

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

20 Jul 2022



Factory Information

FLA Affiliates	adidas,Lululemon Athletica Inc.
Country	Philippines
Number of Workers	1727

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

Compensation (C)	1
Employment Relationship (ER)	6
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	3
Hours Of Work (HOW)	3

Assessment Information

Assessor	SCSA
Assessment Date	20 Jul 2022

Assessment Purpose	Factory Assessment (In-Person)
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	Given the mass retrenchment found in 2020 of 4500 workers and the waiver that workers signed restricting their rights to resolution, there is a risk that retrenched workers are unable to resolve issues or concerns about their retrenchment or severance from this factory. However, since workers are no longer at the factory, this risk could not be verified.
Recommendation for Immediate Action	
Compliance Classifications	Uncorroborated Risk of Non-Compliance
Local Law	

Employment Relationship (ER)

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 provides ongoing training on workplace code of conduct. However, workers were not aware of FLA Code and only some workers were aware FLA member company workplace requirements, such as Lululemon and adidas. Factory needs to improve ongoing trainings on FLA Code Elements and Employment Functions and ensure the training effectiveness.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.5.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	The factory provides training to supervisors on national law and regulations including hiring process, wages and benefits, hours of work, health and safety and grievance mechanisms. However, training does not cover all FLA employment functions except legal requirements, including Workplace Conduct and Discipline, Freedom of Association.
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	1- Facility conducts performance reviews for only managers and supervisors. Production workers do not receive a performance evaluation. 2- There are no written performance review procedures for production workers including; steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirement.
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	Member company Codes are communicated to the workers, however FLA Code is not communicated to worker or posted in the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.15.3
Benchmark Details	Employers shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits* from the company, and shall not threaten to withhold benefits if workers do not sign.
Finding Details	Through reviewing evidence of retrenched workers in 2020, document review revealed that the waiver workers signed to receive their legally owed severance payment required workers to waive any right of action against the factory and parent company. This waiver restricts workers' rights to resolution if issues are found with the severance payment calculations or other grievances.
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	Workers are consulted but not on all aspects and work conditions. For instance, the factory does not involve workers feedback for their performance evaluation results. Workers are not fully aware of decision-making process of updates or changes in the factory on workplace conditions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Freedom Of Association And Collective Bargaining (FOA)	
Benchmark ID	FOA.15
Benchmark Details	Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.
Finding Details	Management does not provide any facility or office space at the factory for union or other workers representative structure. They usually conduct their activities on the hall way or entrance for employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Health, Safety And Environment (HSE)	
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	There was one electrical panel that is partially blocked by table / workstation at the auto quilting area .
Recommendation for Immediate Action	Keep all electrical panels unobstructed at all time.

Compliance Classifications	Immediate Action Required
Local Law	23) In accordance with RA9514 or Fire Code of the Philippines and DOLE Rule 1210 on Electrical Safety “electrical panels must be free from any obstruction and easily accessible at all times.”
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	There were sewing machines at the workshop having their needle guards set at the high position that it defeated its main purpose of preventing injury.
Recommendation for Immediate Action	Install or fix all needle guards on a designated height to maximize its main purpose of providing machine safety to all its operators.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with DOLE OHS Rule 1203.01 on Machine safety Machinery with moving parts, belts, pulley system must have adequate machine guards to ensure workers safety.
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- There was one fire extinguisher at the exit of the canteen's kitchen partially blocked by drums 2- One fire extinguisher at the packing / metal detection area was without monthly inspection check for the month of July 2022
Recommendation for Immediate Action	1- Ensure that all fire extinguishers are kept unobstructed. 2- Maintain a proper system in place to ensure that all the fire extinguishers are subject to regular monthly checked

Compliance Classifications	Immediate Action Required
Local Law	In accordance to RA9514 or the Fire Code of the Philippines Section 10.2.6.7 which states that" 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. and Section 10.2.6.9 which states that" " all building , facilities, structures shall be installed with a portable fire extinguisher that are designed , installed and maintained according to this section"

Hours Of Work (HOW)

Benchmark ID	HOW.9.2
Benchmark Details	Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances sufficiently in advance to allow workers to make alternative plans.
Finding Details	Workers only are given notice about the night overtime at the middle of their shift around 1-2 pm.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	According to document review of 30 workers, approximately %20 of workers worked more than 60 hours in a week with 61 to 66 hours; in September and October 2021; and in February, March and April 2022.

Recommendation for Immediate Action	Ensure that workers do not work more than 60 hours in a week.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.2
Benchmark Details	Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.
Finding Details	3 workers were not provided rest day during a 7 day period in September / October 2021 and March 2022. They were working 7-11 days consecutively without 24 hours rest. 2 of these workers mainly work as Factory Health and Safety Section - Building Maintenance and the other is a Senior Sewing Machine Specialist (Technician): -1 out of 30 sampled workers (3.3%) worked consecutive 7 days in September 19 to 25, 2021 -1 out of 30 sampled workers (3.3%) worked 12 days consecutively from October 12 to 23, 2021. -For 2 out of 30 sampled workers (6.6%), one worker worked with 8 days consecutively from March 10 to 17, 2022 and one worked with 11 days consecutively from March 9 to 19, 2022
Recommendation for Immediate Action	Provide 24 consecutive hours of rest to all workers in every seven-day period.
Compliance Classifications	Immediate Action Required
Local Law	In accordance to Article 91 of the Labor Code of the Philippines which states that" employers should provided their employees at least twenty-four hours rest (24) for every six consecutive days of work."

