



COMPANIES: Under Armour, Inc.

COUNTRY: China

ASSESSMENT DATE: 10/28/16

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 2105

FLA Comments

Under Armour Company Comment: The FLA assessment was conducted in October 2016, and a previous audit was conducted in July 2016, an audit that was part of Under Armour's annual social compliance auditing cycle. However, at the time of the FLA assessment, factory management had already been informed of our decision to exit the factory. Under Armour gave notice of our exit decision in September 2016, and exit conversations closed in November 2016 – production of Under Armour product ceased in December 2016, with final ship dates in January-February 2017. In order to reduce risk of retrenchment, advance notice of exit was given to factory management, and Under Armour was in close consultation with management throughout the exit process. The decision to exit was due to consolidation of suppliers.

At the time of exit, the facility was exclusive to Under Armour. As part of Under Armour's efforts to exit responsibly, Under Armour explored avenues for the factory to sign new customers. However, with costs, associated with production and other factors, rising in general in Guangzhou, the vendor turned the facility into a development and innovation center.

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.

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	Violations
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Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers is not adequate as it does not cover Recruitment, Hiring & Personnel Development or Industrial Relations. Furthermore, during orientation the factory only provides workers with written documentation covering the topics of Compensation, Hours of Work, and workplace rules.
2. The factory does not provide specific training to supervisors on workplace standards, national laws, regulations, or the FLA Workplace Code for the following Employment Functions: Termination & Retrenchment, Industrial Relations, and the Grievance System.
3. The factory does not provide ongoing training to workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, and the Grievance System.
4. The factory does not provide any ongoing training to regular workers and managerial staff on updated factory policies, procedures, or legal requirements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, ER.17.3, ER.25, and ER.26)

COMPANY ACTION PLANS

1. Sustainable Improvement Required:
The factory management must identify to us the manager(s) that will:

1. Create and implement an ongoing comprehensive training program based on the key Employment Functions (as identified in the finding above). Provide ongoing training on all policies and procedures for Industrial Relations, Workplace Conduct and Discipline, Health & Safety and Environmental Protection (see refer to the FLA Benchmarks).
2. Establish mandatory training for all employees within the factory, including administrative staff, supervisors, and managers. More specifically, ensure HR personnel and administrative staff are trained on the factory's workplace conduct and discipline.
3. Ensure all supervisors and managers are trained on the workplace standards, national laws and regulations, FLA code and benchmarks, particularly, on termination and retrenchment, industrial relations and grievance system
4. Designate properly credentialed/experienced/knowledgeable compliance staff (or engage 3rd party expert/firm) responsible for the implementation of the training program.
5. Enhance new worker orientation briefings by including more information about Under Armour, FLA Workplace Codes and benchmarks and more specific information about factory's working hours, industrial relations, including a commitment to respect workers' associational rights and collective bargaining, terms and conditions; including wages and benefits, health and safety policy and procedures, an overview of employee handbook and other factory policies.
6. Ensure workers are provided with written documentation that substantiates all the issues covered during orientation briefings.
7. Please submit to us supportive documentation, e.g. training plan/program, briefings PPTs, etc.

Planned Completion Date
02/24/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not effectively or comprehensively communicate its policies and procedures and possible updates to the general workforce and management staff for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Industrial Relations, Termination & Retrenchment, and the Grievance System. The methods that the factory uses to communicate include an insufficient introduction to factory rules to workers during orientation training and an incomplete posting of relevant policies and procedures on site. Interviewed supervisors and general workers roughly understood some policies and procedure, however, they are not fully aware of all policies and procedures or the updated laws and regulations, such as the hiring and personnel development polices, compensation package, termination payout, and grievance system. Furthermore, the factory has not developed a plan to communicate future updates or legal revisions to the general workforce and managerial staff.
2. The worker integration component is missing for all Employment Functions. The factory has not established procedures to receive worker input or feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. The factory never arranges consultation meetings with workers or union representative before management reaches their final decisions on layoffs.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25.1, ER.25.2, ER.29, ER.30.2, and ER.32.5; Compensation Benchmark C.17)

COMPANY ACTION PLANS

1. Sustainable Improvement Required:

The factory must identify to us (name/title) of the person(s) who will:

1. Develop a communication strategy to ensure all workers are aware of the grievance policy and procedures.
2. Ensure workers can submit grievances in general (and more specifically/including those related to wage payments and benefits) through text and social media messages, email, free of charge phone calls, hotline to senior management staff.
3. Consider communicating the grievance policy and procedures through internal communication channels, such as, loud speakers or PA system, bulletin boards, flyers, worker induction, etc.
4. Provide ongoing training about the different grievance channels available to all workers, supervisors, and managerial staff
5. Designate staff responsible for Grievance System enforcement and/or implementation.
 1. Periodically analyze whether the grievance system is being implemented as intended. Metrics would include: nature of grievances, types, reasons, frequency, resolutions, etc.

2. Establish policies and procedures to enable workers to consult with and provide input to management.
 3. Train all workers, supervisors, and those in managerial positions on the newly created Worker Integration policies and procedures.
 4. Designate staff from the HR Department and/or a Compliance Manager with the responsibility of implementing the Worker Integration policies and procedures
- Planned Completion Date
03/11/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has a review process of policies and procedures on Environmental Protection, Health and Safety; however, there is no review process of the policies and procedures of any other Employment Functions to ensure that updates are made according to local law and FLA Workplace Code requirements. As a result, the factory has not conducted an internal review of the policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and the Grievance System.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, and ER.30.2)

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;

3) Develop a policy/procedures review process in line with changes in applicable local regulations and changes in the Under Armour/FLA Codes

4) Assign someone responsible for a regular and documented review process.

Planned Completion Date

02/11/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Although the factory provides ongoing training to raise workers' skills, there are no policies or procedures that encourage ongoing training to raise or broaden workers' skills for career advancement.

2. Although the factory conducts performance reviews, there are no policies or procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal

requirements.

3. The factory does not have policies or procedures regulating the recruitment and hiring of contract, contingent and temporary workers.

4. The factory has 19 contract workers including 17 security guards and two boiler operators; however, the factory does not maintain personnel files with proof of age documents or copies of employment agreements for the two boiler operators.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks, ER.1.1, ER.4.1, ER.7.2, ER.11.3, ER.11.5, ER.28.1, and ER.29.1; Child Labor Benchmark CL.1)

Recommendations for Immediate Action

Maintain personnel files with proof-of-age documentation and copies of employment agreements for all contract workers.

COMPANY ACTION PLANS

1. The factory must identify the manager and team who will ensure to :

1) Develop policies and procedures that encourage ongoing training to raise or broaden workers' skills for career advancement; consistent with FLA Benchmarks;

2) Develop performance reviews policies and procedures that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements. :

Management is to ensure that the performance review process is communicated to the workforce and reviewed regularly;

3) There is documented policies or procedures regulating the recruitment and hiring of contract, contingent and temporary workers;

4) The Factory must identify the manager and team who will ensure that each worker has an onsite personnel that includes the following documents:

a) Copies of age documentation made by trained factory human resources personnel who reviewed the original, legally valid age verification document/s; b) materials regarding bio-data, and c) contracts/work agreements. In cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary and reasonable precautions to ensure at least minimum working age including

requesting and maintaining medical or religious records of workers;

Planned Completion Date

02/18/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not fully provide workers with the five types of legally mandated social insurances. According to social insurance receipts from October 2016, only 1191 of 3541 workers (34%) were provided with all five types of social insurance (work-related injury, pension, unemployment, maternity and medical insurance). Another 157 workers (4%) were only provided with work-related injury insurance. The factory does, however, provide commercial work-related injury insurance to 2000 workers (56%), which was valid from November 4, 2015 to November 3, 2016.

2. The factory does not fully provide workers with the legally required Housing Provident Fund. According to the Housing Provident Fund receipt of October 2016, only 784 out of 3541 (22%) workers are provided with the Housing Provident Fund.

3. The factory calculates paid annual leave on the number of years workers have been employed by the factory rather than by their cumulative years of working experience prior to and including their time at the factory, as required by law. The factory currently gives workers five, ten and fifteen days of annual leave; however, approximately 10% of workers are eligible for more than the five days of factory-provided annual leave based on their cumulative working experience, and half of them are eligible for more than ten days of annual leave.

Local Law or Code Requirement

The PRC Labor Law, Articles 72 and 73; The Housing Fund Management Regulation, Articles 15 and 17; The Worker Paid Annual Leave Regulation, Article 2; FLA Workplace Code (Employment Relationship Benchmark ER.22.1; Hours of Work Benchmarks HOW.11, and HOW.14; Compensation Benchmark C.1)

Recommendations for Immediate Action

1. Provide the five types of legally mandated insurances to all workers.

2. Provide paid annual leave to all workers based on their cumulative working experience (i.e. working age).

COMPANY ACTION PLANS

1. The factory must identify the person who will:

1. provide all workers with all of the social insurance benefits to which they are entitled legally, for example: a) maternity; b) medical; c) pension unemployment; d), and e) industrial (work-related) injury; and (please see Article 73 of the Labor Law of the People's Republic of China);

2. Ensure that the factory properly calculates its payments/remittances to the Government using the correct percentage of actual gross wages instead of the basic wage, if, and as legally, required; a) that it maintains on file at the factory records of related payments to the appropriate authorities. Additionally, the factory should host documented training sessions to help workers understand the importance of contributing toward social insurance schemes and the portability of such payments for migrant workers.

3. The factory must review and comply with the attached FLA Issue Brief on the Housing Provident Fund. THE FACTORY MUST IDENTIFY THE PERSON WHO WILL DRAFT AND EFFECTIVELY IMPLEMENT A WRITTEN PROCEDURE THAT WILL ENSURE THAT WITHIN THE NEXT 2 MONTHS: A) IT REGISTERS AND ENROLLS ALL WORKERS IN THE HOUSING PROVIDENT FUND PROGRAM; i) IT, AND THE WORKER, REMIT THEIR RESPECTIVE AND REQUIRED PAYMENTS INTO THE HPF; ii) BOTH THE: iii) FACTORY AND B) THE WORKER MUST CONTRIBUTE TO THE WORKER'S PERSONAL ACCOUNT AND THE FUNDS IN THE ACCOUNT BELONG SOLELY TO, ARE CONTROLLED SOLELY BY EACH, WORKER;

4 CONTRIBUTIONS MUST BE CALCULATED BASED ON EACH WORKER'S AVERAGE MONTHLY WAGE OVER THE LAST YEAR AND 3) CONTRIBUTIONS MAY NOT FALL BELOW A MINIMUM OF FIVE PERCENT (5%) OF THE MONTHLY WAGE.

5) The factory must from now on ensure to base upon worker cumulated years of working experience prior to and including their time at the factory, as required by law:

A) To calculate accurately paid entitled annual leave for all workers; B) Management to retroactively provide all workers with five, ten and fifteen days of respective annual leave entitlement and compensation during their cumulative years of working experience.

Planned Completion Date

02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

2. Sustainable Improvement Required:

Management is to review/update compensation and benefits policies and procedure to include employee's annual leave entitlement, e.g. the process for calculating/applying/granting/payment, etc. consistent with local regulations.

Management is to assign a responsible staff member to implement/enforce the policy/procedures on annual leave benefit. Please send to us supportive

documentation to confirm payment, a calendar when those days off will be taken and newly created policies/procedures

Planned Completion Date

03/04/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The daily and monthly overtime hours exceed the legally required limits. The daily overtime hours for 30% of the general workforce (workers in linking and lasting departments) exceeded the legal limit of three hours per day, ranging from 3.5 to five hours of overtime in the past year (from October 2015 to September 2016). The monthly overtime hours for 80% of general workforce (workers in all departments) exceeded the legal limit of 36 hours per month, ranging from 36.5 to 171.5 hours in the past year (from October 2015 to September 2016).

2. The weekly working hours for 30% of the general workforce (workers in all departments) exceeded 60 hours, ranging from 61 to 78.5 hours per week during the peak season from November 2015 to March 2016.

3. The factory's production target requires workers to work between 45 and 58 hours per week (40 regular hours plus 5 to 18 overtime hours) on a regular basis.
4. The workers do not receive at least one day off (24 consecutive hours of rest) for every seven-day period. The consecutive working days for 30% of the general workforce (workers in all departments) exceeded seven days, ranging from seven to 31 days during the peak season from November 2015 to March 2016.

Local Law or Code Requirement

The PRC Labor Law, Articles 38 and 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW. 1.1, HOW.1.3, HOW.2, HOW.8.1, and HOW.8.3)

Recommendations for Immediate Action

1. Ensure that the daily and monthly overtime hours do not exceed the legal limit of three hours per day and 36 hours per month.
2. Ensure the weekly working hours do not exceed the legal limit of 60 hours.
3. Ensure all workers have one day of rest (24 consecutive hours) in every seven-day period.
4. Ensure that production planning is based on 40 hours of work per week and does not include overtime.
5. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and, to help the factory address its excessive hours issue, coordinate accordingly on the following topics: how to provide better order forecasts to the factories; possible workshops/consultancy for the factory on how to improve productivity/quality; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable; clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; and clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

COMPANY ACTION PLANS

1. Immediate Action Required

1. Management to ensure that it does not include overtime in production planning and do not exceed the legal limit of 36 hours of overtime per month as required by local regulations.
2. Management to ensure that workers do not exceed the 60 hours per week as required in Under Armour/Fair Labor Association's code of conduct. Furthermore, management to ensure that daily overtime does not exceed three hours as required by local regulations.
3. Management to ensure that workers have at least 24 consecutive hours of rest in every 7-day work period.
4. Management is to retroactively provide the 30% workers who worked from November 2015 to May 2016 with either, based upon each worker's choice, to be documented in writing, a paid day off, or payment for a day as compensation for working a range of 7 to 31 consecutive days without a day of rest.

Planned Completion Date

02/11/17

Action plan status: Scheduled

Planned completion date: 01/20/17

2. Sustainable Improvement Required:

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

5. if established to be necessary, by jointly working with its customers on how to provide better order forecasts;
6. Participating in workshops/engaging a consultancy for the factory on how to improve productivity/quality;
7. 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;
8. 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);
9. clear guidelines on calculating and setting reasonable production targets that will not demand work beyond regular working hours or during breaks; and
10. Developing clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.
11. Re-evaluate the production planning systems and controls in order to ensure that they match their historically demonstrated production capacity in order to operate within its working hour control policy.

Planned Completion Date

03/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The factory has policies and procedures on Termination, but does not have policies or procedures on Retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.32.1)

COMPANY ACTION PLANS

1. The factory management must identify to us the manager(s) that will ensure to:
 1. Develop formal written: a) termination and retrenchment policies and b) procedures that include equal opportunity provisions, commitment to transparency, non-discrimination, non-harassment, fairness and compliance with retirement regulations and detail methods/processes for calculating final payouts; in accordance with local regulations, Under Armour and FLA Workplace Code and Benchmark requirements;
 2. Regularly train all workers, supervisors, and managerial staff on Termination & Retrenchment policies and procedures;
 3. Include Termination & Retrenchment policies and procedures in the new worker orientation process.
 4. Designate staff members the responsibility of overseeing the proper implementation and enforcement of the newly created termination policy and procedures;
 5. Develop a regular review process regarding the newly created Termination & Retrenchment policy and procedures;
 6. Develop and implement key performance indicators (KPI's) that will confirm/ensure policies and procedures are yielding the desired results.

Please send to us copies, for review, of the newly created termination and retrenchment policies and procedures.

Planned Completion Date

02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union under the ACFTU (All-China Federation of Trade Unions) that was established in 2014. However, there are neither records on file that indicate that any elections have been held nor any written operational procedures that pertain to such elections.
2. Factory management automatically enrolls all workers as trade union members without workers' consent. About 50% of the interviewed workers do not know whether they are members of the trade union or not.
3. Instead of being elected by workers directly, the factory management assigns the union representatives.
4. FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Local Law or Code Requirement

COMPANY ACTION PLANS

1. Management must ensure that no personnel who hold managerial positions are union committee members. Nominations should come from production lines, so that workers can freely and confidentially nominate themselves or fellow workers without management interference/intimidation/participation; consistent with ILO Freedom of Association principles. Election process and meetings should be documented/recorded.
2. Management to stop automatic union enrollment upon hiring. Allow workers to seek out union structures themselves and ensure no interference with their decisions to join or not to join a worker structure.
3. Management to ensure workers are provided with a printed copy of the CBA. Furthermore, management to create and post announcements about the CBA and push this information to workers, in a documented manner to workers, and progressively increase worker awareness of the current CBA.
4. Management to respect the right of workers to establish and join organizations of their own choosing and to bargain collectively; including workers' right to participate in strikes and even though the rights to freedom of association, strikes, and collective bargaining are restricted under Chinese law, the employer should nevertheless commit itself to not obstruct the development of alternative means of worker association. Management to commitment to non-discrimination, non-retaliation, non-interference, intimidation, harassment and equal treatment of unions and other worker representative structures.

Planned Completion Date
03/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The factory does not maintain any documentation in relation to grievance processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2.1)

COMPANY ACTION PLANS

- 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 written policies and procedures that are sufficient to ensure, that from now on it; in accordance with FLA Benchmark ER.25.3, the factory identifies the person who will develop and effectively implement comprehensive written grievance: i) policies and ii) procedures. The grievance procedures must include: A) a means by which its workers can directly and confidentially report grievances to top management/human resource personnel (for example, by sending text messages to a dedicated H.R. Supervisor's telephone number; an email message to a dedicated H.R. Department email address; making telephone calls to a dedicated H. R. Department hotline or telephone number) without the knowledge of or involvement by supervisors and free from reprisal, retribution and retaliation, and B) a grievance register, in substance reflecting the date and nature of the grievance and the action taken, among other things. Please also confirm that top management will regularly and confidentially meet with employees without supervisors being involved or present.
- 2) The factory should conduct documented training, and with materials, in Chinese and any other applicable dialects and languages, with its managers, Human Resources personnel and workers about each of the policies and procedures.
- 3) 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. Management also should: A) install an additional suggestion boxes in convenient yet private places for workers to submit harassment and grievance reports. And B) to outline and post next to the suggestion boxes, a transparent system of worker-management grievance handling including an outlined process that enables workers to consult with, and provide input to, management.

Planned Completion Date
02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

There are printing and rubber mixing processes in the factory. However, the environmental impact assessment does not include these two processes.

Local Law or Code Requirement

The PRC Environmental Impact Assessment Law, Article 24; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.4)

Recommendations for Immediate Action

Re-submit the environmental impact assessment document including the printing and rubber mixing process and get approval from local environmental protection bureau.

COMPANY ACTION PLANS

1. The factory must identify the manager/team who/that will be responsible: 1) To re-submit the environmental impact assessment document including the printing and rubber mixing process; for obtaining the approval document for on-site inspection and acceptance of completed environmental protection facilities from the competent administrative department of environmental protection; 2) for compiling the environmental impact report, environmental impact report form or environmental impact registration form for review.

Planned Completion Date
02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not installed a shield guard for any of the high shanksewing machines in the sewing workshop.
2. The factory has not provided 400 out of 2000 (20%) seated workers with chairs that are adjustable and have backrests, in order to minimize workers' injuries. Meanwhile the factory does not provide standing workers with anti-fatigue mats.
3. The factory does not train loading workers on lifting techniques or provide them with lifting belts.
4. The factory only provides cotton gloves rather than rubber gloves to all 40 workers who are in contact with the hazardous chemicals in the gluing workshop.

Local Law or Code Requirement

The Code of Design of Manufacturing Equipment Safety and Hygiene (GB5083-1999), Article 6.1.6; The Safety Manufacturing Law, Article 42; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.14.1, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Install shield guards on all high shank sewing machines.
2. Provide lifting belts to all loading workers and train workers on their proper use.
3. Provide rubber gloves to all workers who are in contact with hazardous chemicals.

COMPANY ACTION PLANS

1. The factory must identify the manager who will engage a licensed/credentialed expert or 3rd party firm who/that will draft and help the factory to implement a formal, written ergonomic plans. Please identify the manager who will:
 - 1) Provide an anti-fatigue mat to each worker who stands while they work and:
 - 2) Purchase and install, over time, and according to the written ergonomic plan, ergonomic work chairs that are equipped with: a) Back supports and b) Seat cushions that workers are trained to use in documented educational meetings.
 - 3) Please send us a schedule and diagram showing the a) number of mats to be installed and b) the number and location of the ergonomic chairs that will be provided to the workers.
 - 4) Ergonomic program shall: a) include a worker training component to ensure workers are aware of proper sitting positions, chair adjustments based on their height, lifting techniques for those with duties that include lifting objects/materials/boxes, etc. regularly; b) Repetitive motion assessment for all job positions that require repetitive; and c) scheduled/documented (morning/afternoon) ergonomic breaks. Lastly, ensure that there is someone responsible for tracking and analyzing illness records that would assist in identifying occupational hazards.
 - 5) Ensure to install shield guards on all high shank sewing machines. Conduct a documented review of all machine safety devices and consistent with manufacturer's guidelines, retrofit those that do not have one.
 - 6) Ensure that employees are provided with proper Personal Protective Equipment PPE while handling hazardous chemicals. Ensure that all workers in the workshop use appropriate PPE at all times. Provide training on proper PPE usage to all workers that handle hazardous chemicals.

Planned Completion Date

02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

2. THE FACTORY MUST IDENTIFY THE MANAGERS WHO WILL ENSURE, BY IMPLEMENTING A DOCUMENTED WRITTEN PERSONAL PROTECTIVE EQUIPMENT ("PPE") USE POSITIVE INCENTIVE/REWARD/AWARD SYSTEM, THAT ITS WORKERS USE THE PPE REQUIRED BY THEIR SPECIFIC WORKPLACE CONDITIONS;
 - 2) CONDUCT DOCUMENTED TRAINING SESSION FORCEFULLY EMPHASIZING RISKS AND HARMS OF FAILING TO WEAR/PROPERLY USE, PPE;
 - 3) 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;
 - 4) WITHIN THE NEXT 30 DAYS 1) CONDUCT DOCUMENTED RE-TRAINING AND DRAFTING AND IMPLEMENTING AND POSITIVE INCENTIVE/REWARD PROGRAM THAT WILL ENSURE THAT WORKERS WEARING APPROPRIATELY THE CORRECT TYPE OF CHEMICAL PROTECTION GLOVES.

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 it:

- 5) Provides lifting belts to all employees lifting heavy materials;
- 6) Provides documented initial and periodic refresher training to all employees on proper lifting techniques and use of lifting belts;
- 7) Ensures that Under Armour receives photographic evidence of lifting belts and workers receiving training on lifting belt use;
- 8) Ensuring the training program promotes an ergonomic approach to lifting that includes: a) Consider alternative ways to accomplish the same lifting or handling; b) Assess the weight of the object before attempting lifting or handling; c) Ask for assistance if necessary; d) Determine the best way to hold or manoeuvre the object before lifting the object; e) 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; f) Use the legs for lifting rather than the back and g) use the feet to turn, rather than twisting the trunk of the body.

Planned Completion Date

02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One out of two of the safety exits in the finished goods warehouse on the second floor of Production Building B is locked during working hours.
2. The factory has not installed a backup battery for the fire alarm system.

Local Law or Code Requirement

The PRC Fire Prevention Law, Article 16; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5.1)

Recommendations for Immediate Action

1. Ensure all safety exits are kept unlocked during working hours.
2. Install backup battery for the fire alarm system in all production areas.

COMPANY ACTION PLANS

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

1. Correctly install emergency fire alarms, and equip all alarms with a backup battery. Regularly inspect, maintain and test fire alarms to ensure their functionality.
2. To keep all emergency exits clear from obstructions and unlocked (at all times) in the finished goods warehouse on the second floor of Production Building B.
3. To submit the propose improvement plan addressing the above action plan (no. 1 to 2) that factory will make to the building for Under Armour and Sustainability teams review.

Planned Completion Date

02/25/17

Action plan status: Scheduled

Planned completion date: 01/20/17