

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**04 Jul 2023**



## Factory Information

FLA Affiliates	Fenix Outdoor AB
Country	Philippines
Number of Workers	825

## 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)	13
Health, Safety And Environment (HSE)	14

## Assessment Information

Assessor	SCSA
Assessment Date	04 Jul 2023
Assessment Purpose	Factory Assessment (In-Person)



## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.3.1.3
Benchmark Details	Where probationary employment is legally allowed, no workers shall work more than three months in this employment category.
Finding Details	It was noted that the probationary period of both direct hire workers and agency hired workers in the facility are set at no more than 6 month instead of 3 months. This is not in line with the FLA requirement.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.

Finding Details	1. It was noted that the factory could not provide any documentation to track the number, types, and resolution of grievances despite the workers' representatives reporting that there have been several types of grievances. These grievances have had some resolutions as discussed with Management. 2. In addition, the manpower agency reported that they only had verbal communication on grievances brought to them and no written documentation was made or kept.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	It was noted that the factory payed the manpower agency, as per payroll and time records prepared by the external agency. The external agency then paid workers via bank transfer.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	Workers directly employed by the factory had contracts in English and not in the local language.
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	Factory has direct workers and workers employed by an external agency. a. It was noted that factory has not provided ongoing training to direct workers on Freedom of Association & collective bargaining related topics. b. For workers provided by the agency, they were not provided with training of Harassment and Abuse, Non-Discrimination , Forced labor, freedom of association and Collective bargaining agreement related topics.
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	It was noted that supervisors are not trained on the FLA Code or affiliate workplace standards, though training on national laws, workplace regulations, and grievance systems was provided by the company.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.9.1
Benchmark Details	Employers shall hire contract/contingent/temporary workers only if such hiring is consistent with the national law of the country of production.
Finding Details	It was noted that factory employed 74 % of its workers through an external hiring agency and only 26 % of employees are directly hired workers. 30 out of total 45 interviewed workers belonged to the agency with positions such as cutting operator, sewer, quality controller, laminator and finishing operator, packing which are necessary and directly related to the main business operation.
Recommendation for Immediate Action	Facility shall increase the hiring of direct workers and reduce the number of workers employed through the manpower agency.
Compliance Classifications	Immediate Action Required

Local Law	DEPARTMENT ORDER NO. 174, SERIES OF 2017: RULES IMPLEMENTING ARTICLES 106 TO 109 OF THE LABOR CODE, AS AMENDED: Section 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.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	Factory has yet to communicate the affiliate workplace standards or FLA Code to its workers yet. There is also no FLA Code of Conduct or affiliate workplace standards posted out at 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	1. It was noted that the affiliate company's workplace standards are not posted or made available to workers, managers and supervisors. 2. In addition, there is no training provided on the workplace standards to workers, managers, and supervisors. Management shared they had yet to post the workplace standards out on their bulletin boards and they are in the midst of planning to have training on the related topics.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.10.1
Benchmark Details	Employers shall not hire contract/contingent/temporary workers as a means to support continuing business needs on a long-term basis.
Finding Details	It was noted that the facility employs some workers via manpower agency instead of directly hiring them. These workers are categorized as regular and probationary workers. The externally hired workers accounted for 76% of the workforce and they have been used since the factory was established in March 2022. Some of them were even employed for 1 to 4 years by an affiliate company of the audited facility as agency workers before joining this factory. Some of these agency workers have been working on a probationary periods (6 month periods) for more than 2 times already.
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	Factory employed 76% of employee through an external agency and these workers were not considered as direct hire workers and permanent workers. Some of them were employed under multiple short term contracts, with the average length of the contract being six months.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	It was noted that orientation training for new employees does not cover Freedom of Association and collective bargaining agreements. For workers under the manpower agency, the orientation training does not cover harassment and Abuse, Non-Discrimination, Forced Labor, Freedom of association and Collective bargaining agreement.
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	There was no documentary evidence or system in place to prove that there is a system to regularly review the FLA's code elements and employment functions. The factory has only operating for about one year.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.3.3
Benchmark Details	Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.
Finding Details	The facility did not provide written documentation that substantiated all the issues covered during their orientation briefings with workers.
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	It was noted that the exits at Industrial Engineering and Production Planning and Control offices at building 1 was with insufficient illuminated exit signs.
Recommendation for Immediate Action	It is recommended that illuminated exit signs are properly installed at all times.
Compliance Classifications	Immediate Action Required
Local Law	Section 10.2.5 12 of RA 9514 states that C. Size of Signs Every exit shall have the word "EXIT" in plainly legible letters not less than fifteen centimeters (15 cm) high with the principal strokes of letters not less than nineteen millimeters (19 mm) wide, except that in existing building externally illuminated exit signs therein having the word "EXIT" in plainly visible letters not less than eleven and one-half centimeters (11.5 cm) high, other than in places of assembly, may be continued in use. Other signages required by this rule shall be of the same dimension unless otherwise provided
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	It was noted that the fire alarm is not centralized and only localized at each building.
Recommendation for Immediate Action	It is recommended that fire alarm is automatic and centralized throughout the whole facility.

Compliance Classifications	Immediate Action Required
Local Law	Section 10.2.6.4 or RA 9514 : 2. Alarm annunciation at the control center shall be by means of audible and visible indicators. 3. For the purposes of alarm annunciation, each floor of the building, other than floors of existing buildings, shall be considered as not less than one zone, unless otherwise permitted by another section of this code. 4. Unless otherwise permitted by another Section of this Code, if a floor area exceeds one thousand eight hundred sixty square meters (1860 m <sup>2</sup> ), additional zoning shall be provided, and the length of any single zone shall not exceed ninety one meters (91 m) in any direction. Exception: where the building is provided with automatic sprinklers throughout, installed in accordance with Section 10.2.6.5 of this IRR, the area of the alarm zone shall be permitted to coincide with the allowable area of the sprinkler zone. 5. A system trouble signal shall be annunciat
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations
Finding Details	1. It was noted that the passages aisle leading to an alternative emergency exit at the Research and Development section at the mezzanine floor of Building 1 is partially blocked by cartons. 2. In addition, the finishing goods carton at the finished goods storage areas are blocking the aisles leading to the exits.
Recommendation for Immediate Action	It is recommended that the aisle and passageway leading to emergency exits shall be free from any obstructions
Compliance Classifications	Immediate Action Required

Local Law	Section 10.2 of RA 9514 : D. Every exit of buildings or structures shall be arranged and maintained to provide free and unobstructed egress from all parts thereof at all times. No lock or fastening device that would prevent escape from the inside of any building shall be installed except in mental, penal, or correctional institutions where personnel are continually on duty and effective provisions are made to evacuate occupants in case of fire or other emergencies.
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. It was noted that chemical storage area at the sub cutting section, R&D sections, gluing section and carpentry sections are without the proper secondary containment. 2. It was noted that fans were used to ward off heat instead of proper ventilation to disperse the fumes that chemicals are spewing out at the gluing section. 3. It was noted that some hazardous waste canisters do not have the proper safety labels. In addition, small bottles containing chemicals at the gluing section are also not properly labelled.
Recommendation for Immediate Action	1. Factory shall ensure that secondary containment are available at the chemical storage areas. 2. Proper ventilation shall be installed at the gluing section. 3. Chemical containers and hazardous waste canisters shall be affixed with proper safety label.
Compliance Classifications	Immediate Action Required
Local Law	in accordance with DOLE Dept order 136-13 : 2. ensure that all chemicals are properly labelled or marked and that accurate safety data sheets are provided. 3. provide necessary control measures including personal protective equipments 4. ensure that workers are provided with appropriate information , education and training on safe use of chemicals. In accordance with DOLE Dept order 136-14 & 16 on Chemical storage " all chemicals shall be kept in a well ventilated and proper storage place " and " chemical storage should have secondary containment to avoid direct spillage on the work floor

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 assembly area where aluminum components are being done, workers are not using proper protective ear plugs for which the noise levels are beyond 86dB. 2. Electrical outlets and junction boxes are not securely covered at the guard house and entrance of the canteen. 3. Electrical panels were partially blocked at the R&D and sub-cutting section of Building 2
Recommendation for Immediate Action	1. Factory shall ensure that workers at the assembly area are wearing the protective ear plugs. 2. All electrical wiring and outlets are properly inspected and serviced on a periodical basis to ensure that electrical outlets and boxes are in good condition. 3. All electrical panels shall be free from any form of obstructions.
Compliance Classifications	Immediate Action Required
Local Law	1. In accordance with DOLE Rule 1080 on proper protective equipment and devices : Proper ear protection shall be used in order to protect workers from high noise levels. 2.In accordance with 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	1. It was noted that one metal stairway that serves as an emergency exit for the mezzanine level of building#1 has only handrailing at one side instead of both sides. 2. It was noted that 4 of 7 snapping machines are without the proper machine guards installed. 3. It was noted that the back of the canteen where liquified gas cylinders are not securely stored and could be easily accessible without proper access control and they were situated at beside the parking area for motorcycles. 4. It was noted that there was no lock-out & tag-out maintenance systems for major types of machinery at the facility.
Recommendation for Immediate Action	1. It is recommended that both sides of handrail shall be available at the stairway from mezzanine floor to ground floor must have both side railings. 2. It is recommended that snap machines should have the necessary machine guards in place. 3. It is recommended that liquified gas cylinders are properly stored at the appropriate location with proper access control. 4. It is recommended that lock-out tag out maintenance systems for machineries shall be established and put in place.
Compliance Classifications	Immediate Action Required
Local Law	1. Section 10.2.5.10 of RA 9514 or the Fire code of the Philippines states: b. All fire escape shall have handrails on both sides, not less thanseventy six centimeters (76 cm) not more than one hundred seven centimeters (107 cm) high, measured vertically from a point on the stair tread twenty five millimeters (25mm) back from the leading edge, all in general conformity to the requirements for stair handrails, para "H" of Section 10.2.5.4 of this IRR. c. Handrails and guards shall be so constructed as to withstand a force of ninety one kilograms (91 kg) applied downward or horizontally at any point. 2. In Accordance with DOLE OHS rule1203.01 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) It was noted that the factory did not have a fire sprinkler system installed, despite being required by law. The factory buildings are leased to different factories and the installation of an automatic fire sprinkler system is still in the process of full implementation by the Bureau of Fire and the Authority of the Freeport Area of Bataan (AFAB). (2) It was noted that there are fire extinguishers not having monthly inspections as of the month of June 2023. A couple of fire extinguishers were even without monthly inspections from the month of March 2023 up to the audit date.
Recommendation for Immediate Action	Factory shall ensure that facilities are properly installed with fire sprinkler system in order to comply with the law and fire extinguishers are subject to monthly inspection.
Compliance Classifications	Immediate Action Required
Local Law	Section 10.2.6 .5 of RA 9514 or the Fire Code of the Philippines states that: A. General 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. 4. Sprinkler impairment procedures shall comply with NFPA 25, Standard for the Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems.
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 factory could not provide any documentation to prove an audiometric test has been conducted for workers exposed to high noise levels.

Recommendation for Immediate Action	It is recommended that factory shall carry out audiometric testing for workers exposed to high noise level.
Compliance Classifications	Immediate Action Required
Local Law	As per DOLE ( Dept of Labor and Employment )OHS Rules : Special examinations are covered under Executive Order No. 307 "Establishing the Occupational Safety and Health Center in the Employees' and the "Compensation Commission" Section 2.d. To monitor the working environment by the use of industrial hygiene, field and laboratory equipment and conduct medical examinations of workers exposed to hazardous substances for the ready detection of occupational diseases; Special Examination: 1. Biological Monitoring of Heavy Metals and Organic Solvents 2. Audiometry
Benchmark ID	HSE.20
Benchmark Details	Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. In addition, the following should also be considered: number of toilets based on number of workers, privacy for each individual and gender, accessibility and hygiene.
Finding Details	It was noted that 1 out of 2 toilet cubicles located at the sewing area of building two, 3 out of 5 cubicles at male toilets, and 2 out of 4 cubicle at female toilets are out of order.
Recommendation for Immediate Action	It is recommended that toilet facilities shall be subject to regular maintenance and ensure that they are at good working condition.
Compliance Classifications	Immediate Action Required
Local Law	Personal Facilities : Adequate comfort rooms and lavatories separate for male and female workers; Adequate dressing rooms for female workers and locker rooms for male workers shall be provided, in accordance with article 132, Chapter 1, Title 111 Book 111 of the Labor Code of the Philippines. The number of comfort facilities for a given number of workers shall conform with the requirement of the Department of Health.

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	It was noted that the factory started operation in March 2022, they have not yet done any risk assessment on any kind of their operations in the past year. According to factory management, the risk assessment will be completed in a few months' time.
Recommendation for Immediate Action	It is recommended that facility shall conduct risk assessment at the facility.
Compliance Classifications	Immediate Action Required
Local Law	DOLE dept order 198 IRR of RA11058 : Section 11. Occupational safety and health information: the employer, contractor, or subcontractor if any shall provide the workers in all establishments, projects or sites and all other places where work is being undertaken and suitable information on the ff: a) workplace hazard and risk posed on the safety and health of the workers such as chemical safety data sheet. b) control mechanisms in place that reduce or minimize risks of exposure to hazards and other preventive strategies c) appropriate measures including the probable location of workers for the prevention, control and protection against those hazards, d) emergency and disaster management protocols including proper evacuation and shut down procedures.
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.

Finding Details	It was noted that the worker operating the welding machine is using worn out protective gloves.
Recommendation for Immediate Action	It is recommended that proper system shall be in place to ensure that PPEs are replaced regularly to ensure they are at a working condition at all time.
Compliance Classifications	Immediate Action Required
Local Law	Dole rule 1080 on Protective equipments : 1085.03: Gloves, mittens, and leathers or pads for workers handling sharp edged or abrasive objects shall be made of tough materials and where necessary ` provided with special reinforcement. 1085.04: Gloves, mittens and sleeves for workers handling hot metals shall be made of suit- able heat resisting material. 1085.05: Gloves and sleeves for electrical workers shall be made of rubber or other suitable materials conforming with the test requirements on dielectric strength. 1085.06: Gauntlets for workers handling corrosive substances, such as acids and caustics, shall be made of natural rubber, synthetic rubber or pliable plastic material resistant to corrosion. 1085.07: Gauntlets for protecting workers against the action of toxic, irritating or infectious substances shall:
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	It was noted that the facility could not provide any documentation that would prove the all workers were provided training regarding PPE usage and maintenance.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	HSE.10.2
Benchmark Details	Workers shall have free access to MSDS.
Finding Details	No MSDS was posted at gluing, carpentry, and R&D sections so workers could easily access this information.
Recommendation for Immediate Action	It is recommended that MSDS shall be available at all sections of production where chemicals are being used for easy access of the workers.
Compliance Classifications	Immediate Action Required
Local Law	DOLE Dept Order 136-13 Guidelines for the implementation of the globally harmonized system in chemical safety program in the workplace : Section 4. Roles and responsibilities of employers, employees and safety health committee: 2. ensure that all chemicals are properly labeled or marked and that accurate safety data sheets are provided.
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. It was noted that most of the workers in the sub-cutting and sorting sections that remained mostly standing throughout the 8-hour work period were not provided with ergonomic mats. 2. It was also noted that 100% of sewing operators do not have a back rest on their chairs.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

