

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**01 Nov 2022**



## Factory Information

FLA Affiliates	Nike, Inc
Country	Sri Lanka
Number of Workers	899

## 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)	1
Employment Relationship (ER)	9
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	3

## Assessment Information

Assessor	Insync
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Assessment Date	01 Nov 2022
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Assessment Purpose	Factory Assessment (In-Person)
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## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.3.1.3
Benchmark Details	Where probationary employment is legally allowed, no workers shall work more than three months in this employment category.
Finding Details	Clause no. 2 in appointment letter defines probation period as 3 months which can be extended by 3 months if performance is unsatisfactory. Event this practice is not followed currently, appointment letter should be revised to restrict probation period with 3 months.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### 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	Worker's grievances through telephones is not maintained.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.2
Benchmark Details	Employers shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.
Finding Details	In the past 12 months, training on Disciplinary procedures was conducted for only 152 out of 177 Supervisors and Managers. There is some awareness on workplace conduct and Discipline , however all supervisors and managers should receive training.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	Witten procedures Grievance systems does not include requirement to assign responsibilities and training for all employees.
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	1. Written procedure on Recruitment and Hiring does not include information on duration of processes for recruitment and hiring and recording of entry and exit time for new recruits, assigning responsibilities and training of persons responsible for recruitment and hiring, requirement to have an induction / orientation program for new employees and information on maintaining and updating documentation (individual file of workers) pertaining to employment practices. 2. Written procedures on Non-Discrimination does not include requirement to assign responsibilities and training for all employees. 3. Written procedures on Forced Labour does not include requirement to assign responsibilities and training for all employees. 4. Witten procedures on Termination and Retrenchment does not include requirement to assign responsibilities and training for all employees. 5. Witten procedures on Compensation does not include requirement to assign responsibilities and training for all employees. 6. Job descriptions are not prepared for workers however factory has standard operating procedures for each production process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	Written procedures on workplace conduct and discipline does not include requirement to assign responsibilities and training for all employees.
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	Written procedures on Personnel Development does not provide information on trainers (internal or external) responsible for trainings listed for personnel development for all categories of employees (Workers, Supervisors, Managers), duration of trainings and requirement of maintaining of records. Information on evaluation process does not define the need to discuss results of evaluation with employee, obtain feedback and signature of employees.
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	1. Performance is evaluated for all skilled workers (machine operators) once every 6 months and based on results they are upgraded with increments in wages. For unskilled workers, formal evaluation is not conducted however increment is provided annually. 2. Post completion of 3 months of probation, performance of new workers is evaluated based on attendance and discipline at work. Evaluation of skill is not included. 3. Workers are free to request for evaluation of their performance at any time. Based on request, performance is evaluated, and increments are provided. Evaluation of performance is not conducted for all workers as factory practice.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.



Finding Details	1. Written procedures on promotions does not include information on steps that will be followed for shortlisting employees for promotions, evaluation process and duration, communication of criteria for evaluation of performance, assigning responsibilities, training of responsible persons, supervisors, managers and workers. 2. Factory does not have policy and procedures on demotions and job re-assignments.
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	1. Factory provides a letter to communicate promotion from worker category to supervisor category however does not provide a letter to communicate promotions within worker categories --like machine operator to jumper (multi machine ) operator. 2. Wage increments are not updated on service record of workers. 3. As documented in agreement with security service provider, wages paid to security guards is for 12 hourly shifts per day which includes overtime hours. This implies that guards need to work overtime to earn the day's wage.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

## Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	Written procedures on Freedom of Association does not include information on formation of worker represented "Employee Council" and requirement to assign responsibilities and training for all employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### Harassment Or Abuse (H/A)

Benchmark ID	H/A.8.3
Benchmark Details	Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.
Finding Details	Written procedures on Harassment and Abuse does not include requirement to assign responsibilities and training for all employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
<b>Health, Safety And Environment (HSE)</b>	
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	Aisle and evacuation route markings between few sewing lines in sewing section are faded.
Recommendation for Immediate Action	Ensure aisle and evacuation route markings between all sewing lines in sewing section are prominently visible at all times.
Compliance Classifications	Immediate Action Required
Local Law	Section 41 (6) Factory ordinance No 45 of 1942 -Every window, door, or other exit affording means of escape in case of fire or giving access thereto other than the means of exit in ordinary use, shall be distinctively and conspicuously marked by a notice printed in red letters of an adequate size.
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	<ol style="list-style-type: none"> <li>1. Exits signs above 2 exits from sewing section are not illuminated.</li> <li>2. Emergency lights are missing above exits from sample room and 2 exits (near staircase leading to HR office) and main rear exit leading to Canteen.</li> </ol>

Recommendation for Immediate Action	1. Ensure all exit signs are illuminated 2. Ensure emergency lights are installed above all exits
Compliance Classifications	Immediate Action Required
Local Law	1. Section 41 (6) Factory ordinance No 45 of 1942 -Every window, door, or other exit affording means of escape in case of fire or giving access thereto other than the means of exit in ordinary use, shall be distinctively and conspicuously marked by a notice printed in red letters of an adequate size. 2. Factories Ordinance No 45 of 1942- Section 13. (1) Effective provision shall be made for securing and maintaining sufficient and suitable lighting, whether natural or artificial, in every part of a factory in which persons are working or passing.
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations
Finding Details	1. Access to passage for most sewing machine operators is restricted by garment stands placed on either sides of machine operators. Multiple instances noticed where sewing machine operators were sitting back to back with back rest of their chairs very close to or touching each other. In some instances, workers in sewing section were sitting at right angles to each other restricting free and easy push back of their chairs in case of emergency. Such sitting arrangements may be a risk for injury in case of an emergency evacuation. 2. Work areas in cutting section were congested restricting quick and easy movement of workers. 3. Packing cartons were placed on rear passage in sewing section partially blocking the passage. 4. Broken and cracked floor tiles were seen on evacuation route on rear end of main production building. This could cause injury to feet of workers during movement. The risk of injury was explained and discussed with management and within next 2 hours management obtained and placed a continuous mat along the length of the evacuation route to cover all cracked tiles. This reduces the risk of injury however root cause of the damage to tiles on floor needs to be investigated.

Recommendation for Immediate Action	Ensure access to passages and evacuation routes are maintained clear at all times.
Compliance Classifications	Immediate Action Required
Local Law	Factories Ordinance -Means of escape in case of fire section 39: (1) Every factory to which this section applies shall be certified by a Factory Inspecting Engineer as being provided with such means of escape in case of fire for the persons employed therein as may reasonably be required in the circumstances of each case. (2) All means of escape specified in the certificate as aforesaid shall be properly maintained and kept free from obstruction.
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	1. Spill response kits provided in chemical storage room and near diesel storage tanks were not adequately stocked. PPEs, collection tray, broom and disposal containers were missing from kits. 2. Capacity of secondary containers for diesel stored in 2 small tanks in boiler room, is inadequate. Secondary containment is not provided for machine oil stored in a barrel in chemical storage room.
Recommendation for Immediate Action	1. Ensure spill response kits are adequately stocked. 2. Ensure secondary containment with adequate capacity is provided for diesel stored in 2 small tanks in boiler room and machine oil.
Compliance Classifications	Immediate Action Required

Local Law	Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. Anti-skid stopper was missing on 1 of the 2 ladders used by maintenance persons. 2. Needle guards are pushed upwards on most sewing machines exposing fingers of operators to risk of injury from needles.
Recommendation for Immediate Action	1. Ensure anti-skid stopper are provided on all ladders used by maintenance persons. 2. Ensure needle guards are maintained in place on sewing machines to prevent injury to fingers from needles.
Compliance Classifications	Immediate Action Required
Local Law	Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.
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	<p>1. PPE and breathing apparatus are not provided to Firefighting team at the factory. There is no legal requirement to provide these.</p> <p>2. Contact information for medical response is posted near canteen and in security guard's cabin and is not posted throughout the factory</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	<p>1. Fire risk assessment conducted by local fire department officials on December 2, 2019 and recommended relocation of fuel tanks from inside the boiler room to outside the room. the assessment also recommended capacity of secondary containers below the tanks to be increased to 110% of capacity of primary tanks. These recommendations were not addressed and management indicated that they are replacing the oil fuel boilers to electric boilers by December 2022. 2. It was recommended in the report of Fire risk assessment conducted by local fire department officials on December 2, 2019, that highly flammable material should be stored away from chemical room. However, barrel containing machine oils is stored in the chemical store with other chemicals used in production process. 3. Hose reel and fire hydrant system are not installed though it is recommended in the fire risk assessment report. 4. Smoke and heat detectors are not installed in main electric switch control panel boards. 5. Cooks in the kitchen were using cloth aprons which could be a risk while cooking near gas flames from stoves.</p>

Recommendation for Immediate Action	1. Ensure fuel tanks are relocated to outside of the boiler room. 2. Ensure barrel containing machine oils is stored in a separate location outside the chemical store. 3. It is recommended to install fire hose and hydrant system in the factory 4. Ensure smoke and heat detectors are installed in main electric switch control panel boards. 5. Ensure cooks in the kitchen use fire resistant aprons.
Compliance Classifications	Immediate Action Required
Local Law	1. Section 42 (A) 1 Factory ordinance No 45 of 1942-There shall be provided in every factory firefighting appliance in accordance with the regulations made in that behalf. 2. Section 42 (A) 1 Factory ordinance No 45 of 1942-There shall be provided in every factory firefighting appliance in accordance with the regulations made in that behalf. 3. BOI Labour Standard Manual (6) INDUSTRIAL SAFETY - 6.3 Employees engaged in hazardous work should be provided with suitable personal protective equipment as necessary.
Benchmark ID	HSE.28
Benchmark Details	Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.
Finding Details	Safety instructions are not provided to contractors used for cleaning confined spaces.
Recommendation for Immediate Action	Ensure safety instructions are provided to contractors used for cleaning confined spaces.
Compliance Classifications	Immediate Action Required
Local Law	Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.



Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	Safety instructions are not displayed near machinery used in the factory.
Recommendation for Immediate Action	Ensure safety instructions are displayed near machinery used in the factory.
Compliance Classifications	Immediate Action Required
Local Law	Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.
Benchmark ID	HSE.29
Benchmark Details	Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.
Finding Details	1. Warning signs are not posted near entry points of confined spaces though the points are securely covered. 2. There is no documentation maintained to verify if all safety precautions are taken for persons entering confined spaces.
Recommendation for Immediate Action	1. Ensure warning signs are posted near entry points of confined spaces. 2. Ensure documentation is maintained to monitor safety standards when persons enter confined spaces.
Compliance Classifications	Immediate Action Required

Local Law	Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.
Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.
Finding Details	In past 12 months, only 814 out of 915 workers were trained in Ergonomics. Thus training should be provided to all employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	1. Anti-fatigue mats are not provided to workers with standing jobs. Few workers were seen standing bare feet on hard floors. 2. Seating arrangements are not provided for workers with standing jobs to allow them to take rest at periodic intervals. 3. Workstations are not adjustable in height to suit height of workers.
Recommendation for Immediate Action	1. Ensure anti-fatigue mats are provided to workers with standing jobs. 2. Ensure seating arrangements are provided for workers with standing jobs to allow them to take rest at periodic intervals. 3. Ensure workstations are adjustable in height to suit height of workers.

Compliance Classifications	Immediate Action Required
Local Law	<p>1. Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.</p> <p>2. BOI GUIDELINES FOR FACTORY BUILDINGS – (3) FACILITIES TO WORKERS: 3.4 Facilities for Resting -There shall be provided and maintained for the use of all female workers whose work is done standing, suitable facilities for resting. Sufficient to enable them to take advantage of any opportunities for resting which may occur in the course of their employment.</p> <p>3. Factories Ordinance 1942 (Amended in 2002) –Section 45 - No machinery of any type or description which Regulation of is not expressly referred to in this Part shall (b) be operated except in such manner and with such safeguards and precautionary measures as may be prescribed by regulation for the better protection of persons or property from injury or damage likely to be caused by such machinery.</p>

## Hours Of Work (HOW)

Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.
Finding Details	<p>1. Work hours for outsourced Security Guards is programmed for 12 hourly shifts in the software used to capture and calculate working hours. Hence the software does not calculate and reflect overtime hours (post completion of 8 regular hours per day) worked on time cards. Overtime hours are calculated manually and compensated.</p> <p>2. Information on number of days worked every month is not reflected on time cards of outsourced security guards and Janitorial (housekeeping) workers. The information is also not reflected on pay records and wage statements of outsourced security while it reflects on pay records and wage statements of Janitorial (housekeeping) workers</p>

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	Written procedures on Hours of work does not include requirement to assign responsibilities and training for all employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.5
Benchmark Details	Employers shall maintain necessary records identifying all women workers and all workers under the age of 18 entitled to legal protection concerning work hours.
Finding Details	Factory does not keep records necessary to identify women workers and juvenile workers entitled to legal protection concerning hours of work.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law

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