

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**03 Jul 2023**



## Factory Information

FLA Affiliates	adidas
Country	Cambodia
Number of Workers	4601

## 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)	2
Employment Relationship (ER)	5
Health, Safety And Environment (HSE)	8
Hours Of Work (HOW)	1

## Assessment Information

Assessor	Openview - Vietnam
Assessment Date	03 Jul 2023
Assessment Purpose	Factory Assessment (In-Person)



## 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	For workers who resign from the factory with advance notice, the factory makes the final payouts in cash within 48 hours. However, workers who resign without notice are not paid within 48 hours from the date of termination, as is legally required. The assessment found no evidence that the factory makes efforts to contact workers who resign without notice to confirm termination employment or arrange final payouts. The assessment examined five cases of workers who resigned without notice; none received payouts. Interviews indicate that supervisors/managers will call workers and ask them to return the factory to complete the resignation process, but do not follow up.
Recommendation for Immediate Action	Ensure that final payouts are made within 48 hours of the date of termination, as is legally required.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Labor Law, Article 116
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	The factory does not properly pay holidays for resigning workers. For example, a sampled worker ended employment on April 18, 2023, but did not receive pay for the public holidays on April 14 and 15. The assessment also found that as a generalized practice, when holidays fall during workers' unpaid leaves, they are not paid. Note: Workers at the factory are paid on the 25th of each month for the working days from the 1st to the 15th, and on the 10th day of the next month for days from the 15th until the 30th/31st.
Recommendation for Immediate Action	1. Pay public holidays for all workers, as legally required. 2. Provide training for the relevant staff on the wage payment regulations, including local laws.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia labor law, Article 161, 163 & 164, Sub-Decree No. 166 OrNkr/BK dated 12 August 2022

## 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 does not provide training for workers when policies and procedures are updated. For example, the resignation policy/procedure was updated to change the process for resignation payouts on June 26, 2023. However, there has been no training or communication provided to workers on the updated policy and procedure.
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	1. The policy on Recruitment and Selection was last updated on January 01, 2023. However, there was no training provided for the supervisors/managers responsible for implementing it. The latest training on Recruitment and Selection was held in 2020. 2. The resignation policy/procedures were updated on June 26, 2023 (see finding ER.1.2). However, there was no training provided for the relevant supervisors on the updates.
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's non-discrimination policy does not include criteria regarding HIV/AIDS status or memberships in worker organizations. The policy does not discuss the issue of non-discrimination in granting promotions. 2. There is no disciplinary criteria in place for actions by workers, supervisors, or managers that involve/violate the non-discrimination policy. 3. There is no disciplinary criteria in place for actions by workers, supervisors, or managers that involve/violate the factory's child labor policies. 4. The working hour policy indicates that if workers come to work 15 minutes earlier, they can also leave 15 minutes earlier. However, there is no detailed guidance on how to pay workers for this period. Per local law, working time earlier than the official working shift should be treated as overtime and paid at least 150% of the normal salary. 5. The factory's termination policy and procedures do not cover the final payout process for workers who leave without notice.
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 assessment examined eight samples of disciplinary documentation and noted that in three cases, the process was not fully documented. In these cases, there was no evidence of misconduct in the file, and the daily attendance records referenced in the file were not consistent with the factory's own working time records. In addition, the records of disciplinary processes are not kept in the workers' personnel files, but rather are filed separately in a disciplinary record-keeping system.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.6
Benchmark Details	The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.
Finding Details	There is no policy committing the factory to non-retaliation if workers request a witness or file an appeal of disciplinary actions.
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	All of the emergency exit arrows painted in the main exit aisle of the material warehouse are faded. One out of three observed exit aisles in the printing workshop is not clearly marked with exit lines. Two of out four observed exits in the material warehouse are not clearly marked with exit lines and exit arrows.



Recommendation for Immediate Action	Define and clearly mark exit lines/routes and exit arrows in all areas, as per local law.
Compliance Classifications	Immediate Action Required
Local Law	Law on Administration of Factory and Handicraft, 23/June/2006
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 is no inner safety cover installed for one out of the three electrical boxes in the ink mixing room. Inner safety covers are installed for the electrical boxes in all other observed areas.
Recommendation for Immediate Action	Install inner safety covers in all electrical boxes.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law, Article 230
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.

Finding Details	1. One cargo elevator in the finished goods warehouse and two cargo elevators in the material warehouse are not equipped with safety interlock devices that prevent the doors to the elevator shaft from opening when the elevators are not present. The assessment observed that the doors to the elevator shaft could be opened while the elevators are not present. Furthermore, the elevator safety sensors are not functional; the assessment observed the elevator moving up and down while the doors to the shaft were open. 2. There is no safety guard for the metal cutting machine which is utilized by the employees of the factory's maintenance subcontractor.
Recommendation for Immediate Action	1. Repair the safety sensors and install safety interlock devices for all elevators. 2. Install a safety guard for the metal cutting machine and provide training to all relevant workers on its use.
Compliance Classifications	Immediate Action Required
Local Law	1. Labor Law, Article 230 2. Cambodia Law of Prakas 206/17 Article 9
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	The firefighting water pump system is not functional when set to "auto" mode, leaving it unprepared for emergencies. The pump could not reach adequate water pressure or maintain steady pressure during testing. Factory management explained that this was likely due to issues with the underground water pipes, and that the pump system now is currently used in "manual" mode only. On the 3rd day of the assessment, factory management explained that they had found the source of the problems and would fix the issue.
Recommendation for Immediate Action	Repair the fire water pump to be ready for fire emergency response.

Compliance Classifications	Immediate Action Required
Local Law	Law on Administration of Factory and Handicraft, 23/June/2006, Chapter II, Industrial Safety, Article 26.
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	There are no records to demonstrate that the factory has conducted an asbestos assessment to ensure workers are not exposed to asbestos.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	The factory has not posted safe operating procedures for machines such as the drilling machine and grinding machines in the factory's maintenance room.
Recommendation for Immediate Action	Develop and post safe operating procedures at/near the machine area in the appropriate language/s. Train all relevant workers to safely use the machines.
Compliance Classifications	Immediate Action Required
Local Law	

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 effectively implement its accident investigation procedure. The procedure states that an accident must be investigated by a team with members from the SEA department, Human Resource Department, and Health and Safety Department. However, all accident cases within the last 12 months were investigated only by the Health and Safety Officers. Furthermore, the accident investigation procedure does not include conducting root cause analysis. Instead, a Health and Safety Officer assigns a reason for the accident chosen from a preset list.
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	The factory does not provide sufficient PPE for workers, nor do workers properly utilize the PPE that is provided. For example, the factory does not provide safety shoes for workers who are working with the manual forklift. The assessment observed one forklift operator not using safety shoes, the seat belt, or the helmet's strap when driving the forklift. The assessment observed one worker working at heights with a ladder, but not a safety belt. The assessment observed workers in the ink-mixing room not using protective gloves while working with the chemicals.
Recommendation for Immediate Action	1. Provide appropriate Personal protective equipment (PPE) for all workers who require it, based on a thorough PPE assessment. 2. Regularly check and ensure that workers use PPE effectively.
Compliance Classifications	Immediate Action Required
Local Law	Cambodia Law of Prakas 206/17 Article 10; Prakas No. 125 Article 4

## 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	<p>1. In five cases, the daily attendance records kept in the disciplinary file system indicate that the workers in question clocked in between 7:06am and 7:11am on February 4, 2023. Attendance records provided by the HR department, however, show all five workers' time in as 7:20am. The normal working hours for these workers are from 7:30am to 4:00pm. The assessment reviewed the factory's timekeeping system and noted that the only time in recorded throughout the system is 7:20am. Worker interviews confirmed that workers use an electronic timecard system to record their time in and time out. HR Staff confirmed that the daily attendance record shows the accurate time in and time out. Factory staff explained that they will review and check to improve the accuracy of time data.</p> <p>2. The factory's working hour policy indicates that workers are allowed to clock in and clock out within 15 minutes of the beginning or end of the working shift. However, the factory's attendance records show workers clocking in anywhere from 16 to 40 minutes before the beginning of their shift. In interviews, workers reported that they do not work during this period.</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

