



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: New Balance Athletics Inc.

COUNTRY: Turkey

ASSESSMENT DATE: 10/29/19

ASSESSOR: FLA EMEA

PRODUCTS: Other

NUMBER OF WORKERS:

### FLA Comments

New Balance produced apparel at this factory as part of a contract that expired in 2019 and had exited the factory before the SCI report was released. New Balance production at the factory was under 2% of their capacity, so there is low risk of retrenchment. New Balance is not aware of other FLA affiliates sourcing from the factory.

## 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
Nondiscrimination	1

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

The factory provides no ongoing training to workers for any FLA Code elements or Employment Functions. Workers receive no written documentation to substantiate the issues covered during orientation. Additionally, orientation training does not cover freedom of association.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.15)

### FINDING NO.2

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

The factory does not have policies or procedures on performance reviews, including steps and processes, links to job grading, nondiscrimination, written feedback, compliance with legal requirements, promotion, demotion and job reassignment. [ER.29.1, ER.30.1]

The procedures to prevent child labor do not include remediation plans. [ER.1.1]

Disciplinary procedures do not include a worker's right to appeal the disciplinary action or their ability to have a third party witness during the imposition of disciplinary actions. [ER.27.4]

Procedures do not include protection against retaliation for workers who raise health, safety, or environmental concerns. [ER.31.2.6]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.27.4, ER.29.1, ER.30.1 and ER.31.2.6)

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

The factory does not have a system to monitor bus drivers' social security registration, working hours, or payroll records. Bus drivers are outsourced from a transportation company and, according to the management interview, the transportation company refused to share any documents. [ER.22]

Employment contracts for security guards are for one year, and renewed multiple times rather than issuing security guards permanent employment contracts. [ER.9.1]

The factory does not have a performance evaluation system. [ER.29]

##### Local Law or Code Requirement

Turkish Labor Law, 4857, Articles 2 and 11; FLA Workplace Code (Employment Relationship Benchmarks ER.9.1, ER.22, ER.29)

##### Recommendations for Immediate Action

1. Ensure that factory has a system to monitor drivers social security registration, working hours and payment records
2. Ensure that security company make permanent employment contracts with the workers instead of making contracts multiple times.

## FINDING NO.4

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

Documentation for 21 workers for May, July, August, September, and October shows two of these workers worked over 60 hours for a week in May, July and August. One worker worked more 60 hours a week over September and October. Maximum working hours in a week is 66 hours. [HOW.8.3]

Documentation for 21 workers for May, July, August, September, October shows three workers worked more than 11 hours per day in July. Two workers worked more than 11 hours daily in May, August and September. The maximum working hours was 12 hours. [HOW.1]

Documentation for 21 workers for May, July, August, September, October shows three workers in July and one worker in August worked without a single rest day in a 7-day period. Two were canteen workers. Some workers worked up to 18 consecutive days. [HOW.2]

One of the security guards works only the night shift without any rotation. [HOW.1]

##### Local Law or Code Requirement

Turkish Labor Law, 4857, Articles 41, 46, 63 and 69; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2 and HOW.8.3)

##### Recommendations for Immediate Action

1. Ensure that workers do not work more than 60 hours in a week.
2. Ensure that workers do not work more than 11 hours daily.
3. Provide at least one rest day every 7 days to all workers.

4. Rotate the shifts of the security guards in accordance with laws.

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

The canteen service is outsourced and workers in the canteen are registered to a catering company. The project manager who leads the canteen service team keeps a manual register for working hours and sends this register to the catering company. However, workers also clock in and out at the factory, so the factory keeps the working hours electronically. According to worker interviews and documentation, the working hours in attendance sheets that the factory keeps in their system and payments on payroll do not match. For instance, on the attendance sheet for the last month (October, 2019) one worker worked 40 hours overtime and was absent 22 hours. However, the same worker had 4 hours overtime and no absent hours on payroll. The assessor could not verify workers are correctly paid for their hours worked. [C.5, C.15]

Canteen workers do not receive a copy of their pay slips. [C.14]

The factory does not have an Annual Leave Committee, which should be formed according to local law. [HOW.11]

##### Local Law or Code Requirement

Turkish Labor Law, 4857, Articles 32, 37, 41 and 69; Annual Leaves Regulation 25391, Articles 15, 16 and 17; FLA Workplace Code (Hours of Work Benchmarks HOW.11, Compensation Benchmarks C.5, C.14 and C.15)

##### Recommendations for Immediate Action

1. Ensure that canteen workers' working hours are kept and received by the catering company and payments are made in accordance with the working hours. Systematically monitor outsourced company's payment and working hours systems.
2. Ensure that canteen workers receive a copy of their pay slips.
3. Form Annual Leave Committee to make decisions on leaves and keep records.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

Two of four emergency lights checked were not working. [HSE.1, HSE.5]

There are extension cables placed over sewing lines which may cause hazards in case of an emergency. [HSE.1, HSE.13]

Needle guards of 30% of sewing machines were not in use or removed by workers. [HSE.1, HSE.14]

##### Local Law or Code Requirement

Regulation of Protection of Buildings from Fire, Articles 67 and 71, Regulation on Health and Safety Requirements on Using Workplace Equipment, Articles 6 and 10; ; FLA Workplace Code (Health, Safety and Environment Benchmarks, HSE.1, HSE.5, HSE.13 and HSE.14)

##### Recommendations for Immediate Action

1. Periodically check and ensure that all emergency lights are operating all the time.
2. Remove and reorganize the cables in sewing section to ensure emergency evacuation safety.

3. Train the workers on machine safety and ensure machine guards are used properly.

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not have a document on Protection from Explosions, which is legally required. [HSE.1, HSE.4]
2. The factory outsources the roles of the Workplace Doctor and the Health and Safety Specialist. However, working hours for these employees are less than legally required working hours, determined based total number of employees in the factory. Contracts need to be updated in accordance with law. [HSE.1, HSE.4]
3. The legally required Health & Safety Workplace Evaluation and Suggestion Book has not been completed since 2018. [HSE.1, HSE.4]
4. The factory does not have an Earthquake Resistance Report. [HSE.1, HSE.4]
5. Some of the vehicles used for transportation have missing documents, including the psychotechnic certificate and the professional competence certificate, while the insurance documents are outdated. [HSE.1, HSE.4]
6. The discharge certificate for waste water is for both the factory and the company next door, while these certificates should be separate per law. [HSE.1, HSE.4]

##### Local Law or Code Requirement

Protection of Workers from Explosion Hazards Regulation, 28633, Article 10; Regulation on Responsibilities of Workplace Doctors and Other Personnel, 28713, Article 12; Regulation on Responsibilities of Health and Safety Specialists, 28512, Article 12, Health and Safety Services Regulation 28512, Article 7; Turkish Building and Earthquake Regulation, Highways Traffic Law, 2918; FLA Workplace Code (Health, Safety and Environment Benchmarks, HSE.1 and HSE.4)