



COMPANIES: Nike, Inc  
COUNTRY: Guatemala  
ASSESSMENT DATE: 08/02/17  
ASSESSOR: Francisco Chicas  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 232

## 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: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The factory is missing policies and procedures on Personnel Development that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.  
2. There are no policies and procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibits discrimination, and requirement for providing written feedback to workers on performance reviews.  
3. There are no policies and procedures on promotion and job reassignment that outline the criteria followed on promotion and job reassignment decisions, demonstrate linkages to job grading, prohibit discrimination, and requires that workers receive written feedback. As a result, there is no documentary evidence of criteria and process followed by the factory management to promote and make job reassignment decisions and assessors could not corroborate that decisions are made fairly and objectively.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER. ER.28.1, ER.29.1, ER.30.1, ER.30.1.1 and ER.30.1.2)

### FINDING NO.2

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

Overtime is part of the regular production plans. The factory requires workers to work overtime on a regular basis, as there is not a reasonable level of production staff for predictable business demands. From payroll and time records review, and interviews with workers and management, assessors found that workers on the daily shift work three hours of overtime daily from Monday to Friday, and workers on the night shift work five hours of overtime daily from Monday to Friday. As a result, the factory's calculation of regular weekly hours of work exceeds 48 hours. The factory is making no efforts to reduce overtime

##### Local Law or Code Requirement

Guatemalan Labor Code, Article 116; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.6, and HOW.8.4)

##### Recommendations for Immediate Action

Revise the current production plan to not include overtime as part of the regular work schedule.

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

The factory is missing policies and procedures on Termination & Retrenchment.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks 19.1 and ER.32.1)

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

Although the Workplace Conduct & Discipline procedures include an appeals process, it is incomplete as it does not indicate to whom workers should submit the appeal request, how it the request should be submitted (orally, verbally, or both), or the timeframe for submitting an appeal.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.4)

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. In the first aid kit of Warehouse A, there is a bottle of hydrogen peroxide that expired June 2017.
2. In the clinic two first aid supplies that required by local law are missing: medical eye patches and an immobilizer for upper and lower limbs. These supplies are also missing in the factory's first aid kits.
3. The last drinking water tests showed levels of "Total Aerobic Count" that exceeded the legal maximum for human consumption. The levels present a high risk to workers' health, as contaminated water might produce water-borne intestinal infections. Most of interviewed workers complaint about the taste of the available drinking water, and others complaint about stomachache after drinking that water. The local law requires a maximum of 200 UFC/ml, but the drinking water available to workers exceeded this limit as follows:
  1. September 2016: seven out of seven sample taken exceeded the 200 UFC/ml. Values in excess of legal limit ranged from 340 UFC/ml to 1,760 UFC/ml.
  2. January 2017: five out of seven samples taken exceeded the 200 UFC/ml. Values in excess of legal limit ranged from 450 UFC/ml to 5,680 UFC/ml.
  3. May 2017: five out of seven samples taken exceeded the 200 UFC/ml. Values in excess of legal limit ranged from 240 UFC/ml to 670 UFC/ml.

##### Local Law or Code Requirement

General Regulations on Risks Prevention in the Workplace, Article 304; Mandatory Guatemalan Norm NGO-COGUANOR 29-005, Article 5.5; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6.1, HSE.18, and HSE.23)

##### Recommendations for Immediate Action

1. Replace the expired hydrogen peroxide in the first aid kit of Warehouse A.
2. Equip medical facilities and first aid kits with all legally required supplies, specifically, medical eye patches and an immobilizer for upper and lower limbs.
3. Ensure that drinking water available to workers meets the legal conditions for human consumption, specifically, to ensure that it does not exceed the legal maximums of "Total Aerobic Count".
4. Conduct drinking water tests more frequently until the factory ensures the "Total Aerobic Count" meets the legal standard.

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

The factory does not conduct ongoing training for workers and supervisors on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance System, or Environmental Protection. According to reviewed records and interviews of workers and management, in 2016 nine supervisors were trained on Freedom of Association, and in 2017 twelve production workers received training on all existing factory policies. Outside of these training sessions, and the regular Health & Safety and Workplace Conduct & Discipline trainings, no more training efforts have been implemented with workers and supervisors in the past two years.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.2, and ER.17)

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

##### Finding Explanation

The worker integration component is missing throughout all Employment Functions: workers are not systematically integrated or consulted in the decision-making process of aspects concerning labor conditions. They are not given the chance to provide feedback during the creation or revision of policies and procedures either.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)