



FAIR LABOR  
ASSOCIATION<sup>®</sup>

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fenix Outdoor International AG

COUNTRY: Taiwan

ASSESSMENT DATE: 10/25/17

ASSESSOR: Elevate

PRODUCTS: Apparel

NUMBER OF WORKERS: 25

## 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

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

The factory does not have written policies and procedures for any of the Employment Functions. However, the factory has rules and regulations to manage practices and has designated persons responsible for normal operations. ER.1, ER.23, ER.25, ER.27, ER 28, ER 29, ER 30, ER.31, ER.32,HSE.1

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.23, ER.25, ER.27, ER 28, ER 29, ER 30, ER.31, and ER.32; Health, Safety & Environment Benchmark HSE.1)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

factory have a written policy and procedure for the Employment Functions.

##### Company Action Plan Update

07/05/18 : factory have a written policy and procedure for the Employment Functions.

### FINDING NO.2

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Responsibility & Accountability (Macro)

##### Finding Explanation

- 1.The factory has defined the responsible person for all Employment Functions, but not in writing. ER.1
- 2.There are no written job descriptions prepared for any positions when personnel need to be hired. ER.1

##### Local Law or Code Requirement

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1>factory has arranged Persons and Responsibilities/Accountabilities . 2>factory has a written job descriptions for all positions when personnel need to be hired.

#### Company Action Plan Update

07/05/18 : 1>factory has arranged Persons and Responsibilities/Accountabilities . 2>factory has a written job descriptions for all positions when personnel need to be hired.

## FINDING NO.3

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

- 1.The factory has not provided orientation training, or any documents, to new workers. ER.15
- 2.The factory has not provided any specific training to the relevant supervisors or managerial staff on any of the Employment Functions. ER.17
- 3.The factory has not provided any specific or ongoing training to general workforce on any of the Employment Functions. ER.1, ER.15, ER.25, ER.28, ER.29, ER.30, HSE.5, HSE.8,HSE.14

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.28, ER.29 and ER.30; Health, Safety & Environment Benchmarks HSE.5, HSE.8, and HSE.14)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1> factory has arranged orientation training for new workers and keep training materials and records. 2> factory has arranged specific training to the relevant supervisors or managerial staff on the Employment Functions and keep training materials and records. 3>factory has arranged specific or ongoing training to general workforce on the Employment Functions and keep training materials and records.

#### Company Action Plan Update

07/05/18 : 1> factory has arranged orientation training for new workers and keep training materials and records. 2> factory has arranged specific training to the relevant supervisors or managerial staff on the Employment Functions and keep training materials and records. 3>factory has arranged specific or ongoing training to general workforce on the Employment Functions and keep training materials and records.

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

- 1.The factory does not properly or effectively communicate policies and procedures and their updates to the general workforce across all Employment Functions. ER.1, ER.16, ER.25,ER.29, ER.30 C.17
- 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, ER.16, ER.25,ER.29, ER.30,ER.32, C.17

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.29, ER.30 and ER.32; Compensation Benchmark C.17)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1>factory has conducted training for all relevant workers on factory policies once they were revised and completed.

##### Company Action Plan Update

07/05/18 : factory will provide training on all issues during orientation and refreshment training on relevant issues will be provided on a yearly basis. Additionally, the factory will conduct quarterly labor-management conferences.

### FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory does not periodically review its policies or procedures for any of the Employment Functions. ER.1, ER.29, ER.30,ER.31

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks, ER.1, ER.29, ER.30, and ER.31)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

HR will conduct annual review the policies and procedures for all Employment functions and make the record.

##### Company Action Plan Update

07/05/18 : HR will conduct annual review the policies and procedures for all Employment functions and make the record.

### FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

- 1.The factory does not keep any personnel data, such as copies of official age documentations, for the two temporary workers. CL.1, ER.4
- 2.The factory does not sign labor contracts with 100% of factory workers. Verbal agreements are allowed by local law. ER.11

##### Local Law or Code Requirement

Labor Standards Act: Chapter 1, Article 7; FLA Workplace Code (Employment Relationship Benchmarks, ER.4, ER.11; Child Labor Benchmark CL.1)

##### Recommendations for Immediate Action

- 1.Keep personnel data for temporary workers in the facility.
- 2.Ensure labor contracts are signed by the authorized factory representative for every worker.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

labor contracted are signed by every workers

#### Company Action Plan Update

07/05/18 : labor contracted are signed by every workers

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

#### Finding Explanation

1.The factory does not keep the attendance record or payroll records for temporary workers, hence the overtime hours, minimum wage and overtime wage of temporary workers could not be verified during this assessment. Temporary workers are paid on a piece rate basis. ER.2, ER.23, ND.3, C.14, C.15

2.For the last 12 months for all workers, 35.5% of workers' hourly wages have been as low as NTD 109.0 (USD 3.64) to NTD 120.0 (USD 4.01) during October, November, and December 2016. This is lower than the local minimum wage which changed to NTD 126 (USD 4.21) per hour October 1st, 2016 and increased to NTD 133 (USD 4.44) per hour since January 1st, 2017. C.1,C.2

3.For the last 12 months for all workers, factory did not offer 1.66 times of overtime hourly wage for all overtime hours worked during rest days and for overtime work conducted over two hours of overtime. Overtime wages for 38.5% of workers were not paid as legally required during May 2017, August 2017 and September 2017. The gap between reported wages and legal requirements was between NTD 526.68 (USD 17.6) -NTD 790.02 (USD 26.4), with the largest gap occurring in September 2017. C.1,C.7

4.Factory does not offer paid annual leave to employees who work for more than one year, including workers who have worked for 10 to 15 years. ER.22, HOW.11, HOW.14

#### Local Law or Code Requirement

Labor Standards Act: Chapter 4, Article 30; Labor Standards Act: Chapter 3, Article 21; Labor Standards Act: Chapter 3, Article 24; Labor Standards Act: Chapter 4, Article 38; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.22 and ER.23; Hours of Work Benchmarks HOW.11 and HOW.14; Compensation Benchmarks C.1, C.2, C.7, C.14 and C.15; Nondiscrimination Benchmark ND.3)

#### Recommendations for Immediate Action

- 1.Keep attendance record and payroll records for temporary workers.
- 2.Ensure all workers are paid minimum wage wages according to the law.
- 3.Ensure all workers are paid overtime wages according to the law.
- 4.Provide paid annual leave to all workers according to the law.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.Done the keep attendance record and payroll records for temporary workers.
- 2.Ensure paid minimum wage/overtime wages according to the law.
- 3.Annual leave also paid the wages according to the law. 4.follow the local rules & set up and keep the records.

#### Company Action Plan Update

07/05/18 : 1.Done the keep attendance record and payroll records for temporary workers. 2.Ensure paid minimum wage/overtime wages according to the law. 3.Annual leave also paid the wages according to the law. 4.follow the local rules & set up and keep the records.

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation

- 1.For the last 12 months (October 2016 to September 2017) for all workers, three out of 12 months' overtime exceeded the legal limit of 46 hours, 29% of the workers' monthly overtime ranged from 47 hours to 66 hours during March 2017, August 2017 and September 2017, with an average of 50 hours which exceeding the national legal limit of 46 monthly overtime hours. The highest monthly overtime hours was 66 which occurred in September. HOW.1, HOW.8
- 2.For the last 12 months for all workers, the factory did not ensure one day off in each seven-day period during August 2017; 11% of the works worked 11 to 12 days consecutively, with a maximum of 12 days of consecutive work in August 2017. HOW.2

#### Local Law or Code Requirement

Labor Standards Act: Chapter 4, Article 30; Labor Standards Act: Chapter 4, Article 32; Labor Standards Act: Chapter 4, Article 36; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2 and HOW.8)

#### Recommendations for Immediate Action

- 1.Keep attendance record and payroll records for temporary workers.
- 2.Ensure the monthly overtime hours are within 46 hours per month, as legally required.
- 3.Ensure every worker enjoys at least 24 hours off in every seven day period.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

- 1.Keep attendance record and payroll records for temporary workers.
- 2.Ensure the monthly overtime hours are within 46 hours per month, as legally required.
- 3.Ensure every worker enjoys at least 24 hours off in every seven day period

##### Company Action Plan Update

07/05/18 : 1.Keep attendance record and payroll records for temporary workers. 2.Ensure the monthly overtime hours are within 46 hours per month, as legally required. 3.Ensure every worker enjoys at least 24 hours off in every seven day period

### FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

Factory does not maintain documents used to manage or track the administration of termination payouts and packages. ER.2 and ER.32

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.32)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

factory will maintain documents used to manage or track the administration of termination payouts and packages

##### Company Action Plan Update

07/05/18 : factory will maintain documents used to manage or track the administration of termination payouts and packages

### FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Grievance System

### Finding Explanation

The factory does not maintain documentation in relation to the grievance processes. Workers are not aware of the grievance handling process. ER.2,ER.25

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

factory will plan to train grievance procedure to workers, And maintain documentation in relation to the grievance processes, if have

#### Company Action Plan Update

07/05/18 : factory will plan to train grievance procedure to workers, And maintain documentation in relation to the grievance processes, if have

## FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Workplace Conduct & Discipline

### Finding Explanation

- 1.The factory does not maintain any disciplinary records or keep records in workers' personnel files. The management stated that there has not been any disciplinary action. ER.27
- 2.The factory management has no awareness of the requirement to have a third party witness if disciplinary actions occur, or to keep workers' signature on all written records of disciplinary actions taken against them. ER.27

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

factory did not have any disciplinary action. if have factory will maintain disciplinary records with a third party witness.

#### Company Action Plan Update

07/05/18 : factory did not have any disciplinary action. if have factory will maintain disciplinary records with a third party witness.

## FINDING NO.12

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Environmental Protection

### Finding Explanation

- 1.The factory does not maintain documentation in relation to Environmental Protection. HSE.2
- 2.The factory does not maintain any environment permit. HSE.4
- 3.The factory does not manage the environmental impact of their chemicals properly. For example, there is no chemical list in the factory, and there is no specific chemical storage area. HSE.9



#### Local Law or Code Requirement

Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste (1989) Amendment (2006), Article 13; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2, HSE.4, HSE.9)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1>factory will maintain documentation in relation to Environmental Protection. 2>factory will make chemical list in the factory and arrange a specific chemical storage area accordingly.

#### Company Action Plan Update

07/05/18 : 1>factory will maintain documentation in relation to Environmental Protection. 2>factory will make chemical list in the factory and arrange a specific chemical storage area accordingly.

## FINDING NO.13

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not provide backup battery for the emergency alarm in the factory. HSE.5
2. The work station for one employee in the sewing section and one employee in the weaving section are blocked by materials and goods. One aisle in the packing section is blocked by materials and goods. HSE.5
3. One fire hydrant in the sewing section and one fire hydrant in the weaving section are blocked by materials. HSE.6
4. One fire extinguisher in the sewing section and three fire extinguishers are blocked by materials. HSE.6
5. The outside of one out of the two emergency exits in the weaving section is fenced by the wall and the other emergency exit is partially blocked by materials. HSE.5
6. One fire extinguisher in the sewing section is put on the ground directly.HSE.6
7. The factory does not designate safe emergency assembly areas and meeting points and workers do not know their assembly points and meeting areas in an evacuation. HSE.5
8. The factory has not marked the evacuation line on the floor in the weaving section. HSE.5
9. The factory has not conducted the fire drill that was arranged for workers in 2016, they plan to conduct this by June 2018. HSE.5
10. The factory has not conducted any building structure public safety inspection in the facility. HSE.4
11. The dormitory of the boss is located on the 2/F and 3/F of the production building which can be a risk in case of accidents and emergencies in the factory. HSE.26

#### Local Law or Code Requirement

Fire Services Act: Chapter 2, Article 9; Occupational Safety and Health Facility Regulation: Chapter 2, Section 1, Article 31; Standard for Installation of Fire Safety Equipment Based on Use and Occupancy: Volume 3, Chapter 1, Article 31; Volume 3, Chapter 3, Article 146-3; Standard for Installation of Fire Safety Equipment Based on Use and Occupancy: Enforcement Rules of the Fire Safety Regulation, Article 15; Building Structure Public Safety Inspection Ratification and Registration Act, Article 4; FLA Workplace Code (Health, Safety, & Environment Benchmark HSE.4, HSE.5,HSE 6 and HSE.26)

#### Recommendations for Immediate Action

1. Provide backup battery for all the fire alarm.
2. Ensure all the work station and aisles are unblocked.
3. Ensure fire hydrants and fire extinguishers are unblocked for emergency use and fire extinguishers are at the proper height level.
4. Ensure the emergency exits are accessible and unblocked for easy evacuation.
5. Designate safe emergency assembly areas and meeting points and provide training for workers.
6. Mark the evacuation line on the floors in the work floor.
7. Conduct fire drill at least once every six months for practice.
8. Conduct building structure public safety inspections in the facility as per the law.
9. Ensure the dormitory is separate from the production building.



## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Provide backup battery for all the fire alarm.
2. Ensure all the work station and aisles are unblocked.
3. Ensure fire hydrants and fire extinguishers are unblocked for emergency use and fire extinguishers are at the proper height level.
4. Ensure the emergency exits are accessible and unblocked for easy evacuation.
5. Designate safe emergency assembly areas and meeting points and provide training for workers.
6. Mark the evacuation line on the floors in the work floor.
7. Conduct fire drill at least once every six months for practice.
8. Conduct building structure public safety inspections in the facility as per the law.
9. Ensure the dormitory is separate from the production building

#### Company Action Plan Update

07/05/18 : 9>factory will apply the building structure public safety inspect report. 10>factory will move Boss dormitory end of this year.

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not display or post any safety instructions by any machinery in the factory, they do not have written instructions. HSE.14
2. The factory does not install safety belt guards for nine sewing machines and does not install complete safety belt guards for other three sewing machines. They do not provide training. HSE.14
3. The factory does not install needle guards for all sewing machines in the factory. HSE.14

#### Local Law or Code Requirement

Occupational Safety and Health Facility Regulation: Chapter 3, Section 1, Article 43; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.14)

#### Recommendations for Immediate Action

1. Post safety instructions near the machines.
2. Install complete safety belt guards and needle guards on the sewing machines.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1>chemical was contained and with local language. 2.will improve the chemicals stored in secondary container 3. will post MSDS at storage area.

#### Company Action Plan Update

07/05/18 : 1>chemical was contained and with local language. 2.will improve the chemicals stored in secondary container 3. will post MSDS at storage area.

## FINDING NO.15

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

- 1.The factory does not maintain the MSDS for any of the chemicals in the factory; this is made up of machine oil and detergent. HSE.10
- 2.All the chemicals are stored directly in the workshop, there is no chemical storage room. One barrel of machine oil is stored in the packing section and does not have secondary container. One barrel and one bottle of machine oil does not have a safety label. HSE.9

#### Local Law or Code Requirement

Regulations of Hazard Communication on Dangerous and Harmful Materials (1992) Amendment (1999), Article 13; Labor Safety and Health Act (1974) Amendment (2002), Article 7; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE. 9 and HSE.10)

#### Recommendations for Immediate Action

- 1.Provide anti-leak containers for all chemical materials and ensure all chemical containers in the working area are properly labeled with safety precautions.
- 2.Ensure that MSDS forms of all chemicals in use are available in local language.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1>chemical was contained and with local language. 2.will improve the chemicals stored in secondary container 3. will post MSDS at storage area.

#### Company Action Plan Update

07/05/18 : 1>chemical was contained and with local language. 2.will improve the chemicals stored in secondary container 3. will post MSDS at storage area.

## FINDING NO.16

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory has not recorded work-related injuries, fatalities, accidents or incidents for at least 12 months. HSE.1, HSE.3
2. One employee exposed to dust in the cutting section does not wear the provided mask during working hours. No specialized training was provided.HSE.7 HSE.8
3. The factory does not conduct measurements of the work environment in those work areas with high noise level, such as weaving work area. HSE.1
4. The factory did not provide occupational disease health check to its workers from weaving section. HSE.12
5. The factory does not have an ergonomics program; it has not taken steps to reduce repetitive-motion induced stress or injuries. HSE.17
6. Individual workstations are not adjustable to fit individual workers, and chairs do not have proper backrests. Anti-fatigue mats are not provided for standing workers. HSE.17
7. The factory does not conduct safety inspection for the drinking water to ensure it is clean and safe. HSE.23
8. The factory does not have eye wash stations or showers in the facility. HSE.6

#### Local Law or Code Requirement

Enforcement Rules of the Labor Safety and Health Act: Chapter 2, Article 28; Occupational Safety and Health Act: Chapter 2, Article 12; Drinking Water, Continuous Water Supply Fixed Equipment Usage and Maintenance Act, Article 7; Occupational Safety and Health Facility Regulation, Clause 318; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.3, HSE.6, HSE. 7, HSE.8, HSE.12, HSE.17 and HSE.23)

#### Recommendations for Immediate Action

- 1.Train and monitor employees to wear the provided mask during working hours.
- 2.Conduct measurement of work environment as per legal requirement.
- 3.Provide occupational disease health check for workers in hazardous positions.
- 4.Conduct safety inspection for the drinking water as per legal requirement.
- 5.Equip the facility with eye wash stations and showers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Employees to wear the provided mask during working hours
2. equip the facility with eye wash stations
3. inspection for the drinking water as per legal requirement

#### Company Action Plan Update

07/05/18 : 1>will provide the earplugs 2>will provide health checkup 3>will provide the ergonomics program 4>will provide the adjustable chair 5> will be conduct the safety inspection for the drinking water