

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

14 Aug 2024



Factory Information

FLA Affiliates	Pou Chen Corporation
Country	Myanmar
Number of Workers	3171

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)	1
Employment Relationship (ER)	7
Forced Labor (F)	1
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	19
Hours Of Work (HOW)	1

Assessment Information

Assessor	Openview - Vietnam
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Assessment Date	14 Aug 2024
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Assessment Purpose	
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ASSESSMENT RESULTS

Compensation (C)

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	1. The factory performs deduction on workers' wages for late arrivals inaccurately that caused over deduction issue. They deduct the wages on every 0.5 hour even when workers are less than 0.5 hours late. 2. Additionally, the factory deducts the workers' attendance bonus when they take legally entitled casual leave and sick leave in amount of 4000 MMK to 6000 MMK or 40% to 60% of bonus. This practice is violation to legal requirement.
Recommendation for Immediate Action	Pay proper wage without any improper deductions for workers.
Compliance Classifications	Immediate Action Required
Local Law	Minimum Wage Sec.'s 5-2,8,10-11; Payment of Wage Act Sec.'s 2,7-11

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 factory provides ongoing training to workers on FLA's Code elements and Employment Functions. However, the training lacks of some FLA's Code elements such as Recruitment and Hiring, Personnel Development, Workplace Conduct and Disciplinary system, Termination & Retrenchment, Industrial Relations & Freedom of Association, Grievance System. 2. The factory has established a social compliance team with eight responsible staff. However, there is no clear role and responsibility for each position.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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	The factory has a grievance system in place. However, around 40% interviewed workers are not aware how the grievance mechanism is implemented and whether the results are communicated to the workers.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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 has not established a policy or procedures governing all aspects of retrenchment. 2. The factory has written job descriptions prepared for some positions when personnel need to be hired such as supervisors and managers. However, the factory does not have written job descriptions for positions of workers at all sections.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	The disciplinary policy and procedures do not include terms that highlight workers' ability to have a third-party witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

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 established 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	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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 established a system to review the performance of all new workers during probation period. Currently, the factory only uses a simple form for performance review.
Recommendation for Immediate Action	The factory shall develop a system to review the performance of all new workers during probation period.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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	The factory has not conducted a periodic review on policies and procedures for the following Employment Functions: Recruitment & Hiring, Industrial Relations, Termination, Hours of Work, Wages and Benefit, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety. The updates are only done when there are any changes in the content or in laws.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

Forced Labor (F)

Benchmark ID	F.8
Benchmark Details	The imposition of overtime where workers are unable to leave the work premises constitutes forced labor.
Finding Details	Workers must apply gate-pass approval to leave factory premises whenever overtime work is required. The gate pass must be approved by the head of department. According to the law, overtime must be worked on a voluntary basis, and the factory shall allow workers to leave the premises with no restriction during overtime.
Recommendation for Immediate Action	Allow workers to leave the premises with no restriction when the working shifts end.
Compliance Classifications	Immediate Action Required
Local Law	1951 Factory Act – Art -59,62,73

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.2
Benchmark Details	Workers, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seeks employment and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers.
Finding Details	The worker representatives (Worker Coordination Committee) at the factory was established on April 14, 2024 with 8 registered members. However, all members are supervisor and manager level or management representative. There is no representative from production workers.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.

Finding Details	The factory conducts the evacuation drills twice a year, however, the factory does not have mechanism to review and provide the training or communication on emergency drill procedure for workers who are absent in the fire/evacuation drills. For example: there was no training or communication on fire/evacuation drill procedure for 7% workers who were absent in the fire evacuation drill conducted on June 22, 2024 and approximately 10% workers who were absent in the fire evacuation drill conducted at night time of August 08, 2024 for workers' dormitory. In addition, there is no evacuation drill at night time conducted for expat dormitory.
Recommendation for Immediate Action	Review and ensure to all workers, including dormitory participate in a full proper evacuation drill and provide training, communication for absent workers.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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. Two (2) out of 10 exit doors at Building A2 (production building for cutting section, stitching section and assembly section) do not have exit signs. 2. There are no equivalent proof records in place to prove that factory's emergency exit doors are the fire-resistant, smoke-sealed doors. 3. One (1) out of 10 observed exit doors on the ground floor at canteen for foreign management opens inwards instead of an outward to direction of evacuation. 4. Five (5) out of 10 main exit routes on the ground floor and 2nd floor of canteen building and B2 Building (sole manufacturing building) are not clearly marked.

Recommendation for Immediate Action	1. Review and ensure all emergency exit doors be marked with exit signs. 2. Ensure to use emergency exit doors are the fire-resistant, smoke-sealed doors. 3. Repair to ensure all emergency exit doors open outward to direction of evacuation. 4. Ensure all exit routes should be clearly marked.
Compliance Classifications	Immediate Action Required
Local Law	Factory Act 1951 revised in 2016, Article 40
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	The factory has not conducted assessments after the fire evacuation drills to learn how to improve the evacuation process.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	There are no emergency lights for four (4) observed outside emergency stairs at Building A2 used for production building with cutting section, stitching section and assembly section; Building A3 used for production building with cutting section, stitching section and assembly section), & Building C2 used for finished goods warehouse.

Recommendation for Immediate Action	Install emergency light for outside escape stairs.
Compliance Classifications	Immediate Action Required
Local Law	Factory Act 1951, Sec's 34,39-42
Benchmark ID	HSE.5.1.2
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;
Finding Details	Though the factory has immediate corrective actions to fix the system on the upcoming assessment date, it was observed the smoke detectors at the expat dormitory, workers dormitory buildings are not centralised and linked to fire alarm system. The factory should ensure regular inspections for the fire detector system.
Recommendation for Immediate Action	Ensure the functional of emergency alarm system and notify workers in case of emergency.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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	Two (2) out of 10 observed emergency exit doors are locked at Building A2 used for production building for cutting section, stitching section and assembly section and Building C2 used for finished goods warehouse.

Recommendation for Immediate Action	Ensure all emergency exit doors are not obstructed or locked during working time.
Compliance Classifications	Immediate Action Required
Local Law	Factory Act 1951 revised in 2016, Article 40
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	Secondary containers are not provided for at least 10 out of 30 bottles of liquid paint, solvent, machine oil and other liquid chemical for waste water treatment at waste water treatment building and assembly section in Building A3.
Recommendation for Immediate Action	Equip the secondary container for all chemicals for safety reasons.
Compliance Classifications	Immediate Action Required
Local Law	Factories Acts 1951, Art -14
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	The facility provides hand dryers for whole toilets. However, three (3) out of 10 observed hand dryers were not functional at the womens toilet in Building A2 & A3.
Recommendation for Immediate Action	Repair the hand dryers to use for workers.

Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	<p>1. The portable ladder at D1 warehouse is equipped with a wheel locking devices but it was not working properly. The factory has done a corrective action on the audit date and the wheel locking device is in working condition. The factory needs to conduct regular inspection on ladder and locking devices mechanism. 2. Approximately 10% of observed stitching machines at stitching section – Assembly Department in Building A2 are missing needle protection guards. 2. All 13 air-compressors have not been inspected by authorized organization annually. The last inspection was in Oct 2021 and expired in Oct 2022. The factory has a quotation and plan to conduct inspection within Aug 2024. 3. The factory has developed a procedure for Lock Out and Tag Out (LOTO). However, the factory has not identified the machines and equipment that are required for the Lock Out and Tag Out equipment.</p>
Recommendation for Immediate Action	<p>1. Review and repair to ensure the effectiveness of moving ladders' wheel locking system. 2. The factory shall provide needle guards for all stitching machines. 2. Inspect air-compressors regularly as legal requirements. 3. Identify the machines and equipment that are required for the Logout/Tagout equipment.</p>
Compliance Classifications	Immediate Action Required
Local Law	<p>1. Factories Act 1951 revised in 2016, point 23 2. Factories Act 1951 revised in 2016, point 23, Fencing should be provided for the dangerous parts of moving machines 2. Factory Act 1951 revised in 2016, Article 33</p>
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	<ol style="list-style-type: none"> 1. The facility does not provide the automatic fire detector at air-compressor areas – 2nd floor of Building A2 used for production building with cutting section, stitching section and assembly section. 2. The factory does not have proper tools/equipment to conduct testing for auto heat detectors, beam detectors, gas detector to ensure that equipment is function and being ready in case of emergency.
Recommendation for Immediate Action	Ensure to check and equip fire detector for all required areas, equip the tools for regulars inspection of the fire auto detectors.
Compliance Classifications	Immediate Action Required
Local Law	<ol style="list-style-type: none"> 1. The Myanmar Fire Safety Code (2020) – Sec.' -60 2. The part 2 of Myanmar Fire services Law, Chapter 17, article 65 (issued on January 11, 2006)
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	<ol style="list-style-type: none"> 1. The factory has developed mechanism to collect the water contained chemical from all two (2) observed eyewash and shower stations at chemical warehouse and printing section in A3 Building. However, it becomes insufficient when connecting with rainwater collection system. 2. The factory management stated that there is no materials with asbestos in the factory. However, there is no specific policy and procedure or assessment and testing are being carried out for identification of asbestos materials.
Recommendation for Immediate Action	<ol style="list-style-type: none"> 1. Review and ensure to install the proper collection mechanism to collect the waste water. 2. Establish a policy and procedure, assessment, or testing report to identify if the factory's material contains asbestos or not

Compliance Classifications	Immediate Action Required
Local Law	1. Environmental Conservation Law (2012)
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	There was no safety operation procedure (SOP) posted for worker's reference on 7 out of 20 observed machines during the assessment such as welding machine, table sawing machine, metal cutting machine, drilling machine, and grinding machine.
Recommendation for Immediate Action	Post safety operating procedure (SOP) for all eligible machines for references.
Compliance Classifications	Immediate Action Required
Local Law	Factory Act, 1951: Healthy and hygienic working condition should be ensured by the employer.
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	There is no safety warning sign for falling risks posted on the observed fixed ladder in B3 Building (material warehouse).
Recommendation for Immediate Action	Post the safety warning signs at all identified areas with falling risk.
Compliance Classifications	Immediate Action Required
Local Law	Factory Act, 1951: Healthy and hygienic working condition should be ensured by the employer, Art 42.

Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.
Finding Details	The factory does not provide training on ergonomics to workers in positions that include prolonged standing work, seat work, repetitive work, etc.
Recommendation for Immediate Action	The factory shall provide training for workers on ergonomics.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.10.1
Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	No Material Safety Data Sheet (MSDS) is posted for two (2) bottles of liquid glue stored at CI room of building A1.
Recommendation for Immediate Action	Prepare Material Safety Data Sheet (MSDS) for the chemicals for safety reasons.
Compliance Classifications	Immediate Action Required
Local Law	Factories Acts 1951, Art -14
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	1. The factory conducts the occupational health and safety (OHS) risk assessment. The last assessment was conducted in June 2024. However, it has not covered the risks at the fire pump area, gas cylinder storage area, worker dormitory, expat dormitory, F3 (HR working) building, B4 (mold making) building as well as the fire risk at water treatment building/generator area/air compressor area/waste storage area. 2. Additionally, the OHS risk assessment has not conducted for pregnant workers.
Recommendation for Immediate Action	Review the occupation health safety risk assessment to cover all significant areas, sensitive workers and potential risks.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	The anti-fatigue mats or other remediation measure is not provided for workers working in the QC and trimming section to protect them from the impact of prolonged standing job position.
Recommendation for Immediate Action	Provide the anti-fatigue mats or other remediation measure for all eligible workers.
Compliance Classifications	Immediate Action Required

Local Law	N/A
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	The factory provides PPE training to workers; however, the training is not effective and workers are not aware how to use PPE properly. Five (5) out of 20 workers at assembly section wear PPE – gloves only one hand instead of for both two hands while working with glue as being required.
Recommendation for Immediate Action	Train and enforce workers to wear personal protective equipment sufficiently.
Compliance Classifications	Immediate Action Required
Local Law	Factories Act 1951 revised in 2016, Article – 32
Benchmark ID	HSE.5.2
Benchmark Details	Workers shall be trained in evacuation procedures.
Finding Details	Factory does not conduct health and safety training to employees who are living in the dormitory for their duties in case of emergency. There are about 112 employees live in the dormitory.
Recommendation for Immediate Action	Conduct dormitory health and safety training to employees who are living in the dormitory for their duties in case of emergency.
Compliance Classifications	Immediate Action Required
Local Law	N/A

Hours Of Work (HOW)

Benchmark ID	HOW.13.1
Benchmark Details	Any workplace procedures regulating the timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations and procedures.
Finding Details	According to the annual leave policies, annual leave summary records review, it is noted that workers only could carry on their unused annual leave for 3 months at most while the maximum time length as per the legal requirement is up to 3 years.
Recommendation for Immediate Action	Arrange for workers to carry on their unused annual leave for 3 years as legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	LHA amendment Sec.4 LHR Notification 69/2018, Sec. 34-41

