



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Nike, Inc.
COUNTRY: United States
FACTORY CODE: 07028212331
MONITOR: Accordia Global Compliance
Group
AUDIT DATE: September 11, 2010
PRODUCTS: Screenprinted Tops
PROCESSES: Screenprinting
NUMBER OF WORKERS: 122



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Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: Monitor found that workers have not been trained in accordance with FLA company obligations:

1. Monitor did not find evidence that Hurley/Nike/Converse has provided training and information to the factory regarding the company code.
2. Workers did not have knowledge, awareness or comprehension about the code based on interviews with the monitor.

Plan Of Action: The factory should communicate to workers Nike's Code of Conduct (COC) in the local language spoken by employees through:

1. Posting factory regulations that can be easily viewed by workers.
2. Conducting periodic training on COC and factory regulations to workers.
3. Documenting training.

Deadline Date: 09/30/2011

Action Taken:

1. Factory regulations have been posted by the time clock in plain view for all employees.
2. Factory regulations are discussed in periodic production meetings.
3. [Factory name] has established that these meetings will be documented and dated.

Plan Complete: No

Plan Complete Date:



Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: Monitor did not find a secure communications channel in place at the facility to allow reporting to Hurley/Nike/Converse on issues related to the Standard/COC. The factory has a communication channel that is part of their outsourced HR service; however, the reporting goes to the factory rather than the company.

Plan Of Action: Nike's objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by Converse in employee grievances should be considered a last resort. In addition, Compliance staff spends time listening to factory employees during one-on-one confidential interviews during in-depth Management Audits. 1. The factory must establish a formal confidential grievance process. 2. The factory should implement a written investigation procedure, which establishes clearly the responsibility to investigate grievances, record complaint information and document the evidences/findings. 3. The factory should communicate to all workers how the system works, verify that workers have confidence in the system and communicate action taken.

Deadline Date: 09/30/2011

Action Taken: Factory operates using an Open Door Policy as stated in the company handbook. The handbook explains in detail how the policy works. All employees receive a company handbook at the time of hire. Employees are also made aware by periodic company meetings. In addition to the Open Door policy, the company provides a workplace recording hotline telephone number that is available to all employees in the event that the employee elects to use a third party.

Plan Complete: No

Plan Complete Date:



Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: Monitor's inspection of the building exterior found a secure caged area for storage of flammable compressed liquid petroleum gas. The area was not designated by sign as "No Smoking," in accordance with Title 24, Part 9, 2007 [State name] Fire Code 1503.2.6. Additionally, cage was not secured by a lock to restrict unauthorized access.

Plan Of Action:

1. Factory should have a properly labeled chemical storage area, including a "No Smoking" sign.
2. Factory must secure the chemical storage cage and ensure that only those people designated may access the area.

Deadline Date: 09/30/2011

Action Taken:

1. All drum containers housing waste products and those containing chemicals have been properly marked with labels and placed on spill containment pallets.
2. The storage of flammable propane gas has been caged and secured with a lock. Also, a "No Smoking" sign has been posted in the flammable containment area. Photos of the locked chemicals and the "No Smoking" sign have been sent to the FLA for review.

Plan Complete: Yes

Plan Complete Date: 04/06/2011

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. Facility has not conducted an emergency evacuation drill within the past 12 months, according to management and worker interviews.

2. Monitor tested 9 emergency lighting fixtures in various areas of the factory and found 4 that were not working in the following locations: a) hallway where employee time clock is located, b) exterior wall of screen wash room leading to an emergency exit, c) southwest corner of screen wash room interior (the only exit to the outside in this part of the building), and d) main production floor on the outside wall of the production office

3. Monitor inspected the screen coating room (an interior "dark room" in the factory) and did not find any emergency lights in the room to assist workers in exiting the room in the event of an evacuation with loss of power.

**Plan Of
Action:**

1. All workers should be trained and practice the emergency/evacuation plan procedures on a regular basis. This training/practice evacuation should be documented with employee signatures as documentation of participation.

2. Emergency lighting must be operable throughout the factory, including the 4 that were found to be inoperable during audit: a) hallway in time clock area, b) wall of screen wash room leading to an emergency exit, c) southwest corner of screen wash room interior (the only exit to the outside in this part of the building), and d) main production floor on the outside wall of the production office.

3. Ensure that the Screen Coating Room (an interior dark room) has emergency lighting in order to assist employees in exiting the room in the event of an evacuation or loss of power. Factory must designate a person who will be responsible for maintaining the emergency lighting system in good working order.

**Deadline
Date:** 09/30/2011



Action Taken:

1. Factory evacuation plan has been established and an evacuation drill was conducted with all employees on September 15, 2010. Employee signatures of participation in the evacuation drill were collected and filed.
2. All emergency lighting features in facility, including the 4 mentioned in the audit, have been tested and batteries replaced where needed.
3. An emergency light fixture has been installed in the screen coating room. Factory has established a Safety Committee; they are responsible for the testing of the emergency lighting systems.

Plan Complete: Yes

Plan Complete Date: 09/30/2011

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. Monitor found that no workers have been trained in providing first aid as required by FLA Benchmarks and OSHA regulations. 29CFR1910.151

2. Monitor found that fire extinguisher training has not been recently conducted (past 12 months). Annual training is required by OSHA. 29CFR1910.157

Plan Of Action: 1. Factory must clearly communicate the first aid procedures to employees. This communication/training must be documented.

2. The factory should train workers on how to operate fire extinguishers in case of an emergency. This training must be documented.

Deadline Date: 09/30/2011

Action Taken: 1. First aid training and certification took place on April 14, 2011.

2. Designated employees have been properly trained and certified on how to use fire extinguishing equipment in facility.

Plan Complete: Yes

Plan Complete Date: 09/30/2011



Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: Monitor did not find evidence of workers' training in the safe use of chemicals. Worker and management interviews, as well as document review of training records, did not confirm compliance to this benchmark or OSHA requirements. 29CFR1910.1200e.

Plan Of Action: Factory should establish procedures for the handling of chemicals and provide safe chemical handling and PPE training to the appropriate workers. Training must be documented with employee signatures.

Deadline Date: 09/30/2011

Action Taken: A hazardous communication course was conducted on April 14, 2011.

Plan Complete: No

Plan Complete Date:
