



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Under Armour, Inc.
COUNTRY: Dominican Republic
ASSESSMENT DATE: 10/11/17
ASSESSOR: Yralmi Brito
PRODUCTS: Apparel
NUMBER OF WORKERS: 286

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: Training (Macro)

Finding Explanation

- 1.Workers are not provided with orientation training and an explanation of the factory policies and regulations at the moment of hiring; they only receive a written documentation. Orientation training is then provided several weeks later. The factory has not assigned responsibility for orientation to an adequately qualified staff member. ER.15.1
- 2.Training is not provided to supervisors on Compensation, Termination & Retrenchment, Industrial Relations and Freedom of Association, and Environmental Protection. ER.17
- 3.Environmental Protection training is not provided for workers. ER.15.1

Local Law or Code Requirement

FLA Workplace Code(Employment Relationship Benchmarks ER.15 and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person who will conduct documented educational sessions in, and with materials in, Spanish and any other applicable dialects and languages, with its workers, supervisors and managers about their legal rights and responsibilities, and its written personnel policies covering topics such as: 1) wages; 2) benefits; 3) deductions; 4) vacations; 5) leave; 6) regular hours; 7) overtime hours; 8) regular and overtime pay rates; 9) discipline and termination; 10) grievance procedures, 11) harassment/abuse, 12) the Under Armour Code of Conduct; 13) the Fair Labor Association's Workplace Code of Conduct (<http://www.fairlabor.org/our-work/labor-standards> and related benchmarks (copies attached here);14) incentive schemes; 15) promotion; 16) job-re-assignment, and 17) compliance with all applicable laws. Going forward, the factory also must address these topics with newly hired personnel in documented meetings. The meeting documentation should be filed in each worker's personnel file, and include: 1) the date of the meeting; 2) a completed checklist of the topics covered; 3) the worker's typed/printed name and (factory identification number (FIN), if applicable) workers' signature, and 4) the typed/printed name (FIN, if applicable), the title and the signature of the factory representative that conducted the meeting.

The factory must document its efforts (interactive training, with questions and answers about the topics/sections) to ensure that all: 1) managers; 2) supervisors and 3) workers are knowledgeable (know the topics/sections/content) of both: a) the Under Armour Code of Conduct and b) the Fair Labor Association's Workplace Code of Conduct (<http://www.fairlabor.org/our-work/labor-standards> and related benchmarks

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory does not conduct performance reviews for production workers. ER.29.1.1

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.29.1.1)

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; and evidence of performance reviews conducted for production workers.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The written Compensation policies and procedures are not annually reviewed. The last revision was performed on February 25, 2016. ER.1.3

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must also identify the person that will ensure that: a) the compensation/benefits policy and procedure are reviewed at least annually, and that they reflect any changes in the applicable local laws or regulations; b) establish a process for reviewing all

factory's policies and procedures at least annually, and based on local law and Code changes/revisions; c) Ensure to train supervisors and other managerial positions about the revised policy and procedures; and d) Communicate through different means to workers in their local language and/or dialects about the revised policy and procedures.

Please send to us supporting documentation for each of the action items identified above.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

Six workers did not receive a rest day after six consecutive days of work, during the peak season from June 5 to 17 2017. These workers worked for 14 days without a day off. HOW.2

Local Law or Code Requirement

Labor Code of the Dominican Republic (1999), Art. 163; FLA Workplace Code (Hours of Work Benchmark HOW.2)

Recommendations for Immediate Action

Provide a rest day after six consecutive days of work, or an alternative 24 hours rest within the following week.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Going forward, the factory must permit/allow workers to take time off from work and rest on the paid leave days to which they are entitled to, and based on local regulations. The factory should consider retroactively providing to all workers who worked on a past rest day with an alternative and actual rest day in the coming weeks/months and consistent with applicable local regulations.

The factory must also identify the person that will ensure that:

- 1) The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime, including paying the legally defined premium rates for overtime and work on holidays or rest days;
- 2) Update/enhance compensation/benefits policy and procedure in line with local law requirements; including specific references about when/how rest days will be provided; and OT payment and their appropriate rate. Train supervisors and other managerial positions about the revised policy and procedures. Communicate through different means to workers in their local language and/or dialects about the revised policy and procedures.

Please send to us supporting documentation for each of the action items identified above.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

- 1.None of the suggestion boxes are equipped with paper and pencil for workers to write their complaints/suggestions. ER.25.3
- 2.The factory does not keep records of grievance or suggestions raised by workers, and there are no records of follow up and remediation of any grievances or suggestions. ER.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1) Factory management to ensure all suggestion boxes have paper/pencil available at all times, and for workers to use in case they have suggestions/concerns or complaints;
2) Maintain records, and make them available during social compliance assessments, of all grievance records, and ensure follow up/response to grievances/complaints are recorded.

Action Plan no 2.

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 Spanish 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.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

Since this Company was established six months prior to the assessment, the Environmental Permits have not been issued. HSE.4

Local Law or Code Requirement

Labor Code of The Dominican Republic, General Law on the Environmental and Natural Resources (2000), Art. 40; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory management to identify to us the person responsible for contacting local authorities and obtaining the environmental permit, as required by local laws.

Action Plan no 2.

Description

The facility shall identify the manager who will be responsible for ensuring that a periodic review is undertaken of all relevant policies and procedures, training programs, implementation effectiveness and communication channels, and that revisions and updates take place when needed or as otherwise specified by the FLA code or local laws and regulations. This manager must ensure that the facility is in possession at all times of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal.

Please send us a copy of the certificate(s)/permit(s).

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The Factory does not have a Health and Safety Permit, as it is still being processed by the government. HSE.4
2. One of the two forklift drivers was not wearing lifting belt and helmet. HSE.17
3. One of the two forklifts does not have rear lights. HSE.14.1
4. Half of the workers at the cleaning area use chemicals (blow out) without using the provided masks and gloves. HSE.8
5. Four of the 15 lockstitch machines at the preparation do not have eye guards. HSE.14.1
6. One of the designated evacuation meeting points is located across a street with heavy vehicle traffic. HSE.5.1
7. Four of the ten womens' toilets do not have toilet paper. Additionally four of the sinks did not have function faucets. In the men's bathroom three of the four soap dispensers were empty. HSE

Local Law or Code Requirement

Regulation No. 522-06, Health and Safety on the Work Place; Regulation No. 807, Regulation on Industrial Health and Safety (1966), Art.15; Labor Code of Dominican Republic Resolution No. 4-2007 Regulation on Health and Safety in the Work Place (2007) Art. 2.31; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.4, HSE.5, HSE.8, HSE.14, HSE.17, and HSE.20)

Recommendations for Immediate Action

1. Retrain workers about the proper use of personal protection equipment.
2. Install eye guards on all lockstitch machines.
3. Properly equip toilets with all necessary hygienic materials.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Develop a program to regularly train workers about the proper use of personal protection equipment (PPE). Also, ensure all workers in the cleaning area, and using chemicals with the corresponding, and based on MSDS/SDS recommendations, all personal protective equipment.
 2. Install, based on manufacturer's recommendations, eye guards on 15 lockstitch machines, as identified by the assessor.
 3. Properly equip toilets with all necessary hygienic materials, and fix 4 sink with broken faucets.
 4. Relocate Emergency Meeting Point to a safe area, and without heavy traffic.
 5. Assign someone responsible for checking with governmental offices for the Health and Safety Permit, as required by local regulations.
 6. Ensure all forklift drivers wear lifting belts and helmets, and develop a training program to educate workers about these requirements, and corresponding disciplinary actions.
 7. Retrofit all forklifts with functioning rear lights.
- Please submit to us all relevant supporting documentation for our review.

Action Plan no 2.

Description

The factory must identify the manager or experienced 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, g) Protection to workers who allege health, safety, and environmental violations.

- 2) there is a manager/team responsible/accountable 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, and name/title of the person responsible for the occupational health and safety in the factory.