

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**07 Aug 2024**



## Factory Information

FLA Affiliates	Outerstuff LLC
Country	Philippines
Number of Workers	122

## 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

FLA Code Element	Number of Violations
Compensation (C)	2
Employment Relationship (ER)	8
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	10

## Assessment Information

Assessor	Donny Triwandhani
Assessment Date	07 Aug 2024
Assessment Purpose	Factory Assessment (In-Person)



## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.21.2
Benchmark Details	All benefits shall be calculated correctly
Finding Details	(1) The factory's holiday pay rate for piece rate workers is not properly calculated under local wage laws. The facility does not calculate these workers' average earnings of the 7 days prior to the holiday and pay that amount, as required. Instead, the factory pays the minimum wage. (2) The facility requires workers who are single parents and eligible for parental leave benefits, to provide a reason specific to the child when filing for this leave benefit. Under local law, eligible workers should access this leave the same way they do other paid leaves.
Recommendation for Immediate Action	(1) Ensure that holiday pay for piece rate workers is not less than the worker's average daily earnings for the 7 work days preceding the holiday and that the holiday pay is not less than the applicable statutory minimum wage rate in any case. (2) Provide parental leave when the worker fulfills eligibility, without any restrictions.
Compliance Classifications	Immediate Action Required
Local Law	Labor Code Article 91 (H) and RA 11861 (D)
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	Newly hired workers undergo 5-6 months of probation period, instead of the 3 months' maximum set by the FLA Code. Factory management explained that local law allows for up to 6 months' probationary period.

Recommendation for Immediate Action	Ensure the probation periods are not more than three months, as per FLA Code.
Compliance Classifications	Immediate Action Required
Local Law	

### Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	The ongoing training for workers does not include freedom of association/collective bargaining or environmental protection.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

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 policies and procedures on personnel development.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	(1) The factory's policy and procedures for performance reviews do not include a guarantee of non-discrimination or a step to provide workers with written feedback. (2) The factory conducts performance reviews for each worker. However, workers are not provided with access to their evaluation records and do not have the right to provide feedback on the results.
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	Orientation trainings for new workers do not cover all FLA Code elements and Employment Functions. As explained by factory management, the orientation for new workers covers only production training.
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	(1) The factory's policies and procedures are not regularly reviewed and updated. (2) The factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1.1
Benchmark Details	The disciplinary system shall be applied in a fair and nondiscriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action.

Finding Details	The assessment identified at least one case in which the factory's written disciplinary procedures were not followed in practice: As per the written notice of decision from the factory's HR department, a worker was suspended for 3 days due to absences. There is no record, however, of a written warning letter being issued before this notice of decision, as is called for in the procedures. In addition, the disciplinary procedures state that the worker should be given 24 hours to explain his/her absence before a written warning is issued, but the notice of decision was issued on the next day after the worker's absence.
Recommendation for Immediate Action	In all cases, implement a fair disciplinary process that follows the written disciplinary procedures.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ER.18.4
Benchmark Details	The disciplinary system shall include a third party witness during imposition, and an appeal process.
Finding Details	The factory's disciplinary procedures do not include workers' right to appeal or to have a 3rd party witness, nor are these steps implemented in practice.
Recommendation for Immediate Action	Ensure that both disciplinary procedures and implementation include a right to an appeal and to have a third party witness present.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ER.17.2



Benchmark Details	There shall be a mechanism that allows workers to report harassment and grievances confidentially, including any concerns or problems they may be experiencing around legally owed payments during a retrenchment process.
Finding Details	The assessment found that the factory's written grievance procedures are not implemented adequately: (1) Only one grievance box is available in the factory, and the box is placed in a busy area of the sewing department, next to the HR office. Workers who file grievances can be easily seen by coworkers or supervisors. (2) The grievance box is not locked. (3) The grievance mechanism and procedure is not posted next to the grievance box.
Recommendation for Immediate Action	(1) Ensure the location of grievance boxes is in a private and convenient area for workers to submit grievances, and add more boxes so that workers from all departments can have easy access. (2) Ensure the grievance box is locked to prevent unauthorized persons from accessing. (3) Post grievance procedures and mechanisms next to the grievance boxes.
Compliance Classifications	Immediate Action Required
Local Law	

### **Freedom Of Association And Collective Bargaining (FOA)**

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	There are no policies and procedures on freedom of association and collective bargaining.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
<b>Health, Safety And Environment (HSE)</b>	
Benchmark ID	HSE.30.1
Benchmark Details	Employers shall develop, maintain, and regularly review health, safety, and environmental policies to ensure that they comply with all national laws, regulations and the FLA Workplace Code concerning health, safety, and environmental standards, regulations and procedures.
Finding Details	(1) There are no policies and procedures on environmental protection. (2) The factory's health and safety procedures do not include procedures on lockout-tagout, work at heights, or work in confined spaces.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	The factory's Working Environment Measurements (WEM) indicate failed marks for lighting/illumination. The factory has not taken corrective actions.

Recommendation for Immediate Action	Ensure that lighting is adequate for the areas specified by the WEM.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Safety and Health Standards (1990), Rule 1077.03
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	The factory has not implemented a lockout-tagout program. There are no lockout-tagout devices such as padlocks, valve locks, cable locks, tags, etc. available at the factory. There is also no list of equipment and/or machines requiring lockout-tagout.
Recommendation for Immediate Action	Implement a lockout-tagout program to ensure safe maintenance. Acquire proper lockout-tagout devices, create a list of equipment and/or machines that require lockout-tagout, establish written procedures, and train relevant workers on the program.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Health and Safety Standards, Rule 1090 -Hazardous Materials (1990), Sec. 1093.12
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	The fire brigade team is not provided with adequate equipment to fight fires such as helmet, gloves, boots, and a self-contained breathing apparatus (SCBA).

Recommendation for Immediate Action	Provide fire brigade team with adequate equipment to fight fires such as helmet, gloves, boots, and a self-contained breathing apparatus (SCBA).
Compliance Classifications	Immediate Action Required
Local Law	Occupational Health and Safety Standards, Rule 1080 - Personal Protective Equipment and Devices (1990), Sec. 1083
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	(1) The factory has not conducted an asbestos risk assessment to ensure the factory has taken proper steps to avoid asbestos exposure. (2) Due to there being no asbestos assessment, there is no label for any material in the factory containing asbestos.
Recommendation for Immediate Action	(1) Conduct asbestos assessment. (2) Ensure that workers are not exposed to asbestos by labeling all materials containing asbestos, if found during the asbestos assessment, followed by replacing asbestos materials with other nonhazardous materials.
Compliance Classifications	Immediate Action 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	(1) There is no body harness available for workers who work at heights. (2) There is no safety rod provided near the factory's electrical panels to push or pull a person that might be electrocuted.
Recommendation for Immediate Action	(1) Provide a body harness for workers who work at heights. (2) Provide safety rods at every electrical panel as rescue equipment to push or pull an electrocuted person.

Compliance Classifications	Immediate Action Required
Local Law	Occupational Health and Safety Standards, Rule 1080 -Personal Protective Equipment and Devices (1990), Sec. 1083
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	There are no MSDS (Material Safety Data Sheet) available for the fuel or the bleach used in the factory.
Recommendation for Immediate Action	Ensure MSDS (Material Safety Data Sheet) are available in the proper languages for all chemicals, located in the areas where they are used and stored.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Health and Safety Standards, Rule 1090 -Hazardous Materials (1990),Sec.1093.04(1)
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	(1) There are no safety shoes provided for one mechanic and one maintenance worker. (2) There is no PPE such as eye protection, respirator, apron, or gloves in the maintenance room.

Recommendation for Immediate Action	(1) Provide safety shoes for mechanic and maintenance workers. (2) Ensure adequate PPE such as eye protection, apron, respirator, and gloves for maintenance workers.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Health and Safety Standards, Rule 1080 -Personal Protective Equipment and Devices (1990), Sec. 1087
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 for workers regarding PPE usage and maintenance at the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	(1) There is no training for workers on proper use of machine safety guards. (2) There is no training on work in confined spaces, work at heights, or lockout/tagout for workers who may have to perform these tasks. (3) The facility currently has two safety officers who are both classified as Safety Officer 2. Given the size of this facility and the risk level, local law requires that the facility have one Safety Officer 2 and one Safety Officer 3.

<p>Recommendation for Immediate Action</p>	<p>(1) Provide training to workers on machine safety guards. (2) Provide training on confined spaces, work at heights, and lockout/tagout for relevant workers. (3) Ensure to have one Safety Officer 2 and one Safety Officer 3 employed at the factory.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>Occupational Safety and Health Standards, Rule 1030 - Training of Personnel in Occupational Safety and Health (1990), Sec. 1033; Department Order No. 16 - Training and Accreditation of Personnel on Occupational Safety and Health (2001), Sec. 1033(1) - (2); DO 198-18</p>

