

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**14 Nov 2022**



## Factory Information

|                   |                            |
|-------------------|----------------------------|
| FLA Affiliates    | New Balance Athletics Inc. |
| Country           | Vietnam                    |
| Number of Workers | 598                        |

## 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)                                       | 7                    |
| Employment Relationship (ER)                           | 12                   |
| Freedom Of Association And Collective Bargaining (FOA) | 2                    |
| Harassment Or Abuse (H/A)                              | 1                    |
| Health, Safety And Environment (HSE)                   | 18                   |
| Hours Of Work (HOW)                                    | 3                    |
| Nondiscrimination (ND)                                 | 2                    |

## Assessment Information

|                    |                    |
|--------------------|--------------------|
| Assessor           | Openview - Vietnam |
| Assessment Date    | 14 Nov 2022        |
| Assessment Purpose |                    |

## ASSESSMENT RESULTS

### Compensation (C)

|                                     |   |
|-------------------------------------|---|
| Benchmark ID                        | C.21.2  |
| Benchmark Details                   | All benefits shall be calculated correctly  |
| Finding Details                     | Document review found that one worker (out of a sample of 20) who works as a sewing operator only receives 30 sick leave days per year. This was corroborated in sick leave payment records. This worker, however, should be entitled to at least 40 sick leave |
| Recommendation for Immediate Action | Register all workers who are working in hazardous and heavy job positions as such and ensure that they are entitled to at least 40 sick leave days per year.  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | C.12.1  |
| Benchmark Details                   | All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.       |
| Finding Details                     | (1) When a worker takes sick leave or maternity leave for 14 or more days, the factory deducts 10.5% of the mandated insurance contribution from his/her pay in that month. For instance, one sampled worker took 20 days for maternity leave from March 06, 20 |

|                                     |   |
|-------------------------------------|---|
| Recommendation for Immediate Action | (1) Follow local law by not deducting social insurance, unemployment insurance, or occupational accident insurance contributions from workers who have 14 maternity or sick leave days in a particular month. (2) Do not deduct insurance contributions from fi |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | C.7   |
| Benchmark Details                   | All payments to workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately.  |
| Finding Details                     | (1) Per local law, workers who are transferred to a new job position with a lower salary are entitled to be paid at their previous salary level for the first 30 working days in the new position. The factory is not in line with this requirement. One sample |
| Recommendation for Immediate Action | For workers are transferred to another position with a lower salary, continue to pay the previous salary for 30 working days.   |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | C.9.3   |
| Benchmark Details                   | Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country  |
| Finding Details                     | The factory does not calculate payment for day and night work on holidays correctly. Time and payment records indicate that on April 10, 2022 (a local holiday) the factory applied a holiday night shift rate of an extra 30% from 00:00 to 04:30, and 215% fr |

|                                     |   |
|-------------------------------------|---|
| Recommendation for Immediate Action | On holidays, pay correct overtime rates of 390% for work on the night shift and 300% for work on the day shift, following the definitions of night and day shifts established in local law.   |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | C.1.1   |
| Benchmark Details                   | Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.  |
| Finding Details                     | The factory has not established a written policy to regularly review and adjust workers' wages. In July 2022, the factory increased the salaries of some workers who had been hired before December 2013 by VND273,000/month. For workers with low performance, |
| Recommendation for Immediate Action | Develop a policy and procedure for regular wage review, including procedures and criteria for performance-based adjustments. Conduct wage adjustments for workers consistently and in line with established policies.   |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | C.17  |
| Benchmark Details                   | Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.  |
| Finding Details                     | There are no time records, payment records, or insurance contribution records for workers employed by onsite contractors, including four security guards, one gardener, and three workers from cleaning services and canteen services.                          |
| Recommendation for Immediate Action | Monitor and maintain all relevant records of payment and insurance contributions for onsite subcontractors' workers.  |

|                                     |   |
|-------------------------------------|---|
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | C.21.1  |
| Benchmark Details                   | Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.  |
| Finding Details                     | (1) A workers' final payout is paid on the normal payday of the following month, instead of within 14 working days as per legal requirement. (2) Pregnant workers working in hazardous and heavy job positions (such as sewing) are not transferred to light j  |
| Recommendation for Immediate Action | (1) Ensure to make final payouts within 14 working days from the resignation day (2) For pregnant workers working in hazardous or heavy job positions, ensure to reduce their working hours by 1 hour per day or transfer them to light jobs without decrease i |
| 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   | (1) The ongoing training conducted for workers does not cover the FLA Code elements of Employment Relationship, Nondiscrimination, Harassment or Abuse, Forced Labor, Child Labor, Freedom of Association and Collective Bargaining, Hours of work, or Compensa                          |

|                                     |  |
|-------------------------------------|--|
| Recommendation for Immediate Action |  |
| Compliance Classifications          | Sustainable Improvement Required   |
| Local Law                           |  |
| Benchmark ID                        | ER.5.1   |
| Benchmark Details                   | Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.  |
| Finding Details                     | The factory has not conducted training for supervisors on the FLA Code in the last 12 months.  |
| Recommendation for Immediate Action |  |
| Compliance Classifications          | Sustainable Improvement Required   |
| Local Law                           |  |
| Benchmark ID                        | ER.17.1  |
| Benchmark Details                   | Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives. |
| Finding Details                     | Although the factory has suggestion boxes for workers to lodge grievances or other issues, there is no policy or procedure to ensure workers' confidentiality.   |
| Recommendation for Immediate Action |  |



|                                     |   |
|-------------------------------------|---|
| Compliance Classifications          | Sustainable Improvement Required  |
| Local Law                           |   |
| Benchmark ID                        | ER.1.1  |
| Benchmark Details                   | Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes. |
| Finding Details                     | (1) The factory's procedure for non-discrimination was established on March 01, 2021. This document is missing key elements forbidding discrimination along sexual orientation, nationality, race, marital status, disability, HIV/AIDS status, pregnancy, age,   |
| 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 has not developed written policies and procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.   |
| 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                     | The factory has not developed policies or procedures on performance reviews that include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with the legal requirement.   |
| Recommendation for Immediate Action |  |
| Compliance Classifications          | Sustainable Improvement Required   |
| Local Law                           |  |
| Benchmark ID                        | ER.8   |
| Benchmark Details                   | Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements. |
| Finding Details                     | The factory has not developed policies or procedures for promotion and demotion. Factory management explained that promotion is based on the results of performance evaluations. The evaluation forms are filled out by department managers, the general manage  |

|                                     |   |
|-------------------------------------|---|
| Recommendation for Immediate Action |   |
| Compliance Classifications          | Sustainable Improvement Required  |
| Local Law                           |   |
| Benchmark ID                        | ER.4  |
| Benchmark Details                   | Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas. |
| Finding Details                     | There is no mechanism to ensure that workers receive regular communication on the FLA Code.   |
| Recommendation for Immediate Action |   |
| Compliance Classifications          | Sustainable Improvement Required  |
| Local Law                           |   |
| Benchmark ID                        | ER.19.1   |
| Benchmark Details                   | Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.  |
| Finding Details                     | (1) One sampled sewing worker remained in the probation period for 31 days (March 01, 2022 to March 31) instead of the stipulated 30 days. (2) Labor contracts at the factory are not updated with the employer's and worker's email address and phone number,  |

|                                     |   |
|-------------------------------------|---|
| Recommendation for Immediate Action | (1) Follow local law by setting probation time for all positions to 6 working days, 30 days, or 60 days and linking probation time with the job position and job functions. (2) Include the employer's and worker's email address and phone number, if any, in  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | ER.15.3   |
| Benchmark Details                   | Employers shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits* from the company, and shall not threaten to withhold benefits if workers do not sign.   |
| Finding Details                     | (1) The factory did not include the one-month probation period when calculating and paying severance allowances for workers who resigned before February 2022. The factory fixed this calculation error from February 2022 onwards, but has not paid back the w   |
| Recommendation for Immediate Action | (1) Pay the correct severance allowance for resigned workers as per local law. (2) Pay holidays for all workers who are under employment contracts with the factory.  |
| Compliance Classifications          | Immediate Action 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   | Between November 2021 and the date of the assessment, the factory did not conduct full orientation training on the FLA Code elements. Orientation trainings only covered general information about health & safety, working hours, and payment. Factory managem |
| 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) There are no records or data in place to verify that the factory conducts a regular, comprehensive review of policies and procedures. (2) Workers are not consulted or integrated into the decision-making process for decisions concerning their workplac  |
| Recommendation for Immediate Action                           |   |
| Compliance Classifications                                    | Sustainable Improvement Required  |
| Local Law   |   |
| <b>Freedom Of Association And Collective Bargaining (FOA)</b> |   |
| 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                     | FLA Comment: Vietnam has not ratified ILO Convention 87. Under Vietnamese law, all unions are required to affiliate with a single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that “the rights of workers to establish organizations of their own choosing implies... the effective possibility of forming... [trade unions] independent both of those which exist already and of any political party.” Vietnam’s legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association. |
| Recommendation for Immediate Action |   |
| Compliance Classifications          | Sustainable Improvement Required  |
| Local Law                           |   |
| Benchmark ID                        | FOA.7   |
| Benchmark Details                   | Employers shall comply with all relevant provisions where national laws provide special protection to workers or worker representatives engaged in a particular union activity (such as union formation) or to worker representatives with a particular status (such as founding union members or current union office holders).  |
| Finding Details                     | (1) The factory's regulations have not been updated to reflect new local laws on overtime, holidays, benefits for female workers, re-assignment of employees against his/her employment contract, cases in which reassignment of employees are permitted, and a   |

|                                     |  |
|-------------------------------------|--|
| Recommendation for Immediate Action | (1) Update the factory's internal regulations according to the new labor laws. (2) Update the factory's CBA to reflect new labor laws. |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |

### Harassment Or Abuse (H/A)

|                                     |  |
|-------------------------------------|--|
| Benchmark ID                        | H/A.8.3  |
| Benchmark Details                   | Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses. |
| Finding Details                     | There is no specific policy and procedure to discipline supervisors, managers, and workers who commit acts of harassment and abuse.  |
| Recommendation for Immediate Action |  |
| Compliance Classifications          | Sustainable Improvement Required   |
| Local Law                           |  |

### Health, Safety And Environment (HSE)

|                   |  |
|-------------------|--|
| 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                     | There are no procedures on air emissions in place, only a chemical emergency response procedure.  |
| Recommendation for Immediate Action |   |
| Compliance Classifications          | Sustainable Improvement Required  |
| Local Law                           |   |
| Benchmark ID                        | HSE.5.1   |
| Benchmark Details                   | All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills. |
| Finding Details                     | (1) The finished goods warehouse, which is about 840 square meters with two workers usually working inside, does not have an exit sign posted. (2) One out of two emergency exit doors at the materials warehouse and one emergency exit door at the finished g   |
| Recommendation for Immediate Action | (1) Install illuminated exit signs at the finished goods warehouse.<br>(2) Ensure all emergency exits open in the direction of evacuation.<br>(3) Post evacuation maps at the motorbike parking lot and canteen.  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HSE.5.1.4   |
| Benchmark Details                   | All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations   |



|                                     |   |
|-------------------------------------|---|
| Finding Details                     | The assessment observed that one out of three exit routes at the materials warehouse and two out of six exit routes at the production workshop were partially obstructed by materials and products.   |
| Recommendation for Immediate Action | Ensure all exit routes are free from obstruction at all times.  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HSE.19  |
| Benchmark Details                   | All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.                  |
| Finding Details                     | There is no soap, hand sanitizer, toilet tissues, or drying facilities in the toilet areas.   |
| Recommendation for Immediate Action | Provide soap and a way to dry one's hands in the toilet areas.  |
| Compliance Classifications          | Immediate Action 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                     | (1) There is no heat stress management procedure at the factory. The factory has not conducted a heat stress assessment for areas, processes, and operations with potential heat problems such as the air compressor house, heat pressing processes, and outdoo |

|                                     |   |
|-------------------------------------|---|
| Recommendation for Immediate Action | (1) Establish a heat stress management procedure and conduct heat stress assessments for relevant areas, processes, and operations. (2) Install inner safety covers for all electrical panels in the factory. (3) Conduct regular inspections of the electrical |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HSE.14.1  |
| Benchmark Details                   | All production machinery, equipment and tools shall be properly guarded and regularly maintained.   |
| Finding Details                     | (1) There are no markings for vehicle traffic lanes and pedestrian walk paths in the factory compound. In addition, there are no warning signs for forklift hazards and no designated forklift routes at the materials warehouse and finished goods warehouse.  |
| Recommendation for Immediate Action | (1) Mark traffic lanes and walk paths, post forklift warning sign, and mark forklift traveling routes at the materials warehouse and finished goods warehouse. (2) Install safety mechanisms for eyelet snapping machines, install needle guards for stitching  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| 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 factory has eyewash devices, but does not have emergency showers at the chemical storage warehouse or the screen-printing workshops.  |

|                                     |  |
|-------------------------------------|--|
| Recommendation for Immediate Action | Install emergency showers at the chemical storage warehouse and screen-printing workshop.  |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |
| Benchmark ID                        | HSE.4.1  |
| Benchmark Details                   | Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation. |
| Finding Details                     | There is no safety inspection certificate for one observed pressure vessel (200 liters, working pressure 10 bars) at the fire pump station.  |
| Recommendation for Immediate Action | Conduct periodic safety inspections and maintain inspection certificates for all machines and equipment where required, including pressurized vessels.   |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |
| 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 provided two periodic health checks in 2021, but there was no occupational health check conducted for workers working heavy and hazardous jobs (such as stitching, cutting, and screen-printing), as required by law. (2) The factory does not   |

|                                     |   |
|-------------------------------------|---|
| Recommendation for Immediate Action | Provide an occupational health check at least twice a year for all workers working in heavy and hazardous jobs.   |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HSE.28  |
| Benchmark Details                   | Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.         |
| Finding Details                     | There is no contractor safety management procedure in place. The factory does not provide safety information, conduct safety inspections, or issue work permits for onsite contractors.   |
| Recommendation for Immediate Action |   |
| Compliance Classifications          | Sustainable Improvement Required  |
| Local Law                           |   |
| Benchmark ID                        | HSE.14.3  |
| Benchmark Details                   | Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.   |
| Finding Details                     | (1) There is no warning sign, operating procedure, or safety instruction posted at the laser cutting machine in the production workshop. (2) The factory has posted warning signs, but there is no operating procedure or safety instruction posted for any of  |
| Recommendation for Immediate Action | (1) Post hazard signs, operating procedures, and safety instructions for the laser cutting machine in the workforce's language/s. (2) Post warning signs, operating procedures, and safety instruction for all machines and electric forklifts in the workforce |

|                                     |   |
|-------------------------------------|---|
| 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 warning sign, no sign restricting access, and no lock to prevent unauthorized entry to confined spaces (water tanks, sewers). (2) There is no safe operating procedure for working in confined spaces safely by ensuring safe atmosphere, havin |
| Recommendation for Immediate Action | (1) Install warning signs, "no unauthorized access" signs, and locks to prevent unauthorized entry to confined spaces. (2) Establish safe operating procedures for working in confined spaces. (3) Install warning signs, "no unauthorized access" signs, and f |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HSE.18.2  |
| Benchmark Details                   | Medical staff shall be fully licensed and recognized under applicable national rules and regulations.   |
| Finding Details                     | There is no occupational health certificate or safety training certificate on file for the medical staffer working at the factory.  |
| Recommendation for Immediate Action | Provide certification training on occupational health and safety to the medical staff.  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |

|                                     |  |
|-------------------------------------|--|
| Benchmark ID                        | HSE.18.3.1   |
| Benchmark Details                   | Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner.   |
| Finding Details                     | The factory does not conduct checks to ensure that all first aid items supplied and used at the factory are within their expiration date.  |
| Recommendation for Immediate Action | Conduct regular checks for all first aid items to ensure that they are fully stocked and not expired.  |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |
| Benchmark ID                        | HSE.30.2.6   |
| Benchmark Details                   | The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations; |
| Finding Details                     | The OHS (occupational health and safety) risk assessment does not cover laser hazards for the laser cutting machine or confined space hazards. No risk assessment has been conducted for transmittable diseases (bloodborne pathogens) in the factory. In addit  |
| Recommendation for Immediate Action | Conduct risk assessments for laser hazards, confined space hazards, and transmittable diseases. Update the OHS risk assessment at least once a year as required by law.  |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |
| Benchmark ID                        | HSE.8  |

|                                     |   |
|-------------------------------------|---|
| Benchmark Details                   | Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.                       |
| Finding Details                     | All five workers who were observed operating eyelet snapping machines were not wearing earplugs, despite the noise levels (over 80 dBA) requiring hearing protection under the terms of the factory's risk assessment.  |
| Recommendation for Immediate Action | Ensure that workers wear hearing protection when working around loud noise.   |
| Compliance Classifications          | Immediate Action 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) The factory's electricians do not have vocational degrees or occupational health and safety training certificates. (2) Workers in job positions requiring occupational health and safety (OHS) training certificates (those working with lasers, electrical |
| Recommendation for Immediate Action | Provide training on vocational degrees and occupational health and safety certification to all workers whose roles require them.  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HSE.17.1  |
| Benchmark Details                   | Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.  |

|                                     |   |
|-------------------------------------|---|
| Finding Details                     | The factory does not take proactive steps to reduce repetitive-motion stress or injuries such as installing adjustable workstations. In particular, the factory does not provide chairs with backrests for jobs performed sitting down. |
| Recommendation for Immediate Action | Provide chairs with backrests for workers who work sitting down.  |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |

### Hours Of Work (HOW)

|                                     |  |
|-------------------------------------|--|
| Benchmark ID                        | HOW.1.1  |
| Benchmark Details                   | Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.   |
| Finding Details                     | Workers at the factory exceed legal limits on monthly overtime work. 16 out of 22 sampled workers (across all main work sections) totaled monthly overtime ranging from 41 hours to 104 hours before April 2022 and from 61 hours to 103 hours from April 2022 |
| Recommendation for Immediate Action | (1) Ensure that workers do not exceed legal limits on overtime work. (2) Adjust production planning so that overtime work is not assumed when planning.  |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |
| Benchmark ID                        | HOW.21   |
| Benchmark Details                   | Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.  |



|                                     |   |
|-------------------------------------|---|
| Finding Details                     | 15 out of 22 sampled workers (across all main sections) worked more than 60 hours in a week, reaching up to 72 hours per week during November 2021 and October 2022.  |
| Recommendation for Immediate Action | Ensure that workers do not work more than 60 hours per week, including by reviewing the factory's workplan and production planning.   |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| Benchmark ID                        | HOW.12.2  |
| Benchmark Details                   | The time at which annual leave is taken is determined by employers in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation available to workers.  |
| Finding Details                     | (1) There is no annual leave plan established for 2021 and 2022 as required by local law. (2) The factory does not pay out unused annual leave days correctly. As a general practice, the factory provides one annual leave day a month. Extra annual leave day |
| Recommendation for Immediate Action | (1) Establish an annual leave plan as per legal requirement. (2-5) Follow local law when calculating and paying out annual leave for workers.   |
| Compliance Classifications          | Immediate Action Required   |
| Local Law                           |   |
| <b>Nondiscrimination (ND)</b>       |   |
| Benchmark ID                        | ND.4  |

|                                     |  |
|-------------------------------------|--|
| Benchmark Details                   | Employers may not request the disclosure of any personal, non-job related information during the application, recruitment, or hiring process, including but not limited to gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status. |
| Finding Details                     | Forms used during job interviews include personal information unrelated to the job, such as marriage status and pregnancy.   |
| Recommendation for Immediate Action | Do not request the disclosure of any personal, non-job related information during the application, recruitment, or hiring process,.  |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |
| Benchmark ID                        | ND.3   |
| Benchmark Details                   | Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.   |
| Finding Details                     | A recruitment announcement for the factory posted on Facebook in November 2021 stated that applicants should be women between 18-35 years of age. Although the assessment noted that the factory hired workers over 35 years of age in 2021 and 2022, this anno  |
| Recommendation for Immediate Action | Do not include restrictions on age, gender, etc., in recruitment announcements.  |
| Compliance Classifications          | Immediate Action Required  |
| Local Law                           |  |

