



COMPANIES: Under Armour, Inc.

COUNTRY: Cambodia

ASSESSMENT DATE: 10/24/17

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 1400

FLA Comments

This report was submitted to the FLA and the FLA affiliated company by the assessor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the risks and noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

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. The factory does not have written policies on the following Employment Functions: Retrenchment, Industrial Relations, Hours of Work, or Compensation. ER.1, ER.19, ER.23, ER.25, ER.32
2. The factory does not have written procedures on the following Employment Functions: Recruitment & Hiring, Termination & Retrenchment, Industrial Relations, Hours of Work, Compensation, and Workplace Conduct & Discipline. ER.1, ER.19, ER.23, ER.25, ER.32
3. The factory's Personnel Development policy and procedures do not cover performance reviews or promotion, demotion, and job reassignment. ER.29, ER.30

Local Law or Code Requirement

Labor Law Articles 12, 23, 106, 266; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.23, ER.25, ER.29, ER.30, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Management to assign someone for the development of policies and procedures related to Recruitment & Hiring, Termination and Retrenchment, Hours of Work, Compensation and Workplace Conduct & Discipline and Industrial Relations consistent with FLA benchmarks and local regulations.
2. Management to identify management/team to be responsible to regularly review policies and processes. Designated staff is to document the process, track changes, collect feedback and create workflows in collaboration with all persons involved.
3. Management to develop comprehensive training program of the factory's policies and procedures for workers, supervisors and other managerial positions.
4. Management to identify management/team who is responsible for onboarding training and providing documents detailing information covered during orientation or induction process.
5. Provide workers with documents detailing the information that is covered during the orientation or induction process

Please send us an updated copy of policies and procedures listed above, and a plan to address all other areas for improvement.

Planned completion date

05/27/18

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not have a procedure to update and review its policies and procedures periodically on all Employment Functions. Some documents, such as the Freedom of Association, Hours of Work, and Termination procedures have not been reviewed since they were established in 2013. ER.1, ER.29, ER.30, ER.31

2. Management does not periodically review the Health & Safety policy and procedures. ER.1, ER.31

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30 and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the management person/team who/that: 1) will implement a formal (according to a written plan and schedule) regular, consultative and documented review process of policies, procedures and their implementation in a consultative (documented review of related documents, functional issues with current processes and proposed changes, with identified workers (names, ID numbers, signatures/dates on an attendance sheet/in meeting minutes) manner and amend when warranted; 2) will enter into a formal written engagement with local legal counsel to periodically (no less that quarterly and promptly, as warranted, by the issuance of new, changes in, important laws, rules, regulations, decrees, etc.) brief the factory/guide them in implementing necessary functional/operational changes and revisions of related policies and/or procedures and according to changes in local law, regulations/FLA code and in response to internal/external audit results.

Additionally, this manager/team must ensure that there is ongoing training for the updated Health and Safety Program, as well as senior management approval.

Please send to us the review process procedures for review. Also, send to us supporting documentation for training, such as attendance sheets and photos.

Planned completion date

05/27/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide training to the relevant supervisors on Recruitment, Termination, or Compensation. ER.1, ER.17

2. The factory has not provided orientation training to new workers who joined the factory after October 5, 2017. Furthermore, new workers are not provided with written documentation that substantiates all the issues covered during orientation training. ER.1, ER.15

3. The factory does not provide training or certification to the trainers who conduct the Health & Safety training and the chemical safety orientation training. Also, the factory does not provide training to the safety officers per legal requirements. ER.1, ER.17

4. The factory has not established a training plan. Also, there is no training program for supervisors and managers. ER.1, ER.17, ER.27

5. The workers operating forklifts are not trained or qualified to do so. HSE.4, HSE.14

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person/team who/that will:

Create and implement an ongoing comprehensive training program based on the key Employment Function (as identified above). Provide ongoing training on all policies and procedures for Industrial Relations, Workplace Conduct and Discipline and Health and Safety and Environmental Protection.

Please send us supporting documentation about your training plan, and implementation timetable.

Planned completion date

05/27/18

Company Action Plan Update

1.17.19 UA UPDATE:

Noted the supporting documentation for the UA Code training to leaders and management as well as the training plan for 2019 for other trainings.

1.11.19 UA UPDATE:

The UA Team noted the supporting documentation for training for Recruitment, and Extra Bonus, but asked the factory to also conduct training for new hires, termination, compensation, health and safety, as well as create a training plan for the factory.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory applies excessive probation period of two months for all unskilled workers, such as cleaners, loaders, helpers, and production workers. ER.1.1
2. The factory has not signed labor contracts with at least two of the 20 sampled workers. ER.1, ER.6
3. The factory did not provide assessors with the personnel files or time and payment records for the in-house subcontracted security guards. ER.2, C.14, C.15
4. Only 18 out of 28 migrant workers' work permits were available. ER.2
5. Filipino workers' labor contracts are in Khmer and Chinese. None of the migrant workers' labor contracts are in Khmer or the workers' local language. Only 14 foreigners have the labor contracts in Khmer, the local language required for labor contracts in Cambodia. ER.6
6. The factory does not apply undetermined duration contracts (UDCs) with workers. After two years of service, workers are given one day off and then sign a new fixed duration contract (FDC) under a new ID number and new hiring date. This practice is not in line with legal requirements. The factory explained that workers prefer this method since they receive severance pay every two years. ER.7, ER.8
7. There are no policies and procedures in place for promotion, demotion, and job reassignment in order the implementation carried out in a fair and transparent way. ER.30
8. The factory retains the in-house subcontracted security guards' National ID cards for the first three months of employment. F.1, F.2, F.7, F.9
9. The factory discriminates against pregnant workers during the hiring process. A member of the administration or Human Resources (HR) staff asks applicants whether they are married or single and if they are pregnant or not. If they are pregnant, they are not hired. If the worker lies and they are pregnant, they are not entitled to pay maternity leave and benefits. ND.1, ND.4
10. The factory does not hire workers under the age of 18 or over the age of 40 although the legal hiring age is 15 to 55 for women and 15

to 60 for men. ND.1, ND.4

11. The factory's job application forms ask for applicants' gender and marital status. ND.2, ND.4

Local Law or Code Requirement

Labor Law Articles 39, 67, 68, 261; FLA Workplace Code (Employment Relationship Benchmarks ER.1., ER.2, ER.6, ER.7, ER.8 and ER.30; Compensation Benchmarks C.14 and C.15; Non-Discrimination Benchmarks ND.1, ND.2 and ND.4; Forced Labor Benchmarks F.1, F.2, F.7, and F.9)

Recommendations for Immediate Action

1. Limit probation periods to the maximum time allowed under local law.
2. Sign labor contracts with all workers.
3. Keep personnel profiles/payrolls and time records for all in-house subcontracted security guards are provide to assessors for review upon request.
4. Keep copies of or the original work permits and ensure that all migrant workers' work permits are provided to assessors for review upon request.
5. Ensure all labor contracts are in the languages spoken by workers.
6. Provide UDC contracts for workers who have worked at the factory for more than two years as legally required.
7. Do not discriminate against applicants based on their marital or pregnancy status during the Recruitment & Hiring process. Provide paid maternity leave and benefits to all pregnant workers.
8. Do not discriminate against applicants based on their age during the Recruitment & Hiring process. Do not ask for applicants' gender and marital status on the job application forms.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the top manager and teams who will

1. Develop policies and procedures for managing the recruitment and hiring of migrant workers. Factory's promotion, demotion, and job reassignment include migrant workers. These policies and procedures should outline the criteria for promotion, demotion, and job reassignment scheme demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment. 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 job promotions, demotions, and reassignments. Facilitate ongoing evaluations and revisions of policies and procedures. Provide continuous training for all workers, supervisors, and managerial staff on the new policies and procedures. Designate staff with the responsibility for policy/procedure enforcement and implementation.

2. Workers must be employed under Uniform Duration Contracts (UDC), not Fixed Duration Contracts (FDC). No worker may be employed under a FDC (or a series of separate, and concluded, FDC) for more than two years in total regardless of the start and end dates of any individual FDC. The factory must identify the person who will, undertake a documented review in order to ensure that it is using the correct/legally accurate type of contract to employ each of its workers. The factory's regular workforce must be employed under Uniform Duration Contracts (UDC). In accordance with local law, and the materials referenced below in this point, only workers who truly are seasonal, temporary or casual may be employed under Fixed Duration Contracts (FDC). The factory should not replace a non-renewed FDC worker with another FDC worker unless clear legal grounds exist to do so. Any employee termination decisions must be legally and Code/benchmark compliant and fully documented. The factory must now identify each worker by name, identification number, title, hire date job function and contract status, and implement systems and controls to convert any FDC workers to UDC, as required by law, and the materials referenced herein. The factory must establish, and publish to its managers, Human Resources personnel and workers, written rules and policies that ensure that any workers who are initially employed under UDCs have equal access to, and receive the same benefits (including maternity leave, as applicable, and accrual of seniority) as those to which UDC workers are entitled. The factory's use of such contracts must be in compliance with the Employment Relationship element of the Fair Labor Association's Workplace Code of Conduct-please see that Code and related compliance benchmarks, as analyzed in Tearing Apart at the Seams (attached) Stability and Security in Employment and Decent Work- and Work Faster or Get Out by Human Rights Watch sent to you together with this message. Please review these reports and engage in a documented review of current factory practices to ensure that no issues alleged in the reports occur in the factory. Finally, No worker may be employed under a FDC (or a series of separate, and concluded, FDC) for more than two years in total regardless of the start and end dates of any individual FDC.

Please send us a copy of the new policies and procedures for promotion, demotion, and job reassignment, and your plan about how will the factory will transition workers from FDC to UDC.

Planned completion date

05/27/18

Company Action Plan Update

1.17.19 Update

8. The original ID cards have been return to their owner and factory has established the policies on returning them to their owner. The factory has updated clearly policies and procedures on Forced Labor to requires the UA requirement and local labor law. Moreover, factory has conducted a meeting with management, leaders, and employees on Forced labor & UA Code of Conduct to their awareness.

The UA team noted the Forced Labour policies and procedures in English and Khmer and the supporting documentation for the training on Forced Labour.

Also noted the photos of the security guards receiving their ID cards.

1.11.19 UA UPDATE

As per factory, "To advocate the practice of UDC, we held a meeting again with union's representatives, and we will provide 5% retirement allowance annually to all workers who accept to transfer to UDC after two years of FDC. Currently, 183 workers are signed with UDC out of workforce of 1536. We will update monthly, 5th of every month, number of workers signed with UDC in the last month till full implementation of this service term for all workers.

Immediately, one more annual day will be granted to senior worker who works more than 3 years instead of previous practice of granting one more day to those who works more than 4 years.

Will relay this requirement to the subcontracted security guard management that minimum wage must be maintained for all their staffs assigned to Eclat Cambodia, we will search new subcontracted security guard company once contract is expired, if they are reluctant to obey this requirement of maintaining minimum wage for their security guard. "

The UA team noted the updated policies and procedures for Recruitment, the nondiscrimination training supporting documentation, the UDC/FDC Training supporting documentation, and the nondiscrimination management system. The team asked the factory to send supporting documentation for items 1, 2, 4, 5, and 6.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory has "ABC" daily performance procedures, which gives the workers letter grades based on performance. However, in practice it is not conducted according to the procedure. It depends heavily on the line supervisors' and leaders' sentiments and workers are neither informed of nor allowed to appeal the grade assigned to them. No monitoring is conducted and performance reviews are not documented in writing and maintained to ensure that assessments are fair. ND.2, ER.29

2. The factory does not have job descriptions for any positions. ER.1, ND.2

3. The factory has not established and implemented internal audit policies and procedures. ER.1, ER.31

Local Law or Code Requirement

FLA Workplace Code (Non-Discrimination Benchmark ND.2; Employment Relationship Benchmarks ER.1, ER.29, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory management shall identify a manager/team who/that will ensure to 1) develop job description for all positions in production areas, 2) train to all relevant persons in charge and workers, 3) communicate newly developed job descriptions; and 4) review the job description periodically and/or as needed.

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 supporting documentation to show that the workers are being informed, such as photos and attendance sheets.

Planned completion date

05/27/18

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker involvement component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and upgrading of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. ER.1.3, ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

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

05/27/18

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory conducts pat-downs. H/A.10
2. The regulations and the payroll records show that the factory makes deductions from workers' performance allowances if the worker is more than ten minutes late. If the worker takes one or two days of sick leave they are downgraded to D. \$13 or \$18 is deducted). HOW.17, H/A.2
3. The factory did not provide records of any disciplinary actions, including Termination, for assessors to review. ER.2, H/A.1
4. The factory's Workplace Conduct & Discipline policy does not include the date it was written or the date it went into effect. ER.27
5. The factory charges workers KHR 1,000 (USD .25) to replace a lost or damaged ID card. Also the factory charges workers KHR 1,000 (USD .25) to replace their ID cards if they lose them in the first three months of employment. H/A.2
6. The factory does not have a procedure or an appeal process for workplace conduct and discipline. ER.27

Local Law or Code Requirement

Labor Law, Article 15, Articles 26-28; FLA Workplace Code (Hours of Work Benchmark HOW.17; Employment Relationship Benchmarks ER.2 and ER.27; Harassment and Abuse Benchmarks H/A.1, H/A.2, and H/A.10)

Recommendations for Immediate Action

1. Cease the practice of patting down workers.
2. Do not make deductions as a disciplinary practice. Do not penalize workers in any way for taking sick leave.
3. Keep records of all disciplinary actions and make them available to assessors upon request.
4. Do not penalize workers monetarily for replacing their ID cards and replace workers' employee cards free of charge whenever necessary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility 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 facility has 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).

Planned completion date

05/27/18

Company Action Plan Update

1.17.19 Update

The factory has written it on Pat-down Policies and Procedures

The UA team noted the pat down policies and procedures, and inspection principle and security guard background policy and procedure.

1.11.19 UA UPDATE:

As per factory, "We are obliged to protect brand image of our clients and to fight for counterfeit for brand protection, we deem it still necessary to have pad-down in place to prevent stealing of finished and semi-finished goods from production floor. To be in compliance with requirement, we will have this carried out in the following manners:

1. Reach consensus with worker's unions to keep them informed and to seek their agreement with implementation of this practice as a measure for Brand Protection.
2. To avoid any uncomfortability aroused from this practice, we will request security guard of the same gender to slightly touch employee's shoulder and waist to avoid feeling of being molested.
3. To protect employee's dignity, this practice will be done privately with segregation of curtain.
4. Union representative is to be present on-site when pat-down is taking place.

The incentive bonus is aside from the basic wage, we will have the assessment standard re-written to delete sick leave as reason

for degrading, and will grant three time tardiness of reporting late to work as grace period. Also, we have already annul the practice of ID replacement fee of 1000 riels, this ID replacement will be provided to employees free of charge."

The UA team noted the supporting documentation provided by the factory and asked the factory to send more supporting documentation for the other pending action items.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory does not have a system to manage overtime to meet the legal and client limit. Workers work two hours of overtime every day as per the provided time records. HOW.1, HOW.8
2. Workers worked over 60 hours per week (including up to six hours of overtime per day) in November and December 2016 as well as April, May, June, July, and October 2017. The maximum weekly overtime was 34 hours. HOW.1, HOW.8
3. The factory does not use the finger print system to record Sunday work. Instead they record it on the overtime sheet. ER.23.
4. About 60% of workers did not get 24 consecutive hours of rest in every seven-day period during the months of November and December 2016 or April, May, June, July, and October 2017. The longest working period was 13 days. HOW.1, HOW.2
5. The factory does not provide nursing time to lactating workers. ER.14, HOW.5
6. Security guards regularly work 12 hours per day, seven days per week. They only receive two rest days per month. HOW.2, HOW.7
7. To refuse overtime, workers must get written approval from their supervisors and foreign managers. HOW.8, F.7, F.8

Local Law or Code Requirement

Prakas 80/99; AC AWARDS 07/08 (1), 86/11 (8); AC AWARDS 10/ 04; Labor Law, Articles 15, 147, 148, 184; FLA Workplace Code (Employment Relationship Benchmarks ER.14, and ER.23; Hours of Work Benchmarks HOW.1, HOW.2, HOW.5, HOW.7, and HOW.8; Forced Labor Benchmarks F.7 and F.8)

Recommendations for Immediate Action

1. Regularly analyze hours of work and progressively reduce overtime.
2. Manage the daily overtime to two hours and the weekly working time to 60 hours per week.
3. Record all working hours, including Sunday work, using the finger print time recording system.
4. Provide workers with one day of rest in every seven- day period.
5. Provide nursing time to lactating workers.
6. Do not allow security guards working hours to exceed legal limits.
7. Do not require workers to work overtime. Always obtain workers' consent for overtime work.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the top and middle management personnel who will: 1) conduct documented and regular analyses of the factory's voluntary overtime policy implementation with a view to ensure that no worker is subject to work overtime without their written consent. Analysis should include random interviews with workers during overtime, written consent review; 2) monitor hours of work in order to progressively reduce total weekly hours to no more than 60; 3) implement adequate systems and controls (add shifts, hire more workers, conduct documented worker skills training to increase efficiency, etc.) in order to ensure compliance with these standards.

PLEASE SEND TO US A COMMITMENT LETTER THAT ALL OVERTIME WORK WILL BE VOLUNTARY (CONSISTENT WITH INTERNAL REGULATIONS AND FLA BENCHMARKS).

Planned completion date

05/27/18

Company Action Plan Update

1.18.19 UPDATE

The UA team noted the updated OT policy which states that all OT will be voluntary.

1.11.19 UA UPDATE:

As per factory, "Going forward, factory will follow FLA/UA working hours limit thru the following measures:

1. Production team and IE should work closely together to maintain capacity balance.
2. HR/Admin are to stay on top of working hours and tally monthly working hours with UA tracking report.
3. Approval for excessive working hours must be submitted for Plant manager and HR manager's approval.

Going forward, attendance record will only be proceeded with finger print system, admin/HR department will be total accountable for this.

Immediately, one day off for 7 days work is strictly followed.

Will relay this requirement to the subcontracted security guard management that minimum wage must be maintained for all their staffs assigned to Eclat Cambodia, we will search new subcontracted security guard company once contract is expired, if they are reluctant to obey this requirement of maintaining minimum wage for their security guard. "

The UA team noted the training attendance sheets and photos, the trackers for OT work, the OT policy and procedures, and the rest day training, and asked the factory to send supporting documentation for items 3 and 5.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Workers' downtime wages are 50% of their normal wages instead of 100%. HOW.19, C.1
2. The factory has maintained three sets of payroll records since May 2017. One set covers two hours of overtime work per day, the second set covers the regular weekday working hours, and the last one covers Sunday work. Before May 2017, they kept two sets of payroll records. C.5, C.6, C.15, C.16
3. Workers do not know how their wages are calculated, although the factory gives each of them a small card explaining the wage calculations. Furthermore, workers do not know how many annual leave days they are entitled to. The factory has not trained workers on benefits. C.17, ER.1
4. The factory pays workers' wages once monthly instead of twice monthly. C.1, C.4
5. All workers are requested to be in the workplace 15 minutes before their shift begins in the morning and before their lunch break ends. The workers are not paid for this extra work. The factory's internal rules and regulations state that workers are required to enter the workplace ten minutes before their shift begins, but they are not paid for this time. C.5, C.7
6. The factory did not provide its maternity leave payment records for assessors to review. As a result, the assessors could not determine if workers are accurately compensated during maternity leave. Worker interviews confirmed that they are paid for maternity leave, but they did not show how much they were paid and few confirmed that they knew they were entitled to leave. ER.2, ER.22, C.1
7. The factory deducts their "ABC grade" performance allowance ABC grade when workers take accident leave. The workers' ABC grades are also affected if they take any kind of leave. Grades are reduced from an A(\$18) to a B(\$12) or a C (\$8) or even a D(\$5). If workers take one to two days off for any kind of leave, including sick leave, they only receive a \$5 bonus (D grade). C.1, HOW.17
8. Workers do not know about the child care center. The factory provides child care support- \$20 for 12 months starting when the mother returns to work. HSE.27, C.1

9. Workers are not paid in advance before taking annual leave. HOW.11, C.1

10. The factory does not provide sufficient annual leave to senior workers with more than three years of service. Workers only receive one additional annual leave day if they have worked at the factory for four years. C.1, HOW.11, HOW.13

11. The factory does not pay the in-house subcontracted security guards minimum wage. They are paid \$150/month, including overtime compensation and national insurances. ER.11, C.2

12. The factory does not provide legal benefits (such as National Social Security Fund (NSSF), annual leave, and holidays) to security guards. ER.11, ER.22

13. Assessors confirmed that workers were coached to not reveal their actual overtime and Sunday working hours. During the assessment, inconsistency was found about the overtime and Sundays worked between provided time records and payrolls and the manual time sheets found on the work floor. When workers were asked about their working hours, they all confirmed that they never worked on Sundays and their daily overtime does not exceed two hours, even when the assessors showed them the manual overtime sheets showing that they worked on Sundays and had daily overtime up to four hours. ER.25

14. The minimum wage is not posted on the work floor or in the recruitment area. C.1, C.2, ER.16

Local Law or Code Requirement

Labor Law, Articles 28, 104, 109, 116, 161, 166, 168, 182, 186; AC AWARDS 27/04, 62/04, 155/09 (1), 112/10 (4), 46/12 (5); FLA Workplace Code (Hours of Work Benchmarks HOW.11, HOW.13, HOW.17, and HOW.19; Compensation Benchmarks C.1, C.2, C.4, C.5, C.6, C.7, C.15, C.16, and C.17; Employment Relationship Benchmarks ER.1, ER.2, ER.11, ER.16, ER.22, and ER.25; Health, Safety and Environment Benchmark HSE.27)

Recommendations for Immediate Action

1. Compensate workers for downtime at 100% of their normal wages.

2. Keep one set of payroll records that includes all hours of work.

3. Train workers on Compensation, including wages and benefits.

4. Pay workers' wages at least twice per month.

5. Record all working time beyond workers' regular working hours as overtime and compensate workers accordingly. Compensate workers for all time worked.

6. Make maternity leave payment records available for assessors to review.

7. Do not penalize workers for taking their legally entitled leave.

8. Ensure that the child care center with facilities is operational and communicated to workers as legally required.

9. Pay workers in advance before they take their annual leave.

10. Provide senior workers with one additional annual leave day for every three years of service.

11. Pay in-house subcontracted workers at least minimum wage.

12. Provide all legal benefits to security guards.

13. Do not coach workers for the assessment.

14. Post the minimum wage on the work floor and in the recruitment area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility shall identify the manager who will be responsible for ensuring that implementation of all listed requirements is completed in a timely and effective manner, and that evidence of the implementation is provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: All legally mandated deductions for taxes, social insurance, or other purposes are deposited each pay period in the legally defined account or transmitted to the legally defined agency. This

includes any lawful garnishments for back taxes, etc. The facility does not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g. monthly deposits, weekly pay). If the law does not specify, then deposits are made before the next pay period in all cases.

The factory must have complete, properly detailed, ACCURATE AND TRANSPARENT payroll, attendance, and time records for all workers. The factory must maintain one set of hour and overtime records for all workers that accurately and transparently reflect all hours and days worked for all workers. Specifically, the factory must identify the person who will ensure that each worker uses the factory's electronic timekeeping system to personally punch or swipe his or her time card to generate time records each day that reflect all required information and, 1) the times at which workers start regular shifts; 2) the times at which workers start and end breaks or meals; 3) the times at which workers end regular shifts; 4) the times at which workers begin and end overtime shifts, and 5) the times at which workers begin and end any breaks or meals during overtime shifts.

Please have these records ready and available if requested by Under Armour staff.

Planned completion date

05/27/18

Company Action Plan Update

1.17.19 Update

The factory has signed contract with Security company to make sure that they provide proper salary and benefits to security guards.

Also, factory also conducted awareness training about the benefits to security guards, Human Resource, Accountants.

The UA team noted the updated contract with the security guard company as well as the supporting documentation for training regarding benefits to the security guard.

1.11.19 UA UPDATE:

As per factory, "We have requested the subcontracted security company to follow this requirement, and they will submit payroll records and attendance record monthly for our fill keeping.

Immediately, only one record system is in place to provide evidence for verification on hours worked and wage thus paid including premium rate paid for overtime.

These have all been kept in the storage room, going forward, we will have these prepared on the meeting room before audit for easy access, so, HR/Admin staff won't waste time finding the records, which might result in misleading auditor we are purposely delaying something to refuse their access"

The UA Team noted the training attendance sheets and photos, the trackers for OT work, and the OT policy and procedures, and asked the factory to send other supporting documentation.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The factory does not have Termination & Retrenchment procedures. Furthermore, the Termination & Retrenchment policy only covers Termination although the title mentions both Termination & Retrenchment. ER.32

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the management person/team who/that: 1) will implement a formal (according to a written plan and schedule) regular, consultative and documented review process of policies, procedures and their implementation in a consultative (documented review of related documents, functional issues with current processes and proposed changes, with identified workers (names, ID numbers, signatures/dates on an attendance sheet/in meeting minutes) manner and amend when warranted; 2) will

enter into a formal written engagement with local legal counsel to periodically (no less than quarterly and promptly, as warranted, by the issuance of new, changes in, important laws, rules, regulations, decrees, etc.) brief the factory/guide them in implementing necessary functional/operational changes and revisions of related policies and/or procedures and according to changes in local law, regulations/FLA code and in response to internal/external audit results.

Additionally, this manager/team must ensure that there is ongoing training for Termination and Retrenchment practices, as well as senior management approval.

Please send to us the review process plan and procedures for review.

Please send us supporting documentation for training, such as attendance sheets and photos.

Planned completion date

05/27/18

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory has not addressed workers' grievances submitted to the suggestion box system since August 2017 (e.g. not enough money for food, late payments, dust bins are not arranged tidily, etc.). ER.16, ER.25, C.19

2. The factory does not have a procedure or an appeal process for workplace conduct and discipline. ER.27

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16, ER.25, and ER.27; Compensation Benchmark C.19)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person who will develop and effectively implement comprehensive written grievance: 1) policies and 2) procedures. The grievance procedures must include: 1) a means by which its workers can directly and confidentially report grievances to top management/human resource personnel (for example, by sending text messages to a dedicated H.R. Supervisor's telephone number; an email message to a dedicated H.R. Department email address; making telephone calls to a dedicated H.R. Department hotline or telephone number) without the knowledge of or involvement by supervisors and free from reprisal, retribution and retaliation, and 2) a grievance register (see attached example), in substance reflecting the date and nature of the grievance and the action taken, among other things. Please also confirm that top management will regularly and confidentially meet with employees without supervisors being involved or present. 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.

Planned completion date

05/27/18

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

The factory does not obtain workers' written consent before making deductions for Labor Union fees or health insurance. C.11, FOA.24

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility shall identify the manager who will be responsible for ensuring that implementation of all listed requirements is completed in a timely and effective manner, and that evidence of the implementation is provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: The facility cannot deduct union membership fees or any other union fees from workers' wages without the express and written consent of individual workers, unless specified otherwise in freely negotiated and valid collective bargaining agreements.

Planned completion date

05/27/18

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory does not have a compliance certificate for the building's completion. ER.2, HSE.1, HSE.4

Local Law or Code Requirement

Labor Law Article 229; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility shall identify the manager who will be responsible for ensuring that implementation of all listed requirements is completed in a timely and effective manner, and that evidence of the implementation is provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, are kept clean and safe and are in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.

Planned completion date

05/27/18

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not grounded one staple pin attachment machine (SA80) or any of the electric fans. Moreover, the factory has not commissioned a third-party to inspect its electrical system. HSE.13, HSE.14

2. The factory's main electric control panel is located in front of the stain removing room where highly flammable chemicals are used. This poses a major fire risk. HSE.13

3. The factory has not established and implemented lockout/tagout procedures. HSE.14, ER.31

Local Law or Code Requirement

Labor Law Article 230; Law of Administration of Factory and Handicraft Cambodia Arts 27-29; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.13 and HSE.14; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Ground all machines and equipment. Have the electrical system inspected by a third-party expert.
2. Move the main electric control panel to a safe location.
3. Establish and implement lockout/tagout procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility 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: All necessary ventilation, plumbing, electrical, noise and lighting services are installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.

The factory must identify the person who will ensure that: 1) Appropriate lockout/tag out procedures should be employed during all equipment maintenance and repair work; 2) working tools must be provided with appropriate protective devices to prevent injury to workers from squeezing, cuts or burns; 3) to conduct a thorough hazard and risk assessment on all machinery used in the factory; 4) to provide tracking, identify and coded machinery that is medium and high risk; 5) to control and reduce such risk exposure to worker by implementing a permit to work and LOTO system; 6) to conduct capacity training to all employees that require to implement the system and 7) ensuring there is inspection and monitoring in the workplace when LOTO is apply to machinery during: a) Maintenance; b) servicing and c) installation.

THE FACOTRY MUST, IN THE NEXT 30 DAYS, SEND US A LIST OF EQUIPMENT THAT REQUIRES LOCKOUT/TAGOUT.

Planned completion date

05/27/18

Company Action Plan Update

1.11.19 UA UPDATE:

As per factory, The staple pin attached (SA80) and the electric fans in question will be grounded by the end of this month, and we are sourcing competent 3rd party firm to inspect the electrical system.

The UA team noted the photos of the grounded one staple pin attachment machine (1), but asked the factory to address the other items in the CAP.

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The warning signs, emergency stop buttons, and operating instructions are posted in English and Chinese, not in the local language. ER.2, HSE.14
2. The emergency stop buttons on two of the fusing machines are broken. HSE.1, HSE.14
3. Workers do not use eye guards when working on high-speed machines (such as bar tack machines, overlock machines, multi-needle sewing machines, etc.). Furthermore, 10% of the sewing machines' needle guards are too high to protect the workers. HSE.1, HSE.14
4. The factory has not established or posted safety instructions next to any of the machines or either of the two elevators. The elevators' maximum loads are not posted, either. No personnel have been assigned to be responsible for the safe operation of the elevators. ER.2, HSE.14

Local Law or Code Requirement

Labor Law Article 230; Law of Administration of Factory and Handicraft Cambodia Arts 27- 28; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1 and HSE.14)

Recommendations for Immediate Action

1. Post warning signs, emergency stop buttons, and operating instruction in the local language.
2. Replace or repair the emergency stop buttons on the fusing machines. Regularly inspect and maintain all emergency stop buttons.
3. Train workers on the importance of using machine guards while working. Monitor to ensure compliance.
4. Establish and post safety instructions next to all machines and elevators. Post the elevators' maximum loads.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person who will: 1) ensure, by implementing a documented personal protective equipment ("PPE") use incentive/award/reward system, that its workers: a) are provided the appropriate PPE and replacement PPE, if and when, needed by the worker; e.g. safety glasses, etc. free of charge and b) properly wear/use the PPE including safety glasses required by their specific workplace conditions; 2) conduct documented training session forcefully emphasizing risks and harms of failing to wear/properly use, PPE and 3) post posters, written in the language(s) understood by its workers and managers, in each workplace showing the necessary and proper use of PPE for each worker (also please refer to local regulations, if applicable). The factory must send to us photographs to us showing that/documented evidence that workers are provided/use the appropriate PPE free of charge.

The factory must identify the individual who will be responsible for ensuring that all machines and appropriate warning signs are correctly labelled in the appropriate languages, and that any relevant policies and procedures are updated to include labelling requirements.

Please send us photos of the signs posted near the machines labelled in the local language.

Planned completion date

05/27/18

Company Action Plan Update

1.11.19 UA UPDATE:

As per factory, Emergency stop buttons have already been equipped.

Summon sewing operator before start of work every morning to remind them the importance of workplace safety by utilizing safety equipment such as needle guard properly. Mechanic supervisor is to constantly check appropriate height of this installment.

We will have the safety operational procedures for all machines translated into Khmer version and post to every machine for worker's review.

The UA team noted the photos of the new buttons, the machines guards, and the supporting documentation for training, and asked the factory to also address the items related to the safety instructions.

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Three out of the 11 secondary exit routes/aisles in the cutting section are blocked by pillars. In addition, one aisle in the auto swing area is blocked by tables and semi product baskets. HSE.1, HSE.5

2. There are not enough fire extinguishers in the sewing area. The existing fire extinguishers are placed about 30-50 meters away from the one side of the sewing area, but there are none on the other sides. The fire extinguishers are only equipped on the side linked with the stairs from the ground floor, but not on the three other sides of the sewing session. Furthermore, there are no fire extinguishers in

the stain removing area, where highly flammable chemicals used. HSE.1, HSE.6

3. The pressure indicators on at least two of the fire extinguishers in the sewing section are too blurred to read. HSE.6, HSE.14

4. There is no sprinkler system in the factory. HSE.1, HSE.6

5. The fire alarm is not audible from the meeting room. HSE.6, HSE.14

6. The factory has not installed non-explosive electrical equipment such as fans, conduits, control panels, electric wires, in the stain removing area where flammable chemicals are used. HSE.1, HSE.6

7. One of the fire hoses in the Chinese dormitory is blocked by tables. Also, some of the fire hoses in the sewing section are missing collective pipes (the head of the fire hose pipe where water comes out). HSE.6, HSE.14

8. The locations of the fire extinguishers and first aid kits are not marked on all of the evacuation maps. In addition, the evacuation maps do not match the layout of the cutting section; the "you are here" marks, direction, and locations of the areas in the cutting section are not accurate. HSE.5, HSE.14

9. One of the emergency exit doors in the finishing section and one of the emergency exit doors for a sewing line are sliding doors. Additionally, two of the four emergency exit doors in the finished goods warehouse are rolling doors. One of the other doors is locked and one can only be opened during working hours by using a hand touch sensor. HSE.1, HSE.6

10. There are no emergency lights in the stairwells in the Chinese dormitory. HSE.25, HSE.6

11. The factory does not have any emergency response procedures. Additionally, employees with special responsibilities in case of an emergency have not received adequate communication or training regarding their responsibilities. HSE.5, ER.31

12. The factory has not obtained a fire safety system certificate from the local fire department. HSE.1, HSE.4

13. The factory does not conduct fire drills during night shifts. HSE.1, HSE.5

Local Law or Code Requirement

Labor Law Article 230; Law of Administration of Factory and Handicraft Cambodia Art 26; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.5, HSE.6, HSE.14, and HSE.25; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Clear obstructions from the exit routes in the cutting section and auto sewing section. Keep exit routes clear at all times.

2. Install additional fire extinguishers in the sewing area so that workers can access fire extinguishers within 20 meters of their workstation.

3. Replace the blurred pressure indicators on the fire extinguishers in the sewing section and ensure that all fire extinguishers' pressure indicators are legible.

4. Install a sprinkler system in the factory.

5. Ensure that the fire alarm is linked in all areas and audible throughout the entire factory.

6. Install non-explosive electrical equipment in the stain removing area where flammable chemicals are used.

7. Move the table in the Chinese dormitory that is blocking a fire hose. Keep fire hoses clear of obstructions at all times. Replace the missing collective pipes in the fire hoses in the sewing section.

8. Mark the locations of fire extinguishers and first aid kits on all evacuation maps. Ensure evacuation plans are correctly designed with marking of the viewer "you are here" properly.

9. Replace all sliding emergency exit doors with doors that open outward. Unlock all emergency exit doors during working hours. Disable the hand touch screen for the emergency exit door in the finished goods warehouse so that the door can be opened immediately in case of an emergency.

10. Install emergency lights in the stairwells in the Chinese dormitory.

11. Establish emergency response procedures. Train the relevant employees on their duties in the event of an emergency.

12. Obtain a fire safety system certificate from the local fire department.

13. Conduct fire drills on night shifts.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the personnel from each of their companies who will ensure that: 1) no exits are ever locked and 2) that no aisles, evacuation passages, exit doors, emergency exits, fire hydrants, fire extinguishers, evacuation passages, fire-fighting and emergency equipment, electricity connection boxes/electrical panels and the areas in front of all such exits, aisles, boxes panels and equipment are blocked (even partially); including by implementing written policies, and procedures featuring specific systems and controls (such as frequent daily documented inspections, with identified personnel (workers (confidentially elected by workers, and also members of the factory's Fire and Health and Safety Committees) and managers on each shift and in each work area who are assigned this responsibility). Additionally, the factory must identify the person who personally will make "yellow boxes" (made of taped or painted lines) or other markings to prominently identify/mark the areas in front of emergency exits and fire-fighting/fire extinguishers/equipment, emergency exits and control panels that are to be kept clear at all times. Finally, this person also must clearly mark all aisles, emergency evacuation passages/lanes and walkways with: 1) painted yellow directional arrows and lines or taped photo-luminescent lines on the floor to indicate the areas that are to be kept clear and 2) arrows on the walls that point toward the nearest exit.

Planned completion date

05/27/18

Company Action Plan Update

1.11.19 UA Update:

As per factory, Rewrite work area.

We are investigating the number of fire extinguishers required, we will buy extra 22 fire extinguishers to be in compliance with this requirement.

Fire alarm in the entire factory is audible now.

The UA team noted the unobstructed aisles, the fire extinguishers, and the fire alarm supporting documentation, and asked the factory to send supporting documentation for the sprinkler system, and the non-explosive electrical equipment.

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Despite the factory offering them, the workers do not wear safety shoes while operating carts. HSE.8
2. Despite the factory offering them, the operators do not use respirators in the stain removal area. HSE.8
3. The factory does not provide the proper Personal Protective Equipment (PPE) (i.e. chemical-proof clothes, hats, and gloves) to workers in the stain removing area as required by the Material Safety Data Sheet (MSDS) for the thinner used. Instead, workers use aprons, plastic gloves, and normal masks.
4. The factory provides medical masks to workers instead of dust masks. HSE.7
5. There are no procedures for changing the respirator cartridges. HSE.1, HSE.7

Local Law or Code Requirement

Labor Law Article 229; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, and HSE.8)

Recommendations for Immediate Action

1. Train workers on the proper use of safety shoes and monitor to ensure compliance.
2. Train workers in the stain removal area on the proper use of respirators and monitor to ensure compliance.
3. Provide the proper PPE (i.e. chemical-proof clothes, hats, and gloves) to workers who use thinner.

4. Provide dust masks to workers.
5. Establish and implement a procedure to change the respirator cartridges.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person who will: 1) ensure, by implementing a documented personal protective equipment ("PPE") use incentive/award/reward system, that its workers: a) are provided the appropriate PPE; e.g. anti-dust respirator, etc. and b) properly wear/use the PPE including earplugs and facemasks required by their specific workplace conditions; 2) conduct documented training session forcefully emphasizing risks and harms of failing to wear/properly use, PPE and 3) post posters, written in the language(s) understood by its workers and managers, in each workplace showing the necessary and proper use of PPE for each worker (also please refer to local regulations, if applicable).

Please send us supporting documentation for training, such as attendance sheets and photos

Planned completion date

05/27/18

Company Action Plan Update

1.11.19 UA Update

The UA team noted the photos of the workers receiving training on PPE, the photos of workers wearing respirators and other PPE in the cleaning room, and the policies/procedures for using PPE, and asked the factory to send us before and after photos of the workers wearing safety shoes while operating carts.

FINDING NO.18

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. All of the first aid kits in the factory are locked. HSE.6
2. The factory has not identified or analyzed the root causes of injuries and accidents in the factory. HSE.3, ER.31

Local Law or Code Requirement

Labor Law Articles 247 and 250; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3 and HSE.6; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Do not lock first aid kits during working hours.
2. Identify and analyze the root causes of injuries and accidents.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Identify the management/team who is responsible to identify root causes of injuries and taking respective follow up actions to prevent repetition of accidents.
2. Document accidents and measures taken
3. The facility shall identify the manager who will be responsible for ensuring that implementation of all listed requirements is completed in a timely and effective manner, and that evidence of the implementation is provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: All safety and medical equipment (e.g. firefighting equipment, first aid kits) is available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.

FINDING NO.19

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The MSDS for the following chemicals are not posted in the areas where they are used: the thinner used in the auto sewing area; the dry spot lifter used in the stain removal area; the vinegar used in the stain removal area; and the acetone used in the stain removal area. HSE.10
2. Paint thinner is stored in unlabeled drinking water bottles in the stain removal areas. HSE.9
3. The warnings listed on the labels of the chemical containers (spot lifter, alcohol, and thinner in the stain removal area) do not match with the warnings listed in the MSDS of those chemicals. HSE.9
4. There are no "no-smoking" signs in front of the stain removal areas where highly flammable chemicals such as acetone, thinner, and spot lifter are used. HSE.9, HSE.14
5. The temperature is not monitored in the chemical warehouse where the spot lifter is used and stored. The chemical containers state that they should not be stored at temperatures over 45 degrees centigrade. The chemical storage area has a metal roof and the temperature is high in the summer and not monitored. ER.31, HSE.13
1. There is no shower station in the stain removal area. The water pressure of the only eye wash station in the stain removal section fluctuates greatly. Furthermore, there are no eye wash or shower stations in the chemical warehouse or diesel storage areas. HSE.6
6. The factory has not set up a proper chemical inventory. ER.31
7. Workers who handle chemicals in the stain removal areas do not adequately understand the risks of stain-lifting sprays. ER.31, HSE.9
8. An unlabeled acetone container is stored in the HR room instead of the chemical warehouse. HSE.9

Local Law or Code Requirement

Labor Law Article 230; Law of Administration of Factory and Handicraft Cambodia Arts 25, 28-29; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6, HSE.9, HSE.10, HSE.13, and HSE.14; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Post the MSDS of all chemicals in the areas where they are used.
2. Label all thinner containers with their contents and main hazards. Store thinner in an appropriate container
3. Replace the labels on the chemical containers in the stain removal area with labels that list the warnings included in those chemicals MSDS.
4. Post "no-smoking" signs in front of the areas where highly flammable chemicals are used.
5. Monitor the temperature in the chemical warehouse where spot lifter is stored.
6. Install shower and eye wash stations in all areas where chemicals are used or stored, including the stain removal area, the chemical warehouse, and the diesel storage area. Ensure that the eye wash stations' water pressure is stable.
7. Establish a proper chemical inventory.
8. Train workers in the stain removal area on the hazards of the chemicals they use.
9. Store all chemicals in the chemical warehouse. Label all chemical containers with their contents and main hazards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person who will be responsible for drafting and effectively implementing the proper policy and procedures in a documented manner for ensuring: 1) MSDS for all chemicals and hazardous substances used in the workplace are available (Posted in the local language and contained in folders) at the usage and storage sites of the chemicals and hazardous substances, in English, the local language, and the language spoken by workers, if different from the local language. 2) That documented trainings are conducted on proper handling and storage of chemicals for all personnel, within the next 30 days. Relevant employees that receive training shall sign that they completed the training, and signed sheet shall be placed for reference into employee folder. This information should be available upon request. Photocopies of training attendees and materials shall be sent to us along with this document.

Planned completion date

05/27/18

Company Action Plan Update

1.11.19 UA UPDATE:

As per factory, we have already classified type of waste with different color bins in the workshop, and have already classified hazardous waste in the storage areas

We will purchase all the related items and Educate them on how to use

Eye wash has already been installed in this storage area.

We have prepared all related MSDS and have them posted in the area and containers.

Separate the stain removing area, where high flammable chemicals used, from the main electric Control Panel (CP)

The UA team noted the photos of the no smoking signs, the PPE signs, the eye wash, and the after photo of the stain removal area, and asked the factory to send supporting documentation for MSDS posted for appropriate chemicals (1), labelled bottles (2), and supporting documentation to show that temperature is monitored in the chemical warehouse.

FINDING NO.20

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Although the factory has provided extra chairs for workers who stand for long periods (such as ironing, packing, and quality control workers), these workers are still exposed to the ergonomic risks of working standing up. HSE.1, HSE.17

2. The factory provides adjustable chairs with back rests and cushions for sewing workers. However, they have not taken proactive steps to reduce repetitive-motion stress/injuries for other categories of workers. HSE.1, HSE.17

Local Law or Code Requirement

Labor Law Article 230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the authorized and qualified expert (3rd Party or internal) person/team who/that will: 1) implement a formal written ergonomics program, based on results of point above, implement recommendations from the experts, which may include: a) adaptation of work equipment- e.g., chairs based workers' height; b) daily exercises or breaks that are conducted according to a written schedule and are aimed at decreasing the effects of repetitive movements; c) purchasing and install in groups and over time ergonomically designed chairs with back supports and d) anti-fatigue mats for workers who stand when they work, to name a few of the features to include in a preventive occupational hazards program, 2) documentation of each of these processes should be maintained on file, and whenever applicable, with worker's and trainer's signatures, and 3) conduct ergonomic training for related employees.

Please send us ergo program for review once available, and supporting documentation for training, such as attendance sheets and photos.

Planned completion date

05/27/18

FINDING NO.21

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no separated walkways set up for pedestrians. Furthermore, there are no indicators, reflectors, or convex mirrors in dead ends in the areas where vehicles and forklifts are used. ER.31
2. The factory conducted a risk assessment on May 2, 2017 regarding workplace Health & Safety. However, it did not include the fire risk posed by the boiler, generator, or diesel. Furthermore, the factory has not conducted an internal fire risk assessment or contracted a third-party expert to conduct one. ER.31
3. There factory's Health & Safety procedures do not include procedures on regularly testing the smoke detectors or procedures that allow workers to raise Health & Safety concerns. ER.31
4. The factory has not identified the risks posed by blood pathogens. Tagging guns are shared by operators and sharp tools are not properly controlled; these operations pose a risk of spreading blood-borne disease. ER.31
5. There are no Standard Operating Procedures (SOP) for safely working with lasers. ER.31
6. The factory does not conduct audiometric testing for workers. HSE.13, ER.31
7. The factory has not established and implemented a reproductive health program. HSE.12, ND.8

Local Law or Code Requirement

Labor Law Section 8 Articles 229-230; Law of Administration of Factory and Handicraft Cambodia Art 24, 26; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.12 and HSE.13; Employment Relationship Benchmark ER.31; Non-Discrimination Benchmark ND.8)

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;
 - e) responsibilities of designated personnel;
 - f) procedures that enable workers to raise health, safety, and environmental concerns;
 - g) procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies and,
 - h) 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

05/27/18

Company Action Plan Update

1.11.19 UA UPDATE

As per factory:
Rewrite work area.

We are investigating the number of fire extinguishers required, we will buy extra 22 fire extinguishers to be in compliance with this requirement.

Fire alarm in the entire factory is audible now.

The UA team noted what the factory has done and has asked the factory to send to us: 1) Photographs Evidence showing all physical improvement mentioned in action plan must be completed for verification; 2) copies of some of the newly created policies and procedures. For any revised policies and procedures: Factory must follow up with workers communication and provide documented training materials and attendance records.

FINDING NO.22

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Two gas bottles used for cooking in the kitchen are not closed when they are not in use. ER.31, HSE.9
2. Tomato sauce and soy sauce are stored on the kitchen floor. HSE.19, HSE.22
3. All cutting boards are made of wood, which poses a risk of contamination. HSE.19
4. The factory does not keep or maintain records of food samples. HSE.22
5. There is not enough seating in the dining area so about 10% of workers eat sitting on the floor in the workshops. HSE.19, HSE.22
6. The factory provides workers with disposable water bottles to be re-used instead of reusable water bottles. HSE.23

Local Law or Code Requirement

Labor Law Section 8 Article 229; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.9, HSE.19, HSE.22, and HSE.23)

Recommendations for Immediate Action

1. Close all gas bottles in the kitchen when not in use.
2. Do not store any food on the floor.
3. Replace wood cutting boards with cutting boards made of materials that do not pose a contamination risk.
4. Keep food samples for 72 hours. Maintain the appropriate food sampling records.
5. Provide enough seating space in the dining area so that workers do not have to eat on the floor.
6. Provide workers with reusable water bottles.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility shall identify the manager who will be responsible for ensuring that implementation of all listed requirements is completed in a timely and effective manner, and that evidence of the implementation is provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, are kept clean and safe and are in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.

Planned completion date

05/27/18

FINDING NO.23

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not store waste safely. Recyclable and non-recyclable waste are stored together in the same bins. Hazardous waste is not segregated in the waste storage area. Broken lights are put outside, uncovered. Empty paint containers are stored together with household waste in the maintenance room. HSE.1, HSE.9
2. The factory secondary containment system in the chemical storage area is not appropriate. It ensures that there is no leakage but it is connected directly to the sewage system. HSE.1, HSE.9
3. The factory has not tested its waste water to ensure legal compliance. HSE.1, HSE.2
4. The factory has not established procedures on environmental emergencies or trained workers on what to do in case of an environmental emergency. ER.31, HSE.9
5. The factory does not have procedures on the control of hazardous waste. ER.31, HSE.2

Local Law or Code Requirement

Labor Law Article 24; Law on Administration of Factory and Handicraft of Cambodia Chapter III Articles 31-33; Kram No. NS/RKM/1269/36, Article 6; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.2, and HSE.9; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Store hazardous wastes separately from non-hazardous waste. Do not store hazardous waste (e.g. broken lights) outdoors. Protect all waste storage areas from the elements.
2. Disconnect the secondary containment in the chemical storage area from the sewage system.
3. Regularly test waste water and maintain the appropriate documentation to ensure compliance.
4. Establish procedures and train workers on environment emergency response.
5. Establish a procedure on the control of hazardous waste.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. THE FACTORY MUST IDENTIFY THE PERSON WHO WILL INSTALL WITHIN THE NEXT 30 DAYS A SECONDARY CONTAINMENT SYSTEM AND/OR SPILL CONTROL KIT (S) (SEE ATTACHED EXAMPLES) FOR ALL CHEMICALS AND CONTAINERS WITH CHEMICALS IN THEM THAT CURRENTLY ARE WITHOUT SECONDARY CONTAINER. 2. COMBUSTIBLE CHEMICALS, INCLUDING THINNER, SHOULD BE STORED IN SEGREGATED/ DEDICATED AREAS FOR FLAMMABLE/COMBUSTIBLE MATERIALS. THIS APPLIES TO ALL OF THE CHEMICALS . 3. PLEASE SEND US PHOTOGRAPHS OF EACH OF THE NEW SECONDARY CONTAINERS ANTI-LEAKAGE FACILITIES.

The facility shall identify the manager who will be responsible for 1) classifying and storing daily-life waste and hazardous waste in a proper way and place, 2) training in-charge persons and relevant workers, 3) monitoring the implementation frequently this practice through documented inspections, and 4) reviewing the policy and procedure periodically for waste management. Please also send us supporting documentation for the training, such as attendance sheets and photos, copies of inspection logs, and a copy of the waste management policies and procedures.

The facility shall identify the manager who will be responsible for ensuring that implementation of all listed requirements is completed in a timely and effective manner, and that evidence of the implementation is provided to the Under Armour Sustainability Team. This manager must ensure that the factory keeps accurate and complete records of its waste water discharge and ensures that the chemicals levels do not exceed the local limit.

The facility 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 emergency evacuation plan (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.

Planned completion date

05/27/18

Company Action Plan Update

1.11.19 UA UPDATE:

As per factory, 1. We have already classified type of waste with different color bins in the workshop, and have already classified hazardous waste in the storage areas. We will purchase all the related items and Educate them on how to use

Eye wash has already been installed in this storage area.

We have prepared all related MSDS and have them posted in the area and containers.

Separate the stain removing area, where high flammable chemicals used, from the main electric Control Panel (CP).

The UA Team noted the photos of the separated and labelled bins and asked the factory to send before and after photos of the secondary containment system (2), a copy of the waste water testing (3), a copy of environmental emergencies and supporting documentation for training (4), and a copy of the procedures on the control of hazardous waste (5).