



Verification Assessment

COMPANIES: Nike, Inc
prAna
COUNTRY: China
ASSESSMENT DATE: 07/25/19
ASSESSOR: Openview
PRODUCTS: Apparel
NUMBER OF WORKERS: 500

FLA Comments

Nike exited this factory in May 2020. The factory produced for the Hurley Brand, which Nike sold in October 2019.

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.

FLA Code Element	Number of Violations
Hours of Work	1
Employment Relationship	5
Health, Safety, and Environment	2
Nondiscrimination	1

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There were age and gender restrictions on the factory's recruitment advertisements; there was an age requirement of 18 – 40 years old for production workers and a gender requirement for only male machine maintenance

Local Law or Code Requirement

PRC Labor Law Article 12; FLA Workplace Code (Employment Relationship Benchmark ER.3; Nondiscrimination Benchmarks ND.1 and ND.2)

Recommendations for Immediate Action

1. Remove age and gender requirements from the factory's recruitment advertisements. Employment decisions are to be made solely on the basis of a person's qualifications and abilities.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. 1. Factory has immediately removed the age and gender requirements from the factory's recruitment advertisements, and investigated this violation was a mistake which was caused by the new HR staff's poor awareness and weak communication on factory non--discrimination policy; Actually factory had no age and gender discrimination in hiring.
2. Factory will reinforce the policy of non--discrimination and improve the training and communication with all employees especially managerial staff and supervisors, as well as paying more attention to avoid any misleading words in recruitment

advertisements.

Company Action Plan Update

Factory had been rectified the recruitment advertisement without age & gender restrictions

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. (Partially Remediated) Review of the job advertisement posted on recruitment website notes that there is no gender requirement. However, there is age requirement of 18 to 50 years old for sewing workers and 20 to 40 years old for Production and Materials Control (PMC) officers. [ND.2.1]

Local Law or Code Requirement

China Labor Law, Article 12. FLA Workplace Code (Non-discrimination Benchmark ND.2)

Recommendations for Immediate Action

1. Remove age requirement from the job advertisements. Employment decisions are to be made solely on the basis of a person's qualifications and abilities.

PREVIOUS FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Some firefighting equipment was blocked by materials and directly placed on floors in the workshops.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.6); PRC Fire Prevention Law Article 21

Recommendations for Immediate Action

Ensure that firefighting equipment is free of obstruction at all times and properly mounted.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory has immediately removed the barriers to make sure the fire fighting equipment is free of obstruction and re-installed fire equipment in proper position;
2. HSE staff will take weekly inspection to check all fire equipment is free of obstruction and installed in proper position.

Company Action Plan Update

06/27/17 : Per the factory delivered proof documents, weekly 5S inspection has been implemented and the related training has been provided for employees.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. (Remediated) Onsite observation notes that firefighting equipment is installed properly and free from obstruction.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Around 10 % of sewing workers did not properly use the needle and eye guards which are either not in the correct position or broken.

Local Law or Code Requirement

Safety of Machinery of PRC, Articles 7.1.2, 7.1.4, and 7.1.5; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.7 and HSE.8)

Recommendations for Immediate Action

1. Ensure that the workers are trained about the proper use of protective guards and monitor compliance.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will re--install needle & eye guards at stitching and bar tacking machines and reinforce the communication with workers to properly use those guards;
2. HSE staff will conduct weekly inspection to ensure those facilities are in good condition for workers' use.

Company Action Plan Update

06/27/17 : As reported, factory has provided EHS training for all employees & periodically checked EHS status in all workstations including the needle & eye guards conditions. Nike SM&S field team will have onsite confirm if all needle & eye guards are in good conditions.

Oct 17, 2019: Factory provides eye guards for sewing workers use and the have been provided periodically.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. (Remediated) Onsite observation notes that the factory has fixed needle guards and eye guards on all sewing machines. Workers are

using the safety guards during work hours.

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. According to the time records for the period from June 2018 to July 25, 2019 and worker interviews, 90% of workers' monthly overtime exceeded 36 hours per month in all reviewed months, with a maximum of 86 overtime hours in December 2018. [HOW.1.1]
2. The factory production plan is based on 58 hours per week. Factory management sets production targets and production system at a level that workers need to work 18 overtime hours per week. [ER.24]

Local Law or Code Requirement

China Labor Law, Article 41. FLA Workplace Code (Hours of Work Benchmark HOW.1; Employment Relationship Benchmark ER.24)

Recommendations for Immediate Action

1. Ensure overtime hours do not exceed 36 per month.
2. Set production plan based on regular working hours.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Ensure overtime hours do not exceed 36 per month.
2. Set production plan based on regular working hours.

Company Action Plan Update

Factory has developed the corrective action plan to control the working hours with the aim of the overtime not exceed 36 hours. the improve areas included improve work efficiency, increase manpower/equipment, control the working hours management, etc. Currently, factory will make sure the working hours not exceed 60 hours, and will set production plan based on regular working hours step by step.

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not installed a fire alarm in one single story building used as a surplus materials warehouse. [HSE.5.1]
2. The factory has not installed emergency lights for about half of the evacuation passages in the dormitory building. [HSE.25.1]
3. No safety devices (bimanual control device, light control protective device) are equipped on any of the hot pressing machines on the 3rd floor of the production building. [HSE.14.1]

Local Law or Code Requirement

The Code for Design of Automatic Fire Alarm System (GB50116-2013), Article 6.5.1 and Article 6.5.2; The Code of Design on Building Fire

Recommendations for Immediate Action

1. Install fire alarm in the building used as surplus materials warehouse.
2. Install emergency lights in all evacuation passages in dormitory building.
3. Equip safety devices on all hot pressing machines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Install fire alarm in the building used as surplus materials warehouse.
2. Install emergency lights in all evacuation passages in dormitory building.
3. Equip safety devices on all hot pressing machines.

Company Action Plan Update

1. Factory installed fire alarm in surplus materials warehouse and which is also connected to security room .
2. Factory installed emergency lights in all evacuation passages in dormitory building.
3. Factory equipped safety devices on all hot pressing machines

NEW FINDING NO.3

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides free dormitory and meals to workers.
2. The factory has installed air conditioners in workers' bedrooms. There is no charge for workers to use air conditioners.