COMPANY: Nike, Inc.
COUNTRY: Mexico
FACTORY CODE: 0700501234I
MONITOR: Accordia Global Compliance Group
AUDIT DATE: September 6 – 7, 2010
PRODUCTS: Socks
PROCESSES: Tissue, Shoe Tree, Finishing
NUMBER OF WORKERS: 90

For an explanation on how to read this report, please visit the FLA website here.
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Forced Labor: General Compliance Forced Labor

F.1 Employers shall comply with all local laws, regulations and procedures concerning the prohibition of forced labor. (S)

Noncompliance

Explanation: 1. Monitor interviewed a sample of 25 workers, as well as reviewed the employment files, for a sample of 25 workers. Interviews indicated that an original copy of the labor contract was not provided to the employees at the time of hire as required under Mexican Federal Labor Law, Article 24. Review of employee files was conducted to determine if a receipt or acknowledgement signed by the worker was present, to indicate if the workers acknowledged receiving an original copy of their contract. No such document was found. Both sources corroborate that a process is not in place to comply with the legal requirement. Additionally, [Employee Name], Production Manager, and [Employee Name], Human Resources Manager, confirmed this practice during the management interview process.

2. Monitor reviewed the company’s Internal Regulation Handbook. This document is required to be registered and approved by the proper authority of the Labor Ministry under Federal Labor Law, Article 425. There was no indication that the handbook was approved by the Ministry of Labor by letter or stamp.

Plan Of Action:

1a. Factory will provide a copy of the labor contract to all employees.

1b. Factory will change this practice by providing a copy of the contract every time there is a new hire.

1c. The HR Manager must be responsible for the implementation and enforcement of this procedure.

2. The Internal Regulation Handbook needs to be deposited to the Ministry of Labor and the proper evidence of this legal requirement obtained.

Deadline Date: 01/28/2011

Action Taken: Plan Complete: No
Plan
Complete
Date: 

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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:** Facility did not provide documentary evidence to confirm that workers have been trained on the Nike or Fair Labor Association Codes of Conduct at any point from hiring or throughout the longevity of the workers’ employment. Worker interviews with a sample of 25 workers confirmed that they did not receive code awareness training at any point since their hire.

**Plan Of Action:** Factory needs to provide training on Nike’s Code of Conduct to all employees on a regular basis. This training needs to be done as follows:

1. Provide training to all employees.
2. Every time there is a new hire, the factory needs to provide training on Nike’s Code of Conduct.

**Deadline Date:** 12/17/2010

**Action Taken:**

**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 found no documentary evidence to confirm the establishment of a confidential communication channel for workers to use to report code noncompliances to a Nike representative. Interviews with a sample of 25 workers confirmed that they have not been provided with an explanation or instructions regarding a confidential communication channel. In management interviews, it was stated that the participating company (PC) had not provided information on a confidential communication channel to the factory for use by its workers.

**Plan Of Action:** Factory needs to establish a better internal communication program, where all the employees can make any grievances or suggestions to management. Additionally, the policy needs to add a way of contacting the brand, by adding the phone numbers and the email accounts of the Mexico Nike staff. This policy should be posted where all employees can see it.

**Deadline Date:** 01/31/2011

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
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 inspected the facility for compliance to local legal requirements including NOM-002-STPS-2000. Monitor found that two fire extinguishers were placed directly on the floor (warehouse and tissue areas), in contradiction to section 9.2.3 of the NOM requirement to have fire extinguishers affixed to walls/support structures. Additionally, further inspection by the monitor found one fire extinguisher with access blocked by materials in finishing area.

2. During facility inspection, monitor found a locked emergency exit located in the warehouse; however, there was a second emergency exit in the area. There were 5 employees work in this area. Also, monitor observed an obstructed secondary aisle in the cutting area, which limits the ability of workers to safely evacuate in the event of an emergency. The aisle was obstructed with excess production (socks). NOM-002-STPS-2000. 9.1.3, 9.1.4.

Plan Of Action: 1. The factory needs to ensure that fire extinguishers are accessible and affixed to walls/support structures.

2. All emergency doors and aisles need to be accessible and free of obstructions. In order to comply with these two actions, the factory needs to create a new control where there is a person in charge of monitoring the compliance of Health and Safety inside the factory.

Deadline Date: 01/10/2011

Action Taken: No

Plan Complete Date: 
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 inspected the facility for compliance to legal requirements, including Federal Rules of Health, Safety and Environment in the Workplace. During inspection of the chemical warehouse, monitor found an unknown chemical stored in a beverage container. The container did not have any label to identify the substance. This condition is in conflict with Section 65 of the law cited in this section, where chemicals must be labeled and in appropriate containers.

Plan Of Action: All containers must have a label indicating the name of the chemical, in order to prevent an accident. In order to comply with this action, the factory needs to create a new control where there is a person in charge of monitoring the compliance of Health and Safety inside the factory.

Deadline Date: 12/17/2010

Action Taken: No

Plan Complete Date:
Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: Inspection found that employees were not using needle protection (acrylic lens) on 4 of the 5 sewing machines in the finishing area. Needle guards are installed in all of the sewing machines, but workers choose not to use them. Workers indicated in the interviews that they can sew faster without the needle guards and that no training has been provided on the proper use of safety devices. Management confirmed that there is no factory policy for Machine Safety Devices and Proper Use. Monitor inspected the factory for compliance to local health and safety requirements as found in NOM-004-STPS-1999. 8.1., that states that all machinery shall be guarded to prevent injury to the worker.

Plan Of Action: Factory needs to elaborate with a Machine Safety Devices policy, mentioning who is going to be responsible for its implementation and enforcement. It is necessary to focus on the sewing machines in the finishing area, but the policy applies to all the facility. Additionally, provide training about this policy to all employees according to their functions and operations inside the factory. The purpose of this is to create awareness on how to use the machinery in a safe and productive way.

Deadline Date: 01/10/2011

ActionTaken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: Monitor found that the facility has not provided disposable cups to the workers for drinking water. Interviews with a sample of 25 workers confirmed that they did not have disposable cups provided by the company for drinking water. Management interview found that they were unaware of the requirement to provide individual drinking cups. Federal Rules of Heath, Safety and Environment in the Workplace, Section 194.

Plan Of Action: Factory needs to provide disposable cups to the workers for drinking water.

Deadline Date: 12/10/2010

Action Taken:

Plan Complete: No

Plan Complete Date: