



FAIR LABOR  
ASSOCIATION<sub>®</sub>

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Columbia Sportswear Company  
Kathmandu

COUNTRY: Vietnam

ASSESSMENT DATE: 09/06/17

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 3578

## 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 any written Policies and Procedures, Management Review, Document Control and Legal Requirement updated on the following Employment Functions: Retrenchment and Personnel Development. ER.1, ER.28, ER.29, ER.30, ER.32
2. The factory does not post Standard Operating Procedure (SOP) at laser cutting machines, button snapping machines, seam sealing machines, fusing machines and drying machines. In addition, some laser cutting machines and embroidery machines do not have operating instruction in local language. HSE.1, HSE.14.3, ER.31.1
3. The factory does not have policies and procedures for overtime management, time records and time record machine calibration to ensure accuracy. HOW.1.1, ER.23.1
4. The factory has not established the standard operating procedure for each position. ER.1, ER.31.2
5. The factory does not have procedure to protect workers who report environment violation. ER.31.1, ER.31.2.5, HSE.1
6. The factory does not have policy & procedure for Industrial relation. ER.1, ER.25
7. Disciplinary procedure does not ensure that nursing workers (with child less than one year of age) and pregnant workers are not disciplined. Also, disciplinary meeting conducted for disciplinary actions is optional as shown on the disciplinary procedure, which is not in line with the legal requirement. ER.14, H/A.1, ER.27.1, ER.27.3
8. No appeal steps or procedure is listed in the disciplinary procedure for workers to appeal to the disciplinary actions against them. ER.27.4, H/A.1
9. Wage increment suspension is one of the disciplinary actions as written in the factory regulations. H/A.2.
10. The grievance procedures does not allow a direct settlement of the grievance by the worker and the immediate supervisor. Human resource will collect and answer the grievances from workers, line leaders, leaders of other departments, from trade union and suggestions boxes. If they cannot solve them they will send the grievances to the functional Department for resolutions. ER.25
11. Grievance procedure does not ensure non-retaliation against workers who raise their complaints or comments. ER.25
12. The factory does not have health & safety procedure to control asbestos for heat insulated mats used in workshops. HSE.1
13. Health & Safety policy and procedure does not have measures to protect the reproductive health of workers through minimizing exposure to workplace hazards. HSE.12, ND.8

##### Local Law or Code Requirement

Vietnam labor code 2012, Art 123.4.d; Decree 05/2012/ND-CP Art 30; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.23.1, ER.25, ER.27.1, ER.27.3, ER.27.4, ER.28, ER.29, ER.30, ER.31.1, ER.31.2, ER.31.2.5, and ER.32; Health, Safety & Environment Benchmarks HSE.12, and HSE.14.3; Hours of Work Benchmark HOW.1.1; Harassment and Abuse Benchmarks H/A.1 and H/A.2; Non-discrimination Benchmark ND.8)

#### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

1.1 Factory will create written Policies and Procedures, Management Review, Document Control and Legal Requirement on the following Employment Functions: Retrenchment and Personnel Development.

1.2 1. Factory will create a Standard Operating Procedure (SOP) for laser cutting machines, button snapping machines, seam sealing machines, fusing machines and drying machines.

2. Provide operating instructions in local language on all machines.

1.3 1. The factory revised the policies and procedures for overtime management.

2. The factory has corrected and calibrated the time record machine for all machines and all machines now have same time.

3. Every week, HR Dept check and calibration time record machine to ensure accuracy.

1.4 The factory will review and established the standard operating procedure for all positions

1.5 The factory shall create procedure to protect workers who report environment violation.

1.6 The current industrial relation policies in the factory include democratic policies, quarterly social dialogue, annual employee conference, and the Collective Bargaining Agreement. The factory will work with the factory Trade Union to create a commitment to support union activities according to the local laws

1.7 1. The factory will provide training to all workers, factory managers and supervisors (which will be emphasized in their annual training program) about discipline policies.

2. The factory has revised the disciplinary procedure to ensure disciplinary meeting conducted for disciplinary actions is NOT optional in line with the legal requirement.

3. Disciplinary Committee to ensure that not handle violations against labor discipline for the employees being the fathers or mothers or legal adoptive fathers or mother raising children under 12 months of age

1.8 The factory create appeal steps and appeal procedure in the disciplinary procedure for workers to appeal to the disciplinary actions against them.

1.9 The factory revised the factory regulations and other relating polices to remove wage increment suspension as one of the disciplinary actions.

1.10 The factory will revise grievance procedures to allow a direct settlement of the grievance by the worker and the immediate supervisor. Human resource will collect and answer the grievances from workers, line leaders, leaders of other departments, from trade union and suggestions boxes. If they cannot solve them they will send the grievances to the functional Department for resolutions

1.11 The factory revised the Grievance procedure to ensure non-retaliation against workers who raise their complaints or comments.

1.12 The factory will create health & safety procedure to control asbestos for heat insulated mats used in workshops.

1.13 The factory will revise the Health & Safety policy and procedure to include measures to protect the reproductive health of

workers through minimizing exposure to workplace hazards

### Company Action Plan Update

- 1.1 Create written Policies and Procedures, Management Review, Document Control and Legal Requirement on the following Employment Functions: Retrenchment and Personnel Development.
- 1.2 Create a Standard Operating Procedure (SOP) for laser cutting machines, button snapping machines, seam sealing machines, fusing machines and drying machines. Provide operating instructions in local language on all machines.
- 1.3 Create policies and procedures for overtime management, time records and time record machine calibration to ensure accuracy.
- 1.4 Create standard operating procedure for each position.
- 1.5 Create procedure to protect workers who report environment violation.
- 1.6 Create policy & procedure for Industrial relation.
- 1.7 Ensure that nursing workers (with child less than one year of age) and pregnant workers are not disciplined. Also, ensure disciplinary meeting conducted for disciplinary actions is NOT optional in line with the legal requirement.
- 1.8 Create appeal steps and appeal procedure in the disciplinary procedure for workers to appeal to the disciplinary actions against them.
- 1.9 Remove wage increment suspension as one of the disciplinary actions as written in the factory regulations.
- 1.10 Change grievance procedures to allow a direct settlement of the grievance by the worker and the immediate supervisor. Human resource will collect and answer the grievances from workers, line leaders, leaders of other departments, from trade union and suggestions boxes. If they cannot solve them they will send the grievances to the functional Department for resolutions
- 1.11 Ensure non-retaliation against workers who raise their complaints or comments.
- 1.12 Create health & safety procedure to control asbestos for heat insulated mats used in workshops.
- 1.13 Health & Safety policy and procedure should include measures to protect the reproductive health of workers through minimizing exposure to workplace hazards.

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. At least four lactating and one pregnant worker received warning letters in May, June 2017 and July 2017. Legally, pregnant and lactating employees are waived from any disciplinary action. ER.14, H/A.1
2. In practice, disciplinary meeting is not conducted before the disciplinary decision made. ER.27.3
3. The notice posted in the toilet said that if workers do not keep the toilet clean they would receive warning letters, as well as other violations such as smoking in none designated places, not finding other work during the downtime period, or selling goods in the factory. These violations are not listed in the factory regulations and disciplinary procedure. ER.27.3
4. The factory does not pay severance allowance for one case of lactating worker because the worker violated the advance notice

procedure in the labor contract termination. Legally, lactating workers can leave the factory anytime to take care of their children. H/A.1, F.7, ER.19

5. The factory does not allow workers to appeal toward their disciplinary actions. ER.27.4

6. Normal working hours are 7:30 to 16:30 but the workers are requested to be at the factory at 7:20. Workers have to get confirmation from the HR department if they arrive later than 7:20. Workers that are 15 minutes or more late will be deducted 30 minutes if paid work. VND400,000 (USD18.18) of diligence bonus will be deducted if a worker forgets or incorrectly records their time three times and if the worker arrives late three times without confirmation from the HR department. C.5, H/A.2

7. The factory does not attach the disciplinary records into the personal profiles. ER.27.3.4, ER.2.1

#### Local Law or Code Requirement

Vietnam Labor Code Art 104, Art 123, Art 128, Art 132; Decree 05/2012/ND-CP Art 29, Art 30.2, Art 33; FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.14, ER.19, ER.27.3, ER.27.3.4 and ER.27.4; Harassment and Abuse Benchmarks H/A.1 and H/A.2; Force Labor Benchmarks F.7; Compensation Benchmark C.5)

#### Recommendations for Immediate Action

1. Cease disciplinary actions against lactating and pregnant workers.
2. Conduct disciplinary meeting before the disciplinary decision, as per procedures.
3. Ensure all disciplinary practices are listed in the factory regulations and disciplinary procedure.
4. Pay severance allowance for lactating workers who violate the advance notice during lactation period, when terminate the employment.
5. Allow workers to appeal toward their disciplinary actions.
6. Cease double deduction related to attendance.
7. Ensure workers are not deducted excessive when being late.
8. Attach the disciplinary records into the personal profiles.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. a. Company already ceased disciplinary actions with lactating and pregnant workers. Review the Labour disciplinary policy

b. Train ADM - HR staffs and relate personel on policy

2.

3. a. Review the factory regulations

b. Adding the missing violations on the factory regulations

c. Re-submit to Labour Dept

d. Train to all employees, Leaders Group after getting approve for new version

4.

5.

6. Currently, Unico paid attendance allowance VND 400.000 per month in order to encourage worker full attendance and reduce absenteeism rate to increase productivity. Monthly performance bonus is relating to lines's productivity, this is not related to attendance.

7. Company is apply to use warning letter to worker, who break company's rule about working time from 03 times per month as the factory regulation.

Company will check and measure to know exactly how long time for moving from factory's gate to their working place and adjust

8.

#### Company Action Plan Update

1. Completed October 2017

2.

3. In Progress

4.

5.

6. Completed October 2017

7. In Progress

8.

#### Action Plan no 2.

##### Description

2.11. Company already ceased disciplinary actions with lactating and pregnant workers.

Review the Labour disciplinary policy

Train ADM - HR staffs and relate personel on policy.

2. Disciplinary Committee to ensure that The employer shall not applied Labor disciplinary to a female employee during the time of pregnancy or maternity leave as provided by the law on social insurance, or nursing a child under 12 months of age.

2.2 The factory shall conduct disciplinary meeting before the disciplinary decision, as per procedures.

2.3 1. Review the factory regulations

2. The factory shall follow labour's regulation and ensure that all disciplinary practices are listed in the factory regulations and disciplinary procedure

2.4 The factory does not pay severance allowance because the worker violated the advance notice procedure in the labor contract termination as mention at point 3. article 37, article 43, article 48 of Vietnam Labour Law.

Factory was make offical letter send to Bac Giang Labour Dept to receive guidline relating termination labour contract.

Therefore, Factory was corrected

2.6 Currently, Unico paid attendance allowance VND 400.000 per month in order encourage worker full attendance and reduce absentee rate to increase productivity.

Monthly performance bonus is relating lines's productivity

This is not relate attendance

2.5. 1. The factory revised disciplinary police & procedure allow workers to appeal toward their disciplinary actions

2. Traing to HR staffs to request attach the disciplinary records into the personal profiles.

2.7 Company is apply to use warning letter to worker, who break company's rule about working time from 03 times per month as the factory regulation.

Company was revised the rule relating coming work late. The time of work late is counting after 7:30 AM. Who is arriving gate after 7:30 AM, she/he have to sign on recording book at security house

2.8 1. The factory revised disciplinary police & procedure to attach the disciplinary records into the personal profiles.

2. Traing to HR staffs to request attach the disciplinary records into the personal profiles.

#### Company Action Plan Update

2.1 Cease disciplinary actions against lactating and pregnant workers.

2.2 Conduct disciplinary meeting before the disciplinary decision, as per procedures.

2.3 Ensure all disciplinary practices are listed in the factory regulations and disciplinary procedure.

2.4 Pay severance allowance for lactating workers who violate the advance notice during lactation period, when terminate the employment.

2.6 Cease double deduction related to attendance.

2.7 Ensure workers are not deducted excessive when being late.

2.8 Attach the disciplinary records into the personal profiles.

### FINDING NO.3

#### IMMEDIATE ACTION REQUIRED

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

##### Finding Explanation

1. The recruitment advertisements have discriminative clauses, such as age and gender requirements. For instance, there is an age requirement for temporary workers. The recruitment advertisement requests applicants who are between 18 and 50 years old. The factory has employed 2,533 female workers and 244 male workers. ND.2.1, ER.3.2

2. The factory applies the recruitment forms including the discrimination information such as marital status and how many children the workers have. ER.3.2, ND.2.1, ND.4.1

3. As confirmed by the clinic staff who handles part of the recruitment process in the factory, if a worker is pregnant within the first three

months of working, they would be fired. Additionally, if a worker has a low eye sign less than 9/10 detected in the recruitment health check conducted by the clinic staffs, they will be considered not to be hired. ER.14, ND.6.1, ND.7.1, ND.9, ER.3.1

4. The factory does not properly execute monthly performance procedure to ensure no discrimination in the performance assessment; they do not follow the set-procedure. Grading for each worker is not properly assessed based on the set-procedure, but depends on the line supervisors. Additionally, workers cannot access and appeal the performance assessment against them. ER.29, ND.3

5. Workers who are injured are allocated a Grading D for their performance, which affects their monthly performance allowance. ER.29.1, ND.2.1

#### Local Law or Code Requirement

Vietnam Labor Code 2013, Art 5.1.a, Art 123, Art 128; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3.1, ER.3.2, ER.14, ER.29.1 and ER.29; Non-Discrimination Benchmarks ND.2.1, ND.3, ND.4.1, ND.6.1, ND.7.1 and ND.9)

#### Recommendations for Immediate Action

1. Cease the discrimination on age and gender.
2. Ensure discrimination information is not included in the recruitment forms.
3. Cease the discrimination against pregnant and weak-eyed workers.
4. Ensure grading assessment for each worker is based on the set-procedure.
5. Ensure injured workers are not downgraded leading to the deduction of their performance bonus.
6. Provide equally responsibility allowances for temporary line leaders at the downing section that they should be entitled.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

3.1 1. Company was ceased the discrimination on age and gender. On the current recruitment notice, this was not mention age and gender.

2. Review and amended the current recruitment policy

3.2 1. Factory revised the recruitment forms by deleting marital status and how many children the workers have on recruitment forms.

3.3 1. Factory did not fired female worker being pregnant in the first three months of service.

2. Factory did not refuse hire candidate due to low eye sight (less than 9/10) detected in the recruitment health check conducted by the clinic staffs.

3.5 1. Factory provided training to all section's Leaders the monthly performance assessment and request them follow the set-procedure.

2. Factory ensure injured workers are not downgraded leading to the deduction of their performance bonus.

#### Company Action Plan Update

3.1 Cease the discrimination on age and gender.

3.2 Ensure discrimination information is not included in the recruitment forms.

3.3 Cease the discrimination against pregnant and weak eyed workers.

3.5 Ensure injured workers are not downgraded leading to the deduction of their performance bonus.

## IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

1. The factory does not apply long term contract for workers working at downing section. All of downing workers are temporary. ER.9.1, ER.1.1
2. Excessive probation period is applied for all production workers. The factory applies one month of probation to all of the production workers, whose jobs are not complicated nor requires the vocational certificate. Legally, probation periods should not exceed six days for simple jobs that do not need technical skills or vocational degrees. ER.1.1
3. The factory applies one month of probation for vice leaders at downing section, who are only temporarily employed. ER.1.1
4. The Labor Contract content does not meet the current requirements of Decree 05/2015 (no allowances aligned, no tools listed, No Personal Protective Equipment (PPE)- shelf life/ what kinds of PPEs worker entitled, no detail rest time, no type of payment) Labor Code No. 10/2012/QH13 (2013), Art. 23.1, Decree 05/2015, Art 4; ER.1.1, ER.8
5. Job description is not clearly defined for persons who handle Hours of Work, Compensation and Benefits, Health and Safety, Environmental Protection, Grievance, or Ultimate person. ER.1.1
6. The factory does not provide a copy of labor contract to all temporary workers and new workers on the training period. In addition, at least six regular workers in samples do not receive a copy of their labor contracts.; ER.1.1, ER.11.3
7. Temporary job transfer is applied more than 60 days to workers with no written alignment with workers when the factory assigns them to do the job which is not theirs in the labor contracts. There is no procedure established how to assign another job to employees either temporarily and permanently. ER.30

#### Local Law or Code Requirement

Vietnam Labor Code, Art.16.1, Art 22.3, Art 26, Art.27, Art 31, Art. 60; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.8, ER.9.1, ER.11.3, and ER.30)

#### Recommendations for Immediate Action

1. Apply long term contract for workers working at downing section, who handle the long term work.
2. Ensure workers handling simple jobs have only six days of probation. Ensure probation period is not applied for temporary employees.
3. Ensure the Labor Contract content meets the current requirement of Decree 05/2015
4. Define job description for those handling Hours of Work, Compensation and Benefits, Health and Safety, environmental protection, Grievance, and Ultimate person.
5. Provide a copy of labor contract to all temporary workers and new workers on the training period and ensure all regular workers receive a copy of their labor contracts.
6. Establish the procedure to assign another job to employees temporarily and permanently.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 4.1 1. The factory is hire temporary workers on peak season to filling down when company produce Down styles.

When product non Down/Sean Sealed/Laser Cut and Welding styles, factory is not hire temporary workers. Therefore, filling down job is season job. Factory does not apply long term contract for workers working at downing section

- 4.2 The factory applies one month of probation to all of the production workers according to office letter No. 30/TTr of Bac Giang Labour Dept reply letter of Unico Global VN Co.,Ltd to ask the probation periods of production workers

- 4.3 Factory will not applied probation period for temporary employees.

4.4 1) Factory revised Labour contracts to clearly mentioning the required information by laws.

2) Communicate to workers the updates to their contracts;

3) Train relevant management/supervisors and assign responsible person(s) for regular checking.

4.5 The factory will define job description for those handling Hours of Work, Compensation and Benefits, Health and Safety, environmental protection, Grievance, and Ultimate person.

4.6 Factory is providing a copy of labor contract to all temporary workers and new workers on the training period

4.7 Factory will establish the procedure to assign another job to employees temporarily and permanently.

#### Company Action Plan Update

4.1 Apply long term contract for workers working at downing section, who handle the long term work.

4.2 Ensure workers handling simple jobs have only six days of probation.

4.3 Ensure probation period is not applied for temporary employees.

4.4 Ensure the Labor Contract content meets the current requirement of Decree 05/2015

4.5 Define job description for those handling Hours of Work, Compensation and Benefits, Health and Safety, environmental protection, Grievance, and Ultimate person.

4.6 Provide a copy of labor contract to all temporary workers and new workers on the training period and ensure all regular workers receive a copy of their labor contracts.

4.7 Establish the procedure to assign another job to employees temporarily and permanently.

#### Action Plan no 2.

##### Description

1. The factory was not mention overtime hours in the labor contract to make workers confused.

2. Train and give notice to all Leader/ Supervisor to ensure that overtime is voluntary

3. The factory will also discipline managers who do not follow this policy. Violations can be reported through grievance channels.

#### Company Action Plan Update

Ensure overtime is voluntary.

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory provides training to downing workers on labor law, labor union, Health and Safety, social insurance laws, downing process, however, all the factory's Policies and Procedures are not trained to downing workers. ER.15, ER.28.1
2. Workers at sample making areas are not aware of their benefits especially the benefits for pregnant workers. ER.15, C.17.1,
3. The factory has not trained workers handling wastes on a yearly basis; the last training was conducted on 11/11/2015. ER.15.2, HSE.9.2
4. The factory has not trained environment Policies and Procedure to general workforce. ER.15.2, HSE.1, HSE.9.2
5. The factory has not provided chemical spillage drill to workers. HSE.5.4
6. The factory has not provided Health and Safety training to group 5 for medical staffs and training to group 1 for foreigners as legally required. HSE.6.2, ER.1.2
7. The training program used for sewing training is not approved. Also, there is no skill assessment program to define if workers should go under the training contract or probation contract when joining the factory. There is no employment commitment made to the trainees after training completion. ER.1.1
8. The factory has not provided training in proper lifting techniques. HSE.17

Local Law or Code Requirement

Vietnam Labor Code Art 140.1.a; Decree 44/2016/ND-CP, Art 17; Law No. 84/2015/QH13 ART 14; Circular 36/2014/TT-BCT, Art 3 FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.2, ER.15, and ER.15.2 and ER.28.1; Compensation Benchmarks C.17.1, Health, Safety & Environment Benchmarks HSE.1, HSE.5.4, HSE.6.2, HSE.9.2, and HSE.17)

## COMPANY ACTION PLANS

## Action Plan no 1.

Description

5.1 Factory will provides training to downing workers on labor law, labor union, Health and Safety, social insurance laws, downing process, Policies and Procedures to downing workers.

5.2 1. The factory made the policy for pregnant woman workers

2. Training to all employess.

5.3 1.Factory was conducted training workers handling wastes on 25 Oct 2017 o

2. Factory shall made the plan of annual training to avoid missing the training contents including training handling wastes

5.4 Factory will provide training on environment Policies and Procedure on orientation training for new workers

In additional, provide training environment Policies and Procedure update on annual training to general workforce

5.5 1. Factory has made the plan of annual training to avoid missing the training contents.

2. Factory provided chemical spillage drill to workers on 16 March 2018

5.6 1. Provide Health and Safety training to group 5 for medical staffs on Dec 2017

2. Provide training to group 1 for 03 foreigners on Oct 2017

5.7 1. ADM - HR Dept is make the training program used for sewing training and submit General Director to apporval

2. Revised the recruitment police and procedures addional a content relating skill assessment program to define if workers should go under the training contract or probation contract when joining the factory.

and add an employment commitment to the trainees after training completion.

3. Train to HR staffs who handing recruitment tasks

5.8 The factory will provide training in proper lifting techniques for workers, who is doing job lifting goods/ materials

#### Company Action Plan Update

5.1 1. Provide training to downing workers on all the factory's Policies and Procedures.

5.2 2. Make workers at sample making areas aware of their benefits especially the benefits for pregnant workers.

5.3 3. Traind workers handling wastes on a yearly basis.

5.4 4. Provide training on environment Policies and Procedure to general workforce.

5.5 5. Provide chemical spillage drill to workers.

5.6 6. Provide Health and Safety training to group 5 for medical staffs and training to group 1 for foreigners as legally required.

5.7 7. Get approval for the training program used for sewing training. Create a skill assessment program to define if workers should go under the training contract or probation contract when joining the factory. Create an employment commitment to the trainees after training completion.

5.8 8. Provide training in proper lifting techniques.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. Copy of CBA is not provided to workers.ER.16

2. A small strike occurred in November 2016 at the seam sealing section due to a potential retrenchment of this section. However, there are neither meeting records nor solutions kept on this issue. The solution was not communicated publically to workers. ER.2.1, ER.26

3. The factory has not conducted the labor conference in 2016 and 2017. As reported, the factory will conduct it in December 2017. FOA.1, FOA.7

4. Trade union conference was conducted on November 19, 2016, which was a day off and annual leave day of the entire factory. 141 workers used their annual leave to participate in the trade union conference on that day without being paid. HOW.12, HOW.18

5. The factory conducts the dialogue meeting once a year in 2016 and 2017 instead of quarterly. ER25.2

6. The factory has not equipped an office with the necessary equipment for the trade union operations. ER.25.2, FOA.15

7. There is no proof to prove that workers elect their Labor Union Representatives themselves. FOA.11

8. The Labor Union activity fund and trade union fee contribution are not deposited to the Labor Union Federal adequately and on-time. As of the assessment dates in September, the Trade Union received the trade union fee and the Labor Union activity fund from the factory to May 2017. But those funds were only contributed to the Labor Union Federal at VND260,000,000 (USD 11,818) out of VND811,446,849 (USD 36,884) in 2016. Similarly, only VND160,022,000 (USD 7,274) out of VND456,865,057 (USD 20,767) of the fund in 2017 was contributed to the Labor Union Federal on August 10, 2017 and March 30, 2017.C.10.1, FOA.1

9. The factory has a trade union under the Vietnam General Confederation of Labor (VGCL) that was established July 19, 2007. However, there are neither records on file that indicate that any elections have been held nor any written operational procedures that pertain to such elections. ER.2, FOA.1
10. FLA Comment: 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. FOA.2

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 63; Art 65.1, Art 193.2; Decree 60/2013/ND-CP, Art 10.1, Art 14.2, Art 18.1.c; Decision 1908/QĐ-TLĐ, Art 22; FLA Workplace Code (Employment Relationships Benchmarks ER.2.1, ER.16, ER25.2, and ER.26; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.7, FOA.11, and FOA.15; Hours of Work Benchmarks HOW.12, HOW.18; Compensation Benchmark C.10.1)

Recommendations for Immediate Action

1. Ensure all strikes and solution are recorded and transparently communicated to workers.
2. Conduct the labor conference yearly as legally required.
3. Pay for the Trade union conference days.
4. Conduct the dialogue meeting quarterly as legally required.
5. Equip an office with the necessary equipment for the trade union operations.
6. Ensure Labor Union Representatives are elected freely by workers and keep record of Labor Union Representatives election.
7. Ensure Trade union handles the grievance system.
8. Ensure the Labor Union activity fund and trade union fee contribution are deposited to the Labor Union Federal adequately and on-time.

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
8. At reporting at November 10th, 2017, company already paid to Company's Trade Union VND 1.935.020.692. This is trade union fee 9 months (from Jan to Sep , 2017)
- 9.
- 10.

Company Action Plan Update

- 1.

- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
8. Completed
- 9.
- 10.

## Action Plan no 2.

### Description

6.1 1. Provide all current workers with a written a copy of CBA

2. Provide copies to all staffs and all new employees during orientation

3. Provide copies to all staffs whenever update CBA every few years

6.2 The factory will reinforce the recording system to ensure all issues

AD - HR Dept has responsibility to recording all issues and report to TOP or company

6.3 The factory was conducted labor conference year 2017 on 15 Nov 2017

The factory will conduct the labor conference yearly as legally required.

6.4 The factory will pay for the Trade union conference days

6.5 Factory will conduct the dialogue meeting quarterly as legally required.

6.6 The factory was arrange an office with the necessary equipment for the trade union operations

6.7 On Trade Union Conference date Nov 19, 2016. Workers elected their Labor Union Representatives themselves

Unico Trade Union was keeping fully record of Labor Union Representatives election

6.8 At reporting at November 10th, 2017, company already paid to Company's Trade Union VND 1.935.020.692. This is trade union fee 9 months (from Jan to Sep , 2017)

6.9 Trade Union Executive Boards was elections following the Trade Union Law

6.10 1. Post a copy of Vietnamese law about labor unions in workshop.

2. Communicate to workers through bulletin boards, employee handbooks, new worker orientation and trainings.

3. Provide a physical space / meeting room for communication between workers and union representatives.

#### Company Action Plan Update

6.1 1. Provide copy of CBA to workers

6.2 Ensure all strikes and solution are recorded and transparently communicated to workers.

6.3 Conduct the labor conference yearly as legally required.

6.4 Pay for the Trade union conference days.

6.5 Conduct the dialogue meeting quarterly as legally required.

6.6 Equip an office with the necessary equipment for the trade union operations.

6.7 Ensure Labor Union Representatives are elected freely by workers and keep record of Labor Union Representatives election.

6.8 Ensure workers' trade union fee contributions are deposited to Labor Department in full and on-time.

6.9 9. Hold elections for Union and create written operational procedures that pertain to such elections.

6.10 Work to create as much freedom of association as possible for workers in the form of unions or worker representative so that they can communicate all issues with management fairly and freely.

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1.The factory has verbally replied to 50 percent of workers' complaints as reported by management team; moreover, the responses are general and are not specific to the workers' complaints and not transparently communicated to workers on the bulletin board. ER.2.2  
2.Trade union are not engaged in the grievance system. If any grievance or complaints are received from workers, the labor union will transfer them to Human Resource Department rather than review the grievance. ER.26, FOA.21

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.2, and ER.26; Freedom of Association Benchmark FOA.21)

### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

7.1 The factory will revise grievance procedures to reply to all workers' complaints and ensure replies are specific to the workers' complaints and transparently communicated to workers on the bulletin board.

7.2 The factory will revise grievance procedures to engaged Trade Union in the grievance system. If any grievance or complaints are received from workers, the labor union can review the grievance before forwarding it on to HR.

#### Company Action Plan Update

7.1 1. Reply to all workers' complaints as reported by management team. Ensure replies are specific to the workers' complaints and transparently communicated to workers on the bulletin board.

7.2 2. Engage whee possible the trade union in the grievance system. If any grievance or complaints are received from workers, the labor union can review the grievance before forwarding it on to HR.

### FINDING NO.8

#### SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

The factory does not properly or effectively communicate policies and procedures and their updates to the general workforce across the following Employment Functions, Retrenchment, Environmental Protection, and Industrial Relations. ER.1, ER.16, ER.32

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.32)

#### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

The factory shall create effectively communicate policies and procedures and all updates to the general workforce across the following Employment Functions, Retrenchment, Environmental Protection, and Industrial Relations.

#### Company Action Plan Update

Effectively communicate policies and procedures and all updates to the general workforce across the following Employment Functions, Retrenchment, Environmental Protection, and Industrial Relations.

### FINDING NO.9

#### IMMEDIATE ACTION REQUIRED

**FINDING TYPE:** Compensation

#### Finding Explanation

1. Wage increment does not follow the registered wage scale for all production workers. C.1
2. The factory does not set-up wage scale properly for skilled workers working in the heavy and hazardous working condition. It is 110% of the regional minimum wage instead of 112.34%. C.1, C.5
3. The factory has not paid insurances and annual leave into wage for workers signing training or probation contracts. ER.22
4. The factory does not guarantee the minimum wage for workers in training contract. 2,500,000VND (USD 113.64)is offered to new

- workers with the training contract versus regional minimum wage of VND2, 900,000(USD 131.82). C.2, C.3, ER.11.2
5. The compensation to workers for injured days is not sufficient. The factory does not use the current wage plus allowances but uses the average basic wage of the last six months to pay for safety incident. C.1, C.5
6. Insufficient overtime compensation for overtime (OT) on annual leave (AL). The factory only pays OT on annual leave at 200% instead of 300% (for AL balance) C.1, C.7.1, ER.22, HOW.11, HOW.14
7. The factory has not paid full wage for downtime but pays at the regional minimum wage. HOW.19.2, C.1
8. The difference between OT premiums is paid based on the hourly rate for piece rate workers instead of based on the piece rate. C.1, C.7.1
9. Insufficient overtime compensation for February 2017 as the factory uses 26 days of working days in the formula to calculate the hourly rate for OT payment for that month. C.1, C.7.1
10. The factory asks workers to stay to complete the daily quota without recording working time and such off-clock work is not paid. C.5, ER.23.3, ER.2
11. The factory deducts double for violations related to attendance as they deduct from both attendance allowance and monthly performance bonus. C.11, H/A.2
12. The factory only provides 300,000VND (USD 13.64) of responsibility allowances for line leaders at the downing section (temporary workers used) while from the factory wage scale and compensation procedure, it should be 500,000VND (USD 22.73). The factory explained that these workers are vice leaders, not line leaders. However, from their labor contracts, their positions are stated as workers. The factory said that their positions are in their assignment decisions. However, from their provided assignment decisions, there is inconsistency about their position, it mentioned vice line leader then line leader. Those two leaders of downing area and all of their subordinates understood that they are line leaders, while factory said that they are only vice line leaders and no line leaders for this downing section. The vice line leaders would report directly to the production manager. ER.1.1,

#### Local Law or Code Requirement

Vietnam Labor Code Art 91.1, Art 93, Art 97, Art.98, Art 144, Art 186.3; Decree 49/2013/ND-CP Art7, Decree 05/2015/NDCP, Art 22, Art 24.1, Art. 25; Circular 47/2015/BLDTBXH Art 14.4.b; FLA Workplace Code (Compensation Benchmarks C.1, C.2, C.3, C.5, C.7.1 and C.11; Employment Relationship Benchmarks ER.2, ER.11.2, ER.22, and ER.23.3; Hours of Work Benchmarks HOW.11, HOW.14, and HOW.19.2; Harassment or Abuse Benchmark H/A.2; Nondiscrimination Benchmark ND.2.1)

#### Recommendations for Immediate Action

1. Ensure wage increment follows the registered wage scale for all production workers.
2. Ensure wage scale is properly set-up for skilled workers working in the heavy and hazardous working condition.
3. Pay insurances and annual leave into wage for workers with training/ probation contracts as per local law.
4. Ensure minimum wage is paid to all workers.
5. Ensure current wage and allowance are paid to injury dates.
6. Pay 300% of the normal rate for overtime worked on annual leaves.
7. Ensure downtime is paid at full wage.
8. Ensure overtime rate based on piece rate should be applied to pay for piece rate workers.
9. Pay OT compensation to workers in February based on the actual working days.
10. Record the actual working time and pay for workers based on the actual working time.
11. Cease the action of double deduction of one same disciplinary action.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
2. Factory revised wages scale and already got the approval from Labour Dept
3. a. Company was provided annual leave for workers on training time, probation time as legally required
- b. Company does not pay insurance into wage for worker on probation contract. The period time of probation contract will be calculate termination contract's allowance as legally required
4. Company shall paid salary to all workers at least the minimum wage.

5. Company will pay salary to employees who give up their jobs due to occupation accidents including basic salary, allowance and other additional payment made in accordance with the labor law

6. Company was paying 300% for overtime performed during worker's scheduled annual leave.

7. We were receive the same recommment from Kathmandu's Auditors on audit date 23 Jun 2016. From January 1st, 2017 to now, company did not happen ceasing work. We noted and will ensure downtime is paid at full wage

8.

9.

10. a. Request workers come back home on time

b. Request electrician turn on electric sources

11.

12.

#### Company Action Plan Update

1.

2. Completed September 2017

3.

4. Completed October 2017

5. Completed September 2017

6. Completed September 2017

7. Completed September 2017

8.

9.

10. Completed September 2017

#### Action Plan no 2.

##### Description

9.1 Following the new registered wage scale 2018, wage increment for all production workers.

9.2 Factory was revised wages scale and already got the approve from Yen Dung Labour Dept

9.3 1. Company was provided annula leave for workers on training time, probation time as legally required

2. Company does not pay insurance into wage for worker on probation contract. The period time of probation contract will be calculate termination contract's allowance as legally required.

3. Trainers when completing training course, company shall sign offical contract and practice insurance. Not apply probation time with trainers

9.4 Company was paid salary to all workers at least the minimum wage.

For workers with training contract, company paid salary 3.090.000

9.5 Company will pay salary to employees who give up their jobs due to occupation accidents includig basic salary, allowance and other additional payment made in accordance with the labor law

9.6 Company was paying 300% for overtime performed during worker's scheduled annual leave.

9.7 We were receive the same recommment from Kathmandu's Auditors on audit date 23 Jun 2016.

From January 1st, 2017 to now, company did not happen ceasing work.

We noted and will ensure downtime is paid at full wage

9.8 The factory was paying overtime rate according the regulation of Vietnam Labour Code

9.9 The factory will pay OT compensation to workers in February 2018 based on the actual working days.

9.10 1. Request workers come back home on time

2. Request electrician turn on electric sources

9.6 Currently, Unico paid attendance allownace VND 400.000 per month in order encourage worker full attendance and reduce absenteen rate to increase productivity.

Monthly performance bonus is relating lines's productivity

This is not relate attendance

9.11 1. Re - organization of Down Section

2. Conduct to pay responsibility allowanance according the company's salary regulation,

9.12 We shall ensure overtime hours are not deducted if workers do not meet the regular working hours

- 9.1 Ensure wage increment follows the registered wage scale for all production workers.
- 9.2 Ensure wage scale is properly set-up for skilled workers working in the heavy and hazardous working condition.
- 9.3 Pay insurances and annual leave into wage for workers with training/ probation contracts, as legally required.
- 9.4 Ensure minimum wage is paid to all workers.
- 9.5 Ensure current wage and allowance are paid to injury dates.
- 9.6 Pay 300% for overtime performed during worker's scheduled annual leave.
- 9.7 Ensure downtime is paid at full wage.
- 9.8 Ensure overtime rate based on piece rate should be applied to pay for piece rate workers.
- 9.9 Pay OT compensation to workers in February based on the actual working days.
- 9.10 Ensure all working time are recorded and paid.
- 9.11 Cease the action of double deduction of one same disciplinary action.
- 9.12 Provide clarity around all allowances paid for all positions and communicate this to all relevant workers.

## FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory deducts overtime hours if workers do not meet the regular working hours. C.7.2, HOW.1.1
2. Excessive daily working hour is up to 5.5, weekly overtime is up to 34.5 hours and monthly overtime is up to 92.5 hours. HOW.8.1, HOW.8.3, HOW.1.1
3. The factory has not provided dinner break time if overtime is less than 4.5 hours a day, the factory only pays workers 30 minutes of dinner break.HOW.3
4. Elderly workers work excessive regular working time and work overtime. There are at least three elderly workers at the factory. HOW.1.1, ER.23.1
5. Lactating workers still work overtime on Sunday as showed on the time record and overtime sheets are not signed. HOW.2
6. The young worker works excessive regular working time and work overtime. They work eight hours per day and 48 hours per week. HOW.1.1, ER.23.1, CL.4, HOW.4.1
7. Pregnant workers working overtime as per the leader's order, but the system only captures the regular working hours for payment. No overtime recorded so that no overtime is paid. HOW.4.1, ER.23.3, HOW.1.1, HOW.5.1, ND.8
8. The factory does not accommodate workers with chronic diseases. ND.12,
9. Overtime is planned daily in production planning. ER.24
10. Workers are not informed the overtime rate before overtime arrangement.C.8, F.8
11. The factory reflects the overtime work in the labor contracts as a term of working time. HOW.1.1, F.8
12. Overtime is not voluntary. Overtime refusal needs approval from line supervisors, production managers; otherwise, workers are not allowed to leave the factory. F.8, HOW.1.1

##### Local Law or Code Requirement

Vietnam Labor Code Art 106, Art 155, Art 163.2, Art 166; Decree 45/2013/ND-CP Art 5; Vietnam Labor Code Art 104.1; Art 106; FLA Workplace Code (Hours of Work Benchmarks HOW.1.1, HOW.2, HOW.3, HOW.4.1, HOW.5.1, HOW.8.1, and HOW.8.3; Employment Relationship Benchmarks ER.23.1, ER.23.3, and ER.24; Non Discrimination Benchmarks ND.8, and ND.12; Compensation Benchmarks C.7.2

### Recommendations for Immediate Action

1. Ensure overtime hours are not deducted if workers do not meet the regular working hours.
2. Ensure daily, weekly and monthly overtime is managed within the FLA Code and legal requirement.
3. Provide dinner break to workers when total working hours is 10 hours per day.
4. Ensure elderly workers are shortened working hours as legally required.
5. Ensure lactating workers are shortened working hours as legally required.
6. Ensure young workers work 40 hours per week and no overtime.
7. Ensure pregnant workers are provided shortened working hours starting from seventh month of pregnancy, as legally required.
8. Accommodate for workers with chronic diseases as per FLA Code.
9. Ensure overtime is not regularly planned in production planning.
10. Inform the overtime rate before overtime arrangement.
11. Delete the statement that overtime work is a term of working time in labor contracts, and communicate the definition of overtime to all workers.
12. Ensure overtime is voluntary and not compulsory and it should not be mentioned in the labor contract to make workers confused.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. We shall ensure overtime hours are not deducted if workers do not meet the regular working hours
2. a. We made plan to reduce overtime working and will implement from November/2017 : It has time limit (maximum 1.5h/day)  
b. Human resource team will monitoring the overtime working status and feedback to the production team if any violations.
3. a. Company is making production plan overtime 01 hour per day.  
  
b. In case of working overtime over 02 hours per day, company shall consider to provide break time to workers
4. Company requested all lactating workers working 7 hours per day and not work on Sunday as legally required.
5. a. Review and develop policy relating female workers  
  
b. Include policy on worker orientation and training
6. b. ADM - HR Dept was checked all list of workers to list up young worker. There is only one person. She was born August 30, 1999 and she joined company work date August 8, 2017. There was missed 22 days, she was round 18 years old. HR staffs shall carefully check candidat's ages. Only accept who from over 18 years old. In special case, company need to recruit young workers, company shall ensure young workers work 40 hours per week and no overtime
7. ADM - HR Dept was checked and list up all pregnant workers give each section. Company's policy does not use pregnant workers starting from seventh month of pregnancy work overtime. Will train all Leaders company's policy
- 8.
- 9.
- 10
- 11.

12.

13. a. Request workers come back home on time

b. Request electrician turn on electric sources

#### Company Action Plan Update

1. Completed November 2017

2. Completed November 2017

3. Completed November 2017

4. Completed December 2017

5. Completed December 2017

6. Completed October 2017

7. Completed September 2017

8.

9.

10.

11.

12.

13. Completed September 2017

#### Action Plan no 2.

##### Description

10.1 We shall ensure overtime hours are not deducted if workers do not meet the regular working hours

10.2 1. We made plan to reduce overtime working and will implement from November/2017

2. Human resource team will monitoring the overtime working status and feedback to the production team if any violations.

10.3 1. Company is making production plan overtime 01 hour per day.

2. In case of working overtime over 02 hours per day, company shall consider to provide break time to workers

10.4 Company requested all lactating workers working 7 hours per day and not work on Sunday as legally required.

## 10.5 Review and develop policy relating female workers

Include policy on worker orientation and training

10.6 ADM - HR Dept was checked all list of workers to list up young worker. There is only one person. She was born August 30, 1999 and she joined company work date August 8, 2017. There was missed 22 days, she was round 18 years old.

HR staffs shall carefully check candidate's ages. Only accept who from over 18 years old

In special case, company need to recruit young workers, company shall ensure young workers work 40 hours per week and no overtime

6. ADM - HR Dept was checked and list up all pregnant workers give each section

Company's policy does not use pregnant workers starting from seventh month of pregnancy work overtime

Train all Leaders company's policy

10.7 1. Train to all pregnant workers the policy on social responsibility for pregnant woman workers.

2. Train to Leader/ Supervisor/ Managers, HR staffs the policy on social responsibility for pregnant woman workers

3. The factory create a tracking system to ensure pregnant workers are provided shortened working hours starting from seventh month of pregnancy, as legally required. Monthly

a) Monthly, HR Dept will make list of workers shortened working hours to give Production Managers

b) HR Dept will make list of workers shortened working hours to put at security room near factory's gates to give let workers write time out when pass gate. After that, HR Dept will double check with time out on fingerprinter scan

10.8 1. The factory will create policy on HIV/AIDS and other chronic diseases

2. Training to all employees, ADM - HR staff about policy on HIV/AIDS and other chronic diseases.

3. Make list of employees, who are living with HIV/AIDS and other chronic diseases to reasonably accommodate for them as per FLA Code. which could include rearrangement of working time, the provision of special equipment, opportunities for rest breaks, time-off for medical appointments, flexible sick leave, part-time work and return-to-work arrangements.

10.9 1) Production team make calendar based on each month's target (under 30 hours each month, under 300 hours in year. And production team will keep the time limit per day & year according to local law.

2) Management team set up monitoring system from May 2018 to give production team feedback to remind time limits. Every 20th, management team issue report of accumulate overtime working hours of month & year. And 27th send report again.

3) Improvement line efficiency, we can reduce overtime. From Apr, we will implement bonus system to lead worker work efficiency.

4) Recruit employees to back up human resources from natural decrement.

10.10 1. The factory was informed overtime rate to all workers know by public announcement

2. Maintenance conduct annual training to all workers

10.11 1. The factory was delete the statement that overtime work is a term of working time in labor contracts

2. Train to HR staff, who is incharge to make labour contract

10.12 1. The factory was not mention overtime hours in the labor contract to make workers confused.

2. Train and give notice to all Leader/ Supervisor to ensure that overtime is voluntary

3. The factory will also discipline managers who do not follow this policy. Violations can be reported through grievance channels.

#### Company Action Plan Update

10.1 Ensure overtime hours are not deducted if workers do not meet the regular working hours.

10.2 Ensure daily, weekly and monthly overtime is within the FLA Code and legal requirement

10.3 Provide dinner time break to workers when total working hours is 10 hours per day.

10.4 Ensure elderly and lactating workers are shortened working hours, as legally required.

10.6 Ensure young workers work 40 hours per week and no overtime.

10.7 Ensure pregnant workers are provided shortened working hours starting from seventh month of pregnancy, as legally required.

10.8 Accommodate for workers with chronic diseases as per FLA Code.

10.9 Ensure overtime is not regularly planned in production planning.

10.10 Inform the overtime rate before overtime arrangement.

10.11 Delete the statement that overtime work is a term of working time in labor contracts, and communicate the definition of overtime to all workers.

10.12 Ensure overtime is voluntary and not compulsory and it should not be mentioned in the labor contract to make workers confused.

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory keeps pallets vertical instead of on the flat side in the warehouse. HSE.1

2. The factory has not posted loading capacity on shelves in accessories warehouse. HSE.14.3, ER.16.1

3. The factory does not put goods off the floor in the warehouse of workshop A. HSE.1
4. Poor ventilation in duck feather stuffing area of workshop A, one air conditioner is broken and workers have to equip small fans by themselves. HSE.13, HSE.1
5. There is no labor union members appointed to the labor safety committee. HSE.1
6. The toilet in Workshop B is missing toilet paper. HSE.19

#### Local Law or Code Requirement

Vietnam Labor Code, Art 138; QCVN 01/2011/BCA Art 3,1,1; Law No.84/2015/QH13, Art 7.2.d; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.13, HSE.14.3 and HSE.19; Employment Relationship Benchmarks ER.16.1)

#### Recommendations for Immediate Action

1. Keep pallets on their flat side.
2. Post loading capacity on shelves in accessories warehouse.
3. Arrange goods on pallets in the warehouse of workshop A.
4. Ensure all workshops are well ventilated during the working hours
5. Ensure labor union members are assigned to join the labor committee.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
- 2.
- 3.
4. Factory already repaired air conditional at duck feather area in workshop A.
- 5.

#### Company Action Plan Update

- 1.
- 2.
- 3.
4. Completed October 2017
- 5.

## Action Plan no 2.

### Description

14.1 1. Explain for workers understand and request workers stored empty cartons are separate from the lights, electric wires and window glasses.

2. The factory provides annual safety training for all workers to enhance their awareness.

14.2 1. Factory will conduct to ensure equip first aid supplies all working area

2. Request Health Room staffs conduct a daily check of the first aid boxes and ensure that they are fully equipped

14.3 Factory was equipped first aid bags for clinic staff at the clinic

14.5 The factory provided period health check on Mar 2018. We will conduct the occupational health checks for workers on March 2019

14.6 Factory will equip first aid space in all workshops

14.7 Factory already repaired air conditional at duck feather area in workshop A.

14.8 1) Factory signed inspection contract with authorize agency to conduct inspection Buildings

2) Following the conclusion of inspection Building, factory shall do maintenance if any

3) Factory will conduct the building inspection when cracks are found

14.9 1. Review the Health Safety Assessment to provide properly PPE

2. Providing safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.

14.10 Canteen Management Board will check regular for remind canteen's workers gloves and shoes when washing dishes, workers.

Train employees the occupation & health safety, check and request them use PPE on working time

14.11 Factory bought 06 new steel gloves on 16 Oct 2017. Changed two steel gloves broken by new one and keep four new steel gloves on the stock in order to change at once after receiving requirement from Cutting section

14.12 1. Re - arrange material warehouse to ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.

2. Create checklist Health Safety Environment including this point.

3. Train Leader of material warehouse and other Leader to know how conduct self-assessment and regular monthly checking

14.13 Company shall equip explosion-proof lights and electrical equipment in the ink mixing room

14.14 1. Create checklist Electrical Safety

2. Electrician shall conduct self-assessment Electrical Safety and regular monthly

14.15 1. Re- check all expiry date of medicines at the clinic

2. Monthly, Clinic staff shall check and take note expiry date on inventory list

3. Request clinic staff distribute medicines following method FIFO (First In First Out)

14.16 1. Make announcement to inform all workers that company is not allow to bring any kinds of chemical from outside into the factory.

2. Request security guard control to prevent workers bringing chemicals into factory

14.17 1. Require mechanic workers need to check safety condition of machines before hand over for user.

2. Train all workers knowledge and content of workplace health & safety as stipulated by Occupational Safety and Health No. 84/2015/QH 13 dated July 9, 2015

14.18 Re-check and not allow workers using private electric equipment at company to prevent unsafety arising

14.19 1. Train to all workers the regulation PPE

2. Request worker use PPE, which provided by factory on working process.

14.20 Company was checked and repair

Request person in charge open doors on working time

14.21 1. Company shall revise the regulation of inspection fire fighting equipment check lists including automatic fire extinguishers at Printing to avoid any missing

2. Inspection automatic fire extinguishers at Printing

3. Installation automatic fire extinguishers at chemical warehouse

14.22 1. Arrange pallet at all lines & section to keep raw materials & keep machine & equipment which is not using for a moment to secure space.

2. Make self check list that optimized to each section. Each leader of line will check and managers will evaluate leader.

3. We will discuss to increase training times or provide hand book & quiz contest in next week. We will keep you posted. Update check list of firefighting team includes exit routes to avoid any missing.

14.23 Company shall regular check and maintenance fire fighting equipments including smoke detectors

14.24 1. Already request all male workers signed the commitment letter to smoking at designated smoking area.

2. Announced designated smoking area.

3. Making daily checklist toilets in order to find and prevent workers are smoking in toilets.

#### Company Action Plan Update

14.1 Ensure empty cartons are stored separate from the lights, electric wires and window glasses.

14.2 Equip first aid supplies in all first aid kits.

14.3 Equip first aid bags for clinic staff at the clinic.

14.5 Provide the occupational health checks for workers and subclinical health check is conducted in recruitment health check.

14.6 Equip first aid space in all workshops.

14.7 Improve ventilation at duck feather area in workshop A.

- 14.8 Ensure safety on building structure.
- 14.9 Provide safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.
- 14.10 Ensure canteen staffs wear gloves and shoes when washing dishes, workers wear masks when sewing.
- 14.11 Ensure all steel gloves are in good condition when use.
- 14.12 Ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.
- 14.13 Equip explosion-proof lights and electrical equipment in the ink mixing room
- 14.14 Ensure all electric wire are secured in electrical pipe and connected properly with plug and sockets.
- 14.15 Ensure all medicines have valid date for uses.
- 14.16 Control chemical usage and safety in factory.
- 14.17 Provide safety guard for buttoning machines.
- 14.18 Ensure all electric fans of workers are covered in workshop A
- 14.19 Ensure all workers use machine guards such as needle guards and eye guards when working.
- 14.20 Ensure all emergency exits open during the working time.
- 14.21 Ensure all automatic fire extinguishers are inspected regularly and installed in chemical warehouse.
- 14.22 Ensure all aisles and exit doors are free for evacuation.
- 14.23 Ensure all smoke detectors are working properly.
- 14.24 Ensure smoking is only on designated smoking area.

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

- 1.The factory does not have the building construction license. HSE.4
- 2.The factory has not conducted the building inspection while cracks are found on walls and floors. HSE.4, HSE.1

##### Local Law or Code Requirement

Law No. 50/2014/QH13, Art 89; Decree 46/2015/ND-CP Art 40; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, and HSE.4)

##### Recommendations for Immediate Action

- 1.Ensure the buildings have the construction license.
- 2.Conduct the building inspection when cracks are found.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

- 1.
2. a. Factory signed inspection contact with authorize agency to conduct inspection Buildings
- b. Following the conclusion of inspection Building, factory shall do maintenance if any

#### Company Action Plan Update

- 1.
2. In Progress - expected completion December 2017

#### Action Plan no 2.

##### Description

1. The factory is registration buildings and property rights on Land according to Land Law and Decree No. 43/2014
2. 1) Factory signed inspection contact with authorize agency to conduct inspection Buildings
- 2) Following the conclusion of inspection Building, factory shall do maintenance if any
- 3) Factory will conduct the building inspection when cracks are found

#### Company Action Plan Update

1. Ensure the buildings have the construction license.
2. Conduct the building inspection when cracks are found.

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not equip the shower station at ink mixing room. Also, eye wash station and shower station are not equipped at waste water treatment area. HSE.7 2. There is no fit test or record of PPE training provided to workers. The factory does not have a procedure to choose proper PPE to eliminate the risks for workers. The factory is focusing on price of the PPE only. HSE.1, HSE.8 3. The factory has not equipped chemical gloves, shoes and goggles for workers handling and exposed to hazardous chemicals. In addition, the factory has not equipped PPE for fire protective team. HSE.1, HSE.7 4. Electrician does not wear PPE during the maintenance. At least 20% of workers do not wear mask when sewing. Workers handling carts do not wear safety shoes. In addition, canteen staffs do not wear gloves and shoes when washing dishes. HSE.8, HSE.22 5. The factory does not post signs requiring workers to wear PPE in the workshops. ER.2.2, HSE.14.3 6. Two steel gloves are broken in cutting section of workshop C/Workshop A. HSE.1, HSE.7

##### Local Law or Code Requirement

Vietnam labor Code Art 149; Circular 19/2016/BYT, Art 5.2; Circular No. 04/2014/TT-BLDTBXH, Art. 4, Art. 5; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE.14.3, and HSE.22; Employment Relationship Benchmark ER.2.2)

##### Recommendations for Immediate Action

1. Equip the shower station at ink missing room and eye wash station and shower station in the waste water treatment area. 2. Conduct the fit test on respirators to workers and PPE training to workers. Also establish a procedure to choose proper PPE for workers. 3. Equip chemical gloves, shoes and goggles for workers handling and exposed to hazardous chemicals and PPE for fire protective team. 4. Ensure electricians wear PPE during maintenance. All workers wear masks when sewing, workers handling carts wear safety shoes and canteen staffs wear gloves and shoes when washing dishes. 5. Post signs requiring workers to wear PPE in the workshops. 6. The factory to provide new steel gloves when broken.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
- 2.
- 3.
4. Canteen Management Board will check regular for remind canteen's workers gloves and shoes when washing dishes, workers. Train employees the occupation & health safety, check and request them use PPE on working time
  - a. Review the Health Safety Assessment to provide properly PPE
  - b. Checking MSDS of Chemical
  - c. Providing safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.
- 5
6. Factory purchased new 02 steel gloves and changed

#### Company Action Plan Update

- 1.
- 2
- 3
4. In progress
- 5
6. Completed

### Action Plan no 2.

#### Description

13.1 1. The factory will equip the shower station at ink missing room.

2. The factory will equip eye wash station at waste water treatment

13.2 1. The factory was create a procedure to choose proper PPE to eliminate the risks for workers.

2. Conduct onduct the fit test on respirators to workers.

3. Providing PPE training to workers

13.3 1. The factory was equipped chemical gloves, shoes and goggles for workers handling and exposed to hazardous chemicals.

2. The factory was equipped PPE for fire protective team

13.4 Canteen Management Board will check regular for remind canteen's workers gloves and shoes when washing dishes, workers.

Train employees the occupation & health safety, check and request them use PPE on working time

13.5 Fatory was posted signs requiring workers to wear PPE in the workshops.

13.6 Fatory bought 06 new steel gloves on 16 Oct 2017. Changed two steel gloves broken by new one and keep four new steel gloves on the stock in order to change at once after receiving requirement from Cutting section

#### Company Action Plan Update

13.1 Equip the shower station at ink missing room and eye wash station and shower station in the waste water treatment area.

13.2 Conduct the fit test on respirators to workers and PPE training to workers. Also establish a procedure to choose proper PPE for workers.

13.3 Equip chemical gloves, shoes and goggles for workers handling and exposed to hazardous chemicals and PPE for fire protective team.

13.4 Ensure electricians wear PPE during maintenance. All workers wear masks when sewing, workers handling carts wear safety shoes and canteen staffs wear gloves and shoes when washing dishes.

13.5 Post signs requiring workers to wear PPE in the workshops.

13.6 The factory to provide new steel gloves when broken.

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory stores empty cartons against the lights, electric wires and window glasses in workshop D. HSE.1, HSE.13 2. The factory

stacks accessory materials close to the smoke detectors and electric wires in material warehouse of workshop D. HSE.1, HSE.13 3. The factory does not equip non explosive lights and non-explosive electrical equipment in the ink mixing room of the printing workshop and at the stain removing room of workshop D. HSE.6.1, HSE.13 4. Exposed wire is found at sewing line in workshop. The factory uses repair tapes to connect all electric wires of sewing machines in workshop B. The plug of an electric fan is connected directly to electric wire using the repair tape without electric socket in workshop B. HSE.1, HSE.13 5. Workers bring their own electric appliances into the factory to use without any control (kettles, fans). HSE.1, ER.31.1

#### Local Law or Code Requirement

Vietnam Labor Code, Art 138.1; Decision No 12/2008/QĐ-BCT Art 9; Decree 79/2014/ND-CP, Art 7.c; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6.1, and HSE.13; Employment Relationship Benchmark ER.31.1 )

#### Recommendations for Immediate Action

1. Ensure empty cartons are stored separate from the lights, electric wires and window glasses. 2. Ensure accessory materials are stacked separate from smoke detectors and electric wires in material warehouse. 3. Equip non explosive lights and non-explosive electrical equipment in the areas where flammable chemicals used. 4. Ensure all electric wire is covered by electric conduits. Ensure repair tapes are not use to connect all electric wires of sewing and plug of an electric fan is connected by socket. 6. Control electric appliances of workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
- 2.a. Re - arrange material warehouse to ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.
- b. Create checklist Health Safety Environment including this point.
- c. Train Leader of material warehouse and other Leader to know how conduct self-assessment and regular monthly checking
3. Company shall equip explosion-proof lights and electrical equipment in the ink mixing room
4. a. Create checklist Electrical Safety
- b. Electrician shall conduct self-assessment Electrical Safety and regular monthly
5. Re- check and not allow workers using private electric equipemt at company to prevent unsafety arising

#### Company Action Plan Update

- 1.
2. Completed September 2017
3. In Progress
4. Completed October 2017
5. Completed October 2017

## Action Plan no 2.

### Description

- 11.1 1. Request all sections using pallet must keep pallets on thier flat side.
2. Factory create the manual using pallets and guideline all sections are using pallets and keeping pallets.
3. The factory provides annual safety training for all workers to enhance their awareness.
  
- 11.2 The factory will post loading capacity on shelves in accessories warehouse
- 11.3 The factory was bough pallet and arranged goods on pallets in the warehouse of workshop A
- 11.4 Factory already repaired air conditional at duck feather area in workshop A.
  
11. 6 1. The factory will provide enough toilet paper and ensure toilet paper avaiable on toilet all working time
2. Conduct daily checklist toilet
3. Missing toilet paper or complaine cleanning condition can be reported through grievance channels (email box at toilet area)

### Company Action Plan Update

- 11.1 Keep pallets on their flat side.
- 11.2 Post loading capacity on shelves in accessories warehouse.
- 11.3 Arrange goods on pallets in the warehouse of workshop A.
- 11.4 Ensure all workshops are well ventilated during the working hours
- 11.5 Ensure labor union members are assigned to join the labor committee.
- 11.6 Replace the toilet paper in Workshop B.

## FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

#### Finding Explanation

- 1.The factory does not provide first aid supplies in first aid kit at finishing warehouse.HSE.1, HSE.6.1
- 2.The factory has not tracked and analyzed root causes for all safety accidents and injuries and illnesses to prevent reoccurrence. HSE.1, HSE.3.2
- 3.The factory does not provide first aid bags for clinic staff at the clinic. HSE.1, HSE.6.1, HSE.18.3
- 4.Medicines are expired at the clinic. HSE.1, HSE.18.3.1
- 5.The factory does not provide the occupational health checks for workers, moreover, subclinical health check is not conducted in recruitment health check. HSE.1, ER.16
- 6.The factory has not equipped Workshop A and Workshop D with first aid. HSE.1, HSE.6.1

#### Local Law or Code Requirement

Labor Code 10/2012/QH13 Art 142.3, Art 152.2, Art 152.6; law No.84/2015/QH13 Art 21.1, Art 27.2; Decree 45/2013/ND-CP Art 13, Circular No.19/2016/BYT, Art 8, Appendix 1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.3.2, HSE.6.1, and HSE.18.3; Employment Relationship Benchmarks ER.16)

#### Recommendations for Immediate Action

- 1.Equip first aid supplies in all first aid kits.
- 2.Ensure root causes are tracked and analyzed for all safety accidents/ injuries and illnesses to prevent the reoccurrence.
- 3.Equip first aid bags for clinic staff at the clinic.
- 4.Ensure all medicines have valid date for uses.
- 5.Provide the occupational health checks for workers and subclinical health check is conducted in recruitment health check.
- 6.Equip first aid space in all workshops.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
- 2.
- 3.
4. a. Re- check all expiry date of medicines at the clinic  
  
b. Monthly, Clinic staff shall check and take note expiry date on inventory list  
  
c. Request clinic staff distribute medicines following method FIFO (First In First Out)
- 5.
- 6.

#### Company Action Plan Update

- 1.
- 2.
- 3.
4. Completed

5.

6.

## Action Plan no 2.

### Description

14.1 1. Explain for workers understand and request workers stored empty cartons are separate from the lights, electric wires and window glasses.

2. The factory provides annual safety training for all workers to enhance their awareness.

14.2 1. Factory will conduct to ensure equip first aid supplies all working area

2. Request Health Room staffs conduct a daily check of the first aid boxes and ensure that they are fully equipped

14.3 Factory was equipped first aid bags for clinic staff at the clinic

14.5 The factory provided period health check on Mar 2018. We will conduct the occupational health checks for workers on March 2019

14.6 Factory will equip first aid space in all workshops

14.7 Factory already repaired air conditional at duck feather area in workshop A.

14.8 1) Factory signed inspection contact with authorize agency to conduct inspection Buildings

2) Following the conclusion of inspection Building, factory shall do maintenance if any

3) Factory will conduct the building inspection when cracks are found

14.9 1. Review the Health Safety Assessment to provide properly PPE

2. Providing safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.

14.10 Canteen Management Board will check regular for remind canteen's workers gloves and shoes when washing dishes, workers.

Train employees the occupation & health safety, check and request them use PPE on working time

14.11 Factory bought 06 new steel gloves on 16 Oct 2017. Changed two steel gloves broken by new one and keep four new steel gloves on the stock in order to change at once after receiving requirement from Cutting section

14.12 1. Re - arrange material warehouse to ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.

2. Create checklist Health Safety Environment including this point.

3. Train Leader of material warehouse and other Leader to know how conduct self-assessment and regular monthly checking

14.13 Company shall equip explosion-proof lights and electrical equipment in the ink mixing room

14.14 1. Create checklist Electrical Safety

2. Electrician shall conduct self-assessment Electrical Safety and regular monthly

14.15 1. Re- check all expiry date of medicines at the clinic

2. Monthly, Clinic staff shall check and take note expiry date on inventory list

3. Request clinic staff distribute medicines following method FIFO (First In First Out)

14.16 1. Make announcement to inform all workers that company is not allow to bring any kinds of chemical from outside into the factory.

2. Request security guard control to prevent workers bring chemical into factory

14.17 1. Require mechanic workers need to check safety condition of machines before hand over for user.

2. Train all workers knowledge and content of workplace health & safety as the stipulate of Occupational Safety and Health No. 84/2015/QH 13 dated July 9, 2015

14.18 Re- check and not allow workers using private electric equipment at company to prevent unsafety arising

14.19 1. Train to all workers the regulation PPE

2. Request worker use PPE, which provided by factory on working process.

14.20 Company was checked and repair

Request person incharge open doors on working time

14.21 1. Company shall revise the regulation of inspection fire fighting equipment check lists including automatic fire extinguishers at Printing to avoid any missing

2. Inspection automatic fire extinguishers at Printing

3. Installation automatic fire extinguishers at chemical warehouse

14.22 1. Arrange pallet at all lines & section to keep raw materials & keep machine & equipment which is not using for a moment to secure space.

2. Make self check list that optimized to each section. Each leader of line will check and managers will evaluate leader.

3. We will discuss to increase training times or provide hand book & quiz contest in next week. We will keep you posted. Update check list of firefighting team includes exit routes to avoid any missing.

14.23 Company shall regular check and maintenance fire fighting equipments including smoke detectors

14.24 1. Already request all male workers signed the commitment letter to smoking at designated smoking area.

2. Announced designated smoking area.

3. Making daily checklist toilets in order to find and prevent workers are smoking in toilets.

#### Company Action Plan Update

14.1 Ensure empty cartons are stored separate from the lights, electric wires and window glasses.

14.2 Equip first aid supplies in all first aid kits.

14.3 Equip first aid bags for clinic staff at the clinic.

14.5 Provide the occupational health checks for workers and subclinical health check is conducted in recruitment health check.

- 14.6 Equip first aid space in all workshops.
- 14.7 Improve ventilation at duck feather area in workshop A.
- 14.8 Ensure safety on building structure.
- 14.9 Provide safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.
- 14.10 Ensure canteen staffs wear gloves and shoes when washing dishes, workers wear masks when sewing.
- 14.11 Ensure all steel gloves are in good condition when use.
- 14.12 Ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.
- 14.13 Equip explosion-proof lights and electrical equipment in the ink mixing room
- 14.14 Ensure all electric wire are secured in electrical pipe and connected properly with plug and sockets.
- 14.15 Ensure all medicines have valid date for uses.
- 14.16 Control chemical usage and safety in factory.
- 14.17 Provide safety guard for buttoning machines.
- 14.18 Ensure all electric fans of workers are covered in workshop A
- 14.19 Ensure all workers use machine guards such as needle guards and eye guards when working.
- 14.20 Ensure all emergency exits open during the working time.
- 14.21 Ensure all automatic fire extinguishers are inspected regularly and installed in chemical warehouse.
- 14.22 Ensure all aisles and exit doors are free for evacuation.
- 14.23 Ensure all smoke detectors are working properly.
- 14.24 Ensure smoking is only on designated smoking area.

## FINDING NO.16

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

- 1.The factory does not provide secondary containment for chemicals in ink mixing room. HSE.1, HSE.9.1
- 2.Caps are not covered for chemical bottles. HSE.1, HSE.9.1
- 3.The factory does not provide label for Xylene in chemical warehouse and label of chemical bottles are not same as with MSDS. HSE.1, HSE.9.1
- 4.The factory keeps thread oil alcohol in beverage bottles without chemical label or warning sign and at the area for drinking water for individual workers. There are no MSDS available for thread oil, glue and alcohol at the sample making room, and for spot lifter at the stain removing area of the workshop D. QC worker kept Acetone in a container labeled as Soap. No label for acid bottle (for welding) at maintenance room of workshop D. HSE.1, HSE.9.1, HSE,10.1
- 5.Improper chemical safety control in the factory. Workers bring chemicals from home (alcohol, soap, acetone) into the factory for production use without any control. They threw the disposed chemical bottles into the dust bin in the sample making room. HSE.1, HSE.9.1, ER.31

#### Local Law or Code Requirement

Vietnam Labor Code Art.138; Vietnam Standard TCVN 5507: 2002, Art 4.4.4, Art 8.6; Law no.06/2007/QH12, Art 27 & Art 28; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.9.1 and HSE,10.1; Employment Relationship Benchmark ER.31 )

#### Recommendations for Immediate Action

1. Equip secondary containment for all chemicals in workshops.
2. Cover all chemical bottles.
3. Equip label for chemicals in warehouse and ensure label of chemical bottles are same as with MSDS.
4. Equip label or warning sign for all chemical bottles and separate chemicals from the drinking water area and provide MSDS for all chemicals used in workshops.
5. Control chemicals in workshops; ensure that workers do not bring chemicals from home into the factory for production use.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
- 2.
- 3.
- 4.
- 5.a. Make announcement to inform all workers that company is not allow to bring any kinds of chemical from outside into the factory
- b. Request security guard control to prevent workers bringing chemical into factory

#### Company Action Plan Update

- 1.
- 2.
- 3.
- 4.
5. Completed October 2017

### Action Plan no 2.

#### Description

- 15.1 Factory was equipped secondary containment for all chemicals in workshops
- 15.2 1. The factory requests workers to coved all chemical bottles
2. ADM - HR will organize the training about chemical safety for all workers who are using and storing chemicals to reinforce they are covering all chemical bottles
- 15.3 1. The factory has checked all chemical in chemical store and equipped properly label all chemical to make sure label of chemical bottles are same as with MSDS.
2. ADM - HR will organize the training about chemical safety for all workers who are using and storing chemicals to reinforce they

use label of chemical bottles are same as with MSDS

15.4 1. Factory was created chemical policy.

2. Factory was provided training chemical policy to all workers, who are working with chemical.

15.5 1. Make announcement to inform all workers that company is not allow to bring any kinds of chemical from outside into the factory

2. Request security guard controll to preven workers brings chemical into factory

#### Company Action Plan Update

15.1 Equip secondary containment for all chemicals in workshops.

15.2 Cover all chemical bottles.

15.3 Equip label for chemicals in warehouse and ensure label of chemical bottles are same as with MSDS.

15.4 Equip label or warning sign for all chemical bottles and separate chemicals from the drinking water area and provide MSDS for all chemicals used in workshops.

15.5 Control chemical usage and safety in factory.

## FINDING NO.17

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not provide upper pulley guards for four sewing machines at factory B&D, all lower pulley guards on sewing machines at the sample making room and guards for six buttoning machines at finishing store. One bar tack machine was without eye guards. HSE.1, HSE.14.1
2. 20% of workers in all workshops and sampling rooms keep needle guards at a high position, overlock with eye guard are put at high position. Also, workers in factory A do not use covers for fans at their workplaces. HSE.1, HSE.14.1
3. Workers do not cover automatic drawing machines and cutting machines when operating. HSE.1, HSE.14.1
4. The factory does not properly implement a lockout-tagout program by locking out equipment when needed. HSE.14.1

##### Local Law or Code Requirement

Labor Code 2013, Art 138; Law No 84/2015/QH13 art 16.2; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.14.1 and HSE.14.3; Employment Relationship Benchmark ER.1)

##### Recommendations for Immediate Action

1. Equip upper and lower pulley guards for all sewing machines, guards for buttoning machines and eye guard for bar tack machines.
2. Ensure workers use needle guards and eye guards properly. Ensure workers do not use fans without covers at their workplaces.
3. Ensure workers cover automatic drawing machines/Cutting machines when operating.
4. Post SOP in local language at all machines.
5. Implement a lockout-tagout program by locking out equipment when needed.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. a. Require mechanic workers to check safety condition of machines before hand over for user.
- b. Train all workers knowledge and content of workplace health & safety as the stipulate of Occupational Safety and Health No. 84/2015/QH 13 dated July 9, 2015
2. a. Train to all workers the regulation PPE
- b. Request worker use PPE, which provided by factory on working process.
- 3.
- 4.

#### Company Action Plan Update

1. In Progress
2. Completed
- 3.
- 4.

### Action Plan no 2.

#### Description

##### 16.1 '1. Corrective action:

Company shall check all machines and install cover part for machines which were not installed cover to the rotating parts of motor.

##### 2. Preventive action:

- \* Operators and mechanic need to check safety conditions of machines before using
- \* Mechanic periodically check machine's condition at the assigned area.
- \* Maintenance good safety conditions of machines and equipments

##### 16.2 'Training to sewing workers to correct installtion

- Request Line Leaders/ workshop Managers take responsibility to track and remind workers

16.3 ADM - HR will organize the training about Health safety for all workers who are using automatic drawing machines/Cutting machines to request them cover automatic drawing machines/Cutting machines when operating.

The factory conducts daily checks to make sure workers cover automatic drawing machines/Cutting machines when operating.

16.4 1. Factory will revised the lockout-tagout program

2. Training to all relating workers to implement a lockout-tagout program by locking out equipment when needed

#### Company Action Plan Update

16.1 Equip upper and lower pulley guards for all sewing machines, guards for buttoning machines and eye guard for bar tack machines.

16.2 Ensure workers use needle guards and eye guards properly. Ensure workers do not use fans without covers at their workplaces.

16.3 Ensure workers cover automatic drawing machines/Cutting machines when operating.

16.4 Ensure workers cover automatic drawing machines/Cutting machines when operating.

## FINDING NO.18

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

- 1.The factory does not equip back cushion and adjustment for 90% of chairs in workshops. HSE.1, HSE.17.1
- 2.The factory has not provided tea break for workers for working four consecutive working hours. HSE.1, HOW.3

##### Local Law or Code Requirement

Labor Code, Articles, Art 108.3 and 138; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.17.1; Hours of Work Benchmark HOW.3)

##### Recommendations for Immediate Action

- 1.Equip back cushion and adjustment for chairs in workshops.
- 2.Provide tea break for workers.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

17.1. Factory will conduct ergonomic assessment to ensure that an appropriate workspace is provided for employees (especially employees sitting for most of the work shift) and determine how to make adjustment as needed

The factory provides annual health and safety training for all workers, including ergonomics, to enhance their awareness. The factory already equipped 62 chairs with back support for all pregnancy workers.

17.2 Factory provide short breaktime 2 times in a day. (09:30~09:35, 15:00~15:05)

Workers can do some exercise or take a rest. There is no limitation in time for drinking water & using toilet during working hours

#### Company Action Plan Update

17.1 Equip back cushion and adjustment for chairs in workshops.

17.2 Provide tea break for workers.

#### Action Plan no 2.

##### Description

17.1 Factory will conduct ergonomic assessment to ensure that an appropriate workspace is provided for employees (especially employees sitting for most of the work shift) and determine how to make adjustment as needed

The factory provides annual health and safety training for all workers, including ergonomics, to enhance their awareness. The factory already equipped 62 chairs with back support for all pregnancy workers.

17.2

Factory provide short breaktime 2 times in a day. (09:30~09:35, 15:00~15:05)

Workers can do some exercise or take a rest. There is no limitation in time for drinking water & using toilet during working hours

#### Company Action Plan Update

17.1 Equip back cushion and adjustment for chairs in workshops.

17.2 Provide tea break for workers.

## FINDING NO.19

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory equips improper exit arrows in warehouse. HSE.1, HSE.5.1
2. The factory has not equipped automatic fire extinguishers at chemical warehouse and sprinkler at fur warehouse of the workshop C. HSE.1, HSE.6.1
3. The factory has not inspected automatic fire extinguishers in printing section since 8/9/2015. Also, the factory have just inspected smoking detectors from 9/8/2017, it is two years since installation in 8/9/2015. HSE.1, HSE.6.1
4. The factory has not equipped smoking area for workers, cigarette buds are found in male toilets of workshop D and the welding area. HSE.1
5. The factory has not equipped fire extinguishers at bike part area at factory B and fabric warehouse of workshop D. In addition, some fire extinguishers are blocked in workshop D, cutting area of sample room, downing area at the workshop B and canteen. Two fire extinguishers are expired at stock warehouse workshop A and one fire extinguisher is put outside without cover. The factory mounts fire extinguishers too high at waste storage area. HSE.1, HSE.6.1
6. The factory cannot operate the fire pump on the assessment date. HSE.1, HSE.6.1
7. The factory does not equip the second exit (stairs) at the dorm building properly; it is only 50cm wide. HSE.1, HSE.25.1
8. Fire alarm is not sounded when tested at the workshop D and downing at work shop B., while the fire control panel show the fake alarm signals at different area than the tested area and at the canteen. Also, smoke detector does not work in the downing area and workshop B. The factory does not equip an anti- dust smoke detector in the fur/down warehouse. A smoke detector at the Fur/ down warehouse does not trigger the fire alarm there, but at neighbor workshops/ buildings. HSE.1, HSE.6.1

9. The exit door at down section of the sample making room is improper; it was covered by fixed cotton nets and just have a hole for workers to be in and out from this room, which will obstruct the evacuation. Also, 80% of aisles at downing area at the workshop B are blocked by electric wires. 10% of aisles are blocked by trolleys, pillar in workshop D and Feather room. One emergency exit was tied that cannot be open at workshop A. HSE.1, HSE.5.1
10. One of two Emergency lights was not charged. One of two air conditioning machines does not work at down stuffing area of the workshop B. , HSE.1, HSE.5.1, ,HSE.13
11. Cartons put next to control panels at packing section. HSE.1, HSE.13

#### Local Law or Code Requirement

Vietnam Labor Code Art 138.1; Decree 79/2014/ND-CP, Art 7.c, Art 13.4;; QCVN 06/2010/BXD, Art 3.2.9, Art 3.3.1; Vietnam Standard TCVN 3890:2009 Art 10.1.5; Decision No. 2726/BKHCN, Art. 4(6), Art. 5(1), Art 6(2)(2), Art 7.1; TCVN 7435-1:2004, Art 5.4, Art 5.8; Circular 66/2014/TT-BCA. Art 3.a; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.5.1, HSE.6.1, HSE.13, and HSE.25.1)

#### Recommendations for Immediate Action

1. Ensure exit arrows are equipped improperly in warehouse.
2. Equipped automatic fire extinguishers at chemical warehouse and sprinkler at fur warehouse of the workshop C.
3. Inspect automatic fire extinguishers and smoking detectors regularly as legally required.
4. Equip smoking area for workers.
5. Equip fire extinguishers at bike part area at factory B and fabric warehouse of workshop D. Ensure fire extinguishers are unblocked, charged and covered. Ensure fire extinguishers are not mounted higher 1.5m.
6. Ensure the fire pump can operate at all time.
7. Ensure the second exit (stairs) at the dorm building properly equipped as legally required.
8. Ensure fire alarm and smoke detectors are sounded when tested at all workshops. Equip an anti- dust smoke detector in the fur/down warehouse.
9. The all exit doors and aisles in workshops are free for escape at all time.
10. Ensure all emergency lights are charged and air conditioning machines work at down stuffing area of the workshop B.
11. Separate cartons from control panels at packing section.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1.
- 2.
3. a. Company shall revise the regulation of inspection fire fighting equipment check lists including automatic fire extinguishers at Printing to avoid any missing
- b. Inspection of automatic fire extinguishers at Printing
- c. Installation automatic fire extinguishers at chemical warehouse
4. a. Already request all males workers signed the commitment letter to smoking at designated smoking area.
- b. Making daily checklist toilets in order to find and prevent workers are smoking in toilets.
- 5.
- 6.

- 7.
8. Company shall regular check and maintance fire fighting equipments including smoke detectors
- 9.a. Arrange pallet at all lines & section to keep raw materials & keep machine & equipment which is not using for a moment to secure space.
- b. Make self check list that optimized to each section. Each leader of line will check and managers will evaluate leader.
- c. We will discuss to increase training times or provide hand book & quiz contest in next week. We will keep you posted. Update check list of firefighting team includes exit routes to avoid any missing.
- d. Request person in charge open doors during working time

10.

11.

#### Company Action Plan Update

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
8. Completed
9. a. In Progress
- b. In Progress
- c. In Progress
- e. Completed- Company was checked and repair

#### Action Plan no 2.

##### Description

14.1 1. Explain for workers understand and request workers stored empty cartons are separate from the lights, electric wires and window glasses.

2. The factory provides annual safety training for all workers to enhance their awareness.

14.2 1. Factory will conduct to ensure equip first aid supplies all working area

2. Request Health Room staffs conduct a daily check of the first aid boxes and ensure that they are fully equipped

14.3 Factory was equipped first aid bags for clinic staff at the clinic

14.5 The factory provided period health check on Mar 2018. We will conduct the occupational health checks for workers on March 2019

14.6 Factory will equip first aid space in all workshops

14.7 Factory already repaired air conditional at duck feather area in workshop A.

14.8 1) Factory signed inspection contract with authorize agency to conduct inspection Buildings

2) Following the conclusion of inspection Building, factory shall do maintenance if any

3) Factory will conduct the building inspection when cracks are found

14.9 1. Review the Health Safety Assessment to provide properly PPE

2. Providing safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.

14.10 Canteen Management Board will check regular for remind canteen's workers gloves and shoes when washing dishes, workers.

Train employees the occupation & health safety, check and request them use PPE on working time

14.11 Factory bought 06 new steel gloves on 16 Oct 2017. Changed two steel gloves broken by new one and keep four new steel gloves on the stock in order to change at once after receiving requirement from Cutting section

14.12 1. Re - arrange material warehouse to ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.

2. Create checklist Health Safety Environment including this point.

3. Train Leader of material warehouse and other Leader to know how conduct self-assessment and regular monthly checking

14.13 Company shall equip explosion-proof lights and electrical equipment in the ink mixing room

14.14 1. Create checklist Electrical Safety

2. Electrician shall conduct self-assessment Electrical Safety and regular monthly

14.15 1. Re- check all expiry date of medicines at the clinic

2. Monthly, Clinic staff shall check and take note expiry date on inventory list

3. Request clinic staff distribute medicines following method FIFO (First In First Out)

14.16 1. Make announcement to inform all workers that company is not allow to bring any kinds of chemical from outside into the factory.

2. Request security guard control to prevent workers bring chemical into factory

14.17 1. Requirement mechanic workers need to check safety condition of machines before hand over for user.

2. Train all workers knowledge and content of workplace health & safety as the stipulate of Occupational Safety and Health No. 84/2015/QH 13 dated July 9, 2015

14.18 Re- check and not allow workers using private electric equipment at company to prevent unsafety arising

14.19 1. Train to all workers the regulation PPE

2. Request worker use PPE, which provided by factory on working process.

14.20 Company was checked and repair

Request person incharge open doors on working time

14.21 1. Company shall revise the regulation of inspection fire fighting equipment check lists including automatic fire extinguishers at Printing to avoid any missing

2. Inspection automatic fire extinguishers at Printing

3. Installation automatic fire extinguishers at chemical warehouse

14.22 1. Arrange pallet at all lines & section to keep raw materials & keep machine & equipment which is not using for a moment to secure space.

2. Make self check list that optimized to each section. Each leader of line will check and managers will evaluate leader.

3. We will discuss to increase training times or provide hand book & quiz contest in next week. We will keep you posted. Update check list of firefighting team includes exit routes to avoid any missing.

14.23 Company shall regular check and maintance fire fighting equipments including smoke detectors

14.24 1. Already request all males workers signed the comttiment letter to smoking at designated smoking area.

2. Announced designated smoking area.

3. Making daily checklist toilets in order to find and prevent workers are smoking in toilets.

#### Company Action Plan Update

14.1 Ensure empty cartons are stored separate from the lights, electric wires and window glasses.

14.2 Equip first aid supplies in all first aid kits.

14.3 Equip first aid bags for clinic staff at the clinic.

14.5 Provide the occupational health checks for workers and subclinical health check is conducted in recruitment health check.

14.6 Equip first aid space in all workshops.

14.7 Improve ventilation at duck feather area in workshop A.

14.8 Ensure safety on building structure.

14.9 Provide safety shoes for workers handling carts, chemical gloves and shoes for workers handling chemicals.

14.10 Ensure canteen staffs wear gloves and shoes when washing dishes, workers wear masks when sewing.

14.11 Ensure all steel gloves are in good condition when use.

14.12 Ensure empty cartons and materials are stored separately from lighting system, electric-wire, smoke detector and window glasses.

14.13 Equip explosion-proof lights and electrical equipment in the ink mixing room

14.14 Ensure all electric wire are secured in electrical pipe and connected properly with plug and sockets.

14.15 Ensure all medicines have valid date for uses.

14.16 Control chemical usage and safety in factory.

14.17 Provide safety guard for buttoning machines.

14.18 Ensure all electric fans of workers are covered in workshop A

14.19 Ensure all workers use machine guards such as needle guards and eye guards when working.

14.20 Ensure all emergency exits open during the working time.

14.21 Ensure all automatic fire extinguishers are inspected regularly and installed in chemical warehouse.

14.22 Ensure all aisles and exit doors are free for evacuation.

14.23 Ensure all smoke detectors are working properly.

14.24 Ensure smoking is only on designated smoking area.

### Action Plan no 3.

#### Description

18.1 The factory was re- check exit arrows at all working areas to ensure arrows are equipped properly

18.2 The factory was equipped automatic fire extinguishers at chemical warehouse

18.3 1. Company shall revise the regulation of inspection fire fighting equipment check lists including automatic fire extinguishers at Printing to avoid any missing

2. Inspection automatic fire extinguishers at Printing

18.4 1. Already request all males workers signed the commitment letter to smoking at designated smoking area.

2. Announced designated smoking area.

3. Making daily checklist toilets in order to find and prevent workers are smoking in toilets.

18.5 1. The factory was equipped fire extinguishers at bike part area at factory B and fabric warehouse of workshop D

2. Providing annual safety training for all workers to enhance their awareness.

3. Re - check and adjust the high of fire extinguishers to ensure not mounted higher 1.5m.

18.6 1. Factory will repair gasoline water pump

2. Periodic weekly checking to ensure fire pump operation at all time.

18.7 1. At current, factory was arrange 05 Korean Managers stays at 05 room at the first floor of Dorm building.

2. At Jan 2018, factory was installed the fire protection system at Dorm Building and already get the approval from Fire Police

18.8 1. Factory was check and changed fire control pannel.

2. Buying anti- dust smoke detector and install in the fur/down warehouse.

18.9 1. The factory was charged all emergency lights.

2. Engineers was repair air conditional machines at down stuffing area of the workshop B.

18.10 1. The factory was charged all emergency lights.

2. Engineers was repair air conditional machines at down stuffing area of the workshop B.

18.111. The factory was separate cartons from control panels at packing section.

2. Providing annual safety training for all workers to enhance their awareness.

#### Company Action Plan Update

18.1 Ensure exit arrows are equipped improperly in warehouse.

18.2 Equipped automatic fire extinguishers at chemical warehouse and sprinkler at fur warehouse of the workshop C.

18.3 Inspect automatic fire extinguishers and smoking detectors regularly as legally required.

18.4 Equip smoking area for workers.

18.5 Equip fire extinguishers at bike part area at factory B and fabric warehouse of workshop D. Ensure fire extinguishers are unblocked, charged and covered. Ensure fire extinguishers are not mounted higher 1.5m.

18.6 Ensure the fire pump can operate at all time

18.7 Ensure the second exit (stairs) at the dorm building properly equipped as legally required.

18.8 Ensure fire alarm and smoke detectors are sounded when tested at all workshops. Equip an anti- dust smoke detector in the fur/down warehouse.

18.9 The all exit doors and aisles in workshops are free for escape at all time.

18.10 Ensure all emergency lights are charged and air conditioning machines work at down stuffing area of the workshop B.

18.11 Separate cartons from control panels at packing section.

## FINDING NO.20

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory does not collect and treat air emission from laser cutting machine. HSE.1, HSE.13, ER.31.3
2. The factory does not classify hazardous wastes and medical waste at source in each factory. ER.31.1, HSE.9.1
3. The factory does not equip secondary containments for hazardous wastes.ER.31.3, HSE.9.1
4. The factory does not equip identify boards for solid waste at storage areas.ER.31.3, HSE.9.1.1
5. The factory does not monitor the temperature in printing area where some chemicals used there required. Also, the factory has not measured hazardous toxic gas for chemical mixing room at printing area, waste water treatment. ER.31.1, HSE.13
6. The factory has a negative impact on the surrounding environment. The factory is fined by the authority for cases of environment violation, for instance, waste water exceed the legal limit (the factory was fined by Jan 2017). However, the investigation records and the corrective action plan are not available. HSE.2, ER.31, HSE.1
7. EIA is not updated with laser cutting operation. ER.25, ER.31.1

##### Local Law or Code Requirement

Vietnam Labor Code, Art. 138.1; Law No. 55/2014/QH13, Art 68; FLA Workplace Code (Employment Relationship Benchmarks ER.25, ER.31.1 and ER.31.3; Health, Safety and Environment Benchmarks HSE.1, HSE.2, HSE.9.1 and HSE.13)

##### Recommendations for Immediate Action

1. Collect and treat air emission from laser cutting machine.
2. Classify hazardous wastes and medical waste at source in each factory.
3. Equip secondary containments for hazardous wastes.
4. Equip identify boards for solid waste at storage areas.
5. Monitor the temperature in printing area where some chemicals used and measure hazardous toxic gas for chemical mixing room at printing area, waste water treatment.
6. Ensure the investigation records and the corrective action plan of environment are available.
7. Update EIA with laser cutting operation.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Company shall collect and treat all air emission from laser cutting machines.

2.

3

4.

5.

6.

7.

#### Company Action Plan Update

1. In Progress

2.

3.

4.

5.

6.

7.

#### Action Plan no 2.

##### Description

19.7 Factory will update EIA with Laser cutting operation

19. 1. Company was installed pipe to collect and treat all air emission from laser cutting machines. But this system is not effective.

19.2 1. Train to clinic staffs the requirement of management hazardous waste and how to classify hazardous wastes and medical waste.

2. Provide 02 waste boxes at clinic room with label to separate normal waste and hazardous waste

19.3 The factory was equipped secondary containments for hazardous wastes

19.4 The factory was equipped identify boards for solid waste at storage areas.

19.5 1.The factory will conduct monitor working labour environment as legal requirement.

2. The factory will measure hazardous toxic gas waste water treatment as annual monitoring of year 2018

19.6 The factory will ensure the investigation records and the corrective action plan of environment are available.

#### Company Action Plan Update

19.1 Collect and treat all air emission from laser cutting machines.

19.2 Classify hazardous wastes and medical waste at source in each factory.

19.3 Equip secondary containments for hazardous wastes.

19.4 Equip identify boards for solid waste at storage areas.

19.5 Monitor the temperature in printing area where some chemicals used and measure hazardous toxic gas for chemical mixing room at printing area, waste water treatment.

19.6 Ensure the investigation records and the corrective action plan of environment are available.

19.7 Update EIA with laser cutting operation.

Action Plan no 3.

#### Description

N/A

#### Company Action Plan Update

Completed