



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Nike, Inc
PUMA SE

COUNTRY: Georgia

ASSESSMENT DATE: 07/22/16

ASSESSOR: FLA EMEA

PRODUCTS: Apparel

NUMBER OF WORKERS: 590

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: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not have written procedures that outline the steps and requirements for job reassignment and demotion. Furthermore, workers are not provided with the written outcomes of demotion and job reassignment decisions.
2. There are supplier group headquarter level periodic internal audits in place but these audits don't include labor issues and the scope is confined to Health, Safety & Environment. There are no factory level internal audits to address issues regarding other Employment Functions.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will make sure, that procedures and policies on hiring and reduction include the reassignment and demotion as well.
2. Factory internal audit reports will be more detailed and specific.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : 1. Factory updated and edited the procedures including the reassignment and demotion process. 2. All the internal audits include different scopes on HSE aspects. Update: additional document on demotion and job reassignment. every person with job reassignment and demotion approves new agreement with changed job description with signature.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Assessors noted that 42 workers were not able to use their paid annual leaves in full due to their maternity leaves. 31 of them have returned from their maternity leaves but the annual leave committee has not yet prepared a plan for how their paid annual leaves will be provided.

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.12)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will make sure to plan unused annual leaves for the workers who were not able to use their annual leave due to absence or another kind of leaves.

Planned Completion Date

05/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : Factory has created the plan of leaves to let workers who were not able to use their paid annual leave due to some reasons, to make sure paid annual leave of a worker does not last more than 2 years after being employed.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory does not provide specific training to the relevant supervisors on Hours of Work.
2. The factory does not have a method of identifying pregnant/lactating women and workers under the age of 18 in their working hours records. The factory does track pregnant workers, but this tracking system is not integrated into the time keeping system so that they system automatically recognizes them.

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.5; Employment Relationship Benchmarks ER.1 and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory management will provide specific training to supervisors on Hours of Work related subjects.
2. Factory will be working on new software program to track special working conditions workers.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : 1. Trainings for the supervisors has been provided by management on hours of work. 2. special conditions workers are being tracked with the new software system.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

Although management and worker representatives meet on a monthly basis, there is no system in place to discuss/follow up on issues discussed during previous meetings.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory management will make sure, that worker representative meetings on Suggestion and Complaint system are made regularly on monthly basis, and the previous meeting notes are negotiated with accordance of follow-up, but it does not take place in the minutes of meeting report, because the previous reports are as well in place for workers on the announce board

Planned Completion Date

08/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : Report of regular meetings includes the part of the previous reported cases of suggestions and/or complaints as follow-up

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Although there is a vote-taking procedure in place for the Disciplinary Committee's decision making process, these votes are not recorded in the Committee's meeting minutes.
2. Workers are not fully aware of the factory's disciplinary procedures. Most of the workers interviewed did not know about the appeals procedure or what the Disciplinary Committee does.
3. Workers' employment contracts do not include a separate section listing the instances of gross misconduct that could lead to termination without warning.
4. The disciplinary system does not required that disciplinary actions be witnessed by a third party during imposition.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will make sure vote-taking procedures on disciplinary actions are recorded as count number of votes for yes/no and be included to the signed report.

Factory will make sure disciplinary procedures for disputes are explained and posted for more increased awareness of workers.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : Reporting of the disciplinary actions are made with the counted number of votes as Yes/No. in case orientation trainings include disciplinary training as well, Trainings on disciplinary dispute system and actions are made annually. Update: added the document of 1. Working Regulations which is the part of work agreement (yellow marked the procedures of termination). 2. Policy and Procedures on disciplinary committee and regulations for terminations.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. There is no system in place to collect oil-contaminated water that is discharged from the air tank. This water is discharged directly into the sewage system.
2. The diesel generator's secondary containment tank is not protected from potential rain water.
3. The factory's solid waste is separated and classified at the solid waste storage area instead of at its source in the factory.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.9; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

Collect and treat oil-contaminated water that is discharged from the air tanks/compressors.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory has one compressor working with water discharger. they have planned to add secondary container to filter water for possible oil discharge.

Planned Completion Date

08/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : They have provided secondary container to filter water for possible oil discharge. Update: additional document about solid waste segregation. Factory has solid waste segregation in place. 1. photo of solid waste containers inside the factory 2. waste management policy and procedures.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. At the time of the assessment, one emergency evacuation map in the sewing section was posted upside down, creating confusion for readers. This was corrected during the assessment.
2. At the time of the assessment, one fire hose in the sewing section was blocked. This was corrected during the assessment.
3. There are no smoke detectors installed in a section of the warehouse.
4. The factory has not commissioned a third-party expert to conduct a fire risk assessment.
5. Although the factory has a procedure for fire hydrant pump tests, there are no records of these tests.
6. The Environment, Health & Safety (EHS) Committee members do not sign the fire drill logs.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.5 and HSE.6)

Recommendations for Immediate Action

1. Ensure that all emergency evacuation maps are posted in the correct orientation.
2. Ensure that all fire hoses are easily accessible at all times.
3. Install smoke detectors throughout the warehouse.
4. Commission a fire risk assessment by a qualified third-party expert.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will correct evacuation map position and make sure that it is checked periodically.
2. Factory has procedures and periodic checks of risk assessment, and make sure fire hoses and other fire fighting equipment are not blocked in any circumstances.
3. Factory will provide with central system smoke detectors in the warehouse.
4. Factory will make sure periodic controls on equipment have relevant test reports.
5. all the members will be signing approval of fire drill logs.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : 1 - 2. Both avacuation map position and blockage of fire hose in the factory were corrected on audit date. 3. Smoke detector in the warehouse has been added with connection to central alarm system. 4. Tests on the hydrants were conducted and relecant test reports generated. 5. After fire drills all of the members of HSE commitee are signing the report.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no engineering report that verifies that the mezzanine floors have the load-bearing capacity required for their current usage as a meeting and training room.
2. There is no engineering report that verifies that the platforms outside of the building have the load bearing capacity required for the two large water tanks they support.
3. The factory does not provide the appropriate Personal Protective Equipment (PPE) to workers in printing and stain removing sections. For example, the factory provided workers in the stain removing section with impact resistant goggles and FFP2 type respirators which do not protect against Volatile Organic Compounds (VOCs). Workers in the printing section are not provided butyl gloves or respirators to protect against solvents.
4. There is no system in place for selecting PPE with international quality standard certification marks.
5. The compressed air systems in the printing machines in printing section are leaking. Furthermore, the compressed air is used for cleaning activities that increase the concentration of dust in the air.
6. A few of the sewing machines are missing the required needle guards.
7. Rodent bait stations are not fixed or chained to their permanent positions. This poses a risk of contamination or poisoning if the rat poison spreads outside of the bait stations.
8. Workers are not trained in proper lifting techniques and provided with the necessary PPE (lifting belts).
9. Not all workstations are adjustable to fit individual workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.14, HSE.17, and HSE.19)

Recommendations for Immediate Action

1. Conduct an engineering inspection that verifies the load-bearing capacity of the mezzanine floors and water tank platforms. Ensure that the load-bearing capacities of both are in line with their current use and load distribution.
2. Provide the correct PPE to workers, including the PPE listed on MSDS.
3. Ensure that PPE meet international quality standards.
4. Cease using the compressed air system for cleaning; if this is not possible, reduce the pressure to two bars.
5. Equip all sewing machines with needle guards.

6. Fix or chain rodent bait stations to their permanent positions to contain the rat poison and prevent contamination or poisoning.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will hire 3rd party engineers to verify the load capacity of mezzanine floors and water tanks.
2. Factory management will make sure to supply with appropriate PPE's with CE standards markings on them, relevantly with accordance of MSDS forms.
3. Factory will make sure no air leakages are on the plant and repair the existing ones.
4. Bait stations will be fixed at dedicated place.
5. Workers of warehouses will be trained in ergonomics of right work process and will be provided with PPE's if needed by the load of work done.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : 1. Factory has conducted engineering tests for mezzanine floors and water tanks on load capacity. 2. supplied workers required for PPE's with proper CE standard PPE's. 3. Air leakage was repaired an is controled regularly. 4. rat bait stations has been fixed in place, numbered and marked, so it does not change place. 5. warehouse and relevant workers received training on ergonomical work on secure lifting process.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The Material Safety Data Sheet (MSDS) for one chemical (a solvent used in the screen printing section) was missing, but was provided during the assessment.
2. The factory has not conducted a Volatile Organic Compound (VOC) measurement in the screen printing department.
3. There is no secondary containment for the cleaning chemicals stored in the kitchen.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9 and HSE.10)

Recommendations for Immediate Action

1. Make MSDS for all chemicals used in the factory available to workers and assessors.
2. Conduct a VOC measurement in the screen printing section.
3. Provide secondary containment for all chemicals used in the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will make VOC tests for every department where chemicals are used.
2. Factory will provide separate storage area for cleaning chemicals.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : 1. Factory has made VOC test for Print and sport removing departments and nearby factory places. 2. There is seperate area with secondary containment for houshold cleaning chemicals. Update: providing additional documents on MSDS and chemical

safety 1. training on chemicals MSDS and PPE's 2. policy on used chemicals at site.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Although there is a grounding system in place throughout the factory, there is no grounding protection for some of the electrical sockets due to miswiring.
2. Several electrical cables were improperly fixed with tape instead of being replaced or fixed properly with heat shrink tubing.
3. There are no ground fault circuit interrupters (GFCI) installed in the main electrical panel (300mA) or the distribution panels (30mA).

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.13)

Recommendations for Immediate Action

1. Ensure that all sockets are properly connected to the existing grounding system.
2. Replace or use heat shrink tubing to repair electrical cables.
3. Install GFCI in the main electrical panel and the distribution panels to prevent electrical shock and fires.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will make sure grounding system is wired to all over the electric equipment. Factory will provide appropriate electrical wiring connection systems.

Factory will buy 300 mA for main panel and 30 mA circuit cutter for life saving for distribution electrical panels.

Planned Completion Date

05/01/17

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : Factory has bought grounding measuring device and makes all the grounding tests on a regular basis. so, that all the electrical wiring has grounding. Factory is in process to make changes on 300/30 mA circuit interrupters.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's drinking water test reports don't include any information on the sampling locations and there is no ultraviolet (UV) filter in the drinking water filtration system.
2. There is no fly net installed on the kitchen door that opens to the outside.
3. Assessors found antiseptic from the first aid kit left out in the kitchen.
4. There is no system in place to check and periodically replace the UV light on the UV sterilizer used on the kitchen tools.
5. Workers use polyethylene terephthalate (PET) plastic water bottles provided by the factory which are not suitable for continuous use. As the plastic degrades over time it begins to leach chemicals into the bottles contents.
6. The factory's Health & Safety procedures do not include protection against retaliation for workers who raise Health & Safety concerns.
7. There is no specific training plan for the EHS members to improve their knowledge and skills relevant to their functions.
8. Although there is a system in place for investigating work accidents, the EHS Committee has no role in this process and work accidents are not discussed by EHS Committee members during EHS Committee meetings.

Local Law or Code Requirement

Recommendations for Immediate Action

1. Maintain information on drinking water test sampling locations. Install a UV filter in the drinking water filtration system.
2. Install a fly net on the kitchen door that opens to the outside of the factory. Keep all first aid supplies in first aid kits to ensure that they remain sterile.
3. Develop and implement a system to manage and maintain the UV sterilizer.
4. Provide workers with non-toxic drinking water containers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will be providing UV filter for drinking water plant and post the water test reports at place as well, which are posted on every water discharger.
2. Factory will provide fly net to the kitchen backdoor.
3. First aid kits will be rechecked and reorganized, as there is specific list of including subjects.
4. Factory will provide and post the UV sterilizer usage and replacement policy at place.
5. Workplace nurse will be providing information about work accidents on HSE Committee meetings and discuss the preventions.

Planned Completion Date

09/01/16

Planned completion date

04/05/17

Company Action Plan Update

02/09/18 : 1. Factory has provided UV filter for drinking water and posted the test reports. 2. Fly net has been provided to the kitchen backdoor. 3. First aid kits are open for usage and therefore there was an antiseptic medicine, that was not on the list of medicals. As workers of the department said, it was for their personal usage. Responsible person (nurse) does monthly checks of the first aid kits and signs the form to make sure, standards are kept at place. 4. procedures for usage and replacement of uv sterilizer lights has been posted. 5. Workplace nurse is providing and discussing all the accidents on HSE committee meetings.

FINDING NO.12

NOTABLE FEATURE

FINDING TYPE: Hours of Work

Finding Explanation

Under local law, regular working hours are 48 hours/week. However, after consulting with workers and one of the FLA affiliates sourcing from the factory, the factory decided to reduce regular working hours to 45 hours/week without affecting workers wages (hours were reduced and wages were increased simultaneously).

FINDING NO.13

NOTABLE FEATURE

FINDING TYPE: Industrial Relations

Finding Explanation

Although local law doesn't require strong worker representation, including elected worker representatives, factory management has established committees like the Annual Leave Committee, Disciplinary Committee, Grievance Committee, and EHS Committee composed of elected worker representatives.

FINDING NO.14

NOTABLE FEATURE

FINDING TYPE: Health & Safety

Finding Explanation

One of the FLA affiliates that sources from this factory and its parent company partnered with a local NGO to start a program to empower women and inform them of their legal rights regarding domestic violence. The program has been active for two years and all female workers have been trained through the NGO.

FINDING NO.15

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. Factory management provides meal services and transportation to workers free of charge. Neither is required under local law.
2. There is no legal minimum wage for the private sector in Georgia -see the FLA's issue brief on this topic for details- but factory management worked with FLA affiliates and local stakeholders to come up with a starting wage figure. This figure will be updated on an annual basis in consultation with elected worker representatives