

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

26 Jun 2024



Factory Information

FLA Affiliates	Lululemon Athletica Inc.,New Balance Athletics Inc.
Country	Sri Lanka
Number of Workers	4001

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)	8
Health, Safety And Environment (HSE)	15
Hours Of Work (HOW)	2

Assessment Information

Assessor	InSync Global
Assessment Date	26 Jun 2024
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	<p>1. Written procedures of grievance systems state that grievance boxes are opened once every month which is in practice. The timeline for opening boxes may discourage workers from reporting grievances that may need urgent attention. 2. Logs of grievances reported to HR staff assigned to each production area and logs of grievances reported using suggestions boxes are maintained. Review of the logs revealed that the signature of the person confirming the action taken to address the grievance reported and the signature of the worker reporting the grievance are not recorded. Hence it cannot be verified if corrective action taken was accurate and if the concerned worker was satisfied with the action taken. Post-resolution of grievances, management does not conduct an internal assessment to address the root cause of grievances to ensure resolution in a sustainable manner. 3. Log of grievances reported verbally to supervisors (group leaders) are not documented. Hence it cannot be confirmed if all grievances reported are addressed.</p>
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	Written procedure on grievance system does not provide the following: 1. information on communication of the resolution of grievances reported 2. the requirement of training for responsible persons.
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. Loading and Unloading process in raw material warehouse, Security, Housekeeping and Catering services are outsourced to external service providers. Written policy and procedures on recruitment and hiring does not provide information on the use of external service providers and steps to monitor recruitment and hiring procedures of workers employed by the service providers. 2. Requirement to train employees is not included in written policies on forced labor.
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	Information regarding investigations conducted prior to implementing disciplinary procedures is not documented with letters provided to communicate disciplinary action taken.
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	Written procedure on performance reviews does not include information on criteria for evaluations, requirement to train responsible persons and requirement to obtain feedback and acknowledgement of results by workers.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	1. Training on FLA code was provided to 2,250 out of 3,586 workers. Factory plans to conduct training for the rest of the workers by December 2024. 2. FLA code is posted in English but not in local languages Sinhala and Tamil. Lululemon Code is posted in Sinhala only but not in Tamil. New Balance code is available in Tamil and Sinhala.
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	Performance evaluation results are communicated verbally to workers and workers are not required to sign on their result sheet to acknowledge results. This could be risk for miscommunication and understanding of results by worker for whom performance was evaluated.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement 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	Workers are not consulted on creation or revision of policies and procedures. Workers are consulted for changes in food menu, internal welfare programs, temporary change in work hours and internal changes in employment conditions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

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	Fire safety standards are not implemented at all in the childcare facility. a. Emergency lights above exits, smoke detectors, and evacuation plans are not provided. b. Evacuation drills are not conducted at all. On average 30 children use the facility. c. Gas is used as fuel for cooking. Lack of fire safety arrangements could be a risk in case of fire.
Recommendation for Immediate Action	a. Ensure fire safety standards are implemented in the childcare facility. b. Provide emergency lights above exits, smoke detectors, and post evacuation plans. Conduct evacuation drills periodically. c. Ensure fire safety systems like gas detector and fire extinguishers are installed in kitchen where gas is used.
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.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	Factory does not conduct an assessment after fire drills to learn how to improve the evacuation process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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. Chemical collection tray/bucket are missing from the spill kit provided in the chemical storage room. Covered shoes and an apron are missing from the PPEs provided with the spill kit. 2. Barrels and smaller containers filled with machine oils, oxygen gas cylinders, chemicals, thinner, hand sanitizers, and refrigerant gas cylinders are stored together in the chemical storage room. This could be a risk for accidents. 3. Tube lights with no protective under cover, are installed on the ceiling of the chemical storage area instead of installing lights a with protective cage. This could be a risk in case of accidental burst/breaking of the lights resulting in heated parts falling on material stored in the room.
Recommendation for Immediate Action	1. Ensure chemical collection tray/bucket is provided with a spill kit provided in the chemical storage room. Provide covered shoes and apron with PPEs provided with a spill kit. 2. Ensure that flammable materials are stored safely away from other materials. Ensure only chemicals are stored in the chemical storage room. Gas cylinders should be stored in designated areas with all safety precautions in place. 3. Ensure that lights with protective under cover, are installed on the ceiling of the chemical storage area.
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.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	Fire alarms and fire extinguishers are not provided in the childcare facility.
Recommendation for Immediate Action	Ensure fire alarms and fire extinguishers are provided in the childcare facility.
Compliance Classifications	Immediate Action Required
Local Law	FLA benchmarks HSE.5.1 - All applicable, legally required or recommended elements of safe evacuation (e.g. posting of evacuation plans, installation and maintenance of an alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures) shall be complied with. HSE.5.2 Workers shall be trained in evacuation procedures. HSE.5.3 Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Benchmark ID	HSE.22.1
Benchmark Details	All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws and international standards.
Finding Details	1. Cooks, helpers, and food handlers were not using nose masks and hand gloves when handling food. While some did not have them, a few had pulled them under their chin. This could be a risk for contamination of food. 2. Cooked food was seen kept uncovered which could be a risk for contamination.
Recommendation for Immediate Action	1. Ensure cooks, helpers, and food handlers use nose masks and hand gloves when handling food. 2. Ensure cooked food is kept covered at all times. Educate food handlers on hygiene standards that are required to be maintained.
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	Needle guards and eye shields provided on sewing machines and overlock machines were seen pushed upwards by most workers rendering them ineffective in preventing injury to fingers and eyes of sewing machine operators.
Recommendation for Immediate Action	Ensure needle guards and eye shields are maintained in place by sewing machine operators. Educate workers on safe usage and monitor to ensure safety guards are maintained in place.
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	Fire extinguisher is not installed in the training building at all. Only 1 extinguisher of 3 kg capacity, is installed in the waste storage area, which may not be adequate and effective in controlling fire based on the quantity and material of waste stored.
Recommendation for Immediate Action	Ensure fire extinguisher is installed in the training building and adequate extinguishers are installed in the waste storage area.
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.27.3
Benchmark Details	Children must not visit parents in workplace areas.
Finding Details	Training on specific health & safety/hygiene is not provided at all to childcare workers.
Recommendation for Immediate Action	Ensure training on health & safety/hygiene is provided to childcare workers.
Compliance Classifications	Immediate Action Required
Local Law	No direct legal reference.
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

Finding Details	1. In the waste material storage rooms, waste paper and waste packing cartons are stored on either side of a wire mesh wall that separates them. Adequate space is not maintained between the materials on either side to prevent the spread of fire from one storage area to the other. 2. Waste materials like wooden pallets, metal tables, and plastic bins awaiting segregation are all stored together under an open shed.
Recommendation for Immediate Action	1. Ensure adequate distance is maintained between storage of waste material to reduce the spread of fire. Provide safety training to waste material handlers on safe storage practices. 2. Ensure waste materials are segregated and stored to reduce the risk of accidents. Provide safety training to waste material handlers on safe storage practices.
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. Entry to confined spaces is covered with metal covers, however, arrangements to ensure unauthorized entry are not in place and warning signs are not posted. 2. Cleaning of confined spaces is outsourced to external service providers. Though the factory has written procedures for entering confined spaces, procedures followed by external service providers are not monitored by the factory to ensure the safety of persons entering confined spaces. 3. Safety chord for holding the helmet in place when in use was missing for 2 out of 7 helmets inspected at random. Chords were loosely fastened on 4 helmets and were in place on 1 helmet. Use of helmets without safety chords could be a risk of injury to the user.

Recommendation for Immediate Action	1. Ensure safety signs and warning signs are posted near confined spaces to warn workers. 2. Ensure cleaning process of confined spaces is monitored by the factory to ensure the safety of persons entering confined spaces. 3. Ensure safety chord for holding helmets in place when in use is maintained in good condition always to prevent injuries to workers.
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	During assessment period, training on ergonomics and lifting techniques was provided to 120 out of 290 employees (Supervisors and group leaders from sewing sections, supervisors from cutting and raw material warehouse, and all workers from finished goods warehouse). Factory plans to conduct training for the rest of the workers within the next 4 months.
Recommendation for Immediate Action	Ensure training on lifting techniques is conducted for all persons associated with lifting materials to reduce the risk of injury.
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.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	Factory conducted a risk assessment internally however 'frequency' of possible injury and accident is not considered. Hence the assessment is incomplete.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.

Finding Details

1. There were multiple issues identified in the clothing of kitchen workers: a. Food handlers and cooks are provided with cloth aprons and were seen using open shoes which may be ineffective in protecting workers from possible burn injuries to skin from accidental spills of hot water or oil while cooking. b. Dish washers were using water-resistant aprons however the aprons were damaged resulting in their clothes getting wet. Washers were using polythene sheets tied from chest to ankle under their aprons to prevent getting wet while washing and preventing water from coming in contact with their skin. 2 out of 3 washers were seen wearing oversized shoes which do not prevent water from seeping inside and coming in contact with skin on feet. Such arrangements could be a risk for skin infections. 2. Though air recyclers are installed in laser cutting room, fumes from the process were felt inside the room. Nose masks are not provided to workers in the laser cutting room to prevent inhalation of fumes. 3. One worker engaged by an external contractor for installing a chiller plant, was seen using ear plugs while the helper was not using any PPE. Both workers were not wearing safety shoes. Not using PPE could be a risk to the health of workers. 4. Protective guards for the arms of workers are not provided to workers on bow lace layering section where sharp, pointed pins facing upwards are used to hold cut laces in place. Risk of injury to hands and arms of workers while placing the laces cannot be ruled out. 5. Factory does not have a formal system in place for the inspection of fall protection equipment like helmets, ladders, and safety ropes used by the maintenance team. Lack of periodic inspection increases the risk of injury to workers who use them.

Recommendation for Immediate Action	1. Ensure food handlers and cooks are provided with appropriate aprons and shoes to protect them from possible burn injuries to the skin from accidental spills of hot water or oil while cooking. Ensure damaged aprons used by dishwashers are inspected and replaced and provide appropriate shoes to washers. Ensure an internal monitoring system is in place for inspection of PPEs used by canteen workers. 2. Ensure air recyclers are functioning effectively in the laser cutting section to remove fumes and provide masks to workers to prevent inhalation of fumes if the need arises. 3. Ensure workers engaged by an external contractor use appropriate PPE and are monitored to ensure usage. 4. Ensure protective guard for the arms of workers is provided to workers on bow lace layering section to prevent injury from pointed metal needles. 5. Ensure a formal system is in place with documentation maintained for inspection of fall protection equipment like helmets, ladders and safety ropes used by maintenance team to reduce risk of injury to workers who use them.
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.5.2
Benchmark Details	Workers shall be trained in evacuation procedures.
Finding Details	The fire rescue team is not assigned responsibility for evacuating children from the childcare facility located outside the factory. The 4 childcare workers are not trained in fire safety procedures at all.
Recommendation for Immediate Action	Ensure the fire rescue team is assigned responsibility for evacuating children from the childcare facility located outside the factory, and that the 4 childcare workers are trained in fire safety procedures.
Compliance Classifications	Immediate Action Required

Local Law	Board of Investment – Labour standards and Employment Relations Manual – section 6 – Industrial Safety – 6.16 - A plan for the evacuation of employees in an emergency such as fire or an explosion to be prepared and practiced so that all persons employed are familiar with the routine to be followed in such situation.
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	Safety training was provided to 139 out of 189 workers with high-risk responsibilities. Factory plans to conduct training for remaining workers within October 2024.
Recommendation for Immediate Action	Ensure safety trainings are conducted on priority for all workers.
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.

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	Working hours for 6 outsourced workers employed through a contractor for loading and unloading of material, is recorded manually on a sheet of paper. The records reflect shift timings and not the actual time of start and end of work. Hence actual working hours could not be verified.

Recommendation for Immediate Action	Ensure actual work hours are recorded in time cards for the 6 outsourced workers.
Compliance Classifications	Immediate Action Required
Local Law	FLA benchmark - ER.2.1 Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
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	Procedures on working hours define deduction for late attendance post-completion of a grace period of 15 minutes after the start of shift, however this does not define the amount of deductions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

