzzer for prompt emergency response. There is only a flashlight that turns on when fire alarms are activated. iii. Fire alarm call points and smoke detectors are not provided in the child care room
Recommendation for Immediate Action	1. The facility should ensure proper maintenance of smoke detectors 2. The facility should ensure that smoke detectors in all the areas are connected with the fire alarm panel. 3. The facility should provide a buzzer at the fire alarm panel for better response in case of an emergency. 3. The facility should provide a fire alarm call point and smoke detector in the child care room.
Compliance Classifications	Immediate Action Required
Local Law	Section 25, The Factories Act, 1934; Section 3, Punjab Occupational Safety and Health Act, 2019
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.

Finding Details	The facility has not provided a spill kit in the building-B first floor where machine oil was stored.
Recommendation for Immediate Action	1. The facility should provide a spill kit in machine oil storage.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, Punjab Occupational Safety and Health Act, 2019
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	1. 20 % of the inspected bathrooms were not properly cleaned and sanitized. 2. The factory has provided soap and drying facilities in only 50% of the inspected bathrooms.,
Recommendation for Immediate Action	1. The facility should improve the bathroom cleaning practices. 2. The facility should provide soap and drying facilities in all the bathrooms.
Compliance Classifications	Immediate Action Required
Local Law	Section 21, The Factories Act, 1934
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	The following issues were observed with electrical wiring: 1. 30 % of the inspected electrical panels were not vermin proofed 2. Phase separators were found missing in 20% of the inspected panels 3. Loose wires were observed in the waste storage area, stain removing area on the first floor in building B, and electrical panel room ground floor in building B. 4. Dust and fluff were found in 20% of the inspected electrical panels on production floors.
Recommendation for Immediate Action	1. The facility should ensure vermin proofing of all the electrical panels. 2. The facility should place phase separators in all the electrical panels, where needed 3. The facility should place proper casing on all electrical wires. 4. The facility should develop a mechanism to clean electrical panels on production floors regularly.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, The Punjab Occupational Safety and Health Act 2019
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The facility has six cargo lifts that are not provided with an internal door on the cage to avoid any contact of the human body/material with the wall when the cage is moving. These are also not provided with emergency lights. 2. The facility has a worker's canteen in which there are only two small gas cylinders for tea preparation. These are placed very close to the cooking station.
Recommendation for Immediate Action	1. The facility should provide internal gates on the cage in the cargo lifts. Also, emergency lights should be placed in all the cargo lifts. 2. Gas cylinders should be removed from the cooking station and should be placed safely outside the cooking room.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, Punjab Occupational Safety and Health Act, 2019; Section 33-A, The Factories Act, 1934

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. The fire hydrant pump is not inspected regularly. There was no record of its testing. 2. No corrosion protection was provided for battery terminals of diesel generator of fire pump 3. Fire hydrant pump is not provided with visual indicators for monitoring engine temperature, oil level, and battery charging level.
Recommendation for Immediate Action	1. The facility should inspect the fire hydrant pump regularly and maintain its record. The backup diesel generator should be run once for at least 30 minutes consecutively in a fortnight. 2. Corrosion protection should be provided on the battery terminals of the fire pump backup generator. 3. Fire hydrant pump should be provided with visual indicators for engine temperature, oil level, and battery charging level for better monitoring.
Compliance Classifications	Immediate Action Required
Local Law	

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