

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**06 Sep 2022**



## Factory Information

FLA Affiliates	Amer Sports
Country	Philippines
Number of Workers	1260

## Understanding this Report

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.

## FLA Code Element

## Number of Violations

Employment Relationship (ER)	9
Forced Labor (F)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	1

## Assessment Information

Assessor	SCSA
Assessment Date	06 Sep 2022

Assessment Purpose	Factory Assessment (In-Person)
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## ASSESSMENT RESULTS

### Employment Relationship (ER)

Benchmark ID	ER.14.1
Benchmark Details	Employers shall use standard contract language with employment agencies or intermediaries that specifically imparts power to employers to directly pay wages to migrant/ contract/ contingent/ temporary workers and ensures equality of compensation and workplace standards as set under the FLA Workplace Code and national laws and regulations.
Finding Details	As discussed in finding ER.10.2, the factory engages approximately 74% of its workers through an employment agency. The facility directly pays the wages of its own employees. For employees engaged through the agency, the facility pays the agency, which in turn pays the salary to the workers
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.

Finding Details	The factory has provided training to workers on the relevant FLA Participating Company's own Code of Conduct, which is fully aligned with the FLA Code, but this training lacked full content in the areas of recruitment, hiring and personnel development, and industrial relations.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	There are no written policies and procedures or practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.

Finding Details	The factory has some policies related to performance reviews however, these procedures do not include details on performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, specify that reviews will be provided in writing and seek feedback and agreement/disagreement from employees in writing. Worker interviews indicated that management conducts evaluations, but keeps the results confidential. Only the evaluators and the factory's HR department may see the results. Factory management reported that managers discuss the reviews with workers, but only discuss the shortcomings noted during the evaluation and do not share the details of the evaluation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	The factory does not provide regular communication to workers on FLA code and employment functions. Factory management explained that the FLA Participating Company had communicated the FLA Code to the factory, but only provided a poster of the Code a few days prior to the assessment. The poster was not posted or made available for the workers in the factory.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	The facility has a grievance policy and procedures for handling grievances. However, the grievance process is not properly documented. The facility could not provide any records documenting previous grievances.
Recommendation for Immediate Action	Properly document all grievances submitted and the process by which they are handled. Keep all grievance-related documents properly maintained and make them available for review upon request.
Compliance Classifications	Immediate Action Required
Local Law	Rules Implementing Articles 106 to 109 of the Labor Code, as Amended4, 5Section 4. Regulation of Contracting or Subcontracting. The Secretary of Labor and Employment shall regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code, as amended. Section 5. Absolute Prohibition against Labor-only Contracting. Labor-only contracting, which is totally prohibited, refers to an arrangement where: a) i. The contractor or subcontractor does not have substantial capital, or ii. The contractor or subcontractor does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others,and iii. The contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal;or b) The contractor or subcontractor does not exercise the right to control over the performance of the work of the employee.
Benchmark ID	ER.10.2

Benchmark Details	Employers shall not renew contracts for multiple successive short-terms in lieu of providing regular employment.
Finding Details	A grand total of 1,354 workers work in the facility. Only 347 of them are regular employees of the factory. The rest of the workers are employed through a manpower agency and 817 of those workers are regular workers and 190 of them are in probationary period. These workers work at various sections, including cutting, sewing, QC, laminating, finishing, and packing.
Recommendation for Immediate Action	Provide workers with permanent employment instead of renewing contracts for multiple short terms in lieu of providing regular employment.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with rules Implementing Articles 106 to 109 of the Labor Code, as Amended <sup>4</sup> , 5Section 4. Regulation of Contracting or Subcontracting. The Secretary of Labor and Employment shall regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code, as amended. Section 5. Absolute Prohibition against Labor-only Contracting. Labor-only contracting, which is totally prohibited, refers to an arrangement where: a) i. The contractor or subcontractor does not have substantial capital, or ii. The contractor or subcontractor does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others, and iii. The contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal;or b) The contractor or subcontractor does not exercise the right to control over the performance of the work of the employee.
Benchmark ID	ER.3.1
Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.



Finding Details	The facility provides an orientation training for workers on the FLA Participating Company's Code of Conduct. However, this training does not cover all FLA Code elements and Employment Functions. The assessment found that workers are not aware of workplace standards on recruitment, hiring & personnel development, industrial relations, or termination and retrenchment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	Policies and procedures at the factory are not subject to an annual review process with input from workers on their content and implementation. For most of the policy and procedure documents at the factory, the version currently in place is dated 2020.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
<b>Forced Labor (F)</b>	
Benchmark ID	F.2.2

Benchmark Details	Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of national laws, freely negotiated and valid collective bargaining agreements, or the FLA Workplace Code.
Finding Details	The factory signs employment contracts with its own employees. Contracted workers hired through the employment agency (see finding ER.10.2) have employment contracts with the agency. The assessment did not find any employment agreement between the factory and the agency workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### Harassment Or Abuse (H/A)

Benchmark ID	H/A.10.1.3
Benchmark Details	Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.
Finding Details	The factory conducts body searches in public at the employee entrance/exit. The factory correctly ensures that the person performing body searches is of the same sex as the worker being searched.
Recommendation for Immediate Action	Conduct body searches/pat-downs in private.
Compliance Classifications	Immediate Action Required
Local Law	

### Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	The factory does not conduct an assessment after the evacuation drill to learn how to improve the evacuation process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	Two emergency lights at the production workshops were not functioning properly when tested.
Recommendation for Immediate Action	Inspect and test all emergency lights periodically. Maintain all emergency lights in proper working order.
Compliance Classifications	Immediate Action Required

Local Law	SECTION 10.2.5.11 of the Fire Code of the Philippines" "An emergency lighting system shall be so arranged as to provide the required illumination automatically in the event of any interruption of normal lighting, such as any failure of public utility or other outside electrical power supply, opening of a circuit breaker or fuse, or any manual act, including accidental opening of a switch controlling normal lighting facilities. 6. An emergency lighting system shall either be continuously in operation or shall be capable of repeated automatic operation.... The floors of means of egress shall be illuminated at all points including angles and intersections of corridors and passageways, landings of stairs, and exit doors to values of not less than 10.7 lux.
Benchmark ID	HSE.5.1.2
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;
Finding Details	The fire alarm was not working properly at the material warehouse at Building A.
Recommendation for Immediate Action	Ensure that all fire alarms are properly maintained and in working order.
Compliance Classifications	Immediate Action Required
Local Law	SECTION 10.2.6.4 of the Fire code of the Philippines states that: 1. Fire detection, alarm, and communication systems if required by Division 8 through 17 of this Chapter shall be in accordance with NFPA 72 and the Philippine Electrical Code. 2. When a required fire alarm system is out of service for more than 4 hours in a 24-hour period, the City/Municipal Fire Marshal having jurisdiction shall be notified within 24 hours, and a fire watch shall be assigned until the fire alarm system has been returned to service. 3. To ensure operational integrity, the fire alarm system shall have an approved maintenance and testing program which shall be developed by the building management in accordance with internationally accepted standards. Records of conducted maintenance and testing should be maintained and submitted together with FALAR 3 when required by the Chief, BFP or his duly authorized representative.

Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	Hazardous waste without proper labels were found: cartons containing alcohol were stored in the chemical storage area without labels.
Recommendation for Immediate Action	Properly label all hazardous chemicals.
Compliance Classifications	Immediate Action Required
Local Law	Dole OHS rule 1093.04 Marking of Containers: All containers with hazardous substances shall be properly labelled. No employer within the scope of this Rule shall accept any container of hazardous substances for use, handling or storage unless such container are labelled.
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	The assessment observed debris, metal racks and other production-related materials left against the walls of the factory.
Recommendation for Immediate Action	Maintain proper housekeeping throughout the factory. Store or dispose of debris and other production-related materials properly.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.13

Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	(1) At the material warehouse of Building A, some lights were not properly working. (2) The assessment observed electrical wires in the material warehouse that were spliced together. The splicing was poorly executed, posing an electrical hazard. (3) Electrical panels in Building A lacked the necessary acetate covers. Other electrical panels had dust and cobwebs. (4) There is no eye wash station near the adhesive spray area.
Recommendation for Immediate Action	(1) Provide proper and adequate lighting in order to have safe operation for workers. (2) Electrical wiring and panels should have proper protective cover and wiring should be properly checked and maintained. (3) Install an emergency eyewash facility at the areas near to the adhesive spray.
Compliance Classifications	Immediate Action Required
Local Law	DOLE rule 1210 on Electrical Safety all electrical panels and wiring must be properly inspected and maintained at all times. RA 11058 on OHS Rule 1963 "for hazardous workplace, Facility should provide a bathroom with shower or emergency eyewash facility"
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	(1) There are metal storage racks without proper railings at Building B. (2) Approximately 40-50% of needle guards are fixed too high to serve their main purpose of protecting sewing operators' fingers. Snap machines in the facility lack the required machine guards.
Recommendation for Immediate Action	(1) Install proper railings at the metal storage racks at building B to prevent any worker from falling off the structure. (2) Properly install needle guards to provide protection to all sewing operators. Install machine guards on snap machines.

Compliance Classifications	Immediate Action Required
Local Law	OHS Rule 1068 Walks, runways, working platforms or open sided floors 2 m. (6.6 ft.) or more above the floor or ground level, except platforms used for motor or similar equipment, which do not afford standing space for persons, shall be guarded on all open sides by standard railing. DOLE OHs Rule 1203.01 " all machinery guards shall Be fastened to the machine and shall be kept in place whenever the machine is in operation."
Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	(1) Several fire extinguishers at the material warehouse were partially blocked. (2) The factory does not have a breathing apparatus available. (3) The factory does not have an automatic fire suppression system (sprinkler). The local Bureau of Fire Protection's regulations call for the factory to assess whether an automatic fire suppression system is necessary. (4) Some monthly fire extinguisher checks were missing.
Recommendation for Immediate Action	(1) Keep all fire extinguishers unobstructed. (2) Provide the facility fire brigade with the proper equipment for fire fighting such as breathing apparatus. (3) Engage a qualified party to assess whether an automatic fire suppression system is necessary for the whole facility. (4) Make monthly checks of all fire extinguishers.
Compliance Classifications	Immediate Action Required

Local Law	<p>RA9514 or the Fire Code of the Philippines Sec 10.2.6.7 " fire extinguisher shall not be obstructed or obscured from view" and "fire extinguishers shall be conspicuously located where they will be readily accessible and immediately available in the event of fire.</p> <p>10.2.6.5 Sec Sec. 10.2.6.5 I 1. Automatic sprinklers if required by Division 8 through Division 17 of this Chapter shall be in accordance with NFPA 13, Standard for the Installation of Sprinkler Systems 2. All automatic sprinkler and standpipe systems required by this code shall be inspected, tested, and maintained in accordance with NFPA 25, Standard for the Inspection, Testing, and Maintenance of WaterBased Fire Protection Systems. Records of conducted maintenance and testing should be maintained and submitted together with FALAR 3. 3. Where a required automatic sprinkler system is out of service for more than 4 hours in a 24-hour period, the owner shall notify the nearest fire station immediately upon discovery but not later than 24 hours and a fire watch shall be assigned until the sprinkler system has been returned to service.</p>
Benchmark ID	HSE.18.2.1
Benchmark Details	An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under national law.
Finding Details	The facility's clinic does not operate during the night shift. There is no system to ensure that there is at least one certified first aider during the night shift: workers rotate their shifts every two weeks, which may move first aiders off of the night shift.
Recommendation for Immediate Action	Ensure that the medical facilities and certified first aiders are available for the night shift.
Compliance Classifications	Immediate Action Required
Local Law	<p>RA 11058 Section 15: covered workplaces shall have a qualified occupational health personnel such as certified first aider, nurses, dentist, and physician duly complemented by the required medical supplies and equipment.</p>
Benchmark ID	HSE.1



Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	The hazardous waste storage area is not fully secured. One side of the area has only a half wall, allowing easy access to the materials.
Recommendation for Immediate Action	Properly secure the hazardous waste storage area, including by replacing the half wall at the side with a full wall to prevent access.
Compliance Classifications	Immediate Action Required
Local Law	DOLE OHS RULE 1093.02 Hazardous waste shall be kept in separate or isolated rooms or building with a minimum number of workers equipped with suitable protective equipment and trained thoroughly in safety practices for daily operations and for emergencies.
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	The facility's last risk assessment was conducted in April 2021.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.

Finding Details	Workers were not using Personal Protective Equipment (PPE) properly at the adhesive spray area of Building C while chemicals were being used.
Recommendation for Immediate Action	Ensure that all PPE is properly used, including chemical protection at the adhesive spray area.
Compliance Classifications	Immediate Action Required
Local Law	DOLE OHS RULE 1081.01: Every employer as defined in 1002: (1) Shall at his own expense furnish his workers with protective equipment for the eyes, face, hands and feet, protective shields and barriers whenever necessary by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation or physical contact.

## Hours Of Work (HOW)

Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	Some workers at the facility occasionally work more than 60 hours per week. In January 2022, five workers (out of a sample of 45) worked 62 hours in a week. In June 2022, three workers worked 63 to 64 weekly hours. In August 2022, one worker was found working 65 hours a week.
Recommendation for Immediate Action	Ensure that workers are working not more than 60 hours work a week, including by studying and revising the factory's production plans.
Compliance Classifications	Immediate Action Required
Local Law	

