



COMPANIES: **adidas**
Fanatics Apparel, Inc.

COUNTRY: **Philippines**

ASSESSMENT DATE: **07/23/18**

ASSESSOR: **Donny Triwandhani**

PRODUCTS: **Headwear**

NUMBER OF WORKERS: **500**

FLA Comments

adidas Exit Language: In July 2018, the FLA conducted an SCI assessment at this facility. At the time of the assessment, the factory had already been informed by adidas that it would cease producing from this factory for production related reasons. In February 2019, adidas' SEA Team together with the other FLA affiliate sourcing from this factory, created and delivered a remediation plan to address the findings identified by the SCI assessment. However, in March 2019 this factory was deactivated from adidas' supply chain list after completing its last orders in late February 2019.

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Excessive disciplinary wage deduction for tardiness and attendance is implemented as follows:

- a. Deduction of 30 minutes for not punching in or punching out the time cards.
- b. Deduction 25% of hourly rate for being late 11-22 minutes, 50% of hourly rate for being late 23-37 minutes, 75% of hourly rate for being late 38-52 minutes, and 100% of hourly rate for being late 53-60 minutes. [H/A.2]

2. Factory has four security guards hired through a security labor agency. Payroll records, time records, social security records, leave records, and personnel files of outsourced security guards were requested for review, but the security labor agency did not bring the documents until the end of the assessment on the second day therefore the records were not reviewed. [ER.2, C.15]

3. Inadequate information in payroll records since:

- a. The payroll records and workers' pay slips do not reflect the join date or date of hire, therefore, the length of service cannot be easily identified. [C.5, C.6]
- b. 102 workers are provided with an incentive ranging from PHP 4.23 to PHP 4,807.27 (USD 0.0791 to USD 89.89) per pay period, but some other workers do not receive the incentive. The persons in charge of Payroll and Compliance are unable to explain the type of incentive and calculation of the incentive since it is decided by the Top Management. There are no parameters used for selecting workers to receive the incentive since performance reviews are not conducted, and there is no transparency of calculating the incentives. [C.5, C.17]
- c. There are no working tools such as scissors, trimmers, nippers, and rulers issued to workers. The workers bring their own working tools. [C.1]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmark ER.2; Compensation Benchmarks C.1, C.5, C.6, C.15, and C.17; Harassment or Abuse Benchmark H/A.2)

Recommendations for Immediate Action

1. Discontinue implementing excessive disciplinary deduction.
2. Ensure payroll records, time records, benefit records, and personnel files of outsourced security guards are available for review at the time of assessment.
3. Reflect the join date and length of service in the payroll records and workers' pay slips, and ensure the calculation of incentives system is transparent and workers understand the calculation.
4. Provides free working tools to workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Immediately discontinue implementing ALL disciplinary deductions; 2. HR and management team remove the contents regarding disciplinary deduction in internal manual; 3. HR deliver the training regarding no more excessive disciplinary deduction to all management team in January 2019. 4. HR on behalf of management team deliver a clear message to all employees no more excessive disciplinary and put a official notice in billboard. 5. HR and internal compliance team will do regular check to avoid excessive disciplinary reoccurring. 6. Factory shall ensure payroll records, time records, benefit records, and personnel files of outsourced security guards are available for review at the time of assessment. 7. The internal compliance team shall regular check if all payroll records, time records, benefit records, and personnel files of outsourced security guards are available. 8. The HR team shall complete the internal files which reflect the join date and length of service in the payroll records and workers' pay slips, and ensure the calculation of incentives system is transparent and workers understand the calculation by March 2019. 9. HR shall revise the internal policy and commit to provide free working tools to workers in January 2019. 10. HR and internal compliance team shall regular check if all workers received free tools.

Company Action Plan Update

1 to 3. Discipline Policy

4. Already Posted

5. Completed

6 & 7. Security Payrol and Benefit

8. Recorded on Payslip

9 & 10. Free working tools policy

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Based on all available time cards, 20% of workers from the sewing section worked as much as 71 hours per week in July 2017 and June 2018, and 30% of workers from the embroidery section worked as much as 66 hours per week in February, March and May 2018. [HOW.1.3]

2. The factory implements a buffer time of up to 52 minutes. For instance, a worker whose shift starts at 8:00am would punch in their time card at 7:08am. Both workers and the factory reported that this time is not considered work as workers choose to arrive early on their own. None of the interviewed workers reported working at the earlier time. [HOW.1]

3. The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours. [HOW.5]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.5)

Recommendations for Immediate Action

1. Limit the total weekly working hours to 60 hours per week.

2. Ensure the workers do not clock in earlier than 10 minutes before their shift starts to ensure accurate records.
3. Establish a system to identify pregnant and lactating workers to ensure they receive their entitled legal protections concerning working hours.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory shall limit the total weekly working hours to 60 hours per week. Set up clear a working hours policy and communicate to all workers, supervisors, and managers in January 2019. 2. The factory shall revise internal procedure to ensure the workers do not clock in earlier than 10 minutes before their shift starts to ensure accurate records. 3. Establish a system to identify pregnant and lactating workers to ensure they receive their entitled legal protections concerning working hours. 4. All employees shall receive the training regarding new weekly working hours and pregnant workers benefits by March 2019. 5. The management team shall assign internal compliance team to do regular check on weekly working hours and all attendance records include pregnant workers. 6. The HR team shall work with internal planning team or production team to address the root cause of excessive working hours, and set up a long term action plan to control the working hours step by step.

Company Action Plan Update

1. Hours of Work Policy
2. Security Guard Monitoring
3. Pregnat workers benefits and non discrimination.
4. Annual workers orientation
5. pregnant workers weekly worked hours monitoring system
6. shipment schedule and hire new workers

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory has not developed policies and procedures on the review process to ensure updates are made according to local law and FLA Workplace Code requirements. As a result, the factory management does not periodically review its policies and procedures for all Employment Functions. [ER.1, ER.29, ER.30, ER.31]

Local Law or Code Requirement

Occupational Safety and Health Standards, Rule 1043.01 Subsection 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory shall assign internal compliance team to do annual reviewing for internal policies and procedures to ensure all policies and procedures shall comply with local regulation and FLA code in January 2019. 2. The compliance team shall submit the reviewing result with top management team to approve the updating by February 2019. 3. After top management team approve the new policies, they shall be clear communicated with all employees thru official notice or internal training by March 2019. 4. a. Factory management to designate a responsible person to be responsible for updating Factory policies/procedures based on any legal changes to national legislation. Reviews of policies should be scheduled and conducted annually or based on changes on legislation. B.The factory shall hire external consultant or designate a responsible person to conduct a gap analysis between current version of factory policies and procedures and FLA Benchmarks. Once gap analysis has been conducted, policies to be amended to ensure they contain all missing components of FLA Benchmarks.

Company Action Plan Update

1. Completed
2. Completed
3. Communication of new policy record
4. Statutory Monetary Benefits

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Based on orientation records, new workers are provided with orientation that only cover mostly Health and Safety. It does not include Recruitment, Hiring, and Personnel Development, Compensation, Hours of Work, Industrial Relations and Freedom of Association, Workplace Rules and Conduct, Termination and Retrenchment, Grievance System, and Environmental Protection. In addition, the workers do not receive written documentation that substantiates all the issues covered in orientation. [ER.15]

2. The factory does not provide ongoing training to workers on any Employment Functions, except for training on fire and evacuation drills. There is no training on any of the Employment Functions for the relevant managers, HR personnel and administrative staff. Additionally, the factory does not provide specific training for relevant supervisors on all Employment Functions. [ER.1, ER.15, ER.17, ER.25, ER.27]

3. No annual Health & Safety trainings such as: [ER.1 ER.15, HSE.6, HSE.8, HSE.9, HSE.14, HSE.15]

- a. Personal Protective Equipment training conducted to relevant workers in the factory.
- b. Machinery Safety for sewing workers and snap button workers.
- c. Chemical handling training conducted for relevant workers such as maintenance who handle sewing machine lubricant (utilisation and storing). Also, no lock-out/tag-out and work on-height trainings conducted for maintenance workers.
- d. Basic or general first aid training for all employees regarding the First Aid processes and procedures such as: Who to contact for any incident that requires first aid or other medical assistance.
 - i. Location of first aid equipment in work area.
 - ii. How to report any work-related incident, which requires first aid or other medical assistance.
 - iii. Proper use of emergency eyewash or body flush units if exposed to hazardous material resulting in eye, face or body injury.
 - iv. Sanitation & Personal Hygiene and Ergonomic.

Local Law or Code Requirement

OSH Standards (As Amend 1989) Rule 093.09: (2), Rule 1043.01.07, Rule 1961.3.1.(h), Section 12.3; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27; Health, Safety & Environment Benchmarks HSE.6, HSE.8, HSE.9, HSE.14, and HSE.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The HR shall add all employment related topics in current orientation deck which shall cover Recruitment, Hiring, and Personnel Development, Compensation, Hours of Work, Industrial Relations and Freedom of Association, Workplace Rules and Conduct, Termination and Retrenchment, Grievance System, and Environmental Protection and health safety by January 2019. the workers shall receive a written documentation that substantiates all the issues covered in this training. 2. HR shall deliver a new training session to all employees include all above topics by February 2019. 3. All employment functions (Recruitment, Hiring, and Personnel Development, Compensation, Hours of Work, Industrial Relations and Freedom of Association, Workplace Rules and Conduct, Termination and Retrenchment, Grievance System) training shall deliver to all HR staffs and management team by March 2019. 4. Furthermore the internal SEA team shall revise current health and safety training system which shall include PPE, Machine safety and Chemical management by May 2019.

Company Action Plan Update

1. The orientation training include Recruitment, Hiring, and Personnel Development, Compensation, Hours of Work, Industrial Relations and Freedom of Association, Workplace Rules and Conduct, Termination and Retrenchment, Grievance System, and Environmental Protection and health safety.

2. Annual workers orientation seminar and Health and safety training and seminar

3. training shall delivered to all HR staffs and management team.

4. Annual workers orientation seminar and Health and safety training and seminar

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate policies and procedures and their updates to the general workforce for all Employment Functions, except Compensation and Hours of Work. [ER.1, ER.16, ER. 25, ER. 27, ER.29, ER.30, ER.32]

2. The worker involvement component is missing across all Employment Functions. This indicates that 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. [ER.1.3, ER.25.2]

3. The current Committee on Decorum and Investigation (CODI) established for anti-sexual harassment does not have the legally required management level representative or the rank & file representation. The Committee currently has Human Resources, In-Charge (Supervisor), and Line Leader. [ER.1]

Local Law or Code Requirement

Anti-Sexual Harassment Act, Sec. 4(b); FLA Workplace Code (Employee Relationship Benchmarks ER.1.3, ER.16, ER. 25.2, ER. 27, ER.29, ER.30, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. All employment functions including compensation and hour of work shall be clear communicated with all employees with written records by March 2019. 2.The factory shall develop internal system to engage all employees in decision-making processes. 3. According to legal requirement, CODI shall have management level rep and file representation , the internal policy shall be updated based this requirement by March 2019 and clear communicated with all employees by March 2019.

Company Action Plan Update

1. Annual Workers Orientation)
2. Completed
3. Updated policy

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory does not clearly defines the responsible/accountable person(s) for all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination and Retrenchment, Industrial Relation, Workplace Conduct & Discipline, Grievance, Health & Safety, and Environmental Protection. [ER.1]
2. The factory does not formally identify the person with ultimate responsibility. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-2. The factory shall define clear R&R for all employment functions, also define ultimate responsible person in written official documentation. The official announcement shall be released to all employees in written documentation by March 2019.

Company Action Plan Update

1 & 2. Factory Authorized Signatory Memo

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Freedom of movement during break time is restricted since: [F.4, H/A.7]
 - a. Based on written permits to leave the factory, three workers need to obtain a written approval signed by the supervisor prior to leaving the factory building during their break time from 12:00 to 13:00 in June 2018.
 - b. Based on management memo posted in production area, it is stated that eating outside the company and working premises is not allowed as they have provided eating areas for eating. It was observed that there are no adequate seats for workers to use. As a result, many workers were eating their meals in their work station during break time at 10:00 to 10:15.
2. The records of disciplinary actions are maintained in a separate folders instead of in workers' personnel files. [ER.2, ER.27]
3. The disciplinary procedures do not include the presence of a third-party witness and appeal process during application of disciplinary actions. [ER.27]

Local Law or Code Requirement

Recommendations for Immediate Action

1. Ensure freedom movement is not restricted during break time.
2. Maintain disciplinary actions in workers' personnel files.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory shall revise internal policy to ensure freedom movement is not restricted during break time by January 2019. 2. The factory shall clear communicate with all employees regarding freedom movement by March 2019, and internal compliance team shall do regular check the disciplinary records to avoid it reoccurring. 2. The HR shall maintain all disciplinary actions in workers' personnel files since January 2019 for reviewing. 3. The factory shall revise current disciplinary procedure include presence of a third-party witness and appeal process by March 2019, then clear communicate with all employees about this new procedure by May 2019.

Company Action Plan Update

1. Freedom of Movement Policy
1. Communicated to workers how to avoid disciplinary actions.
2. Included in personnel files.
3. Disciplinary Policy

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. Inadequate implementation of grievance procedures since: [ER.25]
 - a. There is no maintenance of records of grievances from grievance box and hot line phone number. There is no record of opening the grievance box and the grievance boxes were found dusty.
 - b. The grievance box in building II is not located in a private and secure area for workers to submit grievances. The box is posted near the entrance door where the security guard is on standby and is under CCTV camera coverage.
 - c. The grievance procedures and mechanism are not communicated to workers, and the mechanism is not posted next to grievance or suggestion boxes. Some workers are not aware of the availability of confidential grievance channels, and some others are scared to submit the grievance through suggestion box.

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmark ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory management team shall take following action to improve current internal grievance system: 1. Keep all records from all

communication channels since January 2019; 2. Relocate the grievance box to a private and secure area in January 2019 and inform all employees about new location. 3. Clear communicate with all employees regarding internal grievance procedure and mechanism through training or meeting, keep written records in personal file about grievance system training by May 2019. 4. Deliver the training to all employees regarding non retaliation policy by March 2019. 5. Assign internal compliance team to do regular check the grievance records and follow up which will report to top management team. ◦

Company Action Plan Update

1. Keep all records
2. Moved to rest room
3. include in annual workers orientation
4. include in annual workers orientation
5. HR personnel report directly to top management

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. There are no policies and procedures on Hiring and Personnel Development, Retrenchment and Industrial Relation. In addition, there is no procedure on Hours of Work. [ER.28, ER.30]
2. The factory does not have policy and procedures on performance reviews. The factory does not conduct performance reviews for any employees. [ER.29]
3. The available policies and procedures are maintained only in English, not in the local language of workers (Tagalog).
4. The grievance policy lacks an anti-retaliation policy. [ER.1]
5. There is inadequate procedures in regard to Environmental Protection such as there is no procedures for managing its environmental impact to its surroundings. [ER.31]
6. There are inadequate procedures in regards to Health and Safety such as: [ER.31, HSE.5]
 - a. No procedure regarding protection against retaliation for workers who raise health and safety concerns. [ER.31]
 - b. The emergency handling and prevention procedure does not include steps for ensuring that walkways/aisles and emergency exits are free from obstruction, steps for ensuring all contractors, service providers are safely evacuated, steps for ensuring special category workers and children that happened on the factory are safely evacuated [HSE.1]
 - c. No written guidance for external contractors or service providers concerning the factory's health and safety policies and procedures. Hence, the factory has not provided safety information to contractors prior to entering the factory premise. [HSE.5]
 - d. No written procedure in regard to worker's duty regarding fire response. [HSE.5]
 - e. No written steps to protect workers from accidental chemical spills, including identifying those who are responsible to clean spills. [ER.31]

Local Law or Code Requirement

Republic Act No. 8749 Section 4. a-e.; IRR of Republic Act No 10524 Rule III Definition of Terms Section 5. G, Rule IV Section 6; OSH Standards (As Amended 1989) Rule 1961.03.1; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28, ER.29, ER.30, and ER.31 and Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Written Policy and procedures will be set up by HR/internal compliance team on hiring and personnel development, retrenchment, industrial relation and hours of work. 2. Written policy and procedures will be set up by HR/Internal compliance team on performance reviews. Also, performance review will be conducted for all employees. 3. All factory's policies and procedures will be translated to Tagalog. 4. Anti- retaliation policy will be set up by HR/Internal compliance team as part of grievance policy. Training on grievance policy will be provided to workers on a periodic basis by Internal compliance team 5. Policy and procedures in regard to environment protection with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks will be set up by EHS team which will include procedures for managing environmental impact to surroundings. Training on environmental protection will be provided to all workers by EHS team 6a. Written policy and procedures will be set up by HR/internal compliance team regarding protection against retaliation for workers who raise health and safety concerns. Training on protection from retaliation will be provided to all workers by Internal compliance team. 6b. EHS will set up emergency evacuation policy/procedures including steps to ensure walkways/aisles and emergency exits are free from obstruction, steps for ensuring all contractors, service providers are safely evacuated, ensuring special category workers are safely evacuated. Emergency evacuation training will be provided to all workers by EHS 6c. Written guidance will be established by EHS for external contractors or service providers concerning the factory's health and safety policies and procedures. EHS will set up policy/procedures in providing safety information to contractors. 6d. written policy/procedure in regard to worker's duty regarding fire response will be set up by EHS. Training will be provided to all workers on fire response by EHS 6e. written policy/procedures and steps will be set up by EHS to protect workers from accidental chemical spills, including identifying those who are responsible to clean spills. Training on chemical spills safety will be provided by EHS to workers handling chemical.

Company Action Plan Update

1. Hiring Policy and Hours of Work Policy
2. Performance review policy and procedure
3. Translated to Tagalog
4. Grievance Policy
5. health and safety training and seminar
6. Completed

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Current emergency alarm installation at the factory is inadequate since: [HSE.5] a. It is not centralized as each building has its own alarm system. b. The emergency alarm installed at building 3 is powered by electrical instead of stand-alone battery. c. There is no emergency alarm button installed at the sewing line of building d. The sound of emergency alarm is not distinctive from regular alarm used for time-in an out for employees. 2. Current fire alarm installed at building 1, 2 and 3 has not undergo periodic test and inspection as manufacturer's requirements and as per regulation required. [HSE.5] 3. Management has not commissioned a fire risk assessment by a third-party expert. [HSE.5] 4. The factory has conducted an internal risk assessment but the assessment does not specify what controls need to be taken to eliminate or minimize fire risk to people at the factory. Additionally, there has been no evaluation conducted to determined fire risks identified at every area, or how to remove, reduce and protect people, goods, and the building from such risks. [HSE.5, HSE.7] 5. There is inadequate water supply for firefighting since: [HSE.6] a. The fire hose water supply was organised by compound where the water reservoir also serves other factories in the compound. Hence, there is no assurance of continuous water supply if a fire occurs at the factory. b. There is no wet riser and no Siamese connection installed on standing pipe fire hose located at the middle area between building 1 and 3, nearby toilet for male workers as well as at building 2. A Siamese connection would enable two fire hoses to work simultaneously to extinguish fire in two different areas. c. The factory does not use a sprinkler system as part of its factory fire protection plan.

Local Law or Code Requirement

Implementing Rules and Regulations (IRR) Of Republic Act No. 9514 Otherwise Known as The Fire Code of The Philippines of 2008 C. Protection Note 1. 6. 1., Section 10.2.6.4.A. General 1.; Rule 10. Chapter 1. Division 2. G., Rule 3.A, Section 10.2.6.4.A. General 3., Section 9.0.2.4.C Division 3. 1-2, Section 10.2.6.6.A, Section 10.2.6.5.D.1, Section 10.2.5.2 General Provision H., Section 10.2.5.2 General Provisions F., Division 2.D; OSH Standards (As Amended 1989) Rule 1230.02.(2), Rule 1943.04.(2 and 4), Rule 1944.05.(1) d. – e., Annex C. Table 1. 5. Firefighting Measure - Special protective equipment and precautions for firefighters; NFPA 14 Article 4.8.2, NFPA 72; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3, HSE.5, HSE.6 and HSE.7)

Recommendations for Immediate Action

1. Ensure emergency alarm installation at the factory is adequate by: a. Centralize all 3 buildings into one main panel. b. Install stand-alone battery as emergency alarm power source. c. Install emergency alarm button at every area in each building. d. Differentiate sound of emergency alarm from regular alarm used for time-in an out for employees. 2. Conduct periodic test and inspection upon fire alarm system as per manufacturer's requirements and regulation. 3. Commission a fire risk assessment to a third-party expert. 4. Internal fire risk assessment shall specify what controls need to be taken to eliminate or minimize fire risk to people at the factory, evaluation shall be based by determining fire risks in every area, also on how to remove, reduce and protect people, good and building from such risks. 5. Provide adequate water supply for firefighting by: a. Have the factory's own water supply to ensure continuous water supply in case of fire occurrence at the factory. b. Install wet riser and Siamese connection on standing pipe fire hose to enable two fire hoses work simultaneously to extinguish fire at 2 different area. c. Install a sprinkler system as part of its factory fire protection plan.

COMPANY ACTION PLANS

Action Plan no 1.

Description

EHS team will ensure emergency alarm installation at the factory is adequate by a. Centralize all 3 buildings' emergency alarm system into one main panel. b. Install stand-alone battery as emergency alarm power source. c. Install emergency alarm button at every department in each building. d. Differentiate sound of emergency alarm from regular alarm used for time-in an out for employees. 2. EHS conduct periodic test and inspection upon fire alarm system as per manufacturer's requirements and regulation. 3. factory Commission a fire risk assessment conducted by Bureau Fire Protection or fire department recognized 3rd party. 4. EHS conduct Internal fire risk assessment and specify what controls need to be taken to eliminate or minimize fire risk at the factory, evaluation will be based on the fire risks in every department , also on how to remove, reduce risk and protect people, goods and building from such risks. 5. factory will provide adequate water supply for firefighting by: a. EHS will ensure water supply continuity for factory buildings to ensure continuous water supply in case of fire accident happen at the factory. b. factory Install wet riser and Siamese connection on standing pipe fire hose to enable two fire hoses work simultaneously to extinguish fire at 2 different areas. c. sustainable plan will be set up by EHS/management in Installing a sprinkler system as part of its factory fire protection plan.

Company Action Plan Update

1. Centralize emergency alarm
2. quaterly fire drill check
3. Fire Certificate
4. Internal fire risk assessment.
5. adequate water supply for firefighting.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is inadequate machinery safety management since three out of eight snap button machines do not have safety guards nor sensor detectors on its snap point to protect the operator's fingers from accidental injury. The machines is also operated by one activation method that is feet pedal, instead of being operated by 2 activation methods such as one feet pedal and one hand button that simultaneously operates at the same time, or a U shaped guard, to prevent accidental trips on the machine. This is also the same on 12 eyelet machines in building 1. [HSE.14]
2. There is inadequate PPE management since: [HSE.7]
 - a. No related PPE provided to workers who work at material warehouse and finished goods warehouse such as safety shoes, lifting belt, hard hat, and leather gloves. Also, anti-fatigue mat for workers who work in standing position when they performed their jobs.
 - b. Sewing workers did not wear the provided dust mask by factory and many of them used their own mask.
3. There is no ergonomic program established yet by the factory, this includes: [HSE.17]
 - a. Job rotation, training, stretching, exercise and proactive steps to reduce repetitive-motion stress and injuries.
 - b. Seating provided for worker do not have back support and not adjustable to compensate the height difference between each relevant worker's body posture and worktable.
4. There is no good air circulation at lactation room and first aid treatment room at building 1 since there is no exhaust fan, air conditioner nor window to ensure sufficient fresh air circulation and at least ambient room temperature. [HSE.13]
5. The door on 2 out of 7 toilets for male workers at building 2 were in poor condition, there was broken part of lower side of the door. Also, there is no adequate sanitation regime at the factory since toilets for workers at building 1, 2 and 3 are having strong odor (smelly). [HSE.19]
6. There is no Work Environment Measurement (WEM) conducted in the factory for 2017 and 2018. [HSE.1, HSE.4]
7. Since there is no Work Environment Measurement (WEM) conducted, there is no air emission and noise level monitoring conducted. [HSE.1, HSE.4]

Local Law or Code Requirement

OSH Standards (As Amended, 1989) Rule 1060.01, Rule 1076.02.(01) - (02), Rule 1202, Article 1202.01, 03, Article 1203.1, Article 1203.06, Article 1207.03: Article 1081.01.01, Article 1081.04.; Article 1412.10.1; Rule 1960. 1961.03.1.c, Rule 1975.02.3.; Rule 1077.01-03, Republic Act No. 654 Chapter 5.01.08.a; Chapter 5.02.08.a.; Philippine Regulations on Sanitation and Wastewater Systems. Section 006 Point 1. D; Republic Act No. 654; OSHS DOLE Rule 1077.03; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.7, HSE.13, HSE.14, HSE.17 and HSE.19)

Recommendations for Immediate Action

1. Establish strong machinery safety management such as installing safety guards and sensor detector on every snap button machine and ensure snap button and eyelet machines are operated by two activation methods.
2. Have robust PPE management such as:
 - a. Provide related PPE to workers who work at material warehouse and finished goods warehouse such as safety shoes, lifting belt, hard hat, and leather gloves. Also, anti-fatigue mat for workers who work in standing position when they perform their jobs.
 - b. Encourage every worker to wear the provided PPE by factory instead of their own
3. Establish ergonomic program that includes:
 - a. Job rotation, training, stretching, exercise and proactive steps to reduce repetitive-motion stress and injuries.
 - b. Adjustable seating with back
4. Ensure there is good air circulation at lactation room and first aid treatment room at building 1
5. Repair door on two out of seven toilets for male workers at building 2 and have rigid sanitation regime at the factory, especially at the toilets.
6. Conduct Work Environment Measurement (WEM) annually at the factory.
7. Conduct air emission and noise level monitoring.

COMPANY ACTION PLANS

Action Plan no 1.

Description

EHS will establish strong machinery safety management policies and procedures such as installing safety guards and sensor detector on every snap button machine and ensure snap button and eyelet machines are operated by two activation methods. 2. EHS will set up PPE management policy/procedures such as: a. factory provide related PPE to workers who work at material warehouse and finished goods warehouse such as safety shoes, lifting belt, hard hat, and leather gloves. Also, anti-fatigue mat for workers who work in standing position when they perform their jobs. Training will be provided to related workers on proper use of PPE by the EHS team. b. Require worker to wear proper PPE provided by factory during operation. 3. EHS establish ergonomic policy and procedures that includes: a. Job rotation, stretching, exercise and proactive steps to reduce repetitive-motion stress and injuries. b. Adjustable seating with back will be installed for sewing workers. 4. EHS ensure there is good air circulation at lactation room and first aid treatment room at building 1 by adding ventilation fans or devices. 5. factory repair door on two out of seven toilets for male workers at building 2 and improve sanitation by implementing regular checking/cleaning logbook system. 6. Conduct Work Environment Measurement (WEM) annually at the factory by accredited WEM Provider or by Government.. 7. Conduct air emission and noise level test at the factory by qualified environmental consultancy/governmental bodies.

Company Action Plan Update

1. Machinery Safety Policy
2. PPE Policy
3. Ergonomic Policy
4. Clinic and Lactation room
5. Repaired
6. service agreement
7. Completed

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is inadequate electrical safety management in place since: [ER.2, HSE.4, HSE.13, HSE.14]
 - a. There is messy cable installation throughout the factory such as sockets at production area of building 1 that is not tied down to the structure.
 - b. Majority of the exhaust fans, as well as fans provided at building 1, 2 and 3, are excessively dirty with accumulated dust. [HSE.19]
 - c. No lightning rod installed for lightning protection for the building. [HSE.1]
 - d. Current electrician employed by the factory does not have certification or degree as evidence that he is qualified.
 - e. No curative record made for any repair conducted on the machines, lighting apparatus and electrical panel installed at the factory. Therefore, whether electrical problems are fixed in timely manner or not cannot be identified and whether an equipment with electrical problems are identified and fixed in a proper and timely manner, is not verifiable. [HSE.13]
 - f. No implementation of lock-out/tag-out (LOTO) program by locking out equipment power source then tagging it, when needed, then whether an equipment with electrical problems identified, it is immediately removed from service until properly repaired or not is unverifiable. Also, due to no LOTO program implemented then there is no list of equipment and/or machines that require lock-out/tag-out (LOTO). [HSE.13]
 - g. No safety rod provided nearby every electrical panel to push or pull a person that might be electrocuted, and there is no rubber mat placed in front of every electrical panel as electrical isolation for people who happen to stand or walk in-front of the said panel.
2. There is inadequate injury and illness management since: [HSE.1, HSE.3]
 - a. No specific form used to record which one is accident, incident and near-misses.

- b. There is no root cause analysis and preventive action plan to prevent accident recurrence.
- c. No illnesses recorded hence no illnesses tracking conducted yet.

Local Law or Code Requirement

OSH Standard (Amend 1989) Rule 1005.2.4, Rule 1076.03.1, Rule 1146.10.1; Rule 1212.(1).a, Republic Act No. 184 Section 11.1-2, Section 12., Rule 1093.07 (1); FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.4, HSE.13, HSE.14, and HSE.19)

Recommendations for Immediate Action

1. Establish adequate electrical safety management in place such as:
 - a. Organize cable installation throughout the factory.
 - b. Periodic cleaning on every exhaust fan as well as fans at every building.
 - c. Install lightning rod for the building.
 - d. Hire a certified or degreed electrician.
 - e. Ensure every curative maintenance is recorded as evidence that electrical problems are fixed in timely manner and immediately removed from service until properly repaired.
 - f. Implement lock-out/tag-out (LOTO) program in place that includes availability of list of equipment and/or machines that require lock-out/tag-out (LOTO).
 - g. Provide safety rod nearby every electrical panel and rubber mat placed in front of every electrical panel.
2. Ensure injury and illness management includes:
 - a. Utilisation of specific form used to record which one is accident, incident and near-misses.
 - b. Establish root cause analysis and preventive action plan to prevent accident recurrence.
 - c. Record illnesses and track it.

COMPANY ACTION PLANS

Action Plan no 1.

Description

EHS establish adequate electrical safety management system. Policies and procedures will be set up such as: a. Organize cable installation throughout the factory to ensure no electrical hazards. b. Periodic cleaning on every exhaust fan as well as fans at every building. c. Install lightning rod for the building in according to law requirement d. Hire a certified or degreed electrician to station in the factory. e. Ensure every maintenance is recorded as evidence that electrical problems are fixed in timely manner and immediately removed from service until properly repaired. f. Implement lock-out/tag-out (LOTO) program that includes availability of list of equipment and/or machines that require lock-out/tag-out (LOTO). g. Provide safety rod nearby at every electrical panel and rubber mat in front of every electrical panel. 2. EHS set up injury and illness management system which should include: a. Utilization of specific form used to record which cases are accident, b. Establish root cause analysis and preventive action plan to prevent accident recurrence. c. Establish illnesses recording and tracking reports 3. Training will be provided to factory's electrician on electrical safety management conducted by government certified or qualified electrician.

Company Action Plan Update

1. Electrical Safety Policy
2. accident analysis and preventive measures
3. Training provided to EHS team on electrical safety management.

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is inadequate chemical management in place since:
 - a. No MSDS in the local language provided at maintenance room where chemical (white oil) is used and stored. [HSE.9, HSE.10]

- b. No eye wash installed at this maintenance room where white oil as lubricant for sewing machine is stored. [HSE.6]
- c. No spill kit materials provided to overcome any spillage and leakage. [HSE.9]
- d. No inventory made for chemical used and stored at the factory, therefore there is no expiration date that can be identified for the said chemical (white oil) on every batch they purchased from chemical supplier. [HSE.1]

Local Law or Code Requirement

OSH Standards (As Amended 1989) 1093.09 (1), Rule 1093.11; Annex C. SDS Content and Guidelines; FLA Workplace Code Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.9, and HSE.10)

Recommendations for Immediate Action

- 1. Designate a responsible person to:
 - a. Translate MSDS of related chemical to Tagalog language as the mother tongue of 4 maintenance people.
 - b. Install eye wash station as part of first aid measure.
 - c. Provide spill kit materials at where chemical is used and stored.
 - d. Create inventory record to identify incoming and outgoing chemicals along with their expiry dates.

COMPANY ACTION PLANS

Action Plan no 1.

Description

EHS team will set up policy and procedures on chemical safety management: 1. Translate MSDS of related chemical to Tagalog language as the mother tongue of the maintenance people. 2. Install eye wash station as part of first aid measure. 3. Provide spill kit materials at where chemical is used and stored. 4. keep and maintain inventory record to identify incoming and outgoing chemicals along with their expiry dates. 5. Chemical safety training will be provided to related personnel by qualified/government certified chemical safety officer.

Company Action Plan Update

- 1. Translate MSDS
- 2. Eye wash station installed
- 3. Provided spill kit materials a
- 5. Chemical safety training Conducted

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1. There is no Tuberculosis (TB) program established. [HSE.1]
- 2. There is no agreement made between factory and the occupational health services provider to ensure worker whose having injuries or accident during working hour is able to be sent there and treated accordingly. [HSE.1]
- 3. Current Health and Safety Committee does not include a top operating officer, since the members are Safety officers, In-Charge (Supervisor), and Line Leader. This does not include a manager or decision-maker. [HSE.1]
- 4. Pre-employment medical check-up was not done during the pre-employment period. The observed practice is that a worker who was hired in July 2017 had the medical check-up, that was to be used for pre-employment purposes, in September 2017. Prior to this, the practice was to have pre-employment medical check-ups conducted together with the annual medical check-up of existing workers. [HSE.1]

5. Annual medical check-up does not include a drug test, which should be conducted twice a year and done randomly. [HSE.1]
6. There is no hazards identified for press button working process and ergonomic system in place. [HSE.1]
7. Hazard Identification Risk Analysis has not included ways or measures to eliminate and/or control hazards. [HSE.1]
8. There is excessive dust on windows and upper part of factory walls [HSE.19]

Local Law or Code Requirement

OSHS DOLE Rule 1077.03; Occupational Safety and Health Standards (As Amended, 1989) Rule 1005.2.4., Rule 1961.03.1.a and e, Rule 1961.03 & 04.a, Rule 1060.01., Rule 1963.02, Rule 1967.01 Emergency Medical and Dental Services. Section OHS Services Point (b); OHS - Occupational Safety and Health Standards, Rule 1040 - Health and Safety Committee, Sec. 1042.01; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.19)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Tuberculosis (TB) awareness program (policy and procedures) will be established. in according to law by EHS team. 2. Written agreement will be made between factory and the occupational health services provider to ensure worker whose having injuries or accident during working hour is able to be sent to hospital timely and treated accordingly. 3. Current Health and Safety Committee will be rearranged and include top management officer, such as a manager or decision-maker. 4. Pre-employment medical check-up will be conducted during the pre-employment period. policy and procedures will be revised by internal compliance team and notify all workers accordingly. 5. Annual medical check-up will include a drug test, which undergo a random drug test (as defined in Annex 2) in accordance with the company's work rules and regulations for purposes of reducing the risk of taking drug in the workplace 6. EHS will research on the hazards identified for press button working process and ergonomic system in place. 7. Hazard Identification Risk Analysis process will be reviewed by EHS and include ways or measures to eliminate and/or control hazards. 8. EHS will set up policy and procedures in eliminating excessive dust on windows and upper part of factory walls to improve working conditions.

Company Action Plan Update

1. Tuberculosis (TB) awareness program
2. Written agreement will be made between factory and the occupational health services provider
3. Health and Safety Committee
4. Completed
5. Annual medical Checkup
6. Completed
7. H&S Training
8. GHM House Keeping Plan Policy

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. Factory has not identified whether its on-site operations generate any negative environmental impacts or conducted Environmental Impact Assessment. [ER.31]
2. There is no Green House Emission tracked and recorded to monitor factory consumption reduction rate every year and whether it has met the intended target, surpassed the intended decrease target or not. [HSE.1]
3. Nine air conditioners used at factory building 1 are still using R22 for coolant agent which is considered as ODS (Ozone Depleting Substance). [HSE.1]
4. There is no specific place provided for any toxic and hazardous waste generated such as used tubular light and empty cans of white oil. [HSE.1]
5. There is no clear plan of hazardous waste disposal of used tubular light and empty cans of white oil also there is no inventory or recording established in regards toxic and hazardous waste generated by factory activities. [HSE.1, HSE.4]

Local Law or Code Requirement

Environmental Impact Statement System (PD 1586) Section 2; DENR Administrative Order No. 2000 - 81 November 07, 2000 Subject; Implementing Rules and Regulations for RA 8749 XL Greenhouse Gases Section 1, Rule VI, Rule XXXIX Section 1; DENR Administrative Order No. 29 Series 1992 Chapter VII Hazardous Waste. Section 24. Policy. Point 4. and 5. bear the costs for the proper storage, treatment and disposal of their hazardous waste; OSH Standards (As Amended, 1989) Article 1093.05; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

Recommendations for Immediate Action

1. Identify on-site operations for environmental impacts then establish severity, control measure and monitoring system in an Environmental Impact Assessment.
2. Set the target or goal in regard to Green House Emission then record the generated emission at the factory every month to accumulate annually to justify whether the goal or target set has successfully been fulfilled or not.
3. Replace air conditioners with the one that is not using R22 for coolant agent.
4. Provides specific place for any toxic and hazardous waste generated such as used tubular light and empty cans of white oil.
5. Establish clear plan of hazardous waste disposal that includes inventory for monitoring the toxic and hazardous waste generated by the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. EHS team will review on-site operations to identify any negative environmental impacts and establish control measure and monitoring system through Environmental Impact Assessment. 2. EHS/Management set the target or goal in regard to Green House Emission then record the emission at the factory every month to accumulate the data annually and justify whether the goal or target set has successfully been fulfilled or not. 3. EHS will set up a plan in replacing current air conditioners with the one that is not using R22 as coolant. 4. Provides specific area to store any toxic and hazardous waste generated such as used tubular light and empty cans of white oil. 5. EHS will establish written plan of hazardous waste disposal that includes inventory tracking for monitoring toxic and hazardous waste generated by the factory. 6. Training will be provided to related workers on chemical/hazardous waste management by government certified or qualified personnel.

Company Action Plan Update

1. Sanitary Certificate
2. Set the target
3. Changed

4. environment management policy and procedures.
5. environment management policy and procedures.
6. Training to EHS team on chemical/hazardous waste management.

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

6. There is inadequate evacuation management in the factory as: [HSE.3, HSE.5]
- a. There is one exit provided at office 1 in building 1, furthermore exit door towards outside of the building at building 2 open inwards instead of outwards.
 - b. The width of the exit in building 3 at the embroidery area (70 workers), joint 2nd exit for building 1 (218 workers) and 3 (70 workers) and 2nd exit door at building 2 (166 workers) are 75 cm instead of 90 cm and the height is 155 cm instead of 200 cm as per required regulation. Each of the exits has a door sill which causes a tripping hazard during emergencies. The door sill allows one person to pass at a time and the person needs to raise their feet to step over the door sill, which causes a risks of injury.
 - c. Emergency light at the office at the main gate of Building 1 and second gate of Building 2 are not functional when the electricity is turned-off. The electricity is turned off every lunch break.
 - d. There is no exit sign installed at office 1. The exit sign installed at the sewing process in building 3 is not the illuminated type while the illuminated exit sign installed at second gate of building 2 was not functional.
 - e. The 2nd aisle towards the exit that is used together by workers between building 1 and 2 was partially blocked with benches and other matters, such as machineries and cleaning process area.
 - f. Many aisles have already lost arrow signs such as the sewing areas at building 1 and 2. For the ones that are still intact, the conditions are poor as they have already faded which renders its function of giving direction to the nearest exit while there is no illuminated evacuation maps posted at the cap material cutting room in building 2.
7. There is an inadequate fire-extinguisher management system: [HSE.6]
- a. Light fire-extinguishers were found at packing area in building 1, fabric warehouse in building 2 and sewing lines and embroidery in building 3 were placed on the floor.
 - b. There was blocked light fire-extinguisher at embroidery area in building 3.
8. There is no inspection on fire hose where the hose shall be thoroughly drained and dried after each use and tested at frequent intervals or at least once every four (4) months [HSE.5]
9. The fire brigade does not have the appropriate equipment to fight fires (including the correct PPE, e.g., breathing apparatus). [HSE.7]

Local Law or Code Requirement

Implementing Rules and Regulations (IRR) Of Republic Act No. 9514 Otherwise Known as The Fire Code of The Philippines of 2008 C. Protection Note 1. 6. 1., Section 10.2.6.4.A. General 1.; Rule 10. Chapter 1. Division 2. G., Rule 3.A, Section 10.2.6.4.A. General 3., Section 9.0.2.4.C Division 3. 1-2, Section 10.2.6.6.A, Section 10.2.6.5.D.1, Section 10.2.5.2 General Provision H., Section 10.2.5.2 General Provisions F., Division 2.D; OSH Standards (As Amended 1989) Rule 1230.02.(2), Rule 1943.04.(2 and 4), Rule 1944.05.(1) d. – e., Annex C. Table 1. 5. Firefighting Measure - Special protective equipment and precautions for firefighters; NFPA 14 Article 4.8.2, NFPA 72; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3, HSE.5, HSE.6 and HSE.7)

Recommendations for Immediate Action

6. Provide adequate evacuation management in factory such as:
- a. Install 2 exit doors in every room with outward door opening direction.
 - b. Make every door has at least 90 cm of width and 155 cm of height without door sill.
 - c. Ensure every emergency light is fully functioning during electricity turn-off or blackout.
 - d. Install exit signs above every door to the outside, the exit sign shall be illuminated type that automatically turns-on when the electricity is off.
 - e. Ensure every emergency aisles is free from any blockage including cluttered things.
 - f. Repaint arrow signs on aisle's surface towards the nearest emergency exit and ensure every evacuation maps posted is made upon illuminated material.
7. Ensure that every light fire-extinguisher management is mounted on wall or column, free from any blockage.
8. Ensure fire hose is inspected where the hose shall be thoroughly drained and dried after each use and tested at frequent intervals or

at least once every four (4) months

9. Provide related PPE and equipment for fire brigade such as SCBA, fire-resistant apparel, fire-resistant blanket, crowbar and axe.

COMPANY ACTION PLANS

Action Plan no 1.

Description

6. Provide adequate evacuation management system in factory such as: a. Install 2 exit doors in every room with outward door opening direction. b. EHS ensure every door has at least 90 cm of width and 155 cm of height without door sill in according to law. c. Ensure every emergency light is fully functioning during electricity shortage by regular inspection from the EHS team. d. Install illuminated exit signs at each exit. e. Ensure every emergency aisle is free from any blockage by regular inspection from the EHS team. f. Repaint arrow signs on aisle's and ensure every evacuation map posted is made of illuminated material. 7. EHS team will ensure that every fire-extinguisher is mounted to wall, free from any blockage. 8. EHS team will ensure fire hose is inspected where the hose shall be thoroughly dried after each usage and tested at frequent intervals or at least once every four (4) months according to law. 9. factory will provide related PPE and equipment for fire brigade such as SCBA, fire-resistant apparel, fire-resistant blanket, crowbar and axe. 10. Policies and procedures will be set up by EHS on regular inspection and maintenance of fire safety equipment. Refresher Training will be provided to EHS team on fire safety maintenance by fire department or fire safety officer.

Company Action Plan Update

6. Installed, Regular Inspection

7. every fire-extinguisher is mounted to wall, free from any blockage.

8. fire hose is inspected

9. provide related PPE and equipment for fire brigade.

10. Fire Safety officer training