



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Under Armour, Inc.

COUNTRY: Turkey

ASSESSMENT DATE: 11/05/18

ASSESSOR: FLA EMEA

PRODUCTS: Apparel

NUMBER OF WORKERS: 300

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One fire alarm button in the warehouse is blocked by production boxes. This was corrected during the assessment. [HSE.1, HSE.5, HSE.6]

2. The emergency exit lighting in the knitting section cafeteria does not work. [HSE.1, HSE.5]

3. Two fire extinguishers are not marked. This was corrected during the assessment. [HSE.1, HSE.6]

4. The evacuation map posted in the ironing section does not reflect the changes made to the layout of the floor. In addition, the map in the sewing section is posted upside down. [HSE.5]

5. The factory does not conduct evacuation drill for night shift.[HSE.1, HSE.5]

6. Five fire extinguishers on the work floors are not mounted. This was corrected during the assessment. [HSE.1, HSE.6]

7. The lists of emergency action team members posted in the factory are outdated. 19 of the workers listed no longer work at the factory or are no longer on the emergency action team. [HSE.2]

Local Law or Code Requirement

Regulation Regarding the Health and Safety Precautions at the Buildings and the Built-on Connections, (July 17, 2013), No: 28710, Article 10, Article 12; Health and Safety Signs Regulation (2003), Art. 2.1.1; Regulation Regarding the Emergency Cases at Workplaces, (June 18, 2013), No: 28681, Article 12, Article 13, Article 15, Regulation Regarding the Prevention of Fire in the Buildings, (November 27, 2007), No: 26735, Article 99; First Aid Regulation (2002), No.24762, Art.16; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Clear the production boxes from in front of the fire alarm and ensure that the fire alarms remain clear of obstructions at all times.

2. Repair or replace the broken emergency exit lighting in the knitting section cafeteria. Regularly inspect and maintain the emergency lighting to ensure that it is functional in the event of an emergency..

3. Mark all fire extinguishers.

4. Replace the evacuation map in the ironing section with a map that reflects the current layout of the floor. Post the map in the sewing section right side up.
5. Ensure that all workers attend the evacuation drills.
6. Mount all of the fire extinguishers.
7. Update the lists of emergency action team members posted throughout the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory must identify the person/team who will:

- 1) Immediately schedule for thorough assessment of all factory buildings and layout to ensure safety ingress and egress for people in the premises during normal and emergency situation;
- 2) THE FACTORY MUST IDENTIFY THE TEAM OF PERSONNEL (IDENTIFY THE TEAM OF WORKERS AND MANAGERS) WHO WILL DRAFT AND EFFECTIVELY IMPLEMENT WRITTEN PROCEDURES CONTROLS (SUCH AS FREQUENT DAILY DOCUMENTED INSPECTIONS, WITH IDENTIFIED PERSONNEL (WORKERS (WHO ARE CONFIDENTIALLY ELECTED BY THEIR CO-WORKERS, AND WHO 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);
- 3) TO ENSURE AT ALL TIME TO KEEP CLEAR OF OBSTRUCTION OF BUILDING INGRESS AND EGRESS LAYOUT PLAN SUCH AS: a) EVACUATION PASSAGES; b) AISLES; c) EMERGENCY EXITS and d) STAIRS AND STAIRCASE LOBBIES ARE TO BE KEPT CLEAR FROM OBSTRUCTION BY TROLLEYS, SEMI COMPLETED PRODUCTS, BINS, AND ANY FORM OF OBJECT INCLUDING BY IMPLEMENTING SYSTEMS AND CONTROLS SUCH AS FREQUENT DAILY DOCUMENTED INSPECTIONS IN ORDER TO COMPLY WITH APPLICABLE LAWS;
- 4) TO ENSURE AT ALL TIME THAT THE SEATING ARRANGEMENT OF WORKERS AT SEWING LINES ARE ALLOCATED IN THE BOUNDARY AND KEEP CLEAR OF: A) EVACUATION PASSAGES; B) AISLES AND C) EXITS.
- 5) TO ENSURE THAT FROM NOW ON NO EMERGENCY EXITS, FIRE HYDRANTS, FIRE EXTINGUISHERS, 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 SYSTEMS AND CONTROLS SUCH AS FREQUENT DAILY DOCUMENTED INSPECTIONS IN ORDER TO COMPLY WITH APPLICABLE LAWS (see above example);
- 6) ensure that from now on and at all times all EMERGENCY EXITS must be unobstructed with any form of object and production materials;
- 7) ensure there must be written directives and procedures ensuring continuous control and availability of access to at least two marked, clear, lighted, unobstructed, unlocked emergency evacuation routes from every workstation to, through and outside of the building to an external posted area of safety outside of the building (External Assembly Point (EAP) should be established;

Please send us photos of the EAP and a copy of the updated policies and procedures.

Planned completion date

12/21/18

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no lower pulley guards installed on three sewing machines in the modeling section and eight sewing machines in the sewing section. [HSE.1, HSE.14]
2. One tagging gun is not labeled with the correct user name. The name of the worker using the tagging gun was different than what was written on the tagging gun. [HSE.14]
3. The factory does not provide anti-fatigue mats for the standing workers. Anti-fatigue mats were provided during the assessment for the quality control and packing workers, but not all of the standing workers. [HSE.17]
4. There are no eye wash stations in the stain removal section, chemical warehouse, and chemical room in the knitting section. [HSE.1, HSE.6]

Local Law or Code Requirement

Regulation regarding health and safety conditions of the work equipment (April 25, 2013), No: 28628 - Appendix -1 Minimum Requirements at Work Equipment 2.8; Regulation Regarding the Health and Safety Precautions at the Buildings and the Built-on Connections (July 17, 2013), No: 28710 - Appendix 1: Minimum Health and Safety Requirements in the Buildings and Built on Connections, Article 55; Regulation on the Health and Safety Measures Taken for the Buildings and Their Additions (17.07.2013) / 28710, Appendix 1- 4; Regulation regarding health and safety conditions of the work equipment (April 25, 2013), No: 28628 - Appendix 3, Art. 1.9; Regulation to prevent workers from Explosions, 30.4.2013, No: 28633, Art. 10, Regulation Regarding Health & Safety Precautions in Work with Chemical Substances (August 12, 2013), No. 28733, Article 7; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.14, and HSE.17]

Recommendations for Immediate Action

1. Install lower pulley guards on all sewing machines in the modeling and sewing sections.
2. Ensure that workers use their own tagging guns.
3. Install eye wash stations in the relevant areas.

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. The factory to identify to us the manager/ team who/that will, according to a new documented maintenance schedule and work plan, be responsible for regularly: a) inspecting, b) maintaining, and c) replacing as necessary all production machinery, equipment, and tools and their safety guards. This person/ team should also 1) conduct documented training for the workers on how to safely use machines and the new or existing guards and 2) post posters and photographs showing the workers how to properly use them and showing them incorrect/improper/unacceptable uses/guard positions.

Please send us documentation of the training and inspection logs, and your completed machinery guarding work plan.

II. 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.

III. The factory must identify the top manager who will ensure there is system in place to: 1) Sufficiently maintain the standards for First Aid Kits; 2) ensure there is appointed responsible person and team to: a) Periodically monitor and restocking first aid items and ensuring: i) All first aid boxes are clearly marked; ii) easily accessible for workers; iii) protected against dust and water; inspection tag to document monthly checks and iv) written first aid instruction in the local language; 3) create a list of required contents of the kit (for restocking), which include the following guide:

a) CPR barrier; b) Eye wash bottle (15milliliter size); Instant cold pack; c) Scissors, tweezers and safety pins; c) Adhesive tape; d) Disposable latex gloves; e) Burn Treatment application (spray or cream); f) Antiseptic applications; g) Sterile eye coverings (either two pads or a single cover for both eyes); h) Individually wrapped sterile adhesive bandages of assorted sizes; i) Small-sized individually wrapped sterile unmediated wound dressings (absorbent compress) and j) Medium-sized individually wrapped sterile unmediated wound dressings (absorbent compress).

Please send us copies of the inspection logs, first-aid kit checklist.

Planned completion date

12/21/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The suggestion boxes are located in the entrance, halls, and cafeteria. These locations do not guarantee confidentiality as they are public spaces and are within sight of the cameras. During the assessment, the factory provided suggestion boxes in the locker rooms and changed the direction of the cameras in the hall, cafeteria, and entrance. [ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

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 has a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, workers committees, designated spaces for worker meetings, and meetings between management and workers' representatives.

Planned completion date

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FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. There are inconsistencies between the time records connected to the face detection system and the broken needle records. The face detection system is not used for overtime on Sundays and after 9:00pm on weekdays, so these overtime hours are not listed in the time records. Instead, Sunday work and overtime after 9:00pm are logged in an overtime register and signed by the workers. For example, although there broken needle records from August 12, 2018 and September 2, 2018, the same workers' time records do not indicate any work on those days. [ER.2, ER.23, HOW.1]

2. One young worker's working hours exceeded the legal limits of eight hours per day and 40 hours per week. He was born on July 15, 2000 and worked 18 hours of overtime in April 2019, nine hours of overtime in May 2018, and 47 hours of overtime in June 2018. In addition, he performed overtime after 9:00pm and worked the night shift six times in June 2018 while he was still 17 years old, which violates local law. [ER.14, CL.4, HOW.1, HOW.4]

3. One pregnant worker works more than seven and a half hours per day.

For example, she started working from 8:20am to 6:30pm four days per week on June 26, 2018, which was the day that she notified the factory of her pregnancy. Moreover, she worked overtime until 9:00pm 12 times in July 2018. [ER.14, HOW.1, HOW.4, ND.8]

4. The working hours of the night shift exceeds the legal limit of seven and a half hours. In May 2018, two workers worked from 8:00pm to 8:00am for two weeks on a rotating basis. [HOW.1]

5. According to the overtime register, the factory's working hours sometimes exceed 11 hours per day. The following workers' total working hours (regular plus overtime hours) reached 12-22.5 hours per day:

- a. 18 workers in May 2018;
- b. 24 workers in July 2018;
- c. One worker in August 2018; and
- d. 19 workers in September 2018. [HOW.1]

6. One out of 25 sampled workers worked 262 hours of overtime during the period of April-September 2018. Management confirmed that workers sometimes work more than 270 hours of overtime per year, however, the exact number of workers for whom this is the case was not provided. [HOW.1, HOW.8]

7. The factory does not provide workers 24 consecutive hours of rest in every seven-day period. Nine workers in April 2018, 25 workers in July 2018, 60 workers in August 2018, and 93 workers in September 2018 worked 13 days consecutively. [HOW.2]

8. Working hours exceed 60 hours per week due to Sunday work and overtime after 9:00pm in July, August, and September 2018. This

may be widespread due to the inconsistent record keeping of overtime work on Sundays and after 9:00 pm. [HOW.1, HOW.8]

Local Law or Code Requirement

Turkish Labor Law (2003), No: 4857, Art 46 & 69 & 71 & 73, Regulation Regarding the Pregnant or Breastfeeding Women and Breastfeeding Rooms and Child Care Centers (August 16, 2013), No: 28737, Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.14, and ER.23; Hours of Work Benchmarks HOW.1, HOW.2, HOW.4, and HOW.8; Child Labor Benchmark CL.4; Non-Discrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Cease the practice of keeping separate overtime records for Sunday work and overtime after 9:00pm. Use the face detection system to record all working hours.
2. Do not allow young workers' working hours to exceed eight hours per day or 40 hours per week. In addition, do not allow young workers to work at night.
3. Do not allow pregnant workers to work more than seven and a half hours per day.
4. Do not allow the night shift working hours to exceed seven and a half hours per night.
5. Do not allow workers' total working hours (regular plus overtime hours) to exceed 11 hours per day.
6. Do not allow workers' overtime hours to exceed 270 hours per year.
7. Provide all workers with 24 consecutive hours of rest in every seven-day period.
8. Do not allow workers' total working hours (regular plus overtime hours) to exceed 60 hours per week.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Sustainable Improvements Required:

I. Consider engaging with a third-party capacity building service provider or utilize internal staff with expertise on the subject matter. Successfully complete, fully address all recommendations, and send to UA's Sustainability team regular updates.

II. 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.

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

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

Please send us a commitment letter, and supporting documentation for all points listed above.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory practices double bookkeeping. Workers are paid in cash (rather than through a bank account) for Sunday work and overtime after 9:00pm. These payments are not reflected on the workers' official payrolls and therefore also not included in social insurance contributions . [C.1, C.16)
2. According to the annual leave register, the 66 workers who have completed five years of service at the factory are only provided 14 days of annual leave instead of 20 days as legally required. [C.1, C.6, HOW.1, HOW.11]
3. 42 workers have not used all of their annual leave days and have accumulated 1-39 days of annual leave from previous years. [HOW.1, HOW.11]

Local Law or Code Requirement

Social Security and General Health Security Law (2006), No.5510, Art.80; Regulation Related to Payments through the Banks of the Salaries, Bonuses and all Kinds of Remunerations (2008), No.27058, Art.10; Labor Law (2003), No: 4857, Art. 53; Annual leave regulation, 3.3.2004, No: 25391, Art. 5; FLA Workplace Code (Compensation Benchmarks C.1, C.5, C.6, C.10, C.13, C.14, C.15, and C.16; Hours of Work Benchmarks HOW.1 and HOW.11)

Recommendations for Immediate Action

1. Compensate workers via bank deposit for all hours worked, including Sunday work and overtime after 9:00pm. Record all compensation paid to workers in the official social security payroll.
2. Provide 20 days of annual leave to workers who complete five years of service.
3. Ensure that workers use their annual leave days on time each year.

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. Consider engaging with a third-party capacity building service provider or utilize internal staff with expertise on the subject matter. Successfully complete, fully address all recommendations, and send to UA's Sustainability team regular updates.

II. 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.

III. The factory must 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 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.

The factory should consider retroactively providing to all workers who didn't use all the annual leave they were entitled to annual leave days consistent with local regulations.

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

Planned completion date

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FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not regularly review its policies and procedures on any of the Employment Functions. [ER.1, ER.29, ER.30, 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 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: Written policies and practices are in place and proper and accurate records maintained governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.

Planned completion date

12/27/18

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's Recruitment, Hiring & Personnel Development procedures do not include procedures on raising or broadening workers' skills in order to advance them in their careers. There are no procedures on promotions, demotions, and job reassignments that outline the steps and requirements in the promotion, demotion, and job reassignment scheme and provide written outcomes of promotions, demotions, and job reassignments to workers [ER.1, ER.28]

2. The factory does not have a comprehensive performance review system. There are policies and procedures on performance reviews, however, they do not include the steps and processes in the performance review system, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements. In addition, although the factory keeps daily productivity records for each worker, not all workers receive periodic performance reviews. Only new workers in the probation period receive performance reviews. [ER.1, ER.29]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28, and ER.29)

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. The factory must identify the top manager and teams who will

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

II. The factory must identify the top manager and teams who will

1. Develop policies and procedures for promotion, demotion, and job reassignment that are transparent and fair in their implementation. 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.
 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 job promotions, demotions, and reassignments.
 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 promotion, demotion, and job reassignment policies and procedures during worker orientation or induction process.
 6. Designate staff with the responsibility for policy/procedure enforcement and implementation.
 7. Provide workers with documents detailing the information that is covered during the orientation or induction process.
- Please send us a copy of the new policies and procedures for promotion, demotion, and job reassignment

Planned completion date

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FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. In January 2018, the factory laid off 22 low performing workers due to economic reasons. However, the factory's performance review system is not systematic as the performance reviews are based on the supervisors' opinions and the factory does not maintain records of the performance review process. As a result, assessors could not verify that management followed non-discriminatory criteria when selecting the workers who were laid off. [ER.3, ER.29, ER.32]

2. The factory does not include food and transportation allowances in severance payments. [ER.18, ER.22, C.1, C.5]

3. Management does not consult the worker/union representatives about alternatives to avoid layoffs or retrenchment and the factory never arranges consultation meetings with worker/union representatives before management reaches final decisions on layoffs. ER.32

Local Law or Code Requirement

Supreme Court 9th Civil Chamber Verdicts 2008/1635E, 2009/14798K, 2007/38244E, 2009/3712K, 2007/24490E, 2008/20203K, 2007/24005E, and 2008/20203K; Supreme Court 9th Civil Chamber Verdicts E.1992/15138,K. and 1993/5687,T. 13.4.1993; FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.18, ER.22, ER.29, and ER.32; Compensation Benchmarks C.1 and C.5)

Recommendations for Immediate Action

1. Ensure that decisions regarding layoffs are non-discriminatory and based solely on the basis of a worker's qualifications as they relate to the inherent requirements of their job.

2. Include food and transportation allowances in severance payments. Retroactively compensate any workers who received insufficient severance payments in the past 12 months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. The factory must identify the person who/that will: develop documented and written policy/procedures and training governing all aspects and modes of retrenchment. The policy should cover:

- a) when the factory is facing major changes in production, program, organization, structure, or technology and those changes are likely to result in temporary or permanent layoffs, factory shall communicate any alternatives to retrenchment that have been considered and consult any workers' representatives as early as possible with a view to averting or minimizing layoffs;
- b) where temporary or permanent layoffs are unavoidable, a plan should be developed and implemented that mitigates the adverse effects of such changes on workers and their communities;
- c) The plan should be clearly communicated and posted, and include feedback channels for workers to ask questions and seek clarifications; and
- d) The factory shall give retrenched workers opportunity to transfer to other owned facilities in the country at a comparable wage and make all efforts to facilitate re-employment in other enterprises in the country. Please refer to the FLA's Guidelines of Good Practice (GGP) attached, pages 22-24.

Please send to us newly created retrenchment policy and procedures.

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

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

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

Planned completion date

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FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide workers with ongoing training on the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; Grievance System; and Environmental Protection. [ER.1, ER.15, ER.25, ER.28]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.25, and ER.28)

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,) Indonesian 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

Please send us supporting documentation for the ongoing training, such as a schedule for training, attendance sheets, and photos.

Planned completion date

12/27/18

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory's Environmental Protection procedures do not include protections for workers who allege environmental violations. [ER.1, ER.31]

2. There is no secondary containment for some of the chemicals in the chemical warehouse and waste disposal area. [HSE.1, HSE.9]

3. There is no spill response equipment in the chemical storage area. [HSE.9]

Local Law or Code Requirement

Regulation Regarding Health & Safety Precautions in Work with Chemical Substances (August 12, 2013), No. 28733, Article 7; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, and HSE.9; Employment Relationship Benchmarks ER.1 and ER.31)

FLA's Recommendations for Sustainable Improvements

1. Provide secondary containment for all chemicals at the waste disposal area and chemical warehouse.

2. Provide spill response kits in the chemical storage area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. 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 health, safety, and environmental policies contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed:

- A commitment to minimizing environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks;
- Procedures to identify whether on-site operations generated any negative environmental impacts;
- Employers' responsibilities;
- Workers' rights and duties;
- Responsibilities of designated personnel;
- Procedures that enable workers to raise health, safety, and environmental concerns;
- Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies; and
- Protections to workers who allege health, safety, and environmental violations.

II. The factory must identify the manager/team who/that must identify the people responsible for 1) cleaning up any spillage in the factory, and 2) for resupplying spill kits as necessary. This manager/team must also ensure that all of those responsible for spillages in

the factory receive appropriate training and equipment as outlined by the chemicals MSDS.

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. COMBUSTIBLE CHEMICALS, INCLUDING DIESEL, SHOULD BE STORED IN SEGREGATED/ DEDICATED AREAS FOR FLAMMABLE/COMBUSTIBLE MATERIALS.

PLEASE SEND US PHOTOGRAPHS OF EACH OF THE NEW SECONDARY CONTAINERS ANTI-LEAKAGE FACILITIES.

Please send us supporting documentation for the training, such as photos and attendance sheets. Please also send us the roster of the team responsible for spillages in the factory.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One electrical control panel in the Research & Development (R&D) section is missing a rubber mat. One was provided during the assessment. [HSE.1, HSE.13]

2. The factory does not have an explosion prevention document for the forklift charging area. [HSE.1, HSE.4]

3. A third-party company inspected the generator and forklift on August 3, 2018. However, the factory has not corrected the violations that are listed on the periodic maintenance check forms. [HSE.13, HSE.14]

4. The factory does not properly implement a lockout-tagout program by locking out equipment when needed. [HSE.14]

Local Law or Code Requirement

Regulation on the Health and Safety Measures Taken for the Buildings and Their Additions (17.07.2013) / 28710, Appendix 1- 4, Regulation to prevent workers from Explosions, 30.4.2013, No: 28633, Art. 10; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE1, HSE.2, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Provide a rubber mat for the electrical control panel in the R&D section.

2. Ensure that there are explosion prevention documents available for the forklift charging area.

3. Correct any issues found during the inspection of the generator and forklift.

4. Implement a lockout- tagout program by locking out equipment when needed.

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. The factory to identify to us the manager/ team who/that will, according to a new documented maintenance schedule and work plan, be responsible for regularly: a) inspecting, b) maintaining, and c) replacing as necessary all production machinery, equipment, and tools and their safety guards. This person/ team should also 1) conduct documented training for the workers on how to safely use machines and the new or existing guards and 2) post posters and photographs showing the workers how to properly use them and showing them incorrect/improper/unacceptable uses/guard positions.

Please send us documentation of the training and inspection logs, and your completed machinery guarding work plan.

II. 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 FACTORY MUST, IN THE NEXT 30 DAYS, 1) CONDUCT DOCUMENTED TRAINING AND 2) DRAFT AND IMPLEMENT MEASURES THAT WILL ENSURE THAT WORKERS ARE CONSISTENT IN THEIR SAFETY PRACTICE TO USE LOTO PROGRAM AND AT ALL TIME MAINTAINING WORK PLACE SAFETY.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Only nine of the factory's 248 employees are certified in first aid. This is less than 5% of the total workforce. [ER.1, HSE.1, HSE.6]
2. One of the ten workers included on the list of personnel certified in first aid posted throughout the factory has not worked at the factory since July 2018. [HSE.2]

Local Law or Code Requirement

First Aid Regulation (2002), No.24762, Art.16; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.2, and HSE.6)

Recommendations for Immediate Action

1. Ensure that at least 13 employees (5% of the workforce) are certified in first aid.
2. Update the lists of personnel certified in first aid.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility shall identify the manager who will be responsible for ensuring that training programs are developed or updated to address ongoing training needs on the identification of occupational risks. This manager must ensure that at a minimum: A sufficient number of workers are trained in first aid and firefighting techniques. 2. Designated manager (HSE Officer) to: a. identify all roles and responsibilities of HSE Commission and schedule and provide training to HSE Committee on such. b. Additionally, factory management to create HSE training program for HSE commission based on risk map (once completed) to ensure HSE commission is equipped to identify risks and their remediation. Please provide: i. Copy of training program for HSE Committee: based on points a and b. ii. Risk map (map de riesgo) once it's been completed.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's Health & Safety procedures do not include the following components:
 - a. Protection against retaliation for workers who raise health and safety concerns;
 - b. Measures to protect the reproductive health of workers by minimizing exposure to workplace hazards, and
 - c. A list of equipment and/or machines that require lockout-tagout [ER.1, ER.31]

2. There are no signs posted for the restrooms near the modeling and R&D sections indicating what gender the restrooms are for. [HSE.20]

3. The hygiene training certificate for one of the five cafeteria workers is missing. According to the documentation provided, the factory applied to authorities on November 1, 2018. [HSE.2, HSE.4, HSE.22]

Local Law or Code Requirement

Hygiene Training Regulation (July 5, 2013), No: 28698, Art. 5; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environmental Protection Benchmarks HSE.2, HSE.4, HSE.20, and HSE.22)

COMPANY ACTION PLANS

Action Plan no 1.

Description

I. 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 does not subject workers to prejudicial treatment of any kind in retaliation for raising health and safety concerns.

II. 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 ensures that women are not engaged in work that constitutes a substantial risk to their reproductive health.

III. 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 establishes the number of toilets required under applicable laws within reasonable distance of the workplace. In addition, the following is also considered: number of toilets based on number of workers, privacy for each individual and gender, accessibility and hygiene.

IV. 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 food made available to workers is prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws.