



COMPANIES: Nike, Inc
Patagonia

COUNTRY: Sri Lanka

ASSESSMENT DATE: 06/21/18

ASSESSOR: Insync Global

PRODUCTS: Apparel

NUMBER OF WORKERS:

FLA Comments

Patagonia's suppliers concluded business with the factory in July 2020 after working with them since 2015. The factory was a printing subcontractor for two of Patagonia's finished goods factory partners in Sri Lanka. The FLA conducted an SCI Assessment at the printing factory on June 21, 2018, revealing a few issues that required attention. Patagonia, its factory partners, as well as other brands using the printing facility worked in partnership with the factory to address these few issues. The printing factory was always open to making all the improvements required in the SCI Corrective Action Plan (CAP). There were no critical issues that require follow-up at the time of exit. The printing factory has indicated to Patagonia that there will not be layoffs or worker reductions as a result of the exit given the small production percentage. The factory has been a good partner to Patagonia and its suppliers for all these years and this decision was not taken lightly.

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. Factory does not have written policies on Personnel Development, Freedom of Association & Industrial Relations, and Environmental Protection.

2. Factory does not have written procedures on Personnel Development, Hours of work, and Termination & Retrenchment.

Local Law or Code Requirement

Local Law or Code requirement: FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER 19, ER 23, ER.28, ER. 29, ER 30, ER.31, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To formulate and document the policies on Personnel Development, Freedom of Association & Industrial Relations, and Environmental Protection and provide awareness to all employees.

2. To formulate and document procedures on Personnel Development, Hours of work and Termination & Retrenchment.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Factory does not provide training to Manager, Supervisor and Workers on Recruitment & Hiring & Personnel Development, Compensation, Termination & Retrenchment, and Workplace Conduct & Discipline.

2. 525 out of 734 workers were covered in the annual training on the Code of Conduct in March and April 2018 which included general information on all Employment Functions. Management did not have a definite plan to train rest of workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2 and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To provide the training on Recruitment & Hiring & Personnel Development, Compensation, Termination & Retrenchment, and Workplace Conduct & Discipline to all personnel (managers, supervisors and workers).

2. To provide the training on Code of Conduct for all personnel on annually basis.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The timelines for periodic review are not included for Compensation, Hours of Work, Freedom of Association & Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, Environment and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To define timeline to review the policies/ procedures on Compensation, Hours of Work, Freedom of Association & Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, Environment and Health & Safety.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The written recruitment policy does not include the factory's policy on hiring outsourced workers for security and housekeeping services. [ER.7.2]
2. The factory does not have a written policy on performance reviews. [ER.29]
3. Although the written policy on recruitment states that though the minimum age of recruitment is 16 years, the factory only recruits workers who are above the age of 18. [ER.3]
4. The factory does not provide written job descriptions for any positions in the factory. Management positions do not have responsibilities assigned for the relevant Employment Function. [ER 1.1]
5. The orientation program does not include Recruitment Hiring & Personnel Development or Termination and Retrenchment. [ER.15.1]
6. The date of evaluation is not recorded on the worker performance evaluation sheets. Supervisors do not sign on the evaluation sheet and their feedback is taken verbally. [ER.30.1.2, ER.2]
7. Point 12(a) in the written agreement with security service provider states that normal working hours are 10 hours (including an hour for break) and point 12(b) states that only work beyond above limit will be treated as overtime. Both these clauses do not comply with legal requirements that require that all hours worked beyond 8 hours a day be considered as overtime work. [ER.10.1.1]
8. The agreements with the security agency and housekeeping service providers do not include information on FLA benchmarks, except for statement which states that workers should be paid legally mandated wages, and that the benefits of Employee Trust Fund and Employees Provident Fund would be provided. There is no information on leave or any other benefits that may be provided. [ER.10.1.3]
9. The factory has a six month probation period, rather than the maximum three month probation period required by the FLA. [C.3]

Local Law or Code Requirement

Local Law or Code requirement: Board of Investments – Labor standards and employment relations manual- Section 2; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.3, ER.7, ER.10, ER.15, and ER.29; Compensation Benchmark C.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To include the factory's policy on hiring outsourced workers for security and housekeeping services in the written recruitment policy.
2. To establish a written policy on performance reviews.
3. To describe clear direction stating that the employees are recruited only 18 years and above due to nature of work (hazardous working restriction for young workers) in the recruitment policy.
4. To provide written job descriptions and responsibilities for all positions in the factory. To also formally assign the management for the relevant employment function.
5. To include the training on Recruitment Hiring & Personnel Development or Termination and Retrenchment to the orientation program.

6. To include date of evaluation, signature of the head supervisors, and feedback on the worker performance evaluation sheet.

7. To revise the clauses in the agreement with the security service provider to ensure that statements are in line with the legal requirements and to monitor the practices to ensure the compliance.

8. To amend the agreements with the security agency and housekeeping service providers to also include the information on FLA benchmarks, as well as the leave or any other benefits that may be provided.

9. To discussion with the management and feedback will be provided.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The written compensation procedures do not include information on the calculation on attendance and production incentives, calculation of bonus, and skill allowances. The procedure refer to and appendix for the above calculation, but no such appendix is attached to the procedures. [ER.1]
2. Point no.21 in the written procedures states that "Selected categories of employee shall be provided with free uniforms as required by the type of work." No information is provided on the selection of workers. [ER.1]
3. The factory does not have procedures for workers to report any concerns with compensation and benefits. [C.19]
4. Information on overtime hours worked by outsourced housekeeping workers is not included in the pay sheet and wage slip, however, the amount of compensation paid is recorded. [C.13]

Local Law or Code Requirement

Wages Board Ordinance 1957, Section 3(1); FLA Workplace Code (Employment Relationship Benchmark ER.1; Compensation Benchmarks C.11, C.13, C.14, and C.19)

Recommendations for Immediate Action

1. Properly record the overtime for housekeeping workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To include in the written compensation procedures for the information on the calculation on attendance and production incentives, bonuses, and skill allowances.

2. To define the term "Selected categories of employees" in the written procedures.
3. To incorporate the written procedures for workers to raise any concerns with compensation and benefits.
4. To indicate the information on overtime hours worked by outsourced housekeeping workers in the pay sheets and wage slips.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factories policy on Hours of Work only restates the legal requirements and does not take in to account the actual conditions in the factory. [ER.23.1]
2. Workers from transfer printing and fabric store worked up to 66 hours per week in December 2017. Workers in the manual printing and fabric storage work 61 hours per week in July 2017. Maintenance workers, dispatch workers, and workers in the screen printing section worked for 61 to 66 hours per week in May 2018. [HOW.1.3]

Local Law or Code Requirement

Local Law or Code requirement: FLA Workplace Code (Employment Relation Benchmark ER.23; Hours of Work Benchmark HOW.1.3)

Recommendations for Immediate Action

1. Ensure that workers do not work more than 60 hours per week.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To establish a written policy and procedures on hours of work with specific information relating to the current factory's practices.
2. To review the current production capacity to ensure the adequate capacity.
3. To monitor workers' working hours to capture the OT hours in advance to ensure the compliance with the weekly hour limit.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The worker representative structure is called the "Joint Consultative Committee" and not the "Employee Council," and is not registered with the Board of Investment of Sri Lanka. [FOA.1]

Local Law or Code Requirement

Board of Investment of Sri Lanka- Labour Standards & Employment Relations Manual Section 10.1; FLA Workplace Code (Freedom of Association Benchmark FOA.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To appoint the worker representative as per the structure set and register to the Board of Investment of Sri Lanka.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Written procedures do not define types of disciplinary action that will be taken for the various types of misconduct. Additionally the written procedures do not define steps for progressive discipline. [ER.27]

2. The procedures require the maintenance of adequate and complete records of inquiry, but the factory does not keep records of verbal warnings. [ER.27.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To define in the written procedures for the types of disciplinary actions that will be taken for the various types of misconduct, and the steps for progressive discipline.

2. To record the verbal warning for every single employee and maintain it on file.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory grievance policy only states that the "Company ensures that employee's grievances shall be handled properly through this procedure". It does not include information on the reasons for addressing grievances or the benefits of a functioning grievance system. [ER.25]
2. The steps for communication of action taken to resolve grievances are not included in the written procedures, however the factory does communicate this information via the notice board. [ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To include in the factory grievance policy the information on the reasons for addressing grievances.
2. To mention in the written procedures on the steps for communication of action taken to resolve grievances.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. There are no written procedures that include steps on how to prevent and control negative impact on the environment, for workers to raise concerns regarding environmental impact, and any and protection against retaliation. [ER.31]
2. Training was conducted in March 2018 and April 2018 on waste management and environmental Protection for 313 of 734 workers . Management does not have a plan to train the remaining workers. [ER.1, ER.16]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To establish the written procedures that correspond to environment impact assessment to prevent and control negative impacts, for workers to raise concerns regarding environmental impact, and the protection against retaliation.
2. To organize a training program on waste management and environmental protection for the remaining workers, and to arrange it for all workers on annual basis.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no documents with the Standard Operating Procedures for each job with a focus on the performing job safely. [ER.1, ER.31]
2. The factory does not have any procedures to protect the reproductive health of workers through minimizing their exposure to workplace hazards. [HSE.12]
3. The written procedures on Health and Safety do not include information on steps to prevent and control negative impacts on Health and Safety and for workers to raise concerns if any and protection of such workers. [ER.31]
4. The factory has not conducted risk assessment for electrical safety. [ER.2]
5. Factory does not have a Competency certificate for the engineer who had inspected the factory building. [HSE.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.12)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To incorporate the safety standards with the operating procedures.
2. To establish the written procedures that identify the work that constitutes a substantial risk to their reproductive health and to define the protection measures to protect female workers from those risks.
3. To clearly identify in the written procedures regarding the steps to prevent and control negative impacts on Health and Safety. To indicate as well that workers could raise concerns to the management when the breaches are observed and that there will be no repercussion of doing so.
4. To review the current risk assessment results to ensure that all operations are included, and to review on a regular basis going forward.
5. To maintain the certificate for those engineers who conduct the factory inspection.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no way for workers to dry their hands in the bathrooms. [HSE.20]
2. The factory does not have a lighting protection system. [HSE.13]
3. The factory does not have any ladders for maintenance working at heights. Maintenance staff stated these were sent to another factory. The factory has no back up plan for conducting necessary work at heights. [HSE.1]
4. The elevator inspection report posted near the elevator in building 1 expired on Sept 7, 2016. [HSE.14]
5. Two of the five dryers in the manual printing section do not have emergency stop mechanisms. [HSE.14]
6. Medical gloves are kept in open packets in first aid kits, indicating that they are no longer sterile. [HSE.6]
7. Standard Operating Procedures are not posted on or near machines. [HSE.14]
8. Worker with sitting jobs in the Building J1 sticker printing section sit on hard stools with no back rest. Additionally the workstations at the factory are not adjustable to fit the height of the individual workers. [HSE.17]
9. Cars are parked in front of power generator rooms and transformers. [HSE.1]
10. Traffic lanes are not marked on the vehicle use areas, and workers walk in the road. Speed breakers, reflectors and convex mirrors are not installed at blind corners. [HSE.1]
11. There are flies in the canteen kitchen, and one of the fly repellent devices was not functioning. Cooked and raw Food is uncovered, and flies land on the rice and vegetables. [HSE.22]
12. Food handlers do not use face masks and gloves, and handle food with their bare hands. [HSE.22.1]
13. Cloth aprons are provided to cooks which may not prevent burns from spilling hot oil and water. One cook was not using an apron at all. Full cover shoes are not provided to canteen workers. Dishwashers are not provided with aprons, hand gloves and shoes. [HSE.7]
14. Asbestos roofing sheets are used building J2; the factory has not marked these areas. [HSE.1]

Local Law or Code Requirement

Factory ordinance part III- Safety section 272; FLA Workplace Code (Health Safety & Environment Benchmark HSE.1, HSE.6, HSE.7, HSE.13, HSE.14, HSE.17, and HSE.22)

Recommendations for Immediate Action

1. Provide a method for workers to dry their hands in in the bathrooms.
2. Install a lighting protection system.
3. Provide ladders or an alternate arrangement for working at heights.
4. Post an updated elevator inspection report at the elevator in building one.
5. Install emergency stop mechanisms on the dryers in the manual printing section.
6. Store gloves in sealed sterile packets in the first aid kits.
7. Post Standard Operating Procedures on or near machines.
8. Park cars in the designated area.
9. Mark traffic lanes and train workers to use sidewalks. Install speed breakers, reflectors and convex mirror at blind corners.
10. Install additional fly repellent in the canteen kitchen and ensure food is always covered.
11. Provide face masks and gloves to food handling workers.

12. Provide appropriate aprons to prevent burn injury and provide covered shoes to canteen workers. Train and provide Personal Protective Equipment (Shoes, Aprons, and Gloves) for dishwashers in washing section.

13. Gradually replace the asbestos roofing sheets in building J2 with a non-hazardous alternative.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To provide hand dryer in wash rooms and to include this point to check in the inspection checklist.

2. To install the lightning protection system.

3. To revise the work at height procedure to ensure that the ladder are available onsite at all times.

4. To review all elevators to ensure that the inspection reports are posted and up to date for each of them.

5. To repair the emergency stops of all machines.

6. To keep all the medical gloves closed packets.

7. To post the standard operation procedures on or near machines.

8. To provide stools with back rest for all relevant workers and to provide work stations that can be adjusted to fit the height of the individual workers.

9. To indicate the area in front of power generator as restricted area that cars are not allowed to park.

10. To provide traffic lanes, Speed breakers, reflectors and convex mirrors in the factory.

11. To replace the fly repellent device and ensure all of them are functioning.

12. To establish written policy on food hygiene and communicate to all canteen personnel.

13. To arrange risk assessment particular to canteen/ kitchen operation so that the necessary personal protective equipment is provided for each personnel.

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Helmets for working at heights are not used regularly by maintenance staff. Dust was seen accumulated on helmets. One of the three helmets checked had a broken head band and fastening strap. Electrical safety gloves are not provided to the maintenance team. Safety shoes are only provided for two of the six maintenance staff. One of the two sets of safety shoes is damaged and other is not used. [HSE.7]

2. Hand gloves are not provided to workers removing fabric from the dryers. [HSE.7]

3. Workers handling ink and paint are provided with cloth masks instead of respiratory masks. Several workers do not use the masks and pull them down below their chin. Workers do not use the provided gloves. Aprons are not provided to these workers, and they have ink and paint have stains on their cloths. [HSE.7, HSE.8]

4. There are no explosion proof lights in the ink and paint storage areas. [HSE.9]

5. One eye wash station in the machine printing section has a broken activation arm and broken shower. [HSE.9]

Local Law or Code Requirement

Board of Investments of Sri Lanka – Labor standards and employment relations manual- Section 6.3; FLA Workplace Code (Health Safety & Environment Benchmarks HSE.7, HSE.8, and HSE.9)

Recommendations for Immediate Action

1. Train and ensure maintenance workers use helmets. Provide electrical safety gloves to maintenance workers. Train and ensure maintenance staffs use safety shoes at work. Replace the damaged shoes.

2. Provide hand gloves to those workers who remove fabric from the dryers.

3. Provide appropriate face masks, hand gloves, and aprons to workers who handle ink and paint. Train workers on the importance of this protective equipment and their proper use.

4. Install explosion proof light in ink and paint storage areas.

5. Repair the eye wash station and shower in printing section.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To review and revise the risk assessment particularly for maintenance section to ensure that the necessary personal protection equipment (PPE) is provided for each maintenance staff.

To establish a checklist to inspect the conditions for all PPE provided on a regular basis.

2. To provide hand gloves for those who are work on dryers.

3. To arrange the evaluation on what type of PPE is required for ink and paint handling tasks and provide such PPE accordingly.

4. To install the explosion proof lights in the ink and paint storage area.

5. To repair the eyewash station at the mentioned area and to establish the inspection checklist to ensure that all eyewash stations are checked regularly.

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Emergency lights are not installed above tag exits in the maintenance room, side exit from building J8, Dryer room in building J1, side exit from the machine printing section, and the color kitchen. [HSE.5]

2. None of the exit signs are illuminated. [HSE.5]

3. Several work stations in the transfer printing section in building J8 are congested with restricted access to the evacuation passage. [HSE.5]

4. Aisles and evacuation routes are not marked in the transfer section. In the machine printing section the evacuation routes are marked on the outside walls, but not between machines where workers move and material is stored. [HSE.5]

5. Only one exit is provided from the color kitchen are where 12 workers are located. [HSE.5]

6. A fire extinguisher was missing from its location near the machine printing section. Management stated that it was removed for refilling, but no replacement interim extinguisher was installed. [HSE.6]

7. Oil and lint was observed on the rollers of an electric motors that was in operation. [HSE.14]

8. Electrical power is not switched off during evacuation drills, so the backup power for the emergency lights and alarms is not checked during the drills. [HSE.13]

9. Spliced electrical cords in the heat transfer section are repaired with electrical tape. Pieces of fabric are tied to the electric iron plugs to hold them in place. [HSE.13]

10. Excessive lint was noted on electrical installations (motors, light and cable trays) throughout the factory. [HSE.13]

Local Law or Code Requirement

Board of Investments – Labor standards and employment relations manual- Section 6 – Industrial Safety subsection 6.15; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5, HSE.6, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Install Emergency lights in all areas of the factory.
2. Install Illuminated exit signs in the factory.
3. Remove blockages from around the workstations, and ensure that workers have easy access to evacuation routes.
4. Mark the aisles and evacuation routes in the transfer section, and from work areas in the machine printing section.
5. Provide an additional exit from the color kitchen.
6. Provide a fire extinguisher near the machine printing section.
7. Provide spillage containers for oil near electric motors and remove lint from machines.
8. Electrical power should be switched off during evacuation drills to check the status of the emergency lights and fire alarms.
9. Replace the taped cords with continuous cords; in the future use heat shrink tubing to repair cords. Replace the electric iron plugs with 3 pin plugs as required.
10. Remove lint near electrical installations (Motors, light and cable trays).

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. To review all exits in all areas to ensure that emergency lights are installed above all exits.
2. To provide illuminated exit signs for all exits.
3. To review all work stations to ensure that evacuation pathways from each work station are free from any obstructions. To provide awareness training for all workers and supervisors to ensure that they keep work station clear at all times.
4. To review all areas and mark all aisles and evacuation routes on each work floor.
5. To move the colour kitchen to a separate building where the health and safety standards are guaranteed.

6. To revise the procedure regarding to the maintenance /servicing of fire equipment.

7. To review and revise the housekeeping procedures to ensure that oil and lint are cleaned.

8. To revise the evacuation drill procedures to switch off the electrical power during evacuation drills and to check the backup power for emergency lights and alarms during the drills as well.

9. To repair all spliced electrical cords in the heat transfer in corrective way.

10. To remove the excessive lint on all electrical installations.

Action Plan no 2.

Description

1. To review all exits in all areas to ensure that emergency lights are installed above all exits.

2. To provide illuminated exit signs for all exits.

3. To review all work stations to ensure that evacuation pathways from each work station are free from any obstructions. To provide awareness training for all workers and supervisors to ensure that they keep work station clear at all times.

4. To review all areas and mark all aisles and evacuation routes on each work floor.

5. To move the colour kitchen to a separate building where the health and safety standards are guaranteed.

6. To revise the procedure regarding to the maintenance /servicing of fire equipment.

7. To review and revise the housekeeping procedures to ensure that oil and lint are cleaned.

8. To revise the evacuation drill procedures to switch off the electrical power during evacuation drills and to check the backup power for emergency lights and alarms during the drills as well.

9. To repair all spliced electrical cords in the heat transfer in corrective way.

10. To remove the excessive lint on all electrical installations.