



COMPANY: **Under Armour, Inc.**

COUNTRY: **Jordan**

ASSESSMENT DATE: **12/01/15**

MONITOR: **FLA Assessor Team (Turkey)**

PRODUCTS: **Apparel**

PROCESSES: **Cut, Other**

NUMBER OF WORKERS: **1300**

NUMBER OF WORKERS INTERVIEWED: **90**

ASSESSMENT NUMBER: **AA0000001986**

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# Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

## Glossary

**De minimis:** A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

**Facility performance:** how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

**Fair labor standards:** the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

**Employment life cycle:** all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

**Code violation:** failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

**Employment Functions:** The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

**Management functions:** violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

**Finding:** indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

**Finding type**

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute

an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

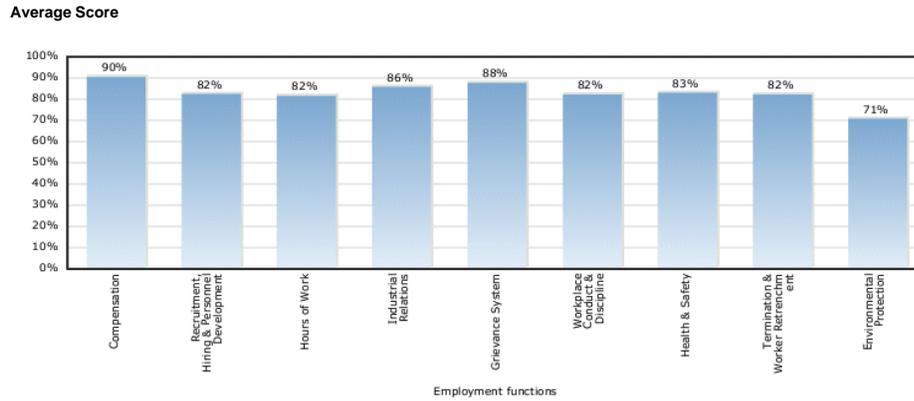
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

# Factory Profile

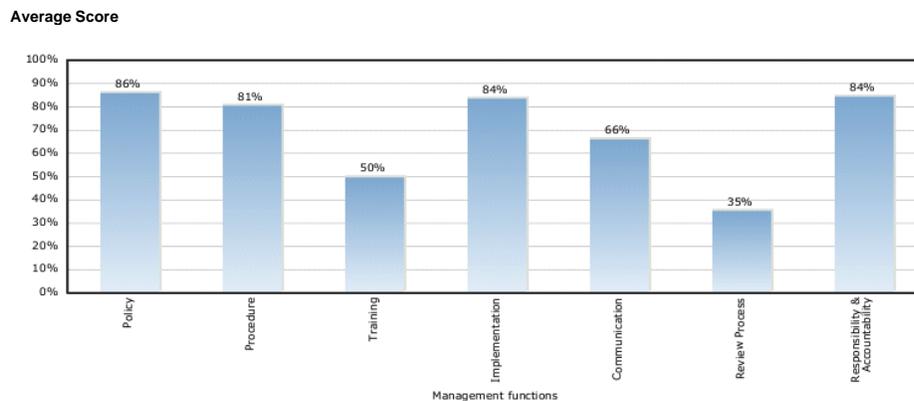
## Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



## Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an assessment conducted for FLA by independent, accredited assessors. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



## Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	78.57%	100%	91.67%	87.5%	91.67%	91.67%	70%	90%	62.5%
Procedure	89%	100%	75%	100%	100%	66.67%	50%	84.62%	0%
Responsibility & Accountability	91.75%	91.75%	94.5%	89%	91.75%	91.75%	91.75%	89%	89%
Review Process	50%	50%	50%	0%	50%	0%	0%	33.33%	50%
Training	57.14%	33.33%	33.33%	0%	33.33%	25%	33.33%	83.08%	0%
Implementation	84.36%	91.49%	74.19%	86.96%	100%	100%	100%	81.39%	36.36%
Communication	83.33%	87.5%	75%	100%	50%	50%	33.33%	75%	100%

## 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	Violations
Compensation	3	General Compliance Compensation Workers Awareness and Understanding of Compensation Calculation Basis for Overtime Payments
Employment Relationship	13	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Industrial Relations Industrial Relations/Right to Organize, Bargain and Participate in Legal Strikes Work Rules and Discipline Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures Recruitment and Hiring/Employment Agency Recruitment Practices Recruitment and Hiring/Employers Agreement with Employment Agencies
Forced Labor	2	General Compliance Forced Labor Freedom of Movement/Employer Controlled Residence
Freedom of Association and Collective Bargaining	2	General Compliance Freedom of Association Employer Interference/Constitution, Elections, Administration, Activities and Programs
Hours of Work	6	General Compliance Hours of Work Rest Day Protected Workers (Women and Young Workers)/Record Keeping Maintenance of Reasonable Levels of Staff Overtime/Calculation over Period Longer than One Week Forced Overtime/Exceptional Circumstances
Health, Safety and Environment	5	General Compliance Health, Safety, and Environment Ergonomics Dormitory Facilities Evacuation Requirements and Procedure Safety Equipment and First Aid Training
Non-Discrimination	5	General Compliance Nondiscrimination Medical Examination Pregnancy Testing Marriage or Pregnancy Discrimination Pregnancy and Employment Status

## Findings and Action Plans

## FINDING NO.1

### FACILITY OVERVIEW (MACRO)

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not have any childcare facilities, although local law requires factories to provide childcare facilities in workplaces that employ 20 married female workers or more. At the time of the assessment, there were more than 20 married female workers working at the factory.

##### Local Law or Code Requirement

Jordanian Labour Law No: 8, 1996 Article 72; FLA Workplace Code (Nondiscrimination Benchmark ND.8.1)

### COMPANY ACTION PLANS

1. "Sustainable Improvement Required: UNITED CREATIONS L.L. must identify the top and middle management who will commit/ensure to provide childcare facilities consistent with local regulations. Please send to us your construction plan and execution timeframe to complete building the childcare facilities. "

**Action plan status:** Planned

**Planned completion date:** 11/04/17

## FINDING NO.2

### TRAINING (MACRO)

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. Human Resources provides a verbal orientation training to new workers, which includes Hours of Work, Compensation, and leaves; however, it only provides limited information on these topics. Also, the verbal orientation training does not cover Freedom of Association, Health & Safety, and Human Resources Policies. Workers do not receive any written documentation regarding the training content.
2. The factory does not provide on-going training on Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Grievance System, Workplace Conduct & Discipline, Termination & Retrenchment, Environmental Protection, and Health & Safety.
3. The factory does not provide supervisors with training on any of the Employment Functions, with the exception of Recruitment, Hiring, & Personnel Development, Harassment or Abuse, and the security policy, including theft prevention.
4. The factory does not provide training on Workplace Conduct for relevant HR staff.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.26, and ER.27)

### COMPANY ACTION PLANS

1. Sustainable Improvement Required:

The factory must identify the credentialed/trained/knowledgeable manager or 3rd party expert or firm who/that will conduct documented educational sessions (in any applicable language or dialect) to:

- HR staff and other relevant positions to ensure new workers receive a complete orientation training, at the time of hiring, which includes explanations of the factory's rules, compensation package and policies/procedures for human resources, industrial relations, including respect of the right to freedom of association, and health and safety. Orientation training should be updated in a regular basis, and in particular, when any policies and/or procedures are revised or updated; including updates in Under Armour/FLA Codes and benchmarks;
- Management to identify someone responsible to ensure new hires and provided with written documentation that substantiates

all of the issues covered in orientation briefings;

- Management to identify someone responsible to ensure that all supervisors are trained in national laws, regulations, and the Under Armour/FLA Codes, and the appropriate practices to ensure compliance;
  - Management to identify someone responsible to ensure that all managers and supervisors are fully familiar and regularly trained, to account for turnover, on the workplace disciplinary system and in applying appropriate, fair and nondiscriminatory disciplinary practices; and lastly,
  - Management to develop and implement a regular training program, for all workers and managerial positions that includes all human resources policies and procedures; from hiring to termination; including health & safety and environmental protection.
- Please send to us supporting documentation of training plans, timelines and identified responsible staff. Evidence should include, and not limited to: photographs, training attendance sheets, presentations, etc.

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.3

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The factory does not have a policy and procedures on Personnel Development.
2. The factory does not have a policy on performance reviews that describes steps and processes for Personnel Development, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements.
3. The job application forms require information on marital status, criminal records, and acceptance of overtime work, which might lead to discriminatory hiring practices.
4. The number of disabled workers (0.5% of the total workforce) is below the local legal requirement stating that the workforce should comprise of at least 4% of the total workforce. There are currently 13 disabled workers in the facility; however, the factory needs to hire 99 more workers to be in compliance with the local law.

##### Local Law or Code Requirement

Jordanian Labour Law No: 8, 1996 Articles 2, 4, 6; Law on the Rights of Persons with Disabilities 2007, Article 4C; FLA Workplace Code (Employment Relationship Benchmark ER.3)

##### Recommendations for Immediate Action

1. Remove the questions regarding criminal records, marital status and general consent to work overtime from the job application forms and ensure that recruitment decisions are based solely on the qualifications of the applicants.

### COMPANY ACTION PLANS

1. " Immediate Action Required: 1) Management must ensure that no worker is deducted a recruitment and or employment fee by third party agencies or by the factory directly. 2) Management must ensure that the practice to require female workers to undergo pregnancy and HIV testing before and/or during the recruitment process. 3) Management is to revise the job application ensuring that there is requisition information on: a) marital status; b) criminal records and c) acceptance of overtime work. Factory is to collect this information after employees have begun work. 4) Management is to create a performance review system that complies with the FLA Benchmarks. 5) Management is to create and send to us a plan for the hiring of more disabled workers to a number that complies or exceeds local regulations. "

**Action plan status:** Planned

**Planned completion date:** 09/12/16

2. "Sustainable Improvement Required The Factory must identify the manager and team who will ensure that: 1) Based upon a documented investigation/review conducted by UNITED CREATIONS L.L.C and middle management (with related records kept on file on site) to ensure that no migrant/contract workers are paying a recruitment or employment fee to a broker or recruitment agency, regardless the migrant workers' country of origin. Also, responsible manager (team) to ensure: a) that the factory keeps a schedule

of recruitment agencies; b) legal fee limits, and c) send, each, a letter to noting that the factory will cease working with any agency that charges a recruitment or employment fee (the factory must document the sending of, the agencies' receipt of, and any responses to, these letters; 2) It takes necessary corrective action concerning: a) recruitment fees deductions, and practices, including retroactively reimbursing workers the deducted amounts related to recruitment fees charged to Sinhalese workers from Sri Lanka. The reimbursement must be clearly and specifically itemized in each affected worker's pay slip and personnel file; b) i) draft and ii) conduct documented training for Managers, workers and Human Resources personnel about iii) a new formal/updated written Recruitment Policy and Procedures with the prohibition for deducting workers a recruitment fee that will be iv) written, v) developed, vi) implemented, vii) posted and viii) followed from now on. 3) Management to update its Recruitment policy and procedures to include a prohibition to require female workers undergo a pregnancy and HIV testing during the recruitment and hiring processes. 4) Management is to revise the job application ensuring that there is requisition information on: a) marital status; b) criminal records and c) acceptance of overtime work. Factory is to collect this information after employees have begun work. 5) Management is to create a performance review system that complies with the FLA Benchmarks. 6) Management is to create a plan to hire more disabled workers. Please send to us supporting documentation/evidence, including photographs, enhanced policies and procedures, etc."

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.4

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. There are 2134 migrant workers in a total workforce of 2365 production workers. The factory has 231 local workers. Although the factory management stated that they have an agreement with recruitment agencies to not receive any fees from the workers, the assessment revealed that the recruitment agencies do require commission fees from the workers. While the workers from Bangladesh pay USD 200, the workers from India pay 35000 Rupees (USD 526). Regarding Sinhalese workers from Sri Lanka, the factory deducts 113 Jordanian Dinars (USD 159) in three installments such as 35+35+40 JD per month.
2. The recruitment agencies require pregnancy tests from migrant female employees (urine and blood tests) and HIV tests from migrant male employees before leaving their country for Jordan. Upon arrival in Jordan, the same tests are required by the factory again. The practice poses the risk of discrimination in the recruitment process.

##### Local Law or Code Requirement

Jordanian Labour Law No: 8, 1996 Articles 12 and 72; FLA Workplace Code (Employment Relationship Benchmarks ER.5 and ER.6; Nondiscrimination Benchmarks ND.5, ND.6, ND.7, and ND.10)

##### Recommendations for Immediate Action

1. Ensure that the recruitment agencies do not require recruitment fees from workers. Retroactively pay the recruitment fees to all migrant workers currently working at the factory.
2. Ensure that the HR department does not deduct any fees from Sinhalese workers' salaries.
3. Ensure that the female and male workers are not required to undergo pregnancy and HIV testing during recruitment.

### COMPANY ACTION PLANS

1. "Immediate Action Required: 1) Management must ensure: a) To reimburse all workers who paid recruitment fees; b) no worker is deducted a recruitment and or employment fee by third party agencies or by the factory directly. 2) Management must ensure that the practice to require female workers to undergo pregnancy and HIV testing before and/or during the recruitment process."

**Action plan status:** Planned

**Planned completion date:** 09/12/16

#### 2. Sustainable Improvement Required

The Factory must identify the manager and team who will ensure that:

1) Based upon a documented investigation/review conducted by UNITED CREATIONS L.L.C and middle management (with related

records kept on file on site) to ensure that no migrant/contract workers are paying a recruitment or employment fee to a broker or recruitment agency, regardless the migrant workers' country of origin. Also, responsible manager (team) to ensure: a) that the factory keeps a schedule of recruitment agencies; b) legal fee limits, and c) send, each, a letter to noting that the factory will cease working with any agency that charges a recruitment or employment fee (the factory must document the sending of, the agencies' receipt of, and any responses to, these letters;

2) It takes necessary corrective action concerning: a) recruitment fees deductions, and practices, including retroactively reimbursing workers the deducted amounts related to recruitment fees charged to Sinhalese workers from Sri Lanka. The reimbursement must be clearly and specifically itemized in each affected worker's pay slip and personnel file; b) i) draft and ii) conduct documented training for Managers, workers and Human Resources personnel about iii) a new formal/updated written Recruitment Policy and Procedures with the prohibition for deducting workers a recruitment fee that will be iv) written, v) developed, vi) implemented, vii) posted and viii) followed from now on.

3) Management to update its Recruitment policy and procedures to include a prohibition to require female workers undergo a pregnancy and HIV testing during the recruitment and hiring processes.

Please send to us supporting documentation/evidence, including photographs, enhanced policies and procedures, etc.

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.5

### TERMINATION & RETRENCHMENT

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not have a policy and procedures on Termination & Retrenchment.
2. The factory does not have a system in place to arrange consultation meetings with workers or worker/union representatives before management reaches any final decisions on layoffs.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.32)

### COMPANY ACTION PLANS

1. Sustainable Improvement Required:

The Factory must identify the manager and team who will ensure to:

1) Develop formal written: A) Termination and B) Retrenchment: i) Policies and ii) Procedures 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; a) Regularly train all workers, supervisors, and managerial staff on Termination & Retrenchment policies and procedures; b) include Termination & Retrenchment policies and procedures in the new worker orientation process; c) Designate staff members the responsibility of overseeing the proper implementation and enforcement of the newly created termination policy and procedures and d) develop a regular review process for the newly created Termination & Retrenchment policy and procedures.

2) Install a system that must include the arrangement of consultation meetings with workers or worker/union representatives before management reaches any final decisions on layoffs;

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.6

## RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. The factory has a termination practice that restricts migrant workers' right to terminate their employment until they have completed their 3-year period at the factory. The contracts for the migrant workers are definite period contracts for 3 years. If workers want to terminate their contracts before the end of the 3-year period, they have to reimburse the company for all expenses paid by the company to bring the employee from his/her home country to work in Jordan, which includes recruitment charges, two-way airfare, labor and residence card expenses, and prorated medical and insurance expenses as written in their contracts.
2. Due to the factory's target and bonus calculation systems, migrant workers are not able to refuse overtime. (The target calculation and bonus systems are applied only to the migrant workers. It does not apply to the local workers.)
  - a. There is a target calculation system in the production department practiced by industrial engineers. Although the normal daily working hours are 8 in the factory as legally required, the targets are calculated based on 11 hours, which forces the workers to work overtime to reach their daily targets.
  - b. There is a bonus system in the factory. The migrant workers normally work 10 hours a day (including 2 hours of overtime paid at the premium rate). If they work beyond 10 hours, they make an additional 0.5 JD per extra hour.

#### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Articles 57 and 59; FLA Workplace Code (Forced Labor Benchmarks F.1, F.6, F.7, and F.8)

#### Recommendations for Immediate Action

1. Ensure that there are no restriction/penalties inhibiting workers from terminating their employment.
2. Ensure that daily targets are calculated based on normal daily working hours.
3. Ensure that there are not any discriminatory practices towards the migrant workers.
4. Ensure that overtime is not mandatory, and that workers can refuse overtime without any retaliation.

### COMPANY ACTION PLANS

1. "Immediate Action Required: 1) Management must not implement or allow recruitment to implement financial penalties to workers for terminating employment; 2) Management must ensure all overtime work is consensual and in no circumstance workers are forced to work overtime; 3) Management is to ensure all working hours do not include, or are not based on, production targets that exceed 8 hours a day; 4) Management is to develop a plan to revise the work hours and bonus system so that workers do not depend on working overtime to earn to meet basic needs and have discretionary income saving; and 5) Management is to revise the contracts to stipulate that workers can terminate their employment at any time with no financial penalties."

**Action plan status:** Planned

**Planned completion date:** 09/12/16

2. "Sustainable Improvement Required: The Factory must identify the manager and team who will ensure that: 1) The migrant/contract workers working for/in/on behalf of the factory, the factory must identify the person who will confirm based upon a documented investigation/review conducted by UNITED CREATIONS L.L.C and middle management (with related records kept on file on site) that there are no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: a) require that employees can be confined or be subjected to restrictions on freedom of movement; including the ability to terminate their employment before the ending period of their employment contracts; b) allow earned wages to be withheld; c) provide for penalties resulting in paying back wages already earned; or 4) in any way punish workers for terminating employment. 2) The factory must not work more than: a) The local legal and Code of Conduct/benchmark limits on overtime hours per worker/per day/week/month/year (that is not more than 4 overtime hours/worker/day and b) 12 overtime /hours/worker/week or 30 overtime hours/worker/month. 3) To review the current capacity planning based on the regular workday and not on OT; 4) All overtime work must be consensual: a) The factory must not request overtime on a regular basis and b) must compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 work hours 5) To develop a plan to revise the work hours and bonus system so that workers do not depend on working overtime to earn to meet basic needs and have discretionary income saving; and 6) To revise the contracts to stipulate that workers can terminate their employment at any time with no financial penalties."

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.7

### COMPENSATION

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. While local workers are paid 190 JOD (USD 268) in the factory, the migrant workers are paid 110 JOD (USD 155) after the legally allowed deduction of dormitory costs and meals. This practice is legal, but it is not in compliance with FLA Workplace Code and Benchmarks as it is not possible for workers to seek alternative means of housing or nourishment of their choosing.
2. The overtime calculation method is not correct. Accommodation fees and loyalty allowances are excluded in the calculation of hourly wage, resulting in underpayment for migrant workers. Here is an example of the current calculation method:
  - a. Salary per month: 110 JOD minus 15 JOD for accommodation = 95 JOD
  - b. The monthly overtime hours: 60 hours of regular overtime and 8 hours on Fridays (weekly rest day)
  - c. Calculation: 95 JOD + 40 JOD (overtime pay) = 135 JOD
  - d.  $135 / 30 \text{ days} / 8 \text{ hours} = 0.5625 \text{ JOD (hourly rate)}$
  - e.  $0.5625 * 1.25 (\text{normal overtime rate}) * 60 \text{ hrs} = 42.18 \text{ JOD for regular overtime}$
  - f.  $0.5625 * 1.5 (\text{Fridays overtime rate}) * 8 \text{ hrs} = 6.75 \text{ JOD for Friday overtime}$
  - g. Total: 110 JOD + 5JOD (loyalty allowance) + 42.18 + 6.75 - 9.45 JOD(social security deduction) = 154.48 JOD
3. Whereas the correct calculation should be as follows as per legal requirements:
  - a. The monthly overtime hours: 60 hours of regular overtime and 8 hours on Fridays (weekly rest day)
  - b. Calculation: 110 JOD + 40 (overtime pay) + 5 (loyalty allowance) = 155 JOD
  - c.  $155 / 30 \text{ days} / 8 \text{ hours} = 0.6458 \text{ JOD}$
  - d.  $0.6458 * 1.25 * 60 = 48.43 \text{ JOD for regular overtime}$
  - e.  $0.6458 * 1.5 * 8 = 7.75 \text{ JOD for Friday overtime}$
  - f. Total: 110 JOD+ 5JOD (loyalty allowance) + 48.43 JOD + 7.75 JOD - 9.45 JOD(social security deduction) = 161.73 JOD

##### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Articles 52 and 53; FLA Workplace Code (Compensation Benchmarks C.1, C.5, and C.7; Forced Labor Benchmark F.5; Nondiscrimination Benchmarks ND.1 and ND.3)

##### Recommendations for Immediate Action

Ensure that the overtime calculation is revised in the contracts and overtime premiums are paid as legally required. Train and regularly communicate to workers on compensation and legal benefits

### COMPANY ACTION PLANS

1. "Immediate Action Required: 1) The factory must identify the members of top management, managers and team members who will ensure, by drafting, effectively implementing, conducting documented training about, posting full and summary posters of, formal new/updated "compensation" written policies and procedures that are sufficient to ensure, that from now on that all migrant workers are to be paid overtime worked at correct regular and overtime hour pay rates based on local regulations; 2) The factory also must identify the manager and team who will take necessary action concerning past practices by back tracking from August 2016, 12 months of overtime work to include retroactively compensating EACH OF THE MIGRANT WORKERS by paying them, with specific, itemization and documentation in their pay slips and personnel files, in the next pay period, the additional make up of overtime wage at correct regular and overtime hour pay premium based on local regulations; 3) The factory also must identify the manager and team who will take necessary action ensure that the overtime calculation is revised in the contracts and overtime premiums are paid as legally required. Train and regularly communicate to workers on compensation and legal benefits; 4) The factory must not charge workers for housing/food if they do not have option to seek in depend housing and food. "

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.8

### COMPENSATION

#### FINDING TYPE: Immediate Action Required

### Finding Explanation

1. In addition to the annual leave, there are two other types of paid leave: special leave and sick leave, which are 14 days each as per law; however, the factory has not provided any of the workers (local and migrant) with these leaves so far. Based on interviews, Workers are not aware of these leaves.

### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Articles 65, 66, and 68; FLA Workplace Code (Employment Relationship Benchmark ER.22.1; Hours of Work Benchmarks HOW.1 and HOW.15)

### Recommendations for Immediate Action

1. Ensure that all type of leaves are provided to the workers as legally required.
2. Regularly train and communicate workers on their legal benefits.

## COMPANY ACTION PLANS

1. Immediate Action Required:

The factory must identify the manager(s) that will ensure:

1) To establish, conduct documented training about, and publish, to its managers, Human Resources personnel and workers, new and formal written rules and policies that ensure that any workers who are initially employed under (local and migrant) have equal access to, and receive the same benefits (including to the entitlement of annual leave and two other types of paid leave: special leave and sick leave, which are 14 days each as per law);

2) Special leave and sick leaves benefit is communicated, in documented, sessions (all local and migrant workers must attend, sign in, with proof of same maintained in each such worker's on site personnel file, with materials in Arabic language, and by posting inoffensive, but effective, poster-sized communications in the languages understand by local and migrant workers throughout relevant areas of the factory about the law, the factory's compliant policy and a summary of leave procedure, on an ongoing basis to all workers. Furthermore, management to develop a procedure for workers to take leave consistent with local regulations. Assign someone responsible for documenting and tracking leave taken;

3. All hours of work are paid, consistent with employee contracts and local law regulations. Under no circumstances may workers be paid less than what the local law requires. Workers must be paid, in full, for all hours worked. Finally, the factory should take documented corrective action concerning past practices by providing to each affected worker payment for both the: 1) Annual; 2) Special and 3) Sick leaves which they should have, but did not, receive. The payments for these leaves must be specifically itemized and documented in each affected worker's pay slip and on site factory personnel file.

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.9

### HOURS OF WORK

#### FINDING TYPE: Immediate Action Required

### Finding Explanation

1. The factory regularly includes overtime work in its production planning. The factory arranges for more than 48 working hours a week, including 0.5 hours every day for the local workers and 2 hours every day for the migrant workers. Typically, migrant workers work 60 hours on a weekly basis and local workers work 51 hours.
2. The factory's total daily working hours (regular + overtime hours) exceeded the legal daily limit of 10 hours in October, September, August, July, and May 2015. In a sample of 32 workers, all of them worked hours exceeding the legal limit in all five months, with maximum daily working hours of 12 hours.
3. The factory's total weekly working hours (regular + overtime hours) exceeded the 60 hours limit in October, September, August, July, and May 2015 as per FLA benchmarks. In a sample of 32 workers, all of them worked hours exceeding the legal limit with a maximum of 73 hours in a week.

4. There were 7 female workers working night shifts during the peak season violating local law that restricts night employment for women between 10:00 PM and 6:00 AM with allowed exceptions by the Ministry of Labor. The 7 female workers worked night shifts from September to November 2015 in the cutting section without obtaining an approval by the Ministry of Labor, as legally required. Nor has the factory implemented precautions to protect the safety of female workers when they work night shifts past 10 PM.
5. In October, September, August, July, and May 2015, half of the 32 sampled workers worked without a 24-hour rest period in a 7-day period, resulting in 13 consecutive days of work in October, September, August, and July and 18 consecutive days in May 2015. No compensatory day off was provided to workers subsequently.
6. There is no identification of pregnant and lactating workers in working hour records to protect and track them concerning working hours. (Note: there were no pregnant or lactating workers at the time of the assessment).
7. The factory does not provide lactating workers with 1 hour a day of breastfeeding time, as legally required. (Note: There were no lactating workers at the time of the assessment.)

#### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Articles 56, 57, 59, 60, 69, and 71; Minister of Labour Decision in respect to Activities and Time During Which it is prohibited to Employ Women, 2010; Article FLA Workplace Code (Employment Relationship Benchmarks ER.14 and ER.16; Hours of Work Benchmarks HOW.1, HOW.2, HOW.5, HOW.6, HOW.7, and HOW.8)

#### Recommendations for Immediate Action

1. Ensure that regular working hours do not exceed 48 hours a week as a regular practice.
2. Ensure that daily (regular + overtime) working hours do not exceed 10 hours a day.
3. Ensure that weekly working hours do not exceed 60 hours a week.
4. Ensure that the workers have at least 24-hour rest period in every 7-day period.
5. Working hours need to be monitored to ensure that female workers do not work beyond stipulated working hours. In the case that female workers is to work night shifts, the factory to implement the following:
  - a. Inform workers at least 24 hours prior of scheduling the night shift.
  - b. Written consent must be obtained from individual worker for work after 10 PM.
  - c. Factory must obtain approval from the local labor department specifying the number of workers/production processes with the a copy of consent attached.
  - d. Factory must ensure that female security guards and supervisors are present in all work areas.
  - e. Transport should be arranged free of cost to drop workers home and should be accompanied by at least 2 female and 2 male security guards. Movement of vehicle should be tracked by the Admin/Security in-charge.
  - f. Medical staff (male and female) must be available during all working hours.
  - g. At least one HR staff must be present in the factory during all working hours.
6. Ensure that the working hours record system include all special categories of workers, such as pregnant or lactating workers.
7. Provide the legally required one paid hour daily of breastfeeding time for the lactating workers.
8. Ensure that the FLA affiliate Company's Sourcing and Social Compliance teams: a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) coordinate on the topics mentioned below to help the factory address its excessive hours issue:
  - a. How to provide better order forecasts to the factories;
  - b. Possible workshops/consultancy for the factory on how to improve productivity/quality;
  - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
  - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
  - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
  - f. Clear guidelines on how and when the factory can use subcontractors.

## COMPANY ACTION PLANS

### 1. Immediate Action Required:

The Top/Senior Management must identify the manager and team who will ensure:

- 1) The factory must not work more than: a) The local legal and Code of Conduct/benchmark limits on overtime hours per worker/per day/week/month/year (that is not more than 4 overtime hours/worker/day and b) 12 overtime /hours/worker/week or 30 overtime hours/worker/month;
- 3) To review the current capacity planning based on the regular workday and not on OT hours;
- 4) All overtime work must be consensual: a) The factory must not request overtime on a regular basis and b) must compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 work hours and c) documented policy and procedures and trained all employees in the factory;
- 5) Management to submit a letter (with the Company's letterhead) that from now on, UNITED CREATIONS L.L.C. will allow workers at least 24 consecutive hours of rest in every seven-day period;
- 6) To retroactively provide, starting from January 2016, all affected workers with their pending/corresponding compensatory day off

or 24 consecutive hours as required by local law regulations and FLA Benchmarks;

7) Working hours need to be monitored to ensure that female workers do not work beyond stipulated working hours. In the case that female workers are to work night shifts, the factory is to implement the following: a) Inform workers at least 24 hours prior of scheduling the night shift; b) Written consent must be obtained from individual worker for work after 10 PM; c) Factory must: i) Obtain approval from the local labor department specifying the number of workers/production processes with the copy of consent attached and ii) d) ensuring that female security guards and supervisors are present in all work areas; e) Transportation must be: i) Arranged free of cost to drop workers home; ii) accompanied by at least 2 female and 2 male security guards; iii) movement of vehicle must be tracked by the Admin/Security in-charge; e) Medical staff (male and female) must be available during all working hours and g) at least one HR staff must be present in the factory during all working hours;

8) The working hour's record system include an identification of all special categories of workers, such as pregnant or lactating workers to ensure all legal protections; including those related to hours of work are implemented accordingly;

9) Provide the legally required one paid hour daily of breastfeeding time for the lactating workers; consistent with local regulations:

**Action plan status:** Planned

**Planned completion date:** 09/19/16

2. Sustainable Improvement Required:

1) UNITED CREATIONS L.L.C and the factory each must identify the top and middle management personnel at UNITED CREATIONS L.L.C and the factory who will: 1) implement adequate systems and controls (add shifts, hire more workers, conduct documented worker skills training to increase efficiency, etc.) in order to ensure compliance with these standards; a) conduct documented and regular analyses of the factory's hours of work with a view to progressively reducing excessive hours of work; b) demonstrate and issue a written commitment to reduce overtime and c) 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.

2) UNITED CREATIONS L.L.C and the factory also must draft and effectively implement formal written policies and procedures and systems and controls sufficient to address it's legal and FLA Workplace Code of Conduct and Benchmark Working Hours compliance issue, this includes:

a) If established to be necessary, by jointly working with its customers on how to provide better order forecasts;

b) Participating in workshops/engaging a consultancy for the factory on how to improve productivity/quality;

c) 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;

d) 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);

e) Clear guidelines on calculating and setting reasonable production targets that will not demand work beyond regular working hours or during breaks; and

f) Developing clear guidelines on how and when the factory can use subcontractors (with compliance with Under Armour Subcontracting requirements) and/or temporary workers to avoid excessive overtime.

g) Re-evaluate the production planning systems and controls in order to ensure that they match.

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.10

### INDUSTRIAL RELATIONS

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. Although there are worker representatives in the factory through the PICC Committee, they are appointed by management instead of being elected by the workers. Therefore, the representatives' role is to convey information on updates such as social security deductions or Health and Safety-related instructions, rather than to represent the workers.
2. FLA Comment: There are restrictions to Freedom of Association in Jordan. Jordan allows one union per industry with close ties to the government. This conflicts with FLA's Workplace Code and Benchmarks regarding workers' right to establish and to join organization of their own choosing.

## COMPANY ACTION PLANS

### 1. Immediate Action Required:

Management to send to us, with the Company's letterhead, a written commitment to: a) the principle of freedom of association and the right to bargain collectively, as expressed in the Under Armour and FLA Codes and benchmarks and relevant ILO conventions; b) transparency so that all workers employed by the factory have sufficient information to understand and exercise their rights; c) refrain from and not tolerate any acts of discrimination, intimidation, reprisal or threats of reprisal against workers for exercising their associational and collective bargaining rights; and d) respect the right of worker representatives to freely carry out their functions.

Ensure that all workers, local and migrant, receive verbal and written communication about the factory's commitment to ensure the right to join or form a union or other worker organization of their own choosing without any management's interference.

**Action plan status:** Planned

**Planned completion date:** 09/19/16

2. "Sustainable Improvement Required: The Factory must identify the manager and team who will ensure that: 1) It will immediately conduct documented educational and orientation meetings, for all members of Workers Representatives PICC Committee and workers in general, as about the factory's commitment to respect their freedom of association rights under the FLA and Under Armour Codes and benchmarks; 2) ensuring PICC Committee Members are communicated about: a) Factory workplace rules, regulations, policies; b) Under Armour Code of Conduct; c) the Fair Labor Association's Workplace Code of Conduct (<http://www.fairlabor.org/our-work/labor-standards> and related benchmarks and all applicable laws; 3) to have a clear and transparent system of PICC Committee, workers and management communication that enable workers to consult with and provide input to management through the use of: a) suggestion boxes; b) PICC; c) designated meeting rooms and spaces for PICC Committee and worker meetings, and d) meetings between management and PICC Committee. 4) Management to develop and implement an Industrial Relations policy and procedures based on Under Armour and FLA Workplace Code and Benchmarks that: a) include a commitment to freedom of association and b) enable workers to consult with and provide input to management through the existing structures and mechanisms; and c) a commitment to ensure the prevention of discrimination, interference and anti-union violence. • Train all workers and those in supervisory and managerial positions regularly on the newly created formal and written Industrial Relations policies and procedures. Include this training in the new hire orientation. • Designate someone responsible of overseeing the proper implementation and enforcement of the Industrial Relations policy and procedures. • The factory must identify the credentialed expert/3rd party firm who/that will: a) Draft; b) conduct documented education about; c) ensure the effective implementation of, and d) posting of summary posters in the languages spoken by local and migrant workers, of new formal written: i) Policies and ii) Procedures ensuring that no less than every three months documented dialogue occurs on site between the factory's I) Employees; II) its Workers Representatives and PICC Committee and III) Factory Top Management to carry out democratic regulation in/of the workplace; • The factory must: 1) create and implement a dialogue meeting procedure; 2) create and complete a related work plan according to a yearly schedule that shows the dialogue meeting dates scheduled on a trimester basis; 3) Management meets with Workers' Representatives for the legally mandated dialogue meetings; 4) The minutes of the dialogue meeting must be recorded during the meeting be issued to the meeting participants for review and kept on file on site with the participant's names, titles, signatures, confirmation that they have review the minutes and that they truly, fully and accurately reflect the meetings and date signed and 5) copies of the signed, approved meeting minutes are posted in the factory in areas readily accessible and highly visible to all workers. • The factory must create procedures for the election of worker representatives to the PICC, using secret ballots and nomination from the workers."

**Action plan status:** Planned

**Planned completion date:** 10/19/16

## FINDING NO.11

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

**FINDING TYPE:** Immediate Action Required

Finding Explanation

1. The factory does not have a procedure allowing employees to appeal disciplinary actions taken against them.
2. Although they are not implemented, the factory's Bylaws document includes regulations on disciplinary monetary penalties. For example, if the worker is more than 10 minutes late to work, 50% of the daily salary is deducted for first offence, 75% for the second and the entire day's pay for the third time. While the Jordan Labor Law allows monetary fines for disciplinary purposes, they are in violation of FLA Benchmarks.
3. The factory does not provide workers with a copy of the workplace conduct and discipline rules during orientation.
4. Disciplinary actions are not witnessed by third party during imposition.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27; Harassment or Abuse Benchmark H/A.2)

#### Recommendations for Immediate Action

1. Remove the monetary penalties from factory's Bylaws.

## COMPANY ACTION PLANS

1. Immediate Action Required:

The Factory must identify the manager and team who will ensure:

- 1) Immediate stop the practice of implementing monetary fines for disciplinary purposes and remove the monetary penalties from factory's Bylaws;
- 2) To align with FLA Workplace Code must provide an orientation to new recruitment at the time of hiring and all existing workers a copy of workplace conduct and discipline rules which includes explanation of the employer's rules, compensation package and policies for human resources, industrial relations, including respect of the right of freedom of association, and health and safety;
- 3) The factory must identify the members of top management, managers and team members who will ensure, by drafting, effectively implementing, conducting documented training about, posting full and summary posters of, formal new written policies and procedures that are sufficient to ensure, that from now on that in accordance with FLA Benchmarks ER.27.3 and ER.27.4, management will develop and effectively implement written disciplinary: A) policies and B) procedures. The new written and FLA Code and Benchmark compliant procedures must provide for both: i) having a third-party witness present if, and when, sanctions are imposed, and ii) and an Appeal process. The factory should conduct documented training, and with materials, in Arabic and any other applicable dialects and languages spoken by migrant workers, with its managers, Human Resources personnel and workers about each of the policies and procedures. The factory should document actions it subsequently takes in accordance with, and pursuant to these policies and procedures in any affected managers' and workers' on site personnel files.

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.12

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. The forklift in the fabric warehouse does not have warning lights and a portable fire extinguisher.
2. One of the steel gloves in the cutting section in UC 1 building has holes.
3. The fabric to be cut is placed on pins on the cutting table for smooth cutting, especially for striped fabrics. However, those big pins pose safety hazard.
4. Workers in the sewing department do not use (they have displaced or removed) eye and finger protections of the sewing machines.
5. There are no anti-fatigue mats for workers to reduce fatigue caused by standing for long periods on a hard surface.
6. Following ergonomics-related issues were identified:
  - a. Half of the workstations were not adjustable for workers, which can cause ergonomic problems.
  - b. The factory is not taking proactive steps to reduce repetitive-motion stress/injuries, including lack of ergonomic training and ergonomic breaks.
  - c. In addition, the factory does not provide lifting belts as proper Personal Protective Equipment PPE for eligible

workers.

7. The workers in the dyeing section do not use proper Personal Protective Equipment PPE for chemical hazards, such as dust masks and gloves for chemical mixing process.
8. The florescent lights do not have protective covers against dust accumulation, posing a potential fire hazard.
9. A ladder in one of the export warehouses does not have a railing for fall protection.
10. There was no third party control for the grounding measurement of the factory in terms of electrical safety, as legally required. The factory has a team for electrical safety; however, there were no records regarding grounding measurements or periodic control of the electrical system, as legally required.

#### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Article 78; 1998 Instructions for Protection of Workers and Establishments from Workplace Hazards; Regulation No 43 of 1998 on Protection and Safety from equipment Industrial Machines and Job; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE 13, and HSE.17)

#### Recommendations for Immediate Action

1. Provide warning lights and a fire extinguisher for the forklift for traffic and fire safety.
2. Provide proper and new steel gloves for the workers working in the cutting section. Establish a system to track the usage and replacement of PPE throughout the factory.
3. Ensure that there is no bradawl, such as big needles, on/around the workstations of the workers.
4. Ensure that the workers use the machine guards properly. Train and regularly communicate to workers on proper machine guards usage and PPE requirements.
5. Provide applicable workers with lifting belts as proper PPE.
6. Ensure that the proper PPE is provided for workers who handle chemicals and that workers handling chemicals are trained on PPE usage.
7. Ensure that all sewing machines have protective eye and finger guards and that all workers use them properly.
8. Install protective covers for florescent lights against dust accumulation.
9. Provide ladders with protective railings in the export stores.
10. Arrange for an authorized third party to control the grounding system of the factory and ensure that the electrical system is safe. Maintain the records for periodic control of the electric system, including grounding measurements, as legally required.

## COMPANY ACTION PLANS

### 1. Immediate Action Required:

The Factory must identify the manager and team who will ensure:

- 1) The forklift is installed with hazard warning lights for traffic safety and a fire extinguisher;
- 2) To develop a system to ensure workers are provided the appropriate PPE. Newly created system will ensure to: a) Provide PPE to a particular group of workers in order to achieve effective protection; b) track the usage and timely replacement of PPE through the factory; c) replace damaged PPE and provide new steel gloves for the workers working in the cutting section in UC 1 building; d) ensure, by implementing a documented personal protective equipment ("PPE") use incentive/award/reward system, that its workers: i) are provided the appropriate PPE; e.g. anti-dust respirator, etc. and ii) properly wear/use the PPE including earplugs and facemasks required by their specific workplace conditions; e) conduct documented training session forcefully emphasizing risks and harms of failing to wear/properly use, PPE and f) post posters, written in the language(s) understood by its workers and managers, in each workplace showing the necessary and proper use of PPE for each worker
- 3) To document training for workers on good housekeeping program by: a) Providing toolbox storage for big needles and essential tools and b) at all time keeping each workstation safe, clean and free for clutters.
- 4) Ensure that the workers use the machine guards properly. Train and regularly communicate to workers on proper machine guard's usage a ensure, by drafting, effectively implementing, conducting documented training about, posting full and summary posters of, formal new written policies and procedures that are sufficient to ensure, that from now on; a) There is a hazard communication program for workers to educate the proper use of machine guards and at times the combination use of personal protection equipment to protect from work related injury; b) at each workstation to provide a machine safety checklist for workers to conduct safety check on: i) Sewing machine that proper installed with safety guards for eye protection and finger pierce by needles; c) Factory to assign responsible person to ensure appropriately functioning power equipment/machinery protection and to check equipment regularly (monthly, yearly) by removing all physical hazards to the workers that may arise from exposure to the point of operation on a particular machine or from moving parts on the machine for example: i) compression, cutting or shearing of hands, feet, hair or other body parts can occur; ii) risk of impact to the eyes, face or other body parts that might be caused by flying objects in grinding or buffing operations, wires from wheel brushes, or other tools (e.g. needles in stitching or sewing areas); iii) at each workstation to provide a machine safety checklist for workers to conduct safety check on.

- 5) Provides lifting belts to all employees lifting heavy materials; a) Documented initial and periodic refresher training to all employees on proper lifting techniques and use of lifting belts; b) Ensuring the training program promotes an ergonomic approach to lifting that includes: i) Consider alternative ways to accomplish the same lifting or handling; ii) Assess the weight of the object before attempting lifting or handling; iii) Ask for assistance if necessary; d) Determine the best way to hold or maneuver the object

before lifting the object; iv) During repetitive lifting activities, try to minimize the vertical distance of the lift from origin to destination, and minimize the amount of twisting and bending; v) Use the legs for lifting rather than the back and g) use the feet to turn, rather than twisting the trunk of the body.

6) Conducted documented chemical safety handling training session forcefully

**Action plan status:** Planned

**Planned completion date:** 10/04/16

2. emphasizing to chemical handlers the risks and harms of failing to wear/proper use of PPE; 7) To install protective covers for all florescent lights against dust accumulation; 8) To retrofit all ladders with protective railings 9) Provide ladders in the export stores with both side protective railings. 10) Engaged an authorized third party ensuring to: a) Control the grounding system of the factory; b) assess electrical system is intrinsic safe for operation by workers and c) maintain the records for periodic control of the electric system, including grounding measurements, as legally required. Please send to us supporting evidence/documentation for our review. Sustainable Improvement Required: The Management is responsible to prevent the recurrence of issues as stated in the findings by having a management system in place which must achieves the requirements of this procedure; 1) Department Managers and Supervisors are responsible for implementing and maintaining the requirements of this procedure; 2) The HSE Co-coordinators must responsible for monitoring the implementation of this procedure and for the provision of support, advice and guidance to the department Managers and Supervisors; 3) All workers have a duty and right to elect a team mate as representative to co-operate to improve HSE through participation in consultative arrangements and this includes all volunteerism of employees, and those of contractors and partners, at all levels; 4) Formal representation of the workforce in discussions with management on HS&E matters must be established through a Safety Committee structure; 5) Safety Committees must be established and maintained to ensure compliance with the requirements of this procedure: 6) Each Safety Representative must have the following functions: a) To encourage co-operation in promoting and developing HSE related matters; a) To assist in the investigation of potential hazards, dangerous occurrences and causes of accidents; b) to make representations to the Department Managers, Supervisors or other employers' representatives on matters arising from the above investigations and on general matters affecting health and safety of employees and the environment and c) To attend Safety Committee meetings; 7) Ensuring methods of promoting workforce participation must include: a) Ad hoc problem solving teams; b) Toolbox talks i.e. planned regular meetings between supervisors and their teams to address specific HSE topics; c) Safety circles where HSE problems must be identified and solved by a facilitating team and a targeted work party; d) Team briefings; e) Safety tours; f) Suggestion schemes; g) "Walk through" exercises of new operational procedures before issue.

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.13

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The emergency exits in the fabric warehouse and sewing section in the UC 2 building have doorsills which pose risk of stumbling and falling.
2. One of the fire hoses in the fabric warehouse is obstructed by box shelves.
3. Fabric rolls were placed on the emergency evacuation route near the cutting table, posing a risk for safe evacuation.
4. There were two emergency exits in the cutting section in the UC 1 building. One of them was a sliding door, which was very heavy and difficult to open. The other emergency exit is also a loading door, which is approximately 60 cm above the ground level without any protection (i.e. chain) or a sign. There are stairs on the right side of the door going to the ground level. Moreover, there were no exit signs and emergency lighting above the two emergency exits in the cutting section in the UC 1 building.
5. A fire alarm button and a fire extinguisher in the cutting section in the UC 1 building were blocked with production goods and boxes.
6. There were fabric rolls standing on the electrical panel (fan panel) of the cutting section, which poses fire risk.
7. There are no non-skid tapes on the emergency stairs.
8. The workstation lines, which are located very close to each other, are a concern in case of an emergency in the UC 1 sewing section, since there are workers who have to work enclosed between tables, other lines, and columns of the building. Also, in the UC 2 sewing section, there are workers who work enclosed between tables and finished goods.
9. There are two packing rooms separated with glass walls inside the sewing section in the UC 1 building. There was one fire alarm in one of the rooms, which was obstructed with production boxes. In the other room, there was no fire alarm or fire extinguisher.
10. In general throughout the factory, 10% of the fire extinguishers are mounted higher than the legal limit (max 150 cm), which makes it difficult to lift and use extinguishers in case of an emergency.

11. There is no 'you are here' sign on the evacuation maps in the fabric warehouse and export store 9.
12. The emergency evacuation signs (arrows) on the ground in the fabric warehouse are misleading as they direct to an exit that is not the closest one. There are no arrows in the middle corridors. Moreover, the arrows on the ground in the sticker section in the UC 1 building are confusing and do not direct traffic to the closest emergency exit.
13. There are no signs showing emergency evacuation routes in the sample room in the UC 2 building. Moreover, there were no evacuation instructions directing to assembly point outside the exits.
14. There is no fire alarm button in the sample room in the UC 2 building.
15. There were approximately 10 storage units in the export warehouses next to each other in the factory. Some fire extinguishers, fire hoses and fire alarm buttons are obstructed with boxes in those units. The second exit doors all have doorsills posing risk of falling. Moreover, the evacuation route between store 5 and store 6 were obstructed due to painting activities, such as painted iron shelves and paint cans.
16. The second emergency exit in the embroidery section was obstructed by a loading truck.
17. The fire fighting and first aid team members lists are not posted on the information boards.

### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Articles 78 and 80; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

### Recommendations for Immediate Action

1. Ensure that all emergency exit doors open outwards with a push-bar system and do not have doorsills.
2. Clear all blockages from the emergency exits and evacuation aisles for easy evacuation in case of emergency.
3. Provide a protective chain for the loading door when it is not in operation, and provide a sign directing traffic to the stairs on the right side.
4. Clear all the fire extinguishers, fire hoses, and emergency alarm buttons from blockages.
5. Remove fabric rolls near the electrical panel.
6. Provide non-skid tape for the emergency stairs.
7. Arrange workstations positions so that workers can easily evacuate in case of emergency. Clear obstructions around the workstations, and ensure that at least one side of every workers' station is entirely open.
8. Place 'you are here' dots on all evacuation maps.
9. Mount all fire extinguishers (max 12 kg) at the proper height (max 150cm), as per legal requirements.
10. Ensure that all sections have noticeable and clear emergency evacuation routes (all along the way o the assembly point) and emergency exit signs and lighting.
11. Provide fire alarm buttons for every section in the factory.
12. Communicate the fire fighting and first aid team members to the workers in every section.

## COMPANY ACTION PLANS

### 1. Immediate Action Required:

The Factory must identify the manager and team who will ensure:

- 1) All emergency exit doors open outwards with a push-bar system and must not have doorsills;
- 2) To remove all blockages from the emergency exits and evacuation aisles for easy evacuation in case of emergency;
- 3) To provide a protective chain for the loading door when it is not in operation, and provide a sign directing traffic to the stairs on the right side;
- 4) To remove all obstruction of the fire extinguishers, fire hoses, and emergency alarm buttons;
- 5) To remove fabric rolls near the electrical panel;
- 6) To install non-skid tape for all emergency stairs.
- 7) To relay out workstations position by removing obstructions around the workstations, and ensuring: a) At least one side of every workers' station is entirely open and b) so that workers can safely and rapidly evacuate in case of emergency
- 8) To indicate 'you are here' dots on all evacuation maps in the fabric warehouse and export store 9;
- 9) To install all fire extinguishers (max 12 kg) at the proper height (max 150cm), as per legal requirements;
- 10) The building and workplaces in the sample room in the UC 2 building must install with: a) Noticeable and clear emergency evacuation routes (all along the way pointing to the direction exits to the assembly point); b) emergency exit signs and c) lighting that are supported by back up supply.
- 11) The emergency evacuation signs such as directional arrow signs must be properly marked on the center of passage way in: a) The fabric warehouse and b) the sticker section in the UC1 Building must be pointing correctly to the direction of the closest emergency exits.
- 12) To adequately install fire alarm buttons for every section in the sample room in the UC 2 building.
- 13) To communicate the firefighting and first aid team members to the workers in every section by posting photographs of firefighting on and first aid team members and emergency contact lists at: a) All notice boards and b) next to all first aid boxes;
- 14) At storage units in the export warehouses must: a) At all times ensuring no obstruction to: i) All fire extinguishers; ii) fire hoses and iii) fire alarm buttons; remove doorsill at the second exit doors prevent risk of falling; b) the evacuation route between store 5 and store 6 by removing painted iron shelves and paint cans.

15) At all time to keep clear of obstruction at the second emergency exit in the embroidery section by a loading truck.

**Action plan status:** Planned

**Planned completion date:** 09/19/16

2. Sustainable Improvement Required:

- 1) 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);
- 2) 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) exits and d) stairs and staircase lobbies are to be kept clear from obstruction by trolleys, semi completed products and any form of object including by implementing systems and controls such as frequent daily documented inspections in order to comply with applicable laws (see above examples);
- 3) 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; c) exits.
- 4) 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.

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.14

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. There is no chemical inventory in the factory. Although there are many chemicals in the printing section, there were only 5 Material Safety Data Sheets (MSDS), and these were in English instead of in the local languages of the workers.
2. There were no MSDS forms in the laboratory and in the spot removing room.
3. The worker who works in the printing section has not received training on chemical usage and chemical hazards.
4. The dyes in printing section do not have secondary containers for chemical spills.
5. The emergency plan of the factory does not have any instructions for chemical spills. There are no secondary containers for all chemicals in case of chemical spills.

##### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996 Article 78; Regulation No 43 of 1998 on Protection and Safety from Equipment, Industrial Machines, and Job Sites; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.9, and HSE.10)

##### Recommendations for Immediate Action

1. Create an inventory for the chemicals in the factory and provide proper MSDS for each chemical. Make available MSDS for all chemicals and hazardous substances used in the workplace at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
2. Ensure that the workers who work with chemicals have received training on chemical usage, PPE, and chemical hazards.
3. Provide secondary containers for the dyes in printing section.
4. Ensure that factory has written instructions regarding chemical spills in the emergency plan. Provide secondary containers in case of chemical spills.

### COMPANY ACTION PLANS

1. Immediate Action Required:

The Factory must identify the manager and team who will ensure:

- 1) To create an inventory for the chemicals in the factory and provide proper MSDS for each chemical: a) Ensuring all MSDS must be available at all: i) Chemicals and hazardous substances being used in the workplace and ii) storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language;
- 2) To provide chemical safety and handling training to workers who work with chemicals to receive appropriate awareness on chemical usage, PPE, and chemical hazards;
- 3) To install secondary containment in chemical storage areas and for the dyes in printing section. The secondary containment should be leak tight and impervious to the chemical it is supposed to contain. Additionally, the containment should be of sufficient volume good practice dictates that the volume of the containment should be 110% of the volume of the largest container or 10% of the combined volume of all containers whichever is larger.
- 4) Ensure that factory has written instructions regarding chemical spills in the emergency plan: a) effectively implement, conduct documented training about, post written summaries in Arabic and in language spoken by migrant workers of, a formal written Chemical Safety Management System must be implemented to meet legal requirements as well as b) draft and effectively implement, conduct documented training about, post summaries in Arabic and in language spoken by migrant workers of, a formal written Emergency Response Procedure For Chemical Spills/Accidents; c) all personnel protective equipment (PPE) provided to workers must be based on the risks noted in related MSDS; d) Provide secondary containers in the case of handling chemical spills and Hazardous waste disposal.

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.15

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The main doors of the dormitories are locked at night.
2. The rooms in the dormitories are designed with a capacity of 8-10 or 12-14 people, which is higher than the legally allowed maximum of 8 people per dormitory room.
3. There are no legally required washing machines in the dormitories. Workers can only wash their laundry manually in the bathrooms.
4. There is a kitchen which is the only place that has electric sockets for electrical ovens on the top floor of the female migrant workers' dormitory. Workers keep their ovens in their rooms and use this kitchen to cook. The kitchen does not have any fire extinguishers or a fire alarm button. Moreover, there is no periodic control or certification from a third party for electrical safety of this kitchen, as legally required.
5. There is no legally required canteen for the female migrant workers, who therefore eat their lunches in their rooms instead.
6. There are rooms on the top floors of the dormitories where there is water leakage in the ceilings in rainy weather.
7. There was a male supervisor responsible for the female migrant worker's dormitory for safety and security purposes, instead of a female supervisor. Moreover, assessors observed that the male supervisor entered one of the female dormitory rooms without knocking on the door and his attitude toward the female migrant workers was rude.
8. The toilets' door steps in all toilet areas throughout the factory are wet and slippery, and fabric pieces have been placed on the ground to keep the floor dry. One of the workers had an accident (slipped and fell) because of the wet steps of the toilet in the factory building UC 1 and broke his arm in February 2015.
9. There are no flushes in the toilets and workers use water bowls to flush the toilets, posing a hygiene risk and the risk of falling due to wet floors.
10. The Health & Safety Committee is not working actively. The same problems have been recorded for the meetings in the last 3-4 months. Workplace doctor, supervisors, management representatives, and worker representatives do not join the meetings.
11. The Health & Safety specialists takes daily facility tours; however, they have overlooked many health and safety-related issues such as fire risks. The daily tour control records do not reflect the actual risks of the factory.
12. There is no root cause analysis for workplace accidents.
13. Two more workplace doctors need to be hired according to legislation stating that there should be at least three doctors for factories with more than 1000 workers.
14. There is no sink in the health clinic.

##### Local Law or Code Requirement

Jordanian Labour Law No: 8 1996, Article 85; Regulation No. (7) Of the Year 1998 The Regulation of Forming Committees and

Supervisors of Occupational Safety and Health; Regulation No. (42) Of the Year 1998 on Protective Medical Care and Treatment for Workers Article: 7 1998 Instructions for Protection of Workers and Establishments from Workplace Hazards; Instruction No: 1 Of 2011 For Prevention of Health Hazards Resulting from Housing Units of Labor Camps; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.19, and HSE.25; Forced Labor Benchmark F.6)

### Recommendations for Immediate Action

1. Ensure that the emergency exit doors including main doors of the dormitories are not locked at any times to ensure that workers can move freely and evacuate the building safely, if need be. Improve safety and security practices instead of locking doors.
2. Ensure that a maximum of 8 workers stay in the same room in dormitories.
3. Provide washing machines in the dormitories as legally required.
4. Arrange for an authorized third party to control the electrical system of the kitchen and ensure that electrical safety is maintained.
5. Provide fire extinguishers and a fire alarm button for the kitchen.
6. Provide a cafeteria for female migrant workers to eat their lunch.
7. Repair the walls/roof for water leakage.
8. Replace the male supervisor for the female migrant workers' dormitory with a female supervisor. Ensure that supervisors respect workers' privacy. Regularly train all responsible personnel for the dormitories on privacy and Harassment & Abuse.
9. Ensure that the toilets' doorsteps are kept dry to prevent slippery floors.
10. Provide flushes for the toilets to maintain hygiene.
11. Ensure that the Health & Safety Committee works more actively and that management representatives, worker representatives, all Health & Safety specialists and technicians, and workplace doctors are joining those meetings.
12. Create a risk assessment system and ensure that Health & Safety specialists conduct thorough risk evaluations on their facility tours according to the factory's risk assessment. Risk assessments should Identify the hazards, Decide who might be harmed and how, Evaluate the risks and decide on precautions, Record your significant findings, Review your assessment and update if necessary
13. Ensure that root cause analysis is conducted for workplace accident to prevent future accidents.
14. Hire two more workplace doctors as legally required.
15. Provide a sink for the health clinic.

### COMPANY ACTION PLANS

1. "Immediate Action Required: The Factory must identify the manager and team who will ensure: 1) The emergency exit doors including main doors of the dormitories must: a) Not locked at any times to ensure: i) Workers must able to move freely and ii) rapidly evacuate the building safely, if need be; b) improve safety and security practices instead of locking doors; 2) The maximum of 8 workers are permit to stay in the same room in dormitories; 3) To provide washing machines in the dormitories as legally required; 4) To engage an authorized third party to access the electrical system of the kitchen to ascertain intrinsic electrical safety is maintained; 5) To install fire extinguishers and a fire alarm button at the kitchen; 6) To provide a cafeteria for female migrant workers to eat their lunch. 7) To repair the walls/roof for water leakage. 8) To replace the male supervisor for the female migrant workers' dormitory with a female supervisor, ensuring: a) Supervisors respect workers' privacy; b) there is regularly training for all responsible personnel for the dormitories on: i) Personal privacy and ii) Harassment & Abuse; 9) To train supervisors in the dormitories regarding privacy and legal rights; 10) The toilets' doorsteps must be kept dry to prevent slip hazard; 11) To maintain hygiene at all time by installing flushes for all the toilets; 12) To train workers on their rights regarding the dormitories and hygiene; 13) To create a communication plan ensuring workers are updated regularly about health and safety issues in the dormitory area; 14) To empower the Health & Safety Committee to work more closely with management representatives, worker representatives, all Health & Safety specialists and technicians, and workplace doctors are actively participation in addressing health and safety in issue in the meetings. 15) Health & Safety specialists must be provided with appropriate risk assessment training to conduct thorough risk evaluation during their facility tour, ensuring he/she is capable of: a) Identify the hazards; b) determine who might be harmed and how; c) evaluate the risks and decide on precautions; d) record the significant findings and e) review the assessment and update if necessary; 16) There is root caused analysis being conducted for workplace accident to prevent future recurrence. 17) To hire two more workplace doctors as legally required. 18) To install a sink for the health clinic. "

**Action plan status:** Planned

**Planned completion date:** 09/26/16

## FINDING NO.16

### HEALTH & SAFETY

**FINDING TYPE:** Sustainable Improvement Required

Finding Explanation

1. The Health & Safety documents do not cover how workers can raise Health & Safety concerns, and protection against retaliation for workers who raise Health & Safety concerns.
2. The factory does not have any guidance documents for external contractors/service providers concerning Health & Safety, such as maintenance staff.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31)

### COMPANY ACTION PLANS

1. "Sustainable Improvement Required: The Factory must identify the manager and team who will ensure to: 1) Develop a procedure that enables workers to raise Health and Safety concerns, and includes protection against retaliation. Create a training and communication plan on the new procedures encouraging workers to report health and safety issues. 2) Appoint the manager or 3rd party expert or firm who draft written policies and procedures that will inform: a) Maintenance staff; b) current and future contractors and service providers about the factory's health, safety and environmental precautions, hazards and regulations and the specific obligations of each contractor and service provider. This would include specific contractual obligations for each such contractor and provider. "

**Action plan status:** Planned

**Planned completion date:** 10/04/16

### FINDING NO.17

### ENVIRONMENTAL PROTECTION

#### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. The factory does not have any written policy or procedures on Environmental Protection and managing environmental impact within the factory, including a waste management plan. There is no policy, procedures, and implementation to decrease the negative impact on the surrounding environment.
2. All wastes of the factory are mixed in storage, with hazardous and non- hazardous waste in one area outside of the factory. Moreover, responsible personnel who carry the wastes to the waste storage area were smoking cigarettes next to flammable waste, posing a fire risk.
3. Florescent lamps, oil, chemical cans, and medical wastes were mixed with plastic, paper, and domestic wastes in trash bins.
4. Oil-contaminated water that comes out of the dryer and compressor is directly discharged into the outside environment.
5. There were empty spray cans and empty Steam Condensate barrels near the compressor room.

#### Local Law or Code Requirement

Regulation No 43 of 1998 on Protection and Safety from Equipment, Industrial Machines, and Job Sites; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmark HSE.1)

#### Recommendations for Immediate Action

1. Create a waste management plan identifying the current waste profile with the following information: Type of Waste, Hazardous/Non-Hazardous, Annual amount of waste generated, Disposed/Recycled/Reused, Name of the service provider company for transportation, Name of the service provider company for disposal or recycle.
2. Segregate all kind of wastes in separate places according to their type – hazardous and non-hazardous. Store different kinds of waste separately.
3. Ensure that the workers do not smoke near the waste storage area and provide trainings to related workers on smoking restrictions.
4. Collect the contaminated water that comes out from the dryer and compressor in barrels and dispose of it properly.
5. Create an Environmental Protection policy and supporting procedures for managing environmental impact inside the factory and its surroundings.
6. Train all the workers on policy, procedures, and new implementations on Environmental Protection.

## COMPANY ACTION PLANS

### 1. Immediate Action Required:

The Factory must identify the manager and team who will ensure:

- 1) To create and effective implementation of environmental management and monitoring plan; 2) to set up regular Environmental Protection Communication program to all employees and 3) setting up and conducting documented capacity building for/training of workers in waste management and waste segregation and providing related policies and procedures and summary posters in factory;
- 2) To develop a written policy and procedures to enable it to keep a daily log of, and transfer/disposal manifests/records for, its: a) Storage; b) recycling and c) or disposal, of solid and hazardous wastes; 2) to monitor and reduce: a) the solid or hazardous waste generated; b) water usage; c) water leaks and d) spills.
- 3) Hazardous wastes must always be segregated from non-hazardous wastes. If the generation of hazardous waste cannot be prevented, then management should focus on the prevention of harm to health, safety and the environment;
- 4) To enforce no smoking policy/near the waste storage area by: a) Provide trainings to related workers on smoking restrictions and b) posting 'No Smoking' signs;
- 5) To provide secondary containment to proper: a) Collect contaminated water dispensing from the dryer and compressor and b) dispose of hazardous waste water;
- 6) To develop an Environmental Protection policy and supporting procedures for managing environmental impact inside the factory and its surroundings. To communicate the company environmental performance to: a) Business partners; b) suppliers; c) sub-contractors; d) surrounding nearby community and e) stakeholders as deem necessary; 2) must set expectation to commit to a set of guiding principles that require the company to: i) Meet or exceed legal requirements; ii) Take a precautionary approach to environmental, health and safety challenges; iii) Adopt a holistic approach to handle all environmental, health and safety issues as relevant for their operations; iv) Continuously develop strategies to reduce consumption of resources, prevent pollution and improve the overall environmental impact from their own operations and those of their suppliers, service providers and subcontractors; v) Continuously develop a program and objectives, based on results in the areas, both qualitatively and quantitatively measured via indicators and key performance indicators; vi) Continuously seek ways to improve the work environment to reduce risks that can cause accidents and pollution. This requires the adoption of a risk management perspective and continuously reducing the production related risks regarding accidents, chemicals and toxic substances, including potential future contamination; vii) Adopt and implement certifiable environmental management systems where production processes have the potential for significant environmental impact.
- 7) To engage a credentialed 3rd party expert or firm (we can refer you to one) must develop and implement an environmental protection communication/training program for all workers and managerial positions with the aim to increase their awareness about the environmental impact of the production processes and channels available to raise environmental concerns at the facility without retaliation.

**Action plan status:** Planned

**Planned completion date:** 10/04/16

## FINDING NO.18

### WORKER INTEGRATION & COMMUNICATION (MACRO)

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not communicate the policies and procedures and their updates for the following Employment Functions to the general workforce: Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.
2. The factory does not provide every worker with a copy of the workplace rules during orientation.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.25, ER.27, and ER.32; Compensation Benchmark C.17)

## COMPANY ACTION PLANS

### 1. Sustainable Improvement Required:

The Factory must identify the manager and team who will ensure to conduct documented educational and orientation meetings for

all employees: 1) The meeting topics and subjects covered must include: explanations of the employers' rules, compensation package and policies for human resources, industrial relations, including respect of the right to freedom of association, health and safety, laws regarding workers' rights, working hours, and distribution of the FLA Code through appropriate means, including posters in local language(s) throughout the workplace's common areas; 2) Management must update training on a regular (meaning at least every 3 months or more frequently, if, and as, needed) basis. Workers are to be provided with written documentation summarizing and reviewing all the information covered in the orientation briefing; 3) the factory must provide every worker with a copy of the workplace rules during orientation.

**Action plan status:** Planned

**Planned completion date:** 09/19/16

## FINDING NO.19

### REVIEW PROCESS (MACRO)

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The factory does not have a review system for the existing policies and procedures for any of the Employment Functions.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.30, and ER.31)

### COMPANY ACTION PLANS

1. Immediate Action Required:

The factory must identify the management person/team who/that:

1) will implement a formal (according to a written plan and schedule) regular and documented review process of policies, procedures and their implementation in a consultative (documented review of related documents, functional issues with current processes and proposed changes, with identified workers (names, id numbers, signatures/dates on an attendance sheet/in meeting minutes) manner and amend when warranted; 2) will enter into a formal written engagement with local legal counsel to periodically (no less that quarterly and promptly, as warranted, by the issuance of new, changes in, important laws, rules, regulations, decrees, etc.) brief the factory/guide them in implementing necessary functional/operational changes and revisions of related policies and/or procedures and according to changes in local law, regulations/FLA code and in response to internal/external audit results.

**Action plan status:** Planned

**Planned completion date:** 10/04/16