



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Under Armour, Inc.

COUNTRY: China

ASSESSMENT DATE: 08/02/18

ASSESSOR: Openview

PRODUCTS: Footwear

NUMBER OF WORKERS: 2320

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

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory requires workers to sign a 3-year labor contract that stipulates an extended probation period of 6 months. However, according to the FLA Code and Benchmarks, the probation period shall not exceed 3 months. [C.3]
2. Although the factory has established written policies and procedures for performance reviews, it is only linked with their performance bonus, not linked with promotion, demotion or job reassignment. [ER.1, ER.29]
3. The performance review does not seek feedback or agreement or disagreement from employees in writing. [ER.1, ER.29]
4. Factory does not keep relative records for review the performance of new employees during their probation period. [ER.29]
5. The factory only hires 13 disabled workers (0.5% of the total workforce) currently, which is a violation of legal requirement that states at least 1.5% of the total workforce should be composed of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on FLA Workplace Code and Benchmarks. [ER.3, ND.2]

Local Law or Code Requirement

Regulation on the Employment of the Disabled (2007), Articles 8 and 9. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3 and ER.29; Compensation Benchmark C.3; Nondiscrimination Benchmark ND.2)

Recommendations for Immediate Action

1. Change all existing workers' probation period to 3 months. Sign contract with new workers with a 3-month probation at most.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the top manager and teams who will

1. Develop and review (annually) policies and procedures for Personnel Development; including performance reviews for all workers (direct/indirect) that a) outline review steps and process, b) demonstrate linkages to job grading, c) prohibit discrimination, d) are provided in writing and seek feedback and agreement/disagreement from employees in writing, e) and that follow all local legal requirements.
2. Facilitate communication with and active participation from workers on the development of the policies and procedures, continuous training to broaden worker skills, and develop a mechanism for workers to express their views and opinions on Personnel Development.
3. Facilitate ongoing evaluations and revisions of policies and procedures.

4. Provide continuous training for all workers, supervisors, and managerial staff on the new policies and procedures.
5. Include information on the new Personnel Development policies and procedures during worker orientation or induction process.
6. Designate staff with the responsibility for policy/procedure enforcement and implementation.
7. Provide workers with documents detailing the information that is covered during the orientation or induction process.

Please send us a copy of the new policies and procedures

The factory must identify the manager/team who/that will be responsible for:

- 1) Developing a strategy to seek and establish communication channels with different governmental institutions or civil society organizations that assist people with disabilities with the purpose securing the hiring of people with disabilities; and
- 2) Asking the Indonesian government and private employment agencies for their support and guidance in identifying workers with disabilities, in collaboration with business associations;
- 3) Maintain thorough documentation of its future recruitment efforts including job postings and advertisements, applications received, interviews and pre-hiring assessments conducted; and
- 4) Create a programme to trained and employ workers with disabilities.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per factory, 1. As per the Article 19 of the Labor Contract Law of the People's Republic of China, the term of labor contract with more than three years include the fixed-term and no -fixed term labor contract ;The probation period shall not exceed six months.,and the labor contract signed between factory and employees shall be 37 months ; The probation period shall be six months complying with laws and regulations in China.

2.HR manager is responsible for updating and reviewing all procedure documents regularly every year as per the law, regulations and COC of brand which are changed and adjusted.

The UA team noted that the factory has updated the term of labour contracts so that the probation period shall not exceed 6 months, and the attendance sheets and photos for the training. The team asked for more supporting documentation.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The termination procedure does not cover how to manage employees who have reached the retirement age. [ER.1.1, ER.32.1]
2. The management just established the retrenchment policy and procedures in July 2018. They have not communicated the retrenchment policy and procedures to the general workforce. [ER.32]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Develop formal written: a) termination policy and b) procedure that include equal opportunity provisions, according to Under Armour and FLA Workplace Code and Benchmark requirements. Include provisions that determine the termination payouts for all types of Termination & Retrenchment.

1. Regularly train all workers, supervisors, and managerial staff on Termination & Retrenchment policies and procedures.
2. Include Termination & Retrenchment policies and procedures in the new worker orientation process.
3. Designate staff members the responsibility of overseeing the proper implementation and enforcement of the newly created termination policy and procedures.
4. Develop a regular review process regarding the newly created Termination & Retrenchment policy and procedures.

Please submit to us training materials, sign-up sheets, and any other relevant documentation.

Planned completion date

02/05/19

Company Action Plan Update

1.7.19 Update

As per factory, The factory have published a "layoff policy" ,and HR will provide training for all employees and managers according to the training plan.

The UA team noted that the factory has updated the policy, and asked for more supporting documentation.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. A temporary power cut occurred when workers worked for 1.25 hours on May 18, 2018. The factory swapped that day with May 20, 2018 (Sunday) and paid 200% of payment for the 1.25 hours, but the factory did not calculate the 6.75 hours of rest as downtime and did not pay the downtime wage to workers. [HOW.19, C.1]
2. The factory does not provide sufficient social insurance to employees. There are 2,247 employees working for the factory on the assessment day, including 10 newly recruited workers after July 25, 2018 (the last register day for social insurance). The social insurance payment proof of July 2018 indicated that all 2,237 eligible employees were provided with work-related injury insurance, 1,316 employees (58.8%) were covered by medical, maternity and unemployment insurance, and 1,315 employees (58.8%) were covered by pension insurance. [ER.22, C.1, C.10]
3. The coverage of Housing Provident Fund factory provides for employees is insufficient. The factory just provides Housing Provident Fund for 948 out of 2,237 eligible employees (42.4%) in July 2018. [ER.22, C.1, C.10]

Local Law or Code Requirement

The LMI [1994] No. 489 of Provisional Regulations on Payment of Wages, Article 12; China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Articles 12 and 58; Regulations on Management of Housing Provident Fund, Articles 2, 3 and 15. FLA Workplace Code (Employment Relationship Benchmarks ER.22; Hours of Work Benchmark HOW.19; Compensation Benchmarks C.1 and C.10)

Recommendations for Immediate Action

1. Pay downtime wages to workers as per legal requirement.
2. Provide all workers with all required social insurances.

COMPANY ACTION PLANS

Action Plan no 1.

Description

A) The factory must identify the person who will: 1) provide all workers with all of the social insurance benefits to which they are entitled legally, for example: 1) maternity; 2) medical; 3) pension unemployment; 4), and 5) industrial injury; and (please see Article 73 of the Labor Law of the People's Republic of China); 2) ensure that the factory properly calculates its payments/remittances to the government using the correct percentage of actual gross wages instead of the basic wage, if, and as legally, required; 3) that it maintains on file at the factory records of related payments to the appropriate authorities; 4) it has conducted documented educational meetings with workers about the insurance and the portability of related payments have been conducted and 5) the factory is aggressively working, according to a documented written schedule listing all applicable workers, towards full enrolment of all workers in all types of insurance. Additionally, the factory should host documented training sessions to help workers understand the importance of contributing toward social insurance schemes and the portability of such payments for migrant workers. Please submit supportive documentation to us that would confirm all social insurance benefits are covered for 100% of the workforce

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per factory, 1. The power outage on May 18, 2018 is an uncontrollable factor. Due to the problems of government power lines, the factory have tried best to communicate with employees, and completed the scheduled production tasks after gotten approval from the employees with working hours on May 20; Please see the attached for certificate of lingshan Power Supply Bureau.
2. The participation rate of Social Insurance in November 2018 reached 70%, and factory have planned to increase the rate month by month; And the rate will reach 85% in 2019 and 100% in 2020.

The UA team noted the supporting documentation for item 1, and the steps taken by the factory on item 2, but asked for more

supporting documentation.

Action Plan no 2.

Description

B) Legal Reference or Client Expectation: In accordance with Regulations on Management of Housing Provident Fund Article 15, if a unit employs a new worker or staff, the unit shall undertake the registration of payment and deposit at the managing center of the housing provident fund within 30 days of the employment, and shall, on the basis of the verification documents of the managing center of housing provident fund, undergo the procedure of opening or transferring the account of Housing Provident Fund of workers and staff at the commissioned bank. In case of the termination of the labor relationship between the unit and a worker or staff, the unit shall undertake the alteration registration at the managing center of Housing Provident Fund within 30 days of the termination of the labor relationship, and shall, on the basis of the verification documents of the managing center of housing provident fund, undergo the procedure of transferring or sealing up the account of Housing Provident Fund at the commissioned bank. Recommendations for Improvement OR Agreed Upon Corrective Actions: The factory must review and comply with the attached FLA Issue Brief on the Housing Provident Fund. THE FACTORY MUST IDENTIFY THE PERSON WHO WILL DRAFT AND EFFECTIVELY IMPLEMENT A WRITTEN PROCEDURE THAT WILL ENSURE THAT WITHIN THE NEXT 2 MONTHS: 1) ITS REGISTERS AND ENROLLS ALL WORKERS IN THE HOUSING PROVIDENT FUND PROGRAM; 2) IT, AND THE WORKER, REMIT REQUIRED PAYMENTS INTO THE HPF; 3) BOTH THE: A) FACTORY AND B) THE WORKER MUST CONTRIBUTE TO THE WORKER'S PERSONAL ACCOUNT AND THE FUNDS IN THE ACCOUNT BELONG SOLELY TO, ARE CONTROLLED SOLELY BY EACH, WORKER; 3) CONTRIBUTIONS MUST BE CALCULATED BASED ON EACH WORKER'S AVERAGE MONTHLY WAGE OVER THE LAST YEAR AND 3) CONTRIBUTIONS MAY NOT FALL BELOW A MINIMUM OF FIVE PERCENT (5%) OF THE MONTHLY WAGE, AND OTHERWISE TIMELY COMPLIES WITH THE REQUIRED ACTIONS (INCLUDING "ALTERATION REGISTRATION" AS NOTED ABOVE.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per factory, The factory have published the plan for increasing the deposit of housing fund, 1040 employees have been enrolled in November 2018, the proportion rate reached 45%, and the proportion rate will reach 70% in 2019 and 100% in 2020.

The UA team noted the steps taken by the factory.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. There are 31 interns (all of them are juvenile workers) working in the factory since May and June 2018, but the factory has not established procedure on how to manage the working hours of interns. Time records of interns indicated they worked 1 to 1.5 hours overtime on each work day and 8.5 hours overtime on Saturday as other regular workers, which violated legal requirement. [ER.14 and HOW.4]
2. Female workers in lactation period work 1 to 1.5 hours overtime on each week day and 8.5 hours overtime on Saturdays as other workers. [ER.14 and HOW.4]
3. Based on the review of time records for the period from July 2017 to July 31, 2018 and interview with the management, about 30% of workers could not be guaranteed with one day rest in seven-day period in May 2018, with the maximum up to 20 consecutive days from May 14 to June 2, 2018, and about 90% of workers consecutively worked 7 days once in June 2018 (from June 11 to 17). [HOW.2]
4. Based on the review of time records for the period from July 2017 to July 31, 2018 and interview with the management, about 30% of workers' weekly working hours exceeded 60 in two weeks in May 2018, and about 90% of workers' weekly working hours exceeded 60 in one week in June 2018, with the maximum up to 70 hours. [HOW.1.3]
5. Based on the review of time records for the period from July 2017 to July 31, 2018 and worker interview, 90% of workers' monthly overtime hours exceeded 36 per month in the reviewed period except February 2018, with a maximum of 97 hours in June 2018. [HOW.1.1]
6. The production plan includes overtime work. The factory usually makes production plans based on 9 to 9.5 hours per work day plus 8.5 hours overtime on Saturday, resulting in 13.5 hours to 16 hours overtime per week. [HOW.8.4]

Local Law or Code Requirement

Regulations on the Management of Internship Vocational School Students, Article 16; Special Rules on the Labor Protection of Female Employees, Article 9; China Labor Law, Article 41. FLA Workplace Code (Employment Relationship Benchmark ER.14; Hours of Work Benchmarks HOW.1, HOW.2, HOW.4 and HOW.8)

Recommendations for Immediate Action

1. Do not arrange overtime for the interns (also juvenile workers).
2. Stop arranging female workers in lactation period to work overtime.
3. Provide workers with at least one day off (24-consecutive hours of rest) for every seven-day working period.
4. Ensure workers' weekly working hours do not exceed 60 hours a week.
5. Control workers' overtime hours to not exceed 36 hours a month.
6. Do not include overtime and request overtime on a regular basis in the production plan.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvement Required: The factory must identify the top and middle management personnel who will: 1) conduct documented and regular (daily, weekly and monthly) documented and regular analyses of the factory's hours of work with a view to progressively reducing excessive hours of work; 2) demonstrate and issue a written commitment to reduce overtime and 3) alter its personnel practices to make a documented effort to maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand. Factory management is to: address its excessive hours issues:

- 1) if established to be necessary, by jointly working with its customers on how to provide better order forecasts;
- 2) Participating in workshops/engaging a consultancy for the factory on how to improve productivity/quality;
- 3) if established to be necessary, by jointly working with its customers to develop clear guidelines on how to extend shipment deadlines in case of contingencies;
- 4) the creation of steps that management must follow if overtime is inevitable (steps for how to communicate with Under Armour's Sourcing and Sustainability teams and other customers);
- 5) clear guidelines on calculating and setting reasonable production targets that will not demand work beyond regular working hours or during breaks; and
- 6) Developing clear guidelines on how and when the factory can use subcontractors (no Subcontractors may be used without meeting the requirements in the MAP's final row, below) and/or temporary workers to avoid excessive overtime.
- 7) re-evaluate the production planning systems and controls in order to ensure that they match their historically demonstrated production capacity in order to operate within its working hour control policy.

Please send us supporting documentation for each item above.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per factory, 1.The policies of Juniors , Female Workers Special Protection and Working Hours have been issued by HR in 10th,Aug.2018.

2.HR have provided the training on policies for employees representatives of every Depart.

The UA team noted that the factory has re-written the policies and provided training for Juniors, Female Workers Special Protection, and Working Hours, and asked for more supporting documentation.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union under the ACFTU (All China Federation of Trade Unions). However, the factory could not provide election records to demonstrate that the leader of the union/worker representatives was freely and directly elected by workers. The management stated that the leader of the union was elected by worker representatives and worker representatives were recommended by workers. 90% of interviewed workers were not aware of the worker representatives. The document indicates that all union members are supervisors or managers. [ER.2, FOA.1, FOA.11]
2. Workers are not provided with a copy of the Collective Bargaining Agreement (CBA) and all the interviewed workers were completely uninformed about the content of the CBA. [ER.16]
3. Disciplinary rules stipulate that the factory would dismiss workers who organizes a strike. [FOA.22]
4. FLA Comments: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO

standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements. [FOA.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.16; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.11 and FOA.22)

Recommendations for Immediate Action

1. Delete the clause of dismissing the worker who organizes a strike in the disciplinary rules.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify to us the manager and team who will develop and effectively implement formal, written, FLA Compliant: 1) documented procedures on Industrial Relations are developed or updated to address: a) managing disputes or major industrial actions, e.g., strikes or work stoppages; b) steps for conflict resolution; c) steps to prevent anti-union violence, discrimination or interference; d) mechanism that allows workers to report freedom of association violations confidentially; e) steps for notifying workers of the outcome of negotiations with union, and requirement to provide a copy of the collective bargain agreement to the workers. 2) a commitment to worker/management communication that enables workers to consult with and provide input to management; b) a commitment to not interfere with the right of workers to establish and join organizations of their own choosing and to collectively bargain (consistent with ILO principles and jurisprudence) and/or obstruct legal alternative means of workers' association.

The factory must also identify the manager or team (in writing) that will be responsible for the following: 1. Regularly conduct documented training of all current and newly hired workers, supervisors, and managerial staff on the newly created Industrial Relations policy and procedures. 2. Include Industrial Relations policy and procedures in the new worker orientation process. 3. Designate staff members who have the written and actual responsibility of overseeing the proper implementation and enforcement of the newly created Industrial Relations policy and procedures. 4. Develop a regular review process regarding the newly created Industrial Relations policy and procedures that includes documented consultation with workers and any active worker representation structure; and it occurs periodically according to a written work plan.

Please send us a copy of the Industrial Relations and Freedom of Association policies/procedures.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per factory, 1.The factory have written the document of freedom association policy.

2.The factory will strengthen and conduct the training on freedom association for employees and managers.

The UA team noted the steps taken by the factory, and asked for more supporting documentation.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's disciplinary procedure does not include a third-party witness during the imposition of disciplinary actions. [ER.27.4]
2. The records of disciplinary actions were maintained in a centralized file but not in workers' personnel files. [ER.27.3.4]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvement Required: The factory must identify the person who will develop and effectively implement written disciplinary: 1) policies and 2) procedures. The new written procedures must provide for both: a) having a third-party witness present if, and when, sanctions are imposed, and b) and an Appeals process (FLA Employment Relationship ER.27.4). The factory should conduct documented training, and with materials, in the official local language and any other applicable dialects and languages, with its managers, Human Resources personnel and workers about each of the policies and procedures. The factory should document actions it subsequently takes in accordance with, and pursuant to these policies and procedures in any affected managers' and workers' on site personnel files.

Please send us a copy of the records kept in employee's personnel file.

Planned completion date

02/05/19

Company Action Plan Update

1.7.19 Update

As per factory, 1. Disciplinary procedure in factory does not includes the third-party witnesses in the process of implementing the disciplinary, and it have been reported to the headquarters of the company group for comprehensive evaluation;

2. Because of the large number of workers in the factory, a large number of paper documents of labor discipline will be showed every month. They sorted out the all files according to the yearly or monthly. However, the HR management system in the factory will read the records of history labor discipline of any employee, and will find it quickly based on HR management system.

The UA Team noted the steps taken by the factory, but asked more supporting documentation

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has no procedure that guarantee protection for workers who allege environmental violations. [ER.31]
2. No secondary containers for diesel oil and engine oil used in power generator room. [HSE.9]
3. The facility stores empty chemical containers at open area nearby chemical warehouse without any protective measure and no secondary container for empty containers of diesel oil and engine oil in power generator room. [HSE.9]
4. The facility does not monitor the pollutant discharge of waste gas generated from forming workshop. [HSE.1]
5. The factory does not communicate its environmental protection program to the general workforce, including new workers. [ER.31.1, HSE.2]

Local Law or Code Requirement

Regulation for Safety of Dangerous Chemical, Article 20; Standard for Pollution Control on Hazardous Waste Storage, Article 6.2.4; Measures for the Administration of Environmental Surveillance, Article 21. FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2 and HSE.9)

Recommendations for Immediate Action

1. Install proper secondary containers for all chemicals in the factory.
2. Store the hazardous wastes in a designed place that with secondary containers and resist wind, rain and sunrays.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvement Required: The factory must identify the manager/team who/that must identify the people responsible for 1) installing proper secondary container for all chemicals in the factory. This manager/team must also ensure that all of those responsible for spillages in the factory receive appropriate training and equipment as outlined by the chemicals MSDS. Training about chemical management to be developed and conducted on a regular bases.

This manager/team is also responsible to set up policy and procedure to monitor pollutants in the workshop.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update:

- As per factory, 1.The Production Dept.have purchased enough secondary containers for chemicals in 9th,July.
2.The temporary storage area of chemical have been set up at the production site,and require the all of chemicals are storage in the secondary containers.
3.The chemical training programmes are made by Production Dept.and will be regularly conducted for employees.
4. Production Dept. and CR responsible person check periodically..

The UA Team noted the steps the factory's taken, but asked for more supporting documentation.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. 20% of electric panels are not installed with safety covers. [HSE.13]
2. Products in all warehouses are stored against posts and walls. [HSE.1]
3. One evacuation passage on the second floor of production building A and one on the third floor of production building B are blocked by products. [HSE.5.1]
4. The cook does not wear uniform or hat during work. [HSE.22.1]
5. Approximately 50% of sewing workers remove the eye shields away from being used during work. [HSE.7, HSE.8]
6. There is no emergency assembly point or location of fire alarm marked in the evacuation plans in dormitory. [HSE.1, HSE.5]
7. One worker welding in raw material warehouse does not wear any PPE. [HSE.7]

Local Law or Code Requirement

Electricity Safety Guidelines, Article 5.1.1; Rules for Warehouse Fire Prevention Safety Management, Article 18; The China Fire Prevention Law, Article 16; Law of the China on the Food Safety, Article 27; Law of the China on Work Safety, Article 42; Code of Design on Dormitory Building Fire Protection and Prevention, Article 4.1.4; Law of the China on Work Safety, Article 42. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.7, HSE.8, HSE.13 and HSE.22)

Recommendations for Immediate Action

1. Install safety covers for all electric panels.
2. Maintain space between stacks and walls at least 0.5 meter and posts at least 0.3 meter.
3. Ensure all evacuation passages are always accessible during work.
4. Monitor the cook to wear uniform and hat during work.
5. Require sewing workers to use eye shields properly. Provide training on proper use.
6. Mark emergency assembly point and location of fire alarm in the evacuation plans in dormitory.
7. Ensure the welding workers wear proper PPE during work.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person/3rd party who/that will:

- 1) develop Health, Safety, and Environmental policies containing:
 - a) the framework for a comprehensive health, safety, and environmental management system;
 - b) are clear and regularly tested and reviewed;
 - c) details factory's responsibilities;
 - d) workers' rights and duties;
 - d) responsibilities of designated personnel;
 - e) procedures that enable workers to raise health, safety, and environmental concerns;
 - f) procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies and,
 - g) Protection to workers who allege health, safety, and environmental violations.

2) develop a written policy and related written procedures mandating that the Factory Manager is fully responsible for safely operating and maintaining the facility including all aspects of Occupational Safety, Health and Fire Safety.

Please send us a copy of the updated Health and Safety policies and procedures.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per the factory, The CR and production departments jointly established a safety team to conduct internal audit on safety production periodically, and implement communication on training with department which have more audit findings.

The UA team noted the inspection/internal audit logs, the photo of the sewing machine guards, the evacuation maps, the warning signs, but asked for more supporting documentation.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The chemical management system does not function properly in the chemical storage area:

1) There is no MSDS posted in one chemical storage area each on the first floor of production building B, third floor of building C and third floor (printing department) of building H. There is no MSDS posted in generator rooms. [HSE.10.1]

2) There are no safety labels posted on 5% of chemical dispensing containers. [HSE.9.1]

3) 80% of workers in contact with chemicals do not wear gloves during work. Other workers wear cotton gloves instead of rubber gloves during work. [HSE.7, HSE.8]

4) The eye washing station on the third floor between production buildings B and C is broken. [HSE.6.1]

2. The factory does not provide pre-post occupational health check for any eligible employees in time. The latest pre-job occupational health check was conducted on May 31, 2017. The factory provided on-job occupational health check for all eligible employees on May 31, 2017, which is expired. [HSE.1]

3. The factory does not track any illness. [HSE.3.2]

4. The factory does not periodically test the lightning protection system in the factory. [HSE.13]

5. The factory conducts welding for equipment maintenance but does not obtain hot permit and welding operator certificate. [HSE.4]

Local Law or Code Requirement

Regulation of Chemical Safety Usage in Workplace, Articles 12 and 19; Law of the China on Work Safety, Article 42; China Law of Prevention and Control of Occupational Diseases, Articles 25 and 36; Technical Specifications for Inspection of Lightning Protection System in Building, Article 6; Special Appliance Quality Safety Monitoring Regulation, Article 38; Safety Production Law, Article 27. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.4, HSE.6, HSE.7, HSE.8, HSE.9, HSE.10 and HSE.13)

Recommendations for Immediate Action

1. Post MSDS in all chemical storage areas. Post safety labels on all chemical dispensing containers. Provide proper PPE for eligible workers and monitor them on use. Repair the broken eye washing station.

2. Provide pre-job and on-job occupational health check for all eligible workers as per law.

3. Track all illnesses in the factory.

4. Conduct annual inspection for lightning protection system as per law.

5. Obtain hot permit and welding operator certificate.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvement Required: The factory must identify top manager who will:

1. Create and effectively implement procedures for Risk Assessments;

2. Facilitate communication with and active participation from workers on the development of the policies and procedures, and develop a mechanism for workers to express their views and opinions on Risk Assessment procedures;

3. Facilitate ongoing evaluations and revisions of policies and procedures;

4. Provide continuous training for all workers, supervisors, and managerial staff on the new policies and procedures;

5. Include information on the new Risk Assessment procedures during worker orientation or induction process;

6. Designate staff with the responsibility for policy/procedure enforcement and implementation; and
7. Provide workers with documents detailing the information that is covered during the orientation or induction process.

Please send us a copy of the new Risk Assessment procedures and other supporting documentation for the training, such as attendance sheets.

Planned completion date

11/03/18

Company Action Plan Update

1.7.19 Update

As per the factory, 1. Have posted MSDS label in the silk-printed chemicals storage area.

2. Anti-fatigue cushion has been added to some posts

3. The factory have implemented the lightning protection system testing, and continue to construct in December 2018 as per the planning.

4. Eyewash station has been repaired and it keep the normal status.

The UA team noted the MSDS posted, the anti-fatigue mats, the lighting protection system testing, and the eyewash station, but asked the factory to also send us a risk assessment policy and procedure.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no occupational hazards test reports posted in the relevant workshops. [HSE.1, HSE.2]
2. The factory production buildings were completed in 2013, but there has been no pre-assessment of occupational disease hazards, assessment of effects of occupational disease hazards control or assessment of current condition of occupational disease hazards conducted ever. [HSE.1]
3. Individual workstations are not adjustable to fit individual workers. The factory does not take proactive steps to reduce repetitive-motion stress and injuries, such as no anti-fatigue mat. [HSE.17]
4. There is no list of equipment and/or machines that require lockout-tagout in the factory. The login and logout of each equipment is missing. HSE.14
5. Emergency evacuation procedures do not include steps for ensuring that walkways, aisles and emergency exits are free from obstruction, steps on how to ensure that all visitors, contractors, service providers safely evacuated, and steps on how to ensure that all special categories of workers and children in dormitory safely evacuated. [ER.31.2]
6. There is no fire risk assessment conducted in the factory. [ER.31.2]
7. The factory does not perform an asbestos exposure assessment. [ER.31.1]
8. Traffic lanes and walk paths are not marked. The factory does not provide any visual management such as indicators, convex mirrors in dead ends, reflectors, etc., to ensure safe driving practices on factory premises. [HSE.5.1]

Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Articles 17 and 18; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.5, HSE.14, and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory shall identify the manager who will be responsible for ensuring that written, documented policies and procedures are developed or updated to address all listed requirements, and that copies of the policies and procedures are provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: The health, safety, and environmental policies contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed:

- A commitment to minimizing environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks;
- Procedures to identify whether on-site operations generated any negative environmental impacts;
- Employers' responsibilities;
- Workers' rights and duties;

- Responsibilities of designated personnel;
- Procedures that enable workers to raise health, safety, and environmental concerns;
- Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies; and
- Protections to workers who allege health, safety, and environmental violations.

Please send us the updated policies and procedures.

Planned completion date

02/05/19

Company Action Plan Update

1.7.19 Update:

- As per the factory, "1. Suqi of Administration Dept. will contact the qualified organization to evaluate the status of occupational diseases, and it is expected to be completed in March, 2019, when the occupational hazard test report will be posted in the workplace.
2. The Administration Dept. have arranged annual physical examination for on-the-job and resignation employees, and the factory will conduct the examination on time every year.
3. The factory have sorted out a checklist of standing post person, all employees who need to stand are provided with anti-fatigue cushion.
4. The responsible person of Administration had reported with the Engineering Dept., in which will arrange the professional engineers to make asbestos contact assessment for the whole factory, and it is expected to be completed in March, 2019.
5. The factory have marked the restriction sign in traffic lanes and sidewalks, and installed the convex mirrors in the corner.

The UA team noted the management document, but has requested further supporting documentation.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training for workers is missing in the following Employment Functions: Recruitment, Hiring & Personnel Development; Retrenchment; Industrial Relations including Freedom of Association; and Environmental Protection. [ER.1, ER.15]
2. The factory does not provide specific training to supervisors regarding Environmental Protection. [ER.1, ER.17]
3. The regular and ongoing training for employees is missing the following Employment Functions: Recruitment, Hiring & Personnel Development; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment; and Environmental Protection. [ER.1 and ER.15]
4. Workers are not trained in proper lifting techniques. [HSE.17.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15 and ER.17; Health, Safety and Environment Benchmarks HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- Sustainable Improvement Required: The facility shall identify the manager who will be responsible for ensuring that training programs are developed or updated to address all listed requirement, that all facility management and workers partake in requirement training, that records are maintained to demonstrate compliance with this requirement, and that evidence of this is provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum:
2. a) providing continuous training for all workers, supervisors, and managerial staff on the new policies and procedures; b) including information on the new Environmental Protection policies and procedures during worker orientation or induction process; c) designating staff with the responsibility for policy/procedure enforcement and implementation; d) The factory must post the Environmental Protection policy in a) English and b) the local language throughout the factory in highly visible and readily accessible locations throughout the factory; e) The factory must develop, publish, conduct documented training about and post, full and summary versions of, policies and procedures related to Environmental Protection in a) English and b) the local language, for all workers, including regular employees and supervisors.
 4. Workers are trained in proper lifting techniques, and items such as lifting belts are provided.

Planned completion date

02/05/19

Company Action Plan Update

1.7.19 Update:

As per factory, As per the training plan, all departments will conduct the training on skills and company policies for employees and managers.

The UA team noted the policies and procedures and the training plan, but asked for more supporting documentation.

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker integration component is missing across all Employment Functions except that worker representatives participate in the EHS committee. This indicates that the factory has not established procedures to request and/ or receive workers' input/ feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvement Required: The factory must identify the top manager and teams who will:

1. Facilitate communication with and active participation from workers on the development of the policies and procedures, continuous training to broaden worker skills, and develop a mechanism for workers to express their views and opinions on all policies and procedures.
2. Facilitate ongoing evaluations and revisions of policies and procedures.
3. Provide continuous training for all workers, supervisors, and managerial staff on all policies and procedures.

Please send us supporting documentation to show that the factory is engaging with workers and receiving workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures, such as photos and meeting attendance sheets.

Planned completion date

02/05/19

Company Action Plan Update

1.7.19 Update:

As per factory - The HR Manager will make, implement and update the all procedure documents and make communication with all department.

The HR manager will continue to provide training on all policies and procedures for all employees, supervisors and managers.

Please see the below attachment for Training Planning for 2019.

The team noted the training supporting documentation (attendance sheets and photos), as well as the training plan for 2019.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. Although the factory has conducted the internal audit annually and updated their policies and procedures according to the external audit in July 2018, the factory lacks systems to update their policies and procedures periodically for the following Employment Functions:

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.30 and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvement Required: The factory must identify the top manager and teams who will

1. Develop policies and procedures for Personnel Development; including performance reviews for all workers (direct/indirect) that a) outline review steps and process, b) demonstrate linkages to job grading, c) prohibit discrimination, d) are provided in writing and seek feedback and agreement/disagreement from employees in writing, e) and that follow all local legal requirements.
2. Facilitate communication with and active participation from workers on the development of the policies and procedures, continuous training to broaden worker skills, and develop a mechanism for workers to express their views and opinions on Personnel Development.
3. Facilitate ongoing evaluations and revisions of policies and procedures.
4. Provide continuous training for all workers, supervisors, and managerial staff on the new policies and procedures.
5. Include information on the new Personnel Development policies and procedures during worker orientation or induction process.
6. Designate staff with the responsibility for policy/procedure enforcement and implementation.
7. Provide workers with documents detailing the information that is covered during the orientation or induction process.

Please send us an updated copy of the Personnel Development policies and procedures

Planned completion date

02/05/19

Company Action Plan Update

1/7/19 Update:

As per factory - The Employee Promotion Management policy has been updated by HR in 16th, July and the policy have been announced to all employees in 1st, August. HR manager is responsible for updating and reviewing all procedure documents regularly every year as per the law, regulations and COC of brand which are changed and adjusted.

The UA Team noted the updated policy and procedure for employee promotion management and requested other supporting documentation.

FINDING NO.14

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. Factory provides free lunch for employees.
2. Factory supports the education of the community and participates annually in the activity of Caring for the disabled.