



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Cambodia

ASSESSMENT DATE: 10/20/17

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 4100

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

1. The factory does not have policies for Personnel Development, Termination and Recruitment, Industrial Relations and Freedom of Association, Workplace Conduct & Discipline and Grievance System. ER.1, ER. 29, ER.30, ER 32
2. The factory does not have procedures for Personnel Development, Wage and benefits, Retrenchment, Industrial/ Labor Relations. ER.1, ER.25, ER.28, ER.32
3. Additionally, there are no written policies and procedures with regard to the performance reviews. ER.1, ER. 29, ER.30
4. The Workplace Conduct & Discipline procedure is combined with the Grievance procedure; however, it is inadequate and does not include many elements that are necessary for a functional disciplinary system e.g. indicating the level of misconduct. Furthermore, the factory does not have procedures on how employees can appeal disciplinary actions taken against them. There is also no oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures. ER.1 ER.25, ER. 27
5. The written procedures on Grievance System do not include detailed steps and mechanism(s) of communicating the grievance procedure and its updates to employees. In addition, the factory does not have a system in place to record grievances and related information since workers are willing to raise their concerns and grievances through union representative. ER.25
6. The factory's Grievance procedure is available; however, the factory did not involve any worker representatives in the development of this procedure. Furthermore, worker representatives are not included in the evaluation of the grievances collected. ER.25
7. The Environmental Protection procedure lacks the following information:HSE.1 ER.31
 1. The term which encourages worker involvement in environmental protection and to raise their environmental concerns.
 2. The term for reporting environmental emergencies.
8. The factory's Health & Safety procedures lack the following information:ER.31 HSE.5 HSE.12
 1. Work at heights with fall protection procedure to train the maintenance team.
 2. Lockout-tagout Procedure to train the maintenance team.
 3. Confined space Procedure to train to the maintenance team.
 4. Procedures on hygiene and sanitation to prevent food poisoning.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.12; Employment Relationship Benchmarks ER.1, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review, the factory has policies for Personnel Development, Termination and Recruitment, Industrial Relations and Freedom of Association, Workplace Conduct & Discipline and Grievance System.
2. Based on document review, the factory has procedures for Personnel Development, Wage and benefits, Retrenchment, Industrial/ Labor Relations.
3. Based on document review, the factory has written policies and procedures with regard to the performance reviews.
4. Based on document review, the Workplace Conduct & Discipline procedure includes many elements that are necessary for a functional disciplinary system e.g. indicating the level of misconduct. Furthermore, the factory has procedures on how employees can appeal disciplinary actions taken against them. There is also oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures.
5. Based on document review, the written procedures on Grievance System includes detailed steps and mechanism(s) of communicating the grievance procedure and its updates to employees. In addition, the factory has a system in place to record grievances and related information since workers are willing to raise their concerns and grievances through union representative.
6. Based on document review, the factory's Grievance procedure did involve any worker representatives in the development of this procedure.
Furthermore, worker representatives are included in the evaluation of the grievances collected.
7. Based on document review, the Environmental Protection procedure included the following information:
 - a. The term which encourages worker involvement in environmental protection and to raise their environmental concerns.
 - b. The term for reporting environmental emergencies."
8. Based on document review, the factory's Health & Safety procedures included the following information:
 - a. Work at heights with fall protection procedure to train the maintenance team.
 - b. Lockout-tagout Procedure to train the maintenance team.
 - c. Confined space Procedure to train to the maintenance team.
 - d. Procedures on hygiene and sanitation to prevent food poisoning.

Planned completion date

08/09/18

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory's orientation training to new workers does not include policies and procedures for human resources, Personnel Development and Industrial Relations. Furthermore, workers are not provided with training materials or documentation that substantiates all issues covered in orientation, including the FLA Workplace Code and Benchmarks. ER.15
2. The factory does not provide specific or ongoing training to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. ER.17
3. The factory does not conduct training for the majority of local supervisors and all foreigner supervisors (Chinese) on Harassment or Abuse. Only four local supervisors have been trained on Harassment and Abuse program conducted by the ILO in the past year. ER.16, ER.17
4. The factory does not provide specific or ongoing training to the general workforce on the following Employment Functions: Recruitment, Hiring & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline, Grievance System, and Environmental Protection. ER.1
5. The maintenance training is not well conducted. HSE. 6, HSE.14
 1. The workers with maintenance responsibilities have not received specific training on maintenance safety such as the lockout-tagout procedure.
 2. The maintenance team have not received training on how to work in confined spaces. There are a number of confined spaces in the factory, such as water tank, water filter utility, and boiler, wastewater treatment tanks; those are not appropriately labeled with warning signs. The factory has not provided the appropriate rescue equipment for confined spaces.
 3. The maintenance team have not received training on how to work at high and using the fall protection devices. The factory has not provided the appropriate fall protection devices for work at high.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER.16, ER.17; Health, Safety & Environment Benchmarks HSE.6, HSE.14)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review and worker interview, the factory's orientation training to new workers included policies and procedures for human resources, Personnel Development and Industrial Relations. Furthermore, workers are provided with training materials or documentation that substantiates all issues covered in orientation, including the FLA Workplace Code and Benchmarks.
2. Based on document review and worker interview, the factory provided specific or ongoing training on Sep 3, 2018 to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
3. Based on document review and management interview, the factory conducted training on Jun 5, 2018 for the majority of local supervisors and all foreigner supervisors (Chinese) on Harassment or Abuse.
4. Based on document review and worker interview, the factory provided specific or ongoing training to the general workforce on Sep 21, 2018 on the following Employment Functions: Recruitment, Hiring & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
5. Based on document review and worker interview, maintenance training was conducted for relevant workers on Jul 20, 2018.

Planned completion date

08/09/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate these Policies and Procedures and their updates to the general workforce: Recruitment, Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. ER.1, ER.28, ER.29, ER.16, ER.32, HSE 1. C.17
2. The factory does not involve any worker representatives in the development of the Policy and Procedures for any of the Employment Functions. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.28, ER.29, and ER.32; Compensation Benchmark C.17; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review and worker interview, the factory communicated these Policies and Procedures and their updates to the general workforce on Sep 21, 2018: Recruitment, Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
2. Based on document review, the factory did involve worker representatives in the development of the Policy and Procedures for any of the Employment Functions.

Planned completion date

08/09/18

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not regularly review Policies and Procedures on Recruitment, Hiring, Personnel Development, Compensation, Termination & Retrenchment, Industrial Relations, Workplace Conduct and Disciplinary, Grievance system, Environmental Protection, and Health and Safety. 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

Based on document review and management interview, the factory regularly reviewed Policies and Procedures on Recruitment, Hiring, Personnel Development, Compensation, Termination & Retrenchment, Industrial Relations, Workplace Conduct and Disciplinary, Grievance system, Environmental Protection, and Health and Safety on Aug 3, 2018.

Planned completion date

08/09/18

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory has not clearly defined, in writing, the persons responsible for recruitment, hiring, personnel development, hours of work, retrenchment and termination, workplace conduct, industrial relation and Environmental Protection except Health & Safety. The responsibilities are partly and informally defined. ER. 1
2. The factory does not clearly identify the person with ultimate responsibility/accountability within this factory. The responsibilities are partly and informally defined. ER.1

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review, the factory clearly defined, in writing, the persons responsible for recruitment, hiring, personnel development, hours of work, retrenchment and termination, workplace conduct, industrial relation and Environmental Protection except Health & Safety on Jun 6, 2018.
2. Based on document review, the factory clearly identified the person with ultimate responsibility/accountability within this factory on May 21, 2018.

Planned completion date

08/09/18

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Currently there are 58% of total workers who are hired on a fixed-duration contract (FDC), from six months to one year. According to

hiring practices, after ending FDC contract the workers are requested to stop working for a while e.g. workers stop for one week in cases where there is still work to be done; or one to two months in cases where there is no work to be done during the low season and months. After that, the factory will call them back and make a new FDC contract by keeping all the in kind benefits from the first day they joined the factory, e.g. seniority bonus, maternity leave and compensation, increasing the annual leave according to the service year.

Workers sign on to FDCs continuously. ER.11

2. The job application forms for all positions include questions on race, nationality, marital status, family member, health condition, relative working in the factory and criminal background. Although there is no evidence of this information being used for discriminatory purposes, this practice poses a risk of discrimination. ND.2.1

Local Law or Code Requirement

Cambodian Labor Law Articles 67 and 73; A/C Award 10/03, 02/04, 155/09(9), 70/11(1), and 105/11(3); FLA Workplace Code (Employment Relationship Benchmark ER.11, Nondiscrimination Benchmark ND.2.1)

Recommendations for Immediate Action

1. Convert workers that have been hired on multiple FDC for more than two years to permanent workers under UDC contracts, as legally required.

2. Remove all discriminatory questions regarding race, nationality, marital status, family member, health condition, relative working in the factory and criminal background from the job application forms.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory pays all FDC workers according to laws on their seniority and 5% severance pay. All payment are legal and fair on their leaving. The factory has no discrimination on the practice ; and no worker have any complaints on the payments so far.

On Mar 06, 2019, based on management interview, the factory does not improve it yet. The factory explained that they are waiting for the legal instruction from Ministry of Labor how to comply with this requirement and then they will follow it accordingly. (In progress)

2. This practice is also for CTPAT security. The factory may not benchmark FLA on this practice since they have it runs fair and fine so far and our job application forms have accepted with all the brands that they are working with, and ILO, and they never have any problems with this application form such as discrimination.

On Mar 06 2019, based on document review and management interview, application form does not include questions on race, marital status, family member, health condition, relative working in the factory and criminal background except for nationality. The factory explained that they don't think info of nationality will result in a risk of discrimination. Fast Retailing will continue to work with the factory on this finding and updated as soon as it is done. (In progress)

Planned completion date

08/09/18

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

There was down time from July 28th to September 30th, 2017 in the automatic knitting department. The average suspension with 50% payment was around seven to ten days for each worker. 832 workers were suspended during the down time under this condition. The factory consulted with the Union representative and obtained the list of all suspended workers, including the Union representative agreement which states that 50% of the normal wages will be provided for the workers during the suspended period; however, the factory failed to notify the Ministry of Labor of this arrangement. HOW.19

Local Law or Code Requirement

Cambodian Labor Code, Article 71 (11); FLA Workplace Code (Hours of Work Benchmark HOW.19)

Recommendations for Immediate Action

1. Notify the Ministry of Labor of work stoppages, as per legal requirements.

2. Obtain a written consent from all suspension workers and maintain the current practice of paying workers at least 50% of wages; in the event that full payment is required by the Ministry of Labor, pay workers 100% of wages.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Based on document review and worker interview, the factory does not have suspension since the last audit date up to now. The factory has a policy on Dec 12, 2017 that indicated the factory will notify the Ministry of Labor about the suspension if any as per legal requirement.

Planned completion date

08/09/18

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Approximately 14% of 240 sampled workers work more than 60 hours, mainly during the peak season from April to August 2017. The maximum weekly working hours is 89.5 hours a week, in the week of June 19-25, 2017. The maximum overtime hours is 5.5 hours/day during these periods of June and July 2017. HOW.1, HOW.8
2. Around 14% of 240 sampled workers were occasionally not given one rest day is each seven-day period during the April to August 2017, for example, one worker worked for 22 consecutive days, from July 1 to 22, 2017. HOW.2
3. The working hours records system does not identify pregnant and lactating women. HOW.5
4. The factory management has set production targets, piece rates, and an incentive production system at a level such that workers need to work beyond regular working hours; thus, the factory's production planning regularly includes overtime hours. ER.24
5. The workers rush back to their workstation after lunch or dinner, working during the lunch or overtime break in order to meet the target and get more productivity output as they earn by piece rate. Workers are not compensated for the additional time spent as they are piece rate workers. HOW.3
6. The factory always includes overtime in its production plan, particularly for automatic knitting department. This overtime is at 48 hours per day and 12 hours per week. HOW.1, HOW.8

Local Law or Code Requirement

Cambodian Labor Code, Articles 137 to 148; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1, HOW.2, HOW.3, HOW.5, and HOW.8)

Recommendations for Immediate Action

1. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and to help the factory address its excessive hours issue, coordinate on the following topics: how to provide better order forecasts to the factories; possible workshops/consultancy for the factory to improve productivity/quality; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams); clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; and clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.
2. Adjust production planning and capacity planning based on regular working hours. Ensure workers make at least the minimum wage or the prevailing industry wage when excluding overtime.
3. Ensure that workers do not work more than 60 hours per week, including overtime, as per FLA Workplace Code of Conduct.
4. Ensure that workers do not work more than the daily legal overtime limit of two hours per day.
5. Ensure that all workers receive at least 24 consecutive hours of rest in every seven-day period.
6. Ensure that workers are not working during the lunch and overtime breaks even if it's a voluntary practice. Cut the power of the production machines and turn off the lights during break time. Regularly communicate to workers on the requirement to use their lunch and overtime breaks.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review and worker interview, weekly working hour was 64 hours in Jul 2018 which exceeded 60 hours as per client requirement. The factory submitted OT application to FR in advance.

On Mar 06 2019, based on attendance records of the latest 3 month (Nov 2018 - Jan 2019), weekly working hour of all workers did not exceed 60 hours. Weekly working hour of workers are ranging from 50 - 58 hours during this period. Based on worker interview, they confirmed that no more overtime hour in this period. (Completed on 2019/03/06)

2. Based on document review and worker interview, workers in the sewing, stitching and linking section worked 26 consecutive days in Jul 2018 (from Jul 2-27, 2018) and workers in hand-stitching, linking and ironing section worked 13 consecutive days in Aug 2018 (from Aug 13-25, 2018)

On Mar 06 2019, based on attendance records of the latest 3 month (Nov 2018 - Jan 2019), all workers are given one day off in seven. Based on worker interview, they confirmed that they do not work on rest day during this period. (Completed 2019/03/06).

3. Based on document review and worker interview, the working hours records system did identify pregnant and lactating women. (Completed on 2018/07/19)

4. Based on document review and management interview, the factory does not improve it yet. The factory needs to discuss with top management and relevant department to improve this issue. (In progress)

5. Based on document review and worker interview, workers do not work during lunch or dinner break any more. The factory hold a meeting with Trade union and workers about it on Sep 25, 2018. (Completed on 2018/11/07)

6. Based on document review and management interview, the factory does not include overtime in its production plan any more. Based on weekly production plan, it only includes 8 regular working hour. (Completed 2019/03/06)

Planned completion date

08/09/18

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. If workers do not meet daily target in Mending and QC department several times, then the workers will not be allowed to work overtime as apunishment. However, based on interviews with supervisory staff, and management and records, there have been no actual cases of this happening. H/A.2

2. The majority of workers are paid by piece rate. Piece rate workers reflected that if any worker could not reach the daily production target, the local supervisor would tell them to work faster and would give them five more days to reach the target, if they do not reach this target, they are not allowed to work over time. ND.1, ER.27, H/A.5

3. One of the interviewed workers who came from building B reported that the Chinese Supervisor at this building has used insulting terms, verbal abuse to workers and slaps on the table, when he is angry because workers can not reach production target. Worker said some styles of products can not be made quickly. The workers have complained about his behavior and have tried to explain why these targets are not met, however, the supervisor did not allow them to explain. Additionally, the local assistant of the Chinese supervisor told the workers that the supervisor can shout, scold and slap on the table, and that workers cannot argue with the supervisor. H/A.1 H/A.5, H/A.6, H/A .8

4. The records of disciplinary actions are partially maintained in workers' personnel files. ER.27.3.4

Local Law or Code Requirement

Cambodian Labor Code, Articles 28, 44, 126, and 127; FLA Workplace Code (Employment Relationship Benchmark ER.27.3.4; Harassment or Abuse Benchmarks H/A.1, H/A.2, H/A.5, H/A.6, and H/A .8)

Recommendations for Immediate Action

1. Enhance the training for Chinese & local supervisors and line leader on Workplace Conduct & Discipline, and ensure that no force is used to reach production target at the facility. When workers are unable to meet targets, provide guidance and training to improve workers' productivity rather than punishing by not allowing to work overtime.

2. Ensure non-harassment and non-retaliation for workers who participated in the FLA SCI assessment. Punishment of workers for assisting with FLA's due diligence exercise runs counter to FLA's core mission of protecting workers' rights worldwide. Factory management's cooperation with FLA on this point is paramount.

3. Cease any form of abuse, including insulting, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review and worker interview, the factory does not have such cases.
2. Based on document review and worker interview, the factory does not have such cases.
3. Based on document review, the factory provided training for supervisors about it on Jun 5, 2018. Based on worker interview, no one reported this case any more.
4. Based on document review, the records of disciplinary actions are entirely maintained in workers' personnel files.

Planned completion date

08/09/18

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory has provided suggestion boxes at each production building; however, a number of suggestion boxes are missing signs or instructions, such as updated grievance policy and procedures posted to instruct the workers. Additionally, these suggestion boxes are not confidential, as majority of suggestion boxes are posted at the front entry gate. ER.25
2. The workers do not trust the grievance system at the factory, and instead submit grievances through the Union representatives. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. From the factory tour, the factory relocated the position of suggestion box to toilet areas (not place in the front entry gate of production building any more) and posted instruction next to suggestion boxes.
2. Based on document review and worker interview, there are many ways for workers to raise their concerns such as suggestion box, through supervisors, HR department, Shop steward and Trade Union. Workers have right to select what channel they want to raise their grievance.

Planned completion date

08/09/18

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. Shop Steward (Worker committee) which is legally required expired on March 1st, 2017 (mandate for 2 years), the factory has not yet arranged the new election to form the new Shop Steward. FOA.1
2. The factory does not have a system for regular communication and meeting between the three unions, including the shop stewards, and the factory management. There is only evidence (meeting records on May 5, 2017 and July 4, 2017) that the factory proactively integrates union representatives and ILO officer from Better Work advisory program to provide feedback and input on the operation of the facility or actively engage them in resolving disputes and differences under progress. ER.25
3. Employees are not provided a copy of the Collective Bargaining Agreement (CBA), and it also did not post on prominent information bulletin boards in each working department. ER.16

Local Law or Code Requirement

Cambodia Labor Law (1997), Art. 291, Art. 292, FLA Workplace Code (Employment Relationship Benchmarks ER.16, and ER.25; Freedom of

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review, a new election was formed and approved on Mar 1, 2017 and is valid for 2 years. (Completed)
2. Based on document review, the factory has monthly meeting between the three unions, including the shop stewards, and the factory management. The lastest meeting was done on Oct 30, 2018. (Completed on 2018/12/06)
3. From the factory tour, the factory posted CBA in the bulletin board. However, the factory only provided CBA to Trade Union instead of each worker as required.

On Mar 06 2019, From the factory tour, document review, worker and management interview, the factory only posted CBA in the bulletin board and provided it to new workers instead of for all workers. The factory explained that they have more than 4,000 workers and it's difficult for them to provide it for all workers. FR will discuss with factory to provide all workers with training on CBA, such as implementing a training schedule and then update it in the platform. (In progress)

Planned completion date

08/09/18

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has not yet identified whether its on-site operations generate any negative environmental impacts. ER.31
2. A number of the empty chemical drum and containers are not properly stored in appropriate place with shelter (near to the boiler facility) and hazardous waste (lighting/fluorescence lamp) are put together with other normal waste. HSE.9

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.9)

Recommendations for Immediate Action

Separate hazardous waste from other waste.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Based on document review, the factory has identified whether its on-site operations generate any negative environmental impacts. (Completed on 2018/07/09)
 2. From the factory tour, hazardous waste was stored separately in the waste storage area with a warning sign. However, a number of empty chemical containers were stored without shelter. The factory will improve it by Jan 2019.
- On Mar 03 2019, From the factory tour, empty chemical drums and containers are properly stored in appropriate place with shelter and separated with other normal waste as required. (Completed)

Planned completion date

08/09/18

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Three gas cylinders used for cooking located on the back to the kitchen facility are not securely chained or placed in the appropriate location reserved for empty cylinders. HSE.5
2. All doors of service lift located in factory 40, 52, 15, Finished warehouse can be opened when the cabin of the lift is moving up or down or located on the upper floor or lower floor. HSE.13, HSE.14
3. The external organization which is the final QC team for brand's production, including contractor working in the factory premise are not informed and trained on emergency preparedness such as evacuation drill. HSE.5
4. The new workers are not briefed on what should be done in the case of fire until when they first join the factory. They are made aware of the procedures when the factory conducts the biannual evacuation drill, which is provided to all workers.
5. The mezzanine of the materials warehouse is missing fire extinguishers or had extinguishers that cannot be located from a distance. HSE. 6
6. In the area where there is storage of a highly combustible load materials type A. (carton box, clothes materials, plastic bag), the fire extinguisher types B & C is used instead of A. HSE. 6
7. The fire extinguishers are provided on each floor and easy to access in the dormitory; however, during the factory tour, the fire hydrant cabinets are locked by the security. As per security guard information, they lock up these fire hydrant cabinet to prevent the workers to take them away. Auditor had requested to keep these fire hydrant cabinet unlocked all time. HSE. 25

Local Law or Code Requirement

Labor Law Arts 23, 228-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5, HSE.6, HSE.13, HSE.14, and HSE.25)

Recommendations for Immediate Action

1. Replace the class BC fire extinguishers with ABC extinguishers.
2. Provide a sufficient number of extinguishers in the mezzanine of the materials warehouse.
3. Arrange the primary evacuation for all new workers and external organization team, contractors who temporary working in the factory premise.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. From the factory tour, all gas cylinders used for cooking are securely chained as required.
2. From the factory tour, all door of service lift in the whole facility are closed with warning sign as required.
3. Based on document review, the external organization which is the final QC team for brand's production, including contractor working in the factory premise are informed and trained on emergency preparedness such as evacuation drill on Aug 17, 2018.
4. Based on document review, the new workers are briefed on what should be done in the case of fire until when they first join the factory on Oct 3, 2018.
5. From the factory tour, fire extinguishers are provided for mezzanine of material warehouse as required.
6. From the factory tour, type A of fire extinguishers are provided for the areas where there is storage of a highly combustible load materials (carton box, clothes materials, plastic bag).
7. From the factory tour, fire hydrant cabinet in the dormitory was not locked any more.

Planned completion date

08/09/18

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Two fixed vertical ladders, one used to climb up to the top of roof of production building and the other one used for climbing up to the water tank at the water filter plan, lack safety caging to protect the people from falling when they go up to this platform to conduct maintenance. HSE.14
2. Majority of the emergency machine off (EMO) located on the washing machines, dying machines are not labeled in local language to instruct workers on this EMO switch button, so all could stop the machine in case of emergency. HSE.14
3. The pulley belt of the exhaust machine located at the back of the kitchen lacks guarding. HSE.14
4. The factory does not have yet in place the Ergonomic Program: no rubber matt is provided for ironing workers with standing job, no back rest chair or adjustable chairs are provided for the workers in seating position. HSE. 17.1
5. No Confined Entry Warning Sign is posted on the boiler, water tank, water filter system. HSE.6

6. No Confined Space Entry SOP is yet developed, hence rescue process is also not yet applicable. HSE.6
7. Safety internal audit is performed every months, basically the factory has a safety management system in place to control risk through risk assessment program, however, some of unsafe conditions in the workplace were found during the factory tour:
 1. Unsafe condition of service lift, waste storage is not properly managed e.g. the door is opened while working, no load limit posted, no sign prohibited for passenger.
 2. No sign posted the risk at the waste water treatment plan, risk if working in confined space or perform the maintenance of machinery without following the Lock out tag out procedure and risk in work at high. HSE.6
 8. Eyes wash facility located near to the chemical warehouse is not clean and not appropriate as an eyes wash. HSE.6
 9. The factory does not provide the heavy lifting technique for workers whose job is to carry the heavy objects such warehouse and maintenance workers. HSE.17

Local Law or Code Requirement

Labor Law Arts 23, 228-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE. 6, HSE.14, and HSE 17.1)

Recommendations for Immediate Action

1. Install a protective cage on all fixed vertical ladder.
2. Install safety guard for the Pulley belt of the exhausted machine.
3. Establish Confined Space Entry procedures for the water tank and provide training for the maintenance workers. Post the warning sign on water tank to ensure safety awareness before any work is performed in confined spaces.
4. Change the eyes wash pipe by an appropriate pipe designed for eyes wash equipment.
5. Provide workers with lifting belts and trainings on lifting techniques.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. From the factory tour, all ladders are equipped with hand-railing for both sides and safety caging as required. (Completed)
2. From the factory tour, all emergency machine off (EMO) located on the washing machines, dying machines are labeled in local language as required. (Completed on 2019/04/24).
3. From the factory tour, pulley belt was installed for the exhaust machine located at the back of the kitchen. (Completed on 2018/04/24).
4. From the factory tour, the factory only provided rubber mat for ironing workers. However, back support chair is only provided for inspection workers.
On Mar 06 2019, From the factory tour and management interview, back rest chair or adjustable chairs are not provided for all workers in the seating position such as sewing, linking, etc.Factory will discuss with top management for the next steps and keep Fast Retailing updated. (In Progress).
5. From the factory tour, warning sign for confined spaces was posted at the boiler, water tank and water filter system as required. (Completed on 2018/04/20).
6. Based on document review, Confined Space Entry SOP including rescue process is developed on Jan 9, 2018. (Completed on 2018/07/20).
7. From the factory tour, the factory does not improve it yet. The factory will improve it by Jan 2019.
On Mar 06 2019, 1. From the factory tour, no load limit was posted and no sign prohibited for passenger at cargo lift area.
2. No sign posted at work at high area and confined space. The factory has Lock-out/Tag-out procedure and work at high procedure in place but the factory does not have equipment for Lock-out/Tag-out and safety belt for workers who work at high. (In progress).
8. From the factory tour, eye wash equipment was clean and worked properly. (Completed on 2018/04/22).
9. Based on worker interview and document review, the factory provided heavy lifting technique for workers whose job is to carry the heavy objects such warehouse and maintenance workers. The factory also posted it in the workplace. (Completed)

Planned completion date

08/09/18

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The kitchen staff do not wear proper mask and gloves while performing their work in the kitchen when cooking for workers in the automatic knitting department and Local and Chinese staffs. HSE.22
2. Housekeeping in the kitchen is not properly maintained and clean. HSE.19

3. Food sample is not kept for 72 hours as per FLA requirement. HSE.22

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.19, and HSE.22)

Recommendations for Immediate Action

Identify hazards in the canteen that increase the risk of food poisoning and other hygiene issues. Create and implement procedures for the prevention of these issues, such as a thorough initial cleaning of the canteen, a cleaning plan for canteen workers, swab testing, preparation of the refrigeration system to keep food, and regular inspections by the safety or canteen committee.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. From the factory tour, the kitchen staffs wear proper masks and gloves while performing their work in the kitchen as required. (Completed on 2018/04/22).
 2. From the factory tour, housekeeping in the kitchen is properly maintained and clean. (Completed on 2018/04/22).
 3. Based on management interview, the factory claimed that food sample is kept for 72 hours. However, the factory does not obtain the records to prove it. The factory advised that they will keep the food sample records from now on.
- On Mar 06 2019, From the factory tour, document review and interview, food sample was kept for 72 hours as per FLA requirements. (Completed)

Planned completion date

08/09/18

Action Plan no 2.

Description

1. From the factory tour, the kitchen staffs wear proper masks and gloves while performing their work in the kitchen as required. (Completed on Apr 22, 2018).
2. From the factory tour, housekeeping in the kitchen is properly maintained and clean. (Completed on Apr 22, 2018)
3. From the factory tour, document review and interview, food sample was kept for 72 hours as per FLA requirements. (Completed)

Planned completion date

08/09/18