

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

05 Dec 2022



Factory Information

FLA Affiliates	Amer Sports
Country	Philippines
Number of Workers	

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)	4
Health, Safety And Environment (HSE)	10
Hours Of Work (HOW)	1

Assessment Information

Assessor	SCSA
Assessment Date	05 Dec 2022
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Employment Relationship (ER)

Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	The facility's grievance policy does not include a non-retaliation clause.
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) Although the facility has a policy and procedure on child labor, there is no procedure in place to remediate cases of child labor should they be found. (2) Although the facility has a policy and procedure on termination, it do not have policies on retrenchment.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	<p>(1) The facility employed 567 total workers at the time of the assessment. Of these, 363 are regular workers; 104 are seasonal workers (normally employed on 8-month contracts, with the possibility of extensions of up to 2 months); 48 are regular seasonal workers (normally employed on 8-month contracts, with the possibility of extension of up to 2 months); and 47 are contractual workers (normally employed on 5-month contracts). The "regular seasonal workers" are cyclically called back to the factory to work during peak seasons, whereas "seasonal workers" do not have this guarantee. These different categories receive different levels of benefits. Regular workers receive all government-mandated benefits and other benefits included in their Collective Bargaining Agreement. Regular seasonal workers are only entitled to government-mandated benefits. Seasonal and contractual workers receive only social security (SSS), national health insurance (Philhealth), and housing benefits (HMDF). (2) The facility employs seasonal contract workers (8-month contracts) for two seasons before evaluating whether to hire them on as regular employees. These seasonal contract workers are performing permanent work at the factory in positions that would normally be filled by regular employees. The factory also uses contractual workers (5-month contracts) to fill production needs, rather than regular workers.</p>
Recommendation for Immediate Action	Use regular employment as the basis for filling production needs instead of relying on seasonal or short-term workers. Do not use employment under multiple fixed-term contracts as a substitute for regular employment.
Compliance Classifications	Sustainable Improvement Required

Local Law	<p>Labor Code of the Phils Art. 280, Regular and casual employment: The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season. An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such activity exists. Art. 281, Probationary employment: Probationary employment shall not exceed six (6) months from the date the employee started working, unless it is covered by an apprenticeship agreement stipulating a longer period.</p>
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	<p>The factory has implemented policies and procedures on all FLA Code elements and Employment Functions in the past year. However, the factory has not yet set up a review system to regularly review these policies/procedures.</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	(1) The aisles at the hydraulic cutting areas are blocked by materials and bins. (2) Three exits at the material storage area lack illuminated exit signs. Two exits at the mezzanine floor, which houses offices for the HR department, also lack illuminated exit signs.
Recommendation for Immediate Action	(1) Keep aisles leading to exits clear of any obstruction at all times. (2) Install illuminated exit signs at all designated emergency exits.
Compliance Classifications	Immediate Action Required
Local Law	RA 9514: Exits or ways must be free from any obstruction and must be unblocked; DOLE rule 1943.03 on safety: Fire exits shall have safe and continuous and unobstructed passage way. RA9514 Sec.10.2.5.12 Fire Code of the Philippines: A sign reading EXIT with arrow indicating direction shall be installed in every location where the direction of travel to the nearest exit is not immediately apparent.
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	(1) Chemical drums at the main chemical storage area lack the required secondary containment. (2) Hazardous waste is not properly labelled at the facility. (3) Chemicals at the embroidery areas were not properly labelled.

Recommendation for Immediate Action	(1) Install proper secondary containment and anti-leakage facilities at the chemical storage area. (2) Properly label all hazardous waste (3) Properly label chemicals at storage and areas.
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.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) The assessment observed that electrical boxes where CCTV cameras had been previously installed were left open, with open-ended wires dangling out. (2) An electrical panel near the maintenance room lacks the necessary cover. (3) An electrical panel near the corner of the embroidery area was blocked by an industrial fan. Another electrical panel in Building A is located directly above a workstation, preventing easy access.
Recommendation for Immediate Action	(1) Keep electrical boxes/junction boxes properly covered and keep electrical wiring contained properly inside. (2) (3) Keep all electrical panels from any obstruction at all times.
Compliance Classifications	Immediate Action Required
Local Law	DOLE Rule 1210 on electrical safety: All electrical wiring and panels must be inspected and maintained regularly
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.

Finding Details	One sewing machine at the sewing workshop lacked the upper pulley guard.
Recommendation for Immediate Action	Properly install and maintain pulley guards on all sewing machines.
Compliance Classifications	Immediate Action Required
Local Law	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) Three fire extinguishers at the facility are partially blocked by machines, racks, and cleaning apparatus.. (2) The assessment tested three eyewash stations and found that one was not working properly, as it had no water. The assessment observed that another eyewash station near the embroidery area with a bottle to wash one's eyes was also empty.
Recommendation for Immediate Action	(1) Keep all fire extinguishers easily accessible and free from any obstruction at all times. (2) Keep emergency eyewash stations operational and easily accessible to workers handling chemicals at all times.
Compliance Classifications	Immediate Action Required
Local Law	Sec 10.2.6.9 of RA9514 or the Fire code of the Philippines: All Building, facilities, structures shall be installed with portable fire extinguishers and shall be maintained according to this section, this should be accessible and free from any obstruction. DOLE OHS Rule 1080 on Chemical safety: E emergency eyewash station shall be provided for workers handling chemicals

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 clinic at the facility does not operate beyond 4pm and therefore does not fully cover the second shift of work. During the second shift, workers rely on company-provided transportation to access the nearest hospital (5km away) in case of needing medical aid.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.29
Benchmark Details	Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.
Finding Details	The mezzanine floor in the material storage area of Building A lacks proper protection for high work areas. The mezzanine's existing railings are less than a meter in height, which is too low to guard against falls.
Recommendation for Immediate Action	Install proper fencing to ensure the safety of workers in high areas, including the material storage area mezzanine floor.
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.
Benchmark ID	HSE.10.1

Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	The assessment observed chemicals stored at the embroidery area without MSDS posted.
Recommendation for Immediate Action	Post MSDS in the proper language/s at chemical storage and usage areas.
Compliance Classifications	Immediate Action Required
Local Law	DOLE Dept order 136-14: Material Safety Data Sheet shall be well communicated and made available to all workers.
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	The assessment observed a worker handling chemical adhesives without wearing proper protective gloves.
Recommendation for Immediate Action	Ensure that workers use proper PPE at all times.
Compliance Classifications	Immediate Action Required
Local Law	DOLE rule 1081.10 on wearing personal protective equipment such as mask to prevent inhalation of toxic fumes or gases and gloves specially those handling chemicals
Benchmark ID	HSE.17.1

Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	(1) The facility does not provide functional ergonomic floor mats to workers who work standing up at the cutting section. (2) Approximately 60-70 of workers' chairs in the sewing workshop, along with the majority of workers' chairs at the skiving section, do not have proper back rests.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

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	Workers at the factory frequently work more than 60 hours a week: (1) For the month of December 2021, 17 out of 30 randomly sampled workers had weekly working hours ranging from 62 hours to 72 hours, including up to 12 working hours in one day. (2) For the month of February 2022, 9 out of 30 randomly sampled workers had weekly working hours ranging from 61 to 68 hours, including up to 12 working hours in one day. (3) For the month of April 2022, 12 out of 30 randomly sampled workers had weekly working hours ranging from 62 hours to 72 hours, including up to 12 working hours in one day. (4) For the month of August 2022, 14 out of 30 randomly sampled workers had weekly working hours ranging from 63 to 72 hours, including up to 12 working hours in one day. (5) For the month of September 2022, 15 out of 30 randomly sampled workers had weekly working hours ranging from 62 hours to 72 hours, including up to 12 working hours in one day.

Recommendation for Immediate Action	Control the working hours not to exceed 60 hours a week.
Compliance Classifications	Immediate Action Required
Local Law	

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