

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

20 Jul 2022



Factory Information

FLA Affiliates	Amer Sports, MEC Mountain Equipment Company
Country	Cambodia
Number of Workers	1725

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)	5
Employment Relationship (ER)	10
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	4

Assessment Information

Assessor	Openview - Vietnam
Assessment Date	20 Jul 2022

Assessment Purpose	
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.7
Benchmark Details	All payments to workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately.
Finding Details	The factory typically calculates wages by dividing the monthly wage (\$192 or \$194) by 26 days and multiplying by total working days. In February 2022, the factory also paid workers for one extra day if they totaled fewer than 13 working days, and two extra days if they totaled more than 13. However, the factory did not apply this extra payment for new workers, so new workers who had not worked for a full month in February 2022 received less pay than they would have under the typical pay scheme.
Recommendation for Immediate Action	1. Calculate and pay wages and benefits for workers sufficiently. 2. Update the wage calculation and procedure on wages and benefits. 3. Communicate and provide the training for relevant staffs.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Prakas No. 264/21 dated 28 September 2021, Article 1 & 2.
Benchmark ID	C.6
Benchmark Details	All wages, including payment for overtime, shall be paid directly and in full within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

Finding Details	It is noted that the factory provides the orientation training for new hired workers. However, the factory does not record the training time and pay workers. Factory's representative explained that the factory does not pay for the orientation training because these workers do not work during the orientation training period.
Recommendation for Immediate Action	Ensure the factory includes the training period required by the factory as time paid for all workers.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Prakas No. 264/21, Article 1.
Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	It is noted that a sample of selected workers have concluded their probation period, however, the factory still uses the probation wage rate of USD192/month instead of using the contracted wage USD 194/month to pay overtime for workers. The factory's practice leads to insufficient overtime compensation for workers from February 2022 to June 2022. For example, one worker joined the factory on April 4, 2022 and earned USD192/month during the probation period from April 4, 2022 to June 3, 2022. His basic wage is USD194/month from June 4, 2022 to September 4, 2022. From June 1 to 3, 2022, he worked overtime for four hours, and 30 hours from June 4 to 30, 2022. The factory pays USD47.08 ($\text{USD}192/208 \times 34 \times 150\%$) for 34 overtime hours instead of USD47.5 [$(\text{USD}192/208 \times 4 \times 150\%) + (\text{USD}194/208 \times 30 \times 150\%)$]. The contract wage was paid correctly but the overtime wages were not paid correctly.
Recommendation for Immediate Action	1. Review the overtime calculation method and pay for workers properly. 2. Provide the training for the relevant staffs.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Article 139

Benchmark ID	C.2
Benchmark Details	Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.
Finding Details	<p>It is noted that one out of four canteen staffs employed by the factory and 17 outsourced security guards are not ensured the minimum wage and overtime premiums. In the practice, these staffs earn fixed-wage as detail below: - One canteen staff earns \$150 per month less than the legal minimum wage (USD 194 per month since January 2022). - These four canteen staffs earn fixed wage from USD 150 to USD 310 per month regardless of how much overtime is worked or public holidays in a month. Canteen staff explained during the interview that they work overtime as the production workers. - The payroll records indicate that all 17 security guards earn a basic wage of \$140 per month which is less than the legal minimum wage (the legal minimum wage is USD 194 per month since January 2022). The working days and the overtime hours are the same with 26 days and 28 overtime hours for all months. But there are no any kinds of documented working hour record in place. - The payroll records indicate that all 17 security guards earn a basic wage of \$140 per month, which is less than the legal minimum wage (USD 194). With additional allowances, the total wage of 14 security staffs is USD 195.25 per month, two leaders earn USD 205.25 per month, and one senior leader earns USD 260.25 per month regardless of overtime or public holidays in a month. - Security guards confirm during the interview that they work in 2 shifts from 06:00 am to 06:00pm (day shift) and from 06:00pm to 06:00am (night shift). They also work overtime on Sundays and public holidays. However, there are no any records in place for review.</p>
Recommendation for Immediate Action	1. Ensure the legal minimum wages for all worker working in the factory. 2. Ensure to pay overtime wages for all canteen staffs and security guards as legally required. 3. Update the wage and benefit policies and procedures. 4. Provide the training for the relevant staffs and workers.
Compliance Classifications	Immediate Action Required

Local Law	Cambodia Labor Law, Prakas No. 264/21, Article 1.
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.
Finding Details	1. The final payout for workers resigning without advanced notice is not provided within 48 hours from the date of official termination as per legal requirements. 2. Workers who have quit without notice have not returned to the factory to receive the final payout during the assessment period from July 2021 to July 2022. There are no records in place provided for review to prove that the factory made efforts to contact workers to collect the final payouts.
Recommendation for Immediate Action	1. Ensure wage and indemnity of any kind should be paid within 48 hours following the date of termination of work as per law. 2. Update the policy and procedure on termination. These policies and procedures should include guidance on contacting workers to collect final payouts. 3. Communicate and provide training for relevant staff.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Article 116

Employment Relationship (ER)

Benchmark ID	ER.11.2
Benchmark Details	Employers must ensure the following minimum terms and conditions are met in the employment of contract/contingent/migrant/temporary workers: Contract/contingent/migrant/temporary workers shall be provided an employment agreement in their native language setting out the employment terms and conditions. for migrant workers, a copy of their employment contract in their native language shall be provided prior to departure from their country of origin;

Finding Details	Four canteen staffs work in the canteen's management team and are employed by the factory. However, the factory has not signed employment contracts with them yet. They have worked at the factory for one to five years as canteen staff.
Recommendation for Immediate Action	1. Review the recruitment policy and procedure, communicate and train relevant staff. 2. Sign and maintain proper and accurate records governing all aspects of employment including written terms and conditions of employment as per legal requirements.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Article 67
Benchmark ID	ER.2
Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The facility does not hire disabled workers nor pay the benefit as required by law. There is a total of 1,549 workers, so the factory should hire at least 15 disable workers or the factory should contribute to the disabled foundation the amount of 40% of monthly wage at a minimum for disabled people as per the law stipulates.
Recommendation for Immediate Action	1. Hire disabled workers as per legal requirements or contribute to the disabled foundation. 2. Provide communication and training to relevant staff.
Compliance Classifications	Immediate Action Required
Local Law	Law on disable worker-As per the Sub-Decree No 108 Or NKr.BK, Article 06
Benchmark ID	ER.17.6

Benchmark Details	Employers shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions
Finding Details	1. The factory has a policy on Harassment and Abuse. However, the policy does not include a clear statement that violence or Harassment and Abuse will not be tolerated. 2. The factory does not have a procedure in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment or abuse, violations of factory procedures, compensation, or unsafe working conditions. 3. The factory does not have in place procedures to track the number, types, timing and resolution of Grievances, or to communicate the resolution of Grievances to the workforce. 4. The factory does not establish procedures for the investigation of allegations, or measures to protect any complainants, victims, and witnesses.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	1. The factory does not have in place written policies for Retrenchment and Termination processes. 2. The factory does not have in place detailed Job Descriptions for all job positions. Currently, factory only has the simple Job Descriptions for human resource staffs and cleaners.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	The selected samples for disciplinary records issued on March 13, 2022 and April 09, 2022 do not mention the level of disciplinary (minor, major or critical) applied to workers as per factory regulation. In addition, there are three signatures in the disciplinary records but there is no information to indicate who sign the disciplinary records as per being required by legal requirements.
Recommendation for Immediate Action	1. Input the level of labor discipline in the disciplinary minutes. 2. Ensure the full information (full name, job title, etc.,) of all signatures in the disciplinary minutes. 3. Provide communication and training on the labor disciplinary procedure for managers and related staff.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law 1997, Article 279,
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	The factory does not have written policies and procedures and implement practices that encourage ongoing training for all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the workplace.
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 does not have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, as well as providing the job description and seek feedback from employees in writing.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8

Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	The factory does not have written policies and procedures with regards to promotion, demotion, and job re-assignment that outlines the criteria, demonstrates linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment.
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	The factory implements an annual review process but it does not seek input from workers for policies, procedures and factory implementation to ensure in line with legal requirements, the FLA Workplace Code and identify areas of improvement. The latest management review was on December 06, 2021 with the participant of management only.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	ER.18.3.4
Benchmark Details	Records of disciplinary action must be maintained in the worker's personnel file.
Finding Details	The factory does not keep the records of labor disciplinary in the worker's personnel files.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Harassment Or Abuse (H/A)

Benchmark ID	H/A.10.1.2
Benchmark Details	Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g. police officer) has ordered the search.
Finding Details	1. Pat downs are conducted routinely by security guards (by gender) at the exit doors in the production building when workers go for lunch and leave the production buildings. 2. There is no pat down guidance or training records for these security guards in place to provide for review.
Recommendation for Immediate Action	1. Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g., police officer) has ordered the search. 2. Develop the policy and procedure on security practices and body searches. 3. Communicate and provide the training for relevant staffs.
Compliance Classifications	Immediate Action Required

Local Law	
Health, Safety And Environment (HSE)	
Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	The fire drill is conducted twice a year. However, there is no assessment conducted after the fire drill to learn and improve the evacuation process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The safety inspection for three generators and two air compressors has expired from July 14, 2022. 2. There is no air emission test for the three generators used at the facility as per legal requirements.
Recommendation for Immediate Action	1. Conduct the safety inspection for three generators and two air compressors. 2. Conduct the air emission test for three generators. 3. Provide communication and training to relevant staff on the machine safety requirement.
Compliance Classifications	Immediate Action Required

Local Law	Law on environment protection contract, Cambodia Environment Sub Degree No. 72, Article 12
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	Based on the site tour inspection and relevant interviews, it is noted that there is no fire detection system installed for two semi-finished goods storage units that are around 430 square meters and one finished goods warehouse that is around 900 square meters.
Recommendation for Immediate Action	1. Equip the smoke detector for the semi-finished goods storage and finished-good storage. 2. Conduct regular HSE checking in the factory. 3. Update the policies and procedure related to health and safety management. 4. Communicate and provide the training for relevant staffs and workers.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law 1997, Article 229-230
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	1. The factory has not paid the environmental protection fee since 2020. 2. No air emission discharge permit for 03 generators used at the facility as per legal requirement. The factory applies for the new air emission discharge permit for 03 generators on June 29, 2022 but until the assessment date, the factory has not obtained the certificate yet.

Recommendation for Immediate Action	1. Contribute the environmental protection fee as per law. 2. Obtain the air emission discharge permit for 03 generators. 3. Provide communication and training to responsible staff on relevant health and safety requirements.
Compliance Classifications	Immediate Action Required
Local Law	Law on environment protection contract, Cambodia Environment Sub Degree No. 72, Article 12
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 indoor air emission test has been expired since March 06, 2022.
Recommendation for Immediate Action	1. Conduct the indoor air emission test as per law. 2. Communicate and provide training to responsible staff on relevant testing requirements.
Compliance Classifications	Immediate Action Required
Local Law	Law on environment protection contract, Cambodia Environment Sub Degree No. 72, Article 12
Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	All five embroidery machines, one laser cutting machines and four out of seven heat pressing machines are not posted with safety warning signs.
Recommendation for Immediate Action	1. Ensure to post the safety warning sign to all machines. 2. Update the procedure and policy on machine safety. 3. Communicate and provide the training for relevant staffs and workers. 4. Conduct regular HSE inspection in the factory.

Compliance Classifications	Immediate Action Required
Local Law	Cambodia Law of Prakas 206/17, Article 08
Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.
Finding Details	Factory does not train workers in proper lifting techniques. Factory has the policy on how to lift goods and place of heavy material. However, there is no training record on how to lift goods safely for workers. Factory explains that they provide the training on same day of training for using PPEs on May 18, 2022 but there are no records in place to review.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Labour Law 1997, Article 229-230
Benchmark ID	HSE.18.1
Benchmark Details	Medical facilities shall be established and maintained in factories as required by applicable laws.
Finding Details	There is no first aid kit equipped at mechanic room and the first aid kit at the electrician room is not supplied with any first aid equipment.
Recommendation for Immediate Action	1. Equip the first aid kit at the mechanic room and ensure the first aid kits are full of required equipment. 2. Conduct regular HSE checking in the factory. 3. Update the policies and procedure related to health and safety management. 4. Communicate and provide the training for relevant staffs and workers.
Compliance Classifications	Immediate Action Required

Local Law	Cambodia Law of Prakas No. 330, Article 7
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 factory conducts risk assessments on a quarterly basis. The latest risk assessment conducted on February 28, 2022 does not include the risk levels and does not cover all areas and topics of risks associated with the actual work performed. This includes the risk assessed for cutting, embroidery, heat press, canteen, semi-finished goods storage, waste storage and generator room.
Recommendation for Immediate Action	1. Conduct the risk assessment on a quarterly basis and update for all the associated risks which are not assessed and identified 2. Provide communication and training to relevant staff for the health and safety risk assessment.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Law of Prakas 176/13 Art 5
Benchmark ID	HSE.30.2
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed; procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies
Finding Details	The factory does not conduct root cause analysis for workplace accidents or incidents to take proactive actions to prevent from re-occurrence.

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	There is no training on using and maintenance of personal protective equipment (PPE) for all workers. Factory only provided the training on using personal protective equipment (mask, gloves, apron, etc.,) and machine maintenance on May 18, 2022 for 37 employees including workers, electricians and mechanics out of 1,582 employees and there is no training on maintenance of PPE accordingly. Factory explains that they select some workers from each section to join the training instead of training for all workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Labor Law 1997, Article 229-230
Benchmark ID	HSE.16
Benchmark Details	Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe.

Finding Details	The factory does not have training or communication on the document - Workers Refusal to Use Unguarded or Unsafe Machinery Workers to ensure that workers shall not be suffering any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. The factory only has training on how to use and maintain the air blow gun, cotton connection machines, etc.,
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Hours Of Work (HOW)

Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.
Finding Details	Workers are not properly paid for any abnormal or incomplete cases of time in or time out, and there is no effective mechanism to monitor these hours in order to pay workers correctly. For example, in June 2022, one selected sample worker had time in at 06:57 am and time out at 09:00 am as indicated on the gate pass form. There was no payment for this worker from 07:00 am to 09:00 am on this day. Another selected sample worker had the time in at 06:42 and time out at 08:40 on May 20, 2022. However, the factory did not pay for this working time for the worker.
Recommendation for Immediate Action	1. Assign the staffs in charge to review the daily attendance record for payment properly. 2. Update the policy and procedure on working hours. 3. Communicate and provide training for relevant staff. 4. Make correct payment for all workers' working hours. 5. Re-calculate and pay back to workers who are affected and not being paid for hours worked.

Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Prakas No. 264/21, Article 1.
Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	The factory does not have in place policies and procedure for managing all working hour, overtime, and all kinds of leaves in normal and exceptional circumstances. Factory simply indicates the working time in the internal labor regulation that the normal working hours are from 7:00 am to 4:00 pm from Monday to Saturday and Sunday is the weekly rest day.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.14
Benchmark Details	Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under national laws, regulations and procedures.
Finding Details	Workers annual leave deductions are more than the actual annual leave taken. For example, one selected sample worker took annual leave for only 7.9 hours, but the factory deducted 8 hours on 22 June, 2022. Notes: Her time in was at 6:40 am and the gate pass form indicated her time out at 7:45 am on 22 June, 2022.
Recommendation for Immediate Action	1. Review the annual leave calculation method and pay the annual leaves properly. 2. Provide training for the relevant staff.

Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Article 166
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	The factory uses the fingerprint system to record the working hours of all workers. However, there is no time recording system (manual records, auto system) in place for the four canteen staffs employed by the factory and 17 outsourced security guards working onsite at the factory.
Recommendation for Immediate Action	1. Have a reliable and verifiable time record system in place for all workers working in the factory to clock in and out at the start and end of working shifts. 2. Keep and monitor the attendance records of all outsourced workers in place for review.
Compliance Classifications	Immediate Action Required
Local Law	

