



COMPANIES: Fast Retailing Co., Ltd.
Fenix Outdoor International AG

COUNTRY: Vietnam

ASSESSMENT DATE: 11/09/17

ASSESSOR: One Step Vietnam

PRODUCTS: Apparel

NUMBER OF WORKERS: 1940

FLA Comments

This factory started business with Fast Retailing in 2013. The Fast Retailing group share was from 10-16 percent of the business of this factory until Dec 2018. There was no additional production planned for 2019 and 2020. The factory was inactivate for Fast Retailing because we terminated business with the agent who placed orders to the factory upon their request. There is no risk of retrenchment associated with our exit because the factory is able to replace Fast Retailing production with orders from other brands. Fast Retailing will not be able to pursue remediation for the non-compliance identified in the report. Other FLA company affiliates is Fenix Outdoor already agreed with Fast Retailing to pursue remediation.

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

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

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1.The Factory uses a finger print system to record employees' working hours. However, the security guards have a separate manual working hours record. ER.23.2; ER.23.3; ER.23.
- 2.The factory uses the following contract system for all workers: the factory offers a seven day probationary contract, a two month labor contract, or a one year labor contract. However, it is illegal to offer labor contracts with terms under 12 months for permanent positions. Therefore, factory cannot legally not sign 2-month labor contracts for permanent positions; such as, cutting, sewing, packing, etc.). ER.7.1; ER.9.1, ER.11.3

Local Law or Code Requirement

Vietnam Labor Code 2012, Article 22; FLA Workplace Code (Employment Relations Benchmarks ER.7.1, ER.9.1, ER.11.3, ER.23.2, ER.23.3, ER.23.4)

Recommendations for Immediate Action

- 1.Use only one time-keeping system to accurately record and maintain working hours.
- 2.Do not allow workers on contracts with terms under 12 months to perform tasks that only workers with contacts with terms longer than 12 months are permitted to perform.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per document reviewing and security interview, factory already used the finger system to record the working hours of security guards since 26 Mar 2017.
2. Per document reviewing and worker's interview, factory already signed the 12 months labor contractor with worker who was passed probation period and stopped using two months labor contractor since 2 Apr2018.

Action Plan no 2.

Description

1. the finger print system to record employees' working hours apply to every department.

2. All permanent positions get the 12 months labor contracts instead of temporary contracts.

Company Action Plan Update

1. The finger system to record employees' working hours applies to all departments including the security team.
2. All permanent positions get the 12 months labor contracts.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1.The factory does not have policy or procedure on written performance reviews. ER.29.1
- 2.The security guards work in three shifts (7:00-16:30, 16:30-00:30, and 0:30-7:00). However, the factory does not have any regulations, policies & procedures, or labor contracts documenting these shifts. ER.1.1
- 3.Although the factory links salary increases to performance reviews for office employees and warehouse employees who receive an hourly salary, piece rate workers do not receive performance reviews. These workers include those in the sewing, cutting, ironing, and down filling sections. Additionally, there is no specific performance assessment criteria and the reviews depend heavily on the supervisors' discretion. ER.29.1
- 4.The factory does not have policies or procedures on promotions, demotions, or job reassignments. ER.30.1
- 5.The factory does not have internal regulations on the following: principles & procedures of labor discipline, form of labor discipline, prohibited regulation upon labor discipline, and material responsibility. ER.27.1

Local Law or Code Requirement

Vietnam Labor Code 2012, Articles 23, 70, & 119; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.27, ER.29.1, and ER.30)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per document reviewing, factory already established policy or procedure on written performance reviews since 26 Mar2018. 2. Per reviewing attendance records from 26Mar until 09May 2018 and security's interview, factory already updated the working hour of security in three shifts (7:00 am - 4:30 pm, 4:30pm-1:00 am, 1:00 am- 7:00 am) and was mentioned in the labor contractor and company regulation since 22 Mar 2018. 3. Per document reviewing, factory already update the performance reviews for workers include in the sewing, cutting, ironing, and down filling sections. with a specific performance assessment criteria and the reviews depend heavily on the supervisors' discretion since 27Mar2018. 4. Per document reviewing, factory already established policies or procedures on promotions, demotions, or job reassignments since 21 Mar 2018. 5. Per document reviewing, factory already reviewed the internal regulations on the following: principles & procedures of labor discipline, form of labor discipline, prohibited regulation upon labor discipline, and material responsibility since 22 Mar2018.

Company Action Plan Update

- 1.The performance review procedure is in the place.
- 2.The security guards working time was mentioned on facility labor rule.
- 3.The performance review procedure is in the place. And there are 3 levels of managers attend the performance review process. For the piece rate workers, their performance affects directly their salary.

4.The promotion, demotion and job reassignment policy are in place.

5.All discipline content was mentioned in the facility labor rule and the labor discipline procedure are in the place.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

- 1.The factory does not pay severance to workers who have resigned for the period during which workers do not contribute to unemployment insurance, such as 6 months maternity leaves (6 months and round up 1 year which is equal to ½ of monthly salary) when they resigned. C.1, C.6, ER.19.1
- 2.The factory does not pay sufficient overtime to the 16 security guards who work on the weekly rest day, the night shift on public holidays, or the night shift on regular days. On the weekly rest day, the factory pays the security guards 100% instead of 200% of their hourly wage. On the night shift on public holidays, the factory pays 300% instead of 390% of the hourly wage. On the night shift on regular days, the factory pays 180% instead of 210% of the hourly wage. C.1, C.7.1, C.7.2
- 3.Resigned workers did not receive their final payments until approximately 1-3 weeks after resigning. The law requires that resigned workers receive their final payments within seven days of terminating the labor contract. C.4, C.19, ER.19.1
- 4.Piece rate salary workers are not paid for attending the annual HSE training. C.1
- 5.The wage & benefit policy does not include a section on overtime payment for the night shift. ER.23.1

Local Law or Code Requirement

Vietnam Labor Law 2012 Articles 47 and 97; Decree 05/2015/ND-CP, Article 3 and Article 14, Point 3; FLA Workplace Code (Employment Relationship Benchmarks ER.19.1, ER.23; Compensation Benchmarks C.1, C.4, C.6, C.7, and C.19)

Recommendations for Immediate Action

- 1.Calculate the severance payments accurately.
- 2.Pay overtime wages correctly and accurately.
- 3.Pay resigned workers their final payments within a timely manner.
- 4.Pay the piece rate salary workers for their time attending the annual HSE training.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per document reviewing , factory already paid the severance allowance to resigned worker who was not contributed unemployment insurance, such as 6 months maternity leaves (6 months and round up 1 year which is equal to ½ of monthly salary) since 26Mar2018. 2. Per document reviewing, factory already paid the sufficient overtime to 16 security guards who work on weekly rest day and night shift on public holiday as law requirement since 26Apr2018. 3. Per document reviewing , factory already paid the salary for resigned worker within 7 days of terminating the labor contract as law requirement since 17 Mar 2018. 4. Per documents reviewing, factory already paid the salary for piece rate salary worker who attend annual HSE since 06Apr2018 5. Per document reviewing factory already reviewed the wage and benefit policy included a section on overtime payment for the night shift since 20 Mar2018.

Company Action Plan Update

- 1.Workers who have period of not contributing to unemployment payment get the unemployment allowance when resigning.
- 2.The factory pays sufficient overtime on the night shift of public days.
- 3.The employees who resign get the severance payment within 7 days.
- 4.The factory pays hourly salary for piece rate salary workers who attend the annual HSE training.

5.The overtime payment for night shift was mentioned on the facility labor rule.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1.During the past 12 months, 9 out of the 16 security guards worked either 30 or 31 days without a rest day. These workers have not received compensatory days off. Also, these workers are not given a break of at least 12 hours before starting their next shift. HOW.2
2.The factory does not round up the annual leave for workers who have worked at the factory for fewer than 12 months. For instance, if a worker's annual leave calculation is $14/12 \times 10 = 11.6$, then they should be entitled to 12 days. HOW.11, ER.22
3.Between November 2016 and October 2017, 50% of the workforce averaged 32 overtime working hours per month with a maximum of 55 hours per month and 350 – 500 overtime working hours annually. These numbers exceed the legal requirements of a maximum of 30 overtime working hours per month and 300 overtime working hours per year. HOW.1
4.According to Vietnam Labor Law 2012, Article 111, an employee can take annual leave on several occasions throughout the year or save their annual for a maximum of three (3) years. However, the factory does not have meetings or discussions with worker representative to ensure that all employees are aware of this law. Based on relevant document, the remaining annual leaves at the time of the assessment were approximate 26 days per person. HOW.11

Local Law or Code Requirement

Vietnam Labor Law 2012, Articles 106, 109, 110, and 111; Decree 45/2013/ND-CP, Article 7; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2, and HOW.11)

Recommendations for Immediate Action

1.Allow workers at least 24 hours of consecutive rest every seven-day period. If workers must work on a rest day, provide an alternative 24-hour rest period within the same seven-day period or immediately following.
2.Calculate annual leave correctly for all workers, especially for those who have been with the factory for fewer than 12 months.
3.Keep all overtime hours within the legally-required 30 hours monthly and 300 hours annually.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per reviewing attendance record from 26 Mar until 09 May and security's interview, factory already set up working schedule for security guard and re-arrange the working shift for security to ensure security will have 1 day off within seven working day and give a break of at least 12 hours before starting the next shift for security since 26Mar 2018. 2. Per document reviewing, factory already rounded up the annual leave for workers who have worked at the factory for fewer than 12 months as law requirement since 26Mar2018. 3. Per reviewing attendance records in Feb 2018 until 09 May 2018, 25 out of 25 selected production employees did not work overtime more than 30 hours per months 4. Per document reviewing, factory already hold the meetings/ discussions with worker representative to ensure that all employees aware of the requirement that an employee can take annual leave on several occasions throughout the year or save their annual for a maximum of three (3) years. This requirement was updated in the CBA and posted in the bulletin board to communicate to all employees since 05Dec2017.

Company Action Plan Update

1.Everyweek, security staffs get a rest day. And they get a least 12 hours break before starting their next shift.
2.The annual leave for workers who have worked fewer than 12 months is round up. E.g $11.5=12$
3.The overtime working hours are controlled no exceed 30 hours per month.
4.The factory reached an agreement among the company and worker representative about saving annual leave.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the 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.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10, FOA.11, and FOA.12)

COMPANY ACTION PLANS

Action Plan no 1.

Description

N/A

Action Plan no 2.

Description

Ratify ILO Conventions 87 or 98 or integrate ILO conventions to legal requirement.

Company Action Plan Update

ILO 87: On the new labor law which will be effective in Jan 2021, Employees of enterprises are entitled to establish, join and participate in activities of internal employee organizations and the representative organizations of employers shall have equal rights and obligations in protection of the legitimate rights and interests of employees in labor relations.

ILO 98: In June 2019, Vietnam ratified International Labor Organization

(ILO) Convention 98

Action Plan no 3.

Description

Ratify ILO Conventions 87 or 98 or integrate ILO Conventions to the legal regulation.

Company Action Plan Update

ILO 87: On the new labor law which will be effective in Jan 2021, Employees of enterprises are entitled to establish, join and participate in activities of internal employee organizations and the representative organizations of employers shall have equal rights and obligations in protection of the legitimate rights and interests of employees in labor relations.

ILO 98: In June 2019, Vietnam ratified International Labor Organization

(ILO) Convention 98

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

- 1.Although the factory has a suggestion box, there is no policy or procedure on how to use it. ER.25.3.1
- 2.The factory's grievance hotline was not able to receive calls during the assessment. ER.25.3
- 3.The factory did not document the details or the corrective action plans of two worker complaints. ER.25.3

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per reviewing document, factory already set up the procedure on how to use a suggestion box since 26Mar2018.
2. Per worker's interview and factory walkthrough, factory already stopped using the hotline and use the suggestion box to receive the complaint from employees since 05 Feb 2018.
3. Per document reviewing and worker's interview, factory already took the corrective action plans of two worker complaints and posted in the bulletin board to inform all employees since 22 Mar2018.

Action Plan no 2.

Description

1. Establish policy or procedure on how to use the suggestion box.
- 2.Repair grievance hotline.
- 3.Document the details or the corrective action plans of two worker complaints

Company Action Plan Update

- 1.The procedure for using suggestion box is in the place.
- 2.They stopped using this hotline from Feb. 05. 2018.
- 3.The factory improved and made announcement to paste on the announcement board.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

- 1.Hazardous waste, such as used chemical containers, is stored in the security room, the parking area, or the boiler area rather than the designated areas. Additionally, hazardous waste is not classified and labeled properly. HSE.1, HSE.9.1
- 2.The factory does not have Material Safety Data Sheets (MSDS), secondary containment, or chemical labels for the machine oil and petroleum containers. HSE.2, HSE.9, HSE.10

3.The non-hazardous waste bins are not classified as recyclable or non-recyclable. HSE.1

Local Law or Code Requirement

Law No. 06/2007/QH12 on Chemicals (2007), Art. 29; Circular No. 36/2015/TT-BTNMT on Management of Hazardous Wastes (2015), Art. 7; FLA Workplace Code (Benchmarks HSE.1, HSE.2, HSE.9.1, and HSE.10)

Recommendations for Immediate Action

- 1.Properly store hazardous waste in the designated areas.
- 2.Provide the Material Safety Data Sheet, the secondary containment, and the chemical labels for all chemicals in the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per factory walkthrough, factory already removed used chemical container in security room, parking area, boiler area to hazardous waste warehouse. Hazardous waste is clasified and labeled properly since 07 Feb2018. 2. Per factory walkkthrough, factory already posted the MSDS, provided secondary containment and posted chemical label for machine oil and petroleum container since 15 Apr2018. 3. Per document reviewing, factory already classified the non-hazardous waste as recycle and non-recycle since 07Feb2018

Company Action Plan Update

- 1.The hazadous waste is classified and labeled at designated area.
- 2.The factory paste MSDS, chemical label for all chemicals and have secondary containment.
- 3.They classify as recyclable and non-recyclable at waste bins.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.The factory does not review or train employees or management on HSE policies and procedures on a regular basis. ER.31.1
- 2.Workers who started after May 2017 have not received the legally required Health & Safety orientation training. HSE.1, HSE.8, ER.15.1
- 3.The elevator equipment operators, the air compressor operators, and the boiler operators (as defined as Group 3) and the medical personnel (as defined as Group 5) have not received Health & Safety training. HSE.14.2

Local Law or Code Requirement

Decree No. 44/2016/ND-CP, Art. 17; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1 and HSE.14; Employment Relations Benchmarks ER.15.1 and ER.31.1)

Recommendations for Immediate Action

Provide Health & Safety training to all appropriate workers, especially the elevator equipment operators, the air compressor operators, the boiler operators, and the medical personnel.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will review the HSE policies and procedures. Per document reviewing and worker' interview, factory already organized

the training for all employees and management on HSE policies and procedures on a regular basis since 05Apr2018. 2. Per worker' interview and document reviewing, factory already organized the Health & Safety orientation training to employees who started to work after May 2017 since 04 May2018. 3. Per document reviewing, factory already organized the health and safety training to elevator equipment operators, the air compressor operators, and the boiler operators (as defined as Group 3) and the medical personnel (as defined as Group 5) as law requirement since 06 Apr2018.

Company Action Plan Update

- 1.The HSE policies and procedures is review annually and all employees and managers receive the HSE policies and procedures training every year.
- 2.Every new worker receives the HSE training.
- 3.The factory provides Health and safety training for group 3 + 5 periodically.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The fire-prevention plan of the main production unit is not up to date due to some areas of the factory changing functions. The prevention plan was last approved on February 21, 2015. HSE.1

According to an inspection report from the Fire Police Department on April 12, 2017, the factory is required to equip the tools and equipment for the fire-fighting team in production unit #1. Even though the fire-fighting team has 29 members, the factory has only provided 16 sets of the tools and equipment. In addition, the second production unit has a 51 member fire-fighting team but the factory has provided only 10 sets of the tools and equipment. HSE.6.1

The factory does not have a fire safety construction approval or a fire safety acceptance certificate for production unit #1. The Fire Police Department requires these documents due to the changing functions of certain areas of the factory. HSE.1

The factory does not have a designated evacuation assembly point in either production unit. HSE.5.1

The fire alarm control panel at production unit #2 is malfunctioning, and displays false fire alerts. However, the fire alarm system was still functioning at time of assessment. HSE.5.1

The parking area of production unit 2 and the air compressor at production unit 1 do not have fire extinguishers. HSE.6.1

At least 3 observed fire extinguishers in production unit #2 are not mounted to the wall. For those fire extinguishers that were mounted, they were mounted at the correct height. HSE.6.1

Two evacuation plot plans in production unit #2 do not match the actual layout and lack the required information, such as "you are here", the location of first aid kit, fire alarm, etc. HSE.5.1

Two emergency exit routes (aisles) in production unit #2 are not marked with lines and arrows leading to emergency exit doors. HSE.5.1

Several emergency exit routes (aisles) are partially blocked by products and materials at the production unit #2. HSE.5.1

Workers at the cutting machines cannot hear the fire alarm signal because they wear ear-plugs, the fire alarm should be equipped with fire alarm beacon in loud areas. HSE.5.1

The factory does not have a maintenance schedule for the automatic fire-fighting system. The factory has conducted the internal inspection for this system only once in the past two years. HSE.5.3

Local Law or Code Requirement

Vietnam Building Code No. QCVN 06:2010/BXD, Art. 3; Circular 48/2015/TT-BCA; Circular 56/2014/TT-BCA; Circular No. 66/2014/TT-BCA, Articles 5, 7, and 12; TCVN 2622:1995, Art. 7; TCVN 5738:2001, Art. 6; TCVN 7435-1:2004, Art. 5; TCVN 3890:2009, Art. 5; TCVN 3890:2009, Art. 7 FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.5, and HSE.6.1)

Recommendations for Immediate Action

- Provide the correct fire-fighting equipment for the fire-fighting team.
- Acquire the necessary fire certificates and approvals for the fire department.
- Designate an assembly point for both production units.
- Repair the fire alarm system.
- Provide the correct number of fire extinguishers and mount them to the wall.
- Correct the evacuation plans, so that they match the layout of the factory.
- Mark all emergency exit routes.
- Ensure that evacuation aisles are not blocked.
- Install a visual alarm system in high noise areas.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per document reviewing, factory already updated the fire preventive plan of production unit when factory changed production functions /layout. It was approved on 12 Apr2018. 2. Per factory walkthrough, factory already provided the tool and equipment for firefighting team at production unit 1 & 2 as law requirement since 26Mar2018. 3. Per document reviewing, factory already got the fire safety construction approval for unit 1 since 13 June2012. 4. Per factory walkthrough, factory already assigned the evacuation assembly point for production unit outside factory since 26Mar2018. 5. Per factory walkthrough, factory already fixed the fire alarm control panel at production unit 2. It is functioning and display fire alerts during testing since 07 Feb 2018. 6. Per factory walkthrough, factory already equiped the fire extinguishers at parking area at unit 2 and air compressor area at production unit 1 since 07Feb2018. 7. Per factory walkthrough, factory already mounted the fire extinguishers at production unit 2 with the correct height since 07Feb2018. 8. Per factory walkthrough, factory already updated the evacuation plot plan at production unit 2 which matches with the actual layout and update information as as "you are here", the location of first aid kit, fire alarm, etc since 08Feb2018. 9. Per factory walkthrough, factory already marked with lines and arrows leading to emergency exit doors at two emergency exit routes in production 2 since 07Feb2018. 10. Per factory walkthrough, all emergency exit routes are not blocked by products and material at production unit 2 since 07Feb2018. 11. Per factory walkthrough, factory already iequipped fire alarm with fire alarm beacon in cutting section and it is workable during testing since 30 Mar2018. 12. Per factory walkthrough and doucment reviewing, factory already set up the maintenance schedule for automatic fire-fighting system and conducted the internal inspection for automatic fire fighting system everymonth.

Company Action Plan Update

- 1.The new prevention plan was approved in the end of 2018, updated the some areas that changed functions.
- 2.The factory provided enough equipment for firefighting team members.
- 3.The factory got the fire safety acceptance certificate for production unit #1
- 4.The factory had an assembly point at the gate.
- 5.The fire alarm control panel operates properly and is timely maintained.
- 6.The factory equiped enough fire extinguishers at parking area and air compressor section.
- 7.The factory mounted the fire extinguishers to the wall in production area.
- 8.The new evacuation plot plans updated sufficient information (you are here, location of first aid kit, fire alarm).
- 9.The factory fully marked with lines and arrow lead to emergency exit doors.
- 10.The factory makesure emergency exit routes clear and not blocked by products and material.
- 11.The factory equiped the fire alarm system with fire alarm beacon in loud areas.
- 12.The factory monthly inspects and maintain the fire fighting system including automatic fire-fighting system.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Based on the number of workers, the factory has not contracted with a qualified medical facility to carry out medical activities as legally required. HSE.18
2. The factory is missing a procedure and mechanism for keeping the temperature of clinic rooms where medicines are stored under 30 degrees Celsius. HSE.18.3
3. The first aid kits lack required items such as waterproof nylon pads, safety goggles, splints, etc. HSE.18

Local Law or Code Requirement

Decree No. 39/2016/ND-CP, Article 37; Circular No. 19/2016/TT-BYT on Guidelines for Occupational Health and Safety Management (2016), ANNEX 4; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.18 and HSE.18.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per document reviewing, factory already signed the contract with qualified hospital to carry out medical activities as law requirement since 01Apr2018.
2. Per factory walkthrough and document reviewing, factory already equipped the air conditioner and set up the procedure to keep the medicines storage area is under 30 degrees Celsius since 26Mar2018.
3. Per factory walkthrough, factory already equipped such as waterproof nylon pads, safety goggles, splints, etc for the first aid kits as law requirement since 26Mar 2018.

Action Plan no 2.

Description

1. contract with a qualified medical facility to carry out medical activities as legally required
2. Establish a procedure and mechanism for keeping the temperature of clinic rooms where medicines are stored under 30 degrees Celsius
3. Supply sufficient items for first aid kits.

Company Action Plan Update

1. The factory signed a contract with the nearest and qualified medical facility.
2. The air condition was installed for clinic room to ensure medicines stored under 30 degrees Celsius.
3. They supplied sufficient items for the first aid kits.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Some sewing workers do not use eye-guards while working on high speed machines. In addition, some sewing workers set the needle-

guard so high that they cannot protect their fingers. Also, some workers do not wear dust-masks while working at the down filling area. HSE.7 and HSE.14.1

2.At least 5 sewing machines, in both production units, do not have pulley guards. HSE.14.1

3.At least 3 button-hole making machines, in both production units, do not have hand guards. HSE.14.1

4.The ironing workers are not provided with anti-fatigue mats. HSE.17.1

5.Some cutting workers in production unit #2 are using damaged metal gloves. HSE.7

Local Law or Code Requirement

Labor Code 2012, Art. 138; Circular No. 04/2014/TT-BLDTBXH on Guiding Implementation of Regulations on Personal Protective Equipment (2014), Art. 4; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.7, HSE.14, and HSE.17)

Recommendations for Immediate Action

1.Install pulley guards on all sewing machines.

2.Install hand guards on the all button-hole machines

3.Provide cutting workers with undamaged metal gloves

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per factory walkthrough, production workers used eyes guards while working on high speed machines. Needle-guard s were installed protect at safety position to protect worker's fingers. Workers worn dust-masks while working at the down filling area. 2. Per factory walkthrough, factory already installed the pulley guard for sewing machines since 07 feb2018. 3. Per factory walkthrough, factory already installed the hand guard for all button hole making machines since 07 feb2018. 4. The factory will provide anti-fatigue mats for ironing workers. 5. Per factory walkthrough, factory already provided the new metal gloves to cutting workers since 24 Mar2018.

Company Action Plan Update

1.The factory installed eye-guards with high speed machines, needle-guard for sewing machine, provided dust-masks for workers who work at filling down room.

2.All sewing machines were installed the pulley guards.

3. All button-hole machines were installed the hand guards.

4.The factory provided anti-fatigue mats for ironing workers.

5.The factory provides the cutting workers the metal gloves in good condition and replaces when necessary

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.A total of 6 accidents happened in the factory as of the audit date in 2017. However, the process to handle these accidents does not follow the latest requirements (Decree No. 39/2016/ND-CP). In addition, the factory does not report the accidents to the local authority as legally required. Moreover, the factory lacks a written procedure for handling the accidents that includes gathering information, investigation, corrective action, preventive action, and payment. HSE.3

2.The risk assessments do not have milestones, deadlines, and person in charge, or crosscheck mechanisms for each preventive action. HSE.1

3.The factory has not conducted a fire risk assessment. HSE.1

4.The factory has not conducted an ergonomic assessment. The sewing workers and other workers who sit during working hours are not

provided with chairs that have back-support or adjustable heights. HSE.17.1
5.The factory does not have a breastfeeding room for female workers. ND.8.1

Local Law or Code Requirement

Decree No. 39/2016/ND-CP, Articles 10 – 16; Circular No. 07/2016/TT-BLDTBXH, Art. 7; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1 and Non-discrimination Benchmark ND.8.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per document reviewing, factory already set up the a written procedure for handling the accidents that includes gathering information, investigation, corrective action, preventive action, and payment since 10Jan 2018.. The factory already report the accident to local authority as law requirement since 22 Dec 2017. 2. Per document reviewing, factory already reviewed the risk assessments with milestones, deadlines, and person in charge, or crosscheck mechanisms for each preventive action since 30 Mar2018 3. Per document reviewing, factory already conducted the fire risk assessment by third party since 20 Dec2017. 4. Per document reviewing, factory has not conducted an ergonomic assessment. The sewing workers and other workers who sit during working hours are not provided with chairs that have back-support or adjustable heights.5. Per factory walkthrough, factory already had breastfeeding room for female workers since 26 Mar2018.

Company Action Plan Update

1. The factory established the new accident handle process and report to meet the legal requirement.
- 2.The factory updated sufficient information to risk assessment.
- 3.The factory conducts a fire risk assessment with overall assessment together. Also the factory brought the fire accident insurance, the insurance agency conducts fire risk assessment for the facility.
- 4.The factory invited the external party to conduct an ergonomic assessment. They implemented the expert's recommendation that provide short break(15 minutes) every 2 working hours in order to avoid sitting too long.
- 5.The breastfeeding room is available for female worker.